

# National study on the policy co-ordination processes in North Macedonia



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September 2021



# **National Study of Policy Coordination Processes in the Republic of North Macedonia**



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The Regional School for Public Administration (ReSPA), as the inter-governmental organisation for enhancing regional cooperation, promoting shared learning and supporting the development of public administration in the Western Balkans, helps governments in the region develop better public administration, public services and overall governance systems for their citizens and businesses, and prepare them for membership in the European Union (EU). ReSPA Members are Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia, while Kosovo\* is a beneficiary.

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## Acronyms

|       |  |
|-------|--|
| CoG   | Centre of Government                               |
| CSO   | Civil Society Organizations                        |
| EC    | European Commission                                |
| EU    | European Union                                     |
| GAWP  | Annual Government Work Programme                   |
| GSG   | General Secretariat of the Government              |
| MISA  | Ministry of Information Society and Administration |
| MoF   | Ministry of Finance                                |
| MTBF  | Medium-Term Budgetary Framework                    |
| NPAA  | National Plan for Adoption of the Acquis           |
| PARS  | Public Administration Reform Strategy              |
| PFMP  | Public Finance Management Programme                |
| PMO   | Prime Minister's Office                            |
| ReSPA | Regional School of Public Administration           |
| RIA   | Regulatory Impact Assessment                       |
| RoP   | Rules of Procedure                                 |
| SAA   | Stabilization and Association Agreement            |
| SEA   | Secretariat for European Affairs                   |
| SL    | Secretariat of Legislation                         |

# 1

## Introduction

The purpose of this paper is to present the results of an analysis and assessment of policy coordination in the government of the Republic of North Macedonia. The analysis focuses on the strategic, legal and institutional aspects of the coordination of public policies. It is based on comprehensive desk research of the relevant academic and legal literature on policy coordination, and in particular on the coordination of the Public Administration Reform Strategy (PARS) and Public Finance Management Programme (PFMP), as well as available official and non-official reports on coordination models and mechanisms.

A series of interviews were conducted with relevant civil servants<sup>1</sup> to discuss the challenges of policy coordination and the implementation of the formal procedures. The interviews focused on the following areas and segments of coordination: 1) the strategic framework; 2) the coordination of public administration reform; 3) the coordination of public finance management; and 4) the coordination of the European Integration process. A workshop was organized in Ohrid at the end of September 2021 to present the draft analytical study and to discuss the challenges of policy coordination, the implementation of the existing regulations, as well as the recommendations for improvements. Views expressed in the discussions in the workshop are reflected in this analytical study. The conclusions and recommendations are intended to support and contribute to the next planning cycle of the PARS and the PFMP, which are both due to expire by the end of 2022.

The analytical paper was developed within the framework of ReSPA's<sup>2</sup> Programme of Work for 2020–2021, which defined the objective as being to contribute to the more efficient implementation

<sup>1</sup> The list of interviewees is included in Annex 1.

<sup>2</sup> The Regional School of Public Administration (ReSPA) is an inter-governmental organization for enhancing regional cooperation, promoting shared learning and supporting the development of public administration reform in the Western Balkans.

of public administration reform in the region by strengthening policy coordination, especially coordination between public administration reform and public finance management strategies. An analytical paper on policy coordination in the Western Balkans<sup>3</sup> was developed by an international expert, followed by the development of national studies on policy coordination in each of the Western Balkan countries. This analytical paper is a contribution to the national study for the Republic of North Macedonia.

## 1.1 Why Policy Coordination?

Governments around the world face increasingly complex problems and critical policy challenges. The ongoing coronavirus pandemic has highlighted and amplified the scale and complexity of these challenges, requiring governments to take coordinated action in designing and implementing measures to protect the health of the public and mitigate the effects of the pandemic on the economy. In addition, countries have also needed to adjust the functioning of their public administration systems.

To ensure coherent responses to problems that increasingly cut across the functional boundaries of different policy sectors, governments must set clear priorities, monitor the implementation of policies and account for the outcomes, especially as citizens have ever-rising expectations of tangible results. Many of the outcomes targeted by governments require contributions on the part of two or more ministries and institutions, and sometimes of other levels of government and/or non-governmental organisations. Governments and administrations are also organisationally complex, moreover, comprising a multiplicity of ministries which in turn have numerous departments, directorates and units, as well as decentralized and subordinated bodies. There are also a plethora of agencies, institutions, commissions and international representations. Complex policy issues cannot be addressed by individual ministries and institutions working in silos. Instead, governments need an integrated, whole-of-government approach. Such an approach requires the design and adoption of strategies that identify the joint policies and the contributions that need to be made by various ministries and institutions to achieve common policy goals.

In the Western Balkans, governments must also deal with the complexity of national policy issues in the light of their overall objective of becoming members of the EU. The process of EU integration entails major political, legal and economic adjustments which would be impossible without horizontal and vertical coordination and cooperation at all levels of governance.

For all these reasons, coordination is crucial for effective government and for achieving the government's priorities and policies. In addition to the importance of coordination in addressing and managing complex issues, policy coordination also contributes to effective and efficient government in the following ways:

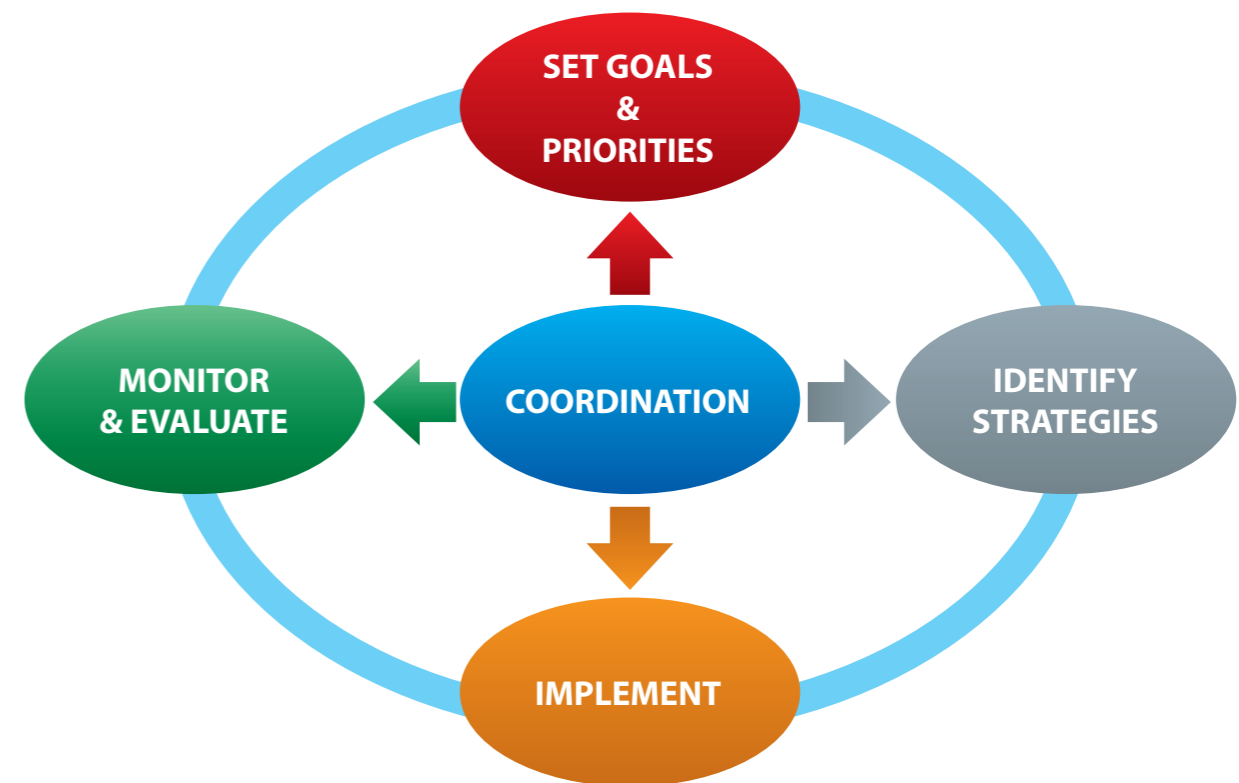
- by reducing expenditures and finding efficient ways to provide services through the elimination of redundant and contradictory policies and the establishment of clear government priorities;

- by enabling the level of efficient national coordination and coherence in government that is required as part of membership in supranational organizations and structures.

## 1.2 What is Policy Coordination?

"Coordination" is defined by the American Heritage Dictionary as "the regulation of diverse elements into an integrated and harmonious operation". Various other terms are also used in the literature to denote coordination or policy coordination. For example, "horizontal government" denotes "the process that ensures that various organizations charged with delivering public policy work together and do not produce redundancy or gaps in the public services".<sup>4</sup> The terms "cooperation", "collaboration" and "integration" are used when talking about working across organizational and sectoral boundaries. "Policy coordination" is defined by the OECD as "ensuring whole-of-government coordination to identify and mitigate divergencies between sectoral priorities and policies, including domestic and external policies, and promote mutually supporting actions across sectors and institutions."<sup>5</sup>

In order for policy coordination to be effective, it needs to be applied at all stages of the policy process, from the policy-making stage through to implementation and monitoring. Setting public policies entails the selection of goals and priorities, the identification of the means and strategies to achieve those goals, and the development of a course of action to implement those means.



4 Peters, Guy, B. (1998). *Managing Horizontal Government: The Politics of Coordination*. Ottawa: Canadian Centre for Management Development.

5 OECD website: Policy Coherence for Sustainable Development Toolkit. Available at: <https://www.oecd.org/governance/pcsd/toolkit/guidance/policycoordination/#d.en.388096>

From a horizontal policy coordination perspective, the following questions determine the policy coordination needs at each stage of the policy-making cycle:

- What information will be shared when designing policies and what communication and consultations should take place and when?
- What objectives will be shared through coordinated policies and when?
- What responsibilities will be shared and when? Will there be a joint strategy or action plan and joint implementation of activities and evaluation of results?

There are two interconnected forms of coordination:<sup>6</sup> policy coordination and administrative coordination. Policy coordination is a “top-down” and politically centred approach which assumes that if policies are well formulated initially in the policy process then there will be less problems in putting them into effect. Administrative coordination is focused on implementation or service delivery issues and as such is a “bottom-up” approach to coordination. Each form has distinctive features, and governments need to work on achieving a balance between the two elements when tackling coordination issues, i.e. on coordinating the formulation of public policies and on coordinating the implementation of these policies.

The specific objectives of the policy coordination process are to ensure the following conditions:

- The Government and the Prime Minister have the information and support they need to make sound and evidence-based decisions about the proposed policies and draft legislation.
- Proposals from the ministries and other state administration bodies are in line with Government priorities and the budget.
- Sectoral and cross-sectoral issues, including EU harmonisation issues, are properly considered and addressed.
- Policies and legislation are developed in accordance with quality standards, including an effective consultation process.

### 1.3 The Public Administration Principles

Public administration reform is a long-term process aiming at significantly changing the existing organisation, structure, functioning and efficiency of public administration. The EU has changed its approach to Public Administration Reform (PAR) in recent years as the need for a more systematic approach has arisen, making PAR one of the key pillars of the enlargement process, along with the rule of law and effective economic governance. Shared principles of public administration among the EU Member States constitute the conditions of a “European Administrative Space”, which includes a set of common standards for action within public administrations that are defined by law and enforced in practice through procedures and accountability mechanisms.

<sup>6</sup> See Peters, B. Guy, *Managing Horizontal Government, the Politics of Coordination*, Canadian Centre for Management Development, 1998

The EU accession negotiations are among the highest political priorities for the Government of the Republic of North Macedonia. The commitments undertaken under the Stabilisation and Association Agreement have significantly influenced the Government’s medium- to long-term agenda and the EU accession process will continue to have a major impact on the policy planning and policy development and coordination process. Moreover, EU policy and legislation cannot be regarded as an abstract concept that exists on its own and separate from the national policy-making process because EU policy only comes to life once it is implemented and thereby becomes inextricably intertwined with national policies and practices.

The EU promotes a sectorial approach focused on horizontal rather than vertical interventions. This approach is based on the following six key reform areas and the Principles of Public Administration developed by OECD/SIGMA in close cooperation with the European Commission (EC)<sup>7</sup>:

- The Strategic Framework of PAR
- Policy Development and coordination processes
- Public Service and human resource management
- Accountability
- Service Delivery
- Public Financial Management

The Public Administration Principles<sup>8</sup> define what good governance comprises in practice and outlines the main requirements for developing an effective and sustainable public administration system. The most relevant Public Administration Principles that have been integrated into this analysis are the principles related to Policy Development and Coordination and to Public Financial Management. In general terms, observing these principles brings the following benefits:

- It enables consistent policy planning and coordination of government activities, including setting priorities related to EU integration.
- It ensures that policies are consistent with one another and creates policies that are not deficient in substance and which are economically efficient and financially sustainable.
- It ensures that policies are properly implemented and monitored.
- It supports the transposition and implementation of the EU *Acquis* in all sectors

<sup>7</sup> SIGMA (Support for Improvement in Governance and Management) is a joint initiative of the OECD and the European Union.

<sup>8</sup> The Principles of Public Administration for EU Candidate Countries and Potential Candidates. Available at: <http://www.sigmaweb.org/publications/principles-public-administration-eu-candidate-countries-and-potential-candidates.htm>

# 2

## Legal and Institutional Framework for Policy Coordination in the Government of the Republic of North Macedonia

### 2.1 Legal Framework for Policy Development and Coordination

The Constitution<sup>9</sup> defines the responsibilities of the Government, including its responsibilities for designing public policies for implementation of laws and other regulations adopted by the Parliament, as well as for regulating the principles of the internal organisation and operation of ministries and other administrative bodies, including steering and overseeing their work. The Government's responsibilities are further detailed in the Law on Government.<sup>10</sup> The Government responsibilities specified in this law include defining economic and development policies, policies and action plans related to safety and defence as well as strategies for European integration and for attracting foreign investments. The Law on Government also regulates the adoption of the Rules of Procedure, the Annual Work Programme and the types of legal acts adopted by the Government. The Law further identifies the relationship with the Parliament, the President, the state administration bodies and the local self-government units, thereby setting the basic requirements for coordination and cooperation with other levels of governance.

The procedural requirements regulating the Government's modus operandi, its organisation and decision-making processes, as well as policy development and coordination requirements, are established by the Rules of Procedure. A number of methodologies and guidelines<sup>11</sup> set out the

9 The Constitution of the Republic of North Macedonia (*Official Gazette* No. 52/1991, 1/1992, 31/1998, 91/2001, 84/2003, 107/2005, 3/2009), Article 91.

10 The Law on Government (*Official Gazette*, No. 9/2000, 12/2003, 55/2005, 37/2006, 115/2007, 19/2008, 82/2008, 10/10, 51/11, 15/13, 139/14, 196/15, 142/16 и 140/18), Articles 4, 5, 6, 8 and 35.

11 The Methodology on Strategic Planning and Development of the Annual Work Programme of the

requirements and methodological guidance for ministries and other state administration bodies in the Government's strategic and annual policy planning process, policy development and coordination process, as well as in the monitoring and reporting process.

The responsibilities and requirements of the central public administration are established by the Law on the Operation and Organisation of the State Administration Bodies.<sup>12</sup> This is a systemic law which stipulates the types, mandates and key responsibilities of the state administration bodies,<sup>13</sup> including responsibilities for the development of policies and regulations and implementation of the laws and regulations of the Parliament and the Government. The coordination of work is one of the responsibilities of the minister or director who manages the state administration body. Any disputes among ministries should be solved by an inter-ministerial group established for this purpose. In case no agreement is reached, the ministry informs the Government, which should then review the dispute and instruct the relevant ministries on its resolution.

The Law on Budgets<sup>14</sup> establishes the requirements, structure and procedures for development, execution and monitoring of the state budget. The basis for the development of the budget consists of the strategic priorities of the government, the Fiscal Strategy, the proposed strategic plans of the budget users and their budget policies, as well as the priorities of the municipalities. The central level budget users are required to incorporate the Government's priorities in their budgets through the government programmes and sub-programmes. The budget users are also required to develop medium-term (three-year) strategic plans which present the programmes and activities for the implementation of the government's strategic priorities. The Fiscal Strategy sets the fiscal policy objectives and identifies the key estimated revenues and expenditures in the medium-term period. Based on the Fiscal Strategy, the Ministry of Finance (MoF) defines the spending limits for each functional area in the central government.

The existing legal and methodological framework for policy development and coordination constitutes a solid foundation for further development of the policy planning and policy coordination system. However, the findings of the study suggest that the administration often fails to develop implementation plans for the primary and secondary legislation that has been adopted. Instead, it is taken for granted that the mere adoption of the regulations will ensure its smooth implementation. The introduction of new requirements leads to procedural and organisational changes which need

Government (*Official Gazette*, No. 124/08, 58/2018); the Methodology on Policy Analysis and Coordination (*Official Gazette*, No. 52/2006); Guidelines for the Preparation Process, Contents and the Form of the Strategic Plans and the Annual Work Plan of the Ministries and other State Administration Bodies (*Official Gazette*, No. 131/2018); Guidelines on the Development and Monitoring of the Implementation of the Annual Work Programme of the Government (*Official Gazette*, No. 222/2019); Guidelines on the Process of Monitoring, Evaluation and Reporting on the Strategic Plan and Annual Work Plan of the Ministries and other State Administration Bodies (*Official Gazette*, No. 131/2018); the Methodology on Regulatory Impact Assessment; Guidelines for the Operation of the Ministries in the Process of Conducting Regulatory Impact Assessment; Decision on the Format and Contents of the Regulatory Impact Assessment Report.

<sup>12</sup> The Law on Operation and Organization of the State Administration Bodies (*Official Gazette*, No. 58/2000, 82/2008, 167/2010, 51/2011, 96/2019, 110/2019), Articles 47, 49, 54.

<sup>13</sup> In accordance with the Law, the state administration bodies include ministries and autonomous state administration bodies (directorate, archive, agency and commissions) and subordinate bodies reporting to ministers (bureaus, offices, services, inspectorates and Port's Office), Article 5.

<sup>14</sup> The Law on Budgets (*Official Gazette*, No. 35/2001, 64/2005, 4/2008, 103/2008, 156/2009, 95/2010, 180/2011, 167/2016, 151/2021), Articles 14, 15.

to be elaborated in detail in the implementation plans along with capacity building activities to ensure successful implementation of the laws and regulations.

Under the reform activities planned with the PAR Strategy and the PFM Programme, a process of developing new laws is under way which will define a new structure of the state administration bodies and institutions with improved accountability lines and clearer mandates. A new organic law on budgets will be adopted with the aim of improving the medium-term and annual budget planning process and strengthening the accountability procedures. It is expected that the new legal framework will significantly improve these important processes and structures and contribute to better policy coordination.

As presented in the analysis below, there are still some gaps to be filled to ensure the further development of the legal and methodological framework, especially in terms of standardizing the process and meeting the requirements for the development of sectoral strategies and for establishing better linkages to the budget planning process.

## 2.2 Institutional Framework for Policy Coordination

### 2.2.1 The Centre of Government

To ensure that the complexity of government activities and the relevant institutions will operate in a balanced system, governments need to have an effective policy coordination system to ensure a balance between the sectoral responsibilities of ministers for policy development and the government's collective responsibility for its overall policy output.

The three key players in the policy coordination system and their main responsibilities can be summarised as follows:

- **The Government** (both as individual ministers and as a collective body) as the executive power is responsible for political, strategic and policy decisions and for ensuring that all decisions taken are lawful and based on evidence, and that adequate resources have been provided to ensure their effective implementation in the best interests of society.
- **The ministries** support the responsible minister in managing and advancing the policy areas that have been assigned to them and are responsible for providing expertise and organisational capacities for policy development, analysis, implementation and monitoring and evaluation.
- **The Centre of Government** (CoG) is an institution or a number of institutions with responsibilities that derive directly from the collective responsibilities of the Government and the Prime Minister. The purpose of the CoG is to support the Government and the Prime Minister in their responsibility to coordinate the activities of all ministries with the objective of facilitating the effective and efficient performance of the Government's collective duties. These institutions are becoming more and more relevant in a context where an increasing number of cross-cutting issues demand a whole-of-government approach and coherent policy responses.



**Key CoG Functions**

According to SIGMA's Public Administration Principles, the key CoG functions include:

- coordinating the preparation of Government sessions
- ensuring legal conformity
- coordinating the preparation and approval of the Government's strategic priorities and work programme
- coordinating the policy content of proposals for Government decisions, including defining the policy preparation process and ensuring coherence with Government priorities
- ensuring that policies are affordable and coordinating public sector resource planning
- coordinating Government communication activities to ensure a coherent Government message
- monitoring the government's performance to ensure that the government collectively performs effectively and keeps its promises to the public
- handling relations between the government and other parts of the state (the president, the parliament)
- coordinating issues related to EU integration

The functions of the CoG in the Government of the Republic of North Macedonia are shared among several state administration bodies, including the General Secretariat of the Government, the Prime Minister's Office, the Secretariat of Legislation, the Ministry of Finance, the Secretariat of European Affairs, and the Ministry of Information Society and Administration, as outlined below.

**The General Secretariat of the Government**

The General Secretariat of the Government (GSG) was established by the Law on Government<sup>15</sup> as an expert service of the Government tasked with coordinating and offering expert support to the Government, the Prime Minister and ministers in the delivery of their responsibilities. The role of the GSG is to ensure that the proposals and other materials that are submitted to the Collegium of State Secretaries, the Government standing commissions and other working bodies are consistent, coherent and well-coordinated. The aim is to resolve any disputes among state administration bodies at an expert level before the proposals are submitted to the Government for review and decision.

The role<sup>16</sup> of the GSG in the policy coordination process is to ensure that the sectoral and inter-sectoral issues are reviewed and fully analysed, to ensure that the analyses and analytical information (fiscal,

economic, social, environmental) supporting the ministry proposals are of high quality, to ensure that the proposals are in line with the Government priorities and the GAWP, to ensure that the disputes between ministries are resolved at an expert level before they are tabled at Government sessions, and to ensure that the Prime Minister and the chairs of the Government commissions are informed about the issues presented in the proposals and submitted for adoption by the Government.

Regarding the key CoG functions, the GSG is responsible for

- coordinating the organisation of Government sessions
- coordinating the strategic planning process and preparing and monitoring the GAWP
- coordinating communication activities
- monitoring government performance
- handling relations between the Government and the other state and local government bodies

**The Prime Minister's Office**

The Prime Minister's Office (PMO) was established by the Decision on the Establishment of the Prime Minister's Office<sup>17</sup> to support the Prime Minister in performing his/her rights, duties and responsibilities. The PMO has the following responsibilities: supporting the PM in the coordination and cooperation with the state authorities, public enterprises, institutions, companies, citizens' associations and other legal entities; monitoring the process of organising, preparing and implementing the Government Programme; ensuring the implementation of the Government's conclusions; coordinating the relationships between the branches of power; monitoring the implementation of the guidelines issued by the PM to the members of the Government; and supporting the PM in the foreign relations.

**The Secretariat of Legislation**

The Secretariat of Legislation (SL) was established by the Law on Government<sup>18</sup> as an expert service of the Government responsible for ensuring the consistency of the legal system, the alignment of legislative proposals with the Constitution and other laws and regulations, as well as with the EU Acquis and with ratified international agreements.

The SL issues an opinion on all primary and secondary legislation, as well as on the transposed legislation and the Tables of Concordance which show the level of harmonisation between the national and EU legislation. The Secretary of the SL attends the weekly meetings of the Collegium of State Secretaries, the Government Commissions and the Government sessions and can request that any issue be deferred or withdrawn from the agenda if the relevant proposal was not submitted for an opinion or if there are major inconsistencies.

In practice, most of the draft proposals and materials are submitted to the SL for an opinion. However,

Skopje, June 2019, [www.mioa.gov.mk/sites/default/files/pbl\\_files/documents/rja/priracnik\\_.pdf](http://www.mioa.gov.mk/sites/default/files/pbl_files/documents/rja/priracnik_.pdf); Rules of Procedure of the Government, Articles 67-a and 67-b;

<sup>17</sup> Decision on Establishment of the Prime Minister's Office, *Official Gazette*, No. 9/03, 15/07, 20/12, 156/16, 6/20, 279/20)

<sup>18</sup> The Law on Government, *Official Gazette* No. 59/2000, Article 40

<sup>15</sup> The Law on Government, *Official Gazette*, No. 55/2005, Article 40-a

<sup>16</sup> Handbook on the Role of the General Secretariat in the Policy Making and Policy Coordination Process,

the set deadlines<sup>19</sup> for reviewing proposals and developing an opinion are often not observed by the state administration bodies.

### The Ministry of Finance

The Ministry of Finance (MoF) was established by the Law on the Operation and Organisation of the State Administration Bodies. The MoF is not a typical CoG institution, since its responsibilities for medium-term budget planning, coordination, preparation and monitoring of the budget and its implementation place it at the centre with responsibilities for horizontal coordination. The MoF thus has an influential role in the policy-making process.

In addition to coordinating the budget process, the MoF is also responsible for issuing an opinion on the fiscal impacts of draft proposals before they are submitted to the Government for review.

### The Secretariat of European Affairs

The Secretariat of European Affairs (SEA) was established by the Law on Government<sup>20</sup> as an expert service of the Government responsible for the horizontal coordination of policies and activities related to the EU integration process and the preparation of North Macedonia for full membership of the EU. The SEA acts as the secretariat of the negotiation structures and coordinates with the IPA/NPAA structures in the ministries on issues related to the planning, implementation and monitoring of activities related to the NPAA and SAA. The Secretariat also supports the Vice Prime Minister who is responsible for European Affairs and acts as the National IPA coordinator responsible for managing the EU funds.

### The Ministry of Information Society and Administration

The Ministry of Information Society and Administration (MISA) was established by the Law on Operation and Organization of the State Administration Bodies. The MISA is responsible for developing policies and legislation related to PAR and for coordinating the implementation and monitoring of the PAR Strategy, as well as for managing, coordinating and monitoring the process of regulatory impact assessments (RIA). While the MISA is responsible for reviewing RIA Reports and issuing an opinion on the observance of the requirements set by the relevant RIA regulations, it has no mandate to stop the adoption procedure if the quality of the analysis presented in the RIA Report is not satisfactory.

## 2.2.2 Coordination within the CoG

The CoG functions are fragmented and shared among the above-mentioned state administration bodies. However, although there is cooperation between the CoG bodies especially in terms of consolidating the GAWP and the NPAA, there is no formal coordination mechanism to ensure coordination in the policy development process or for consolidating opinions, especially in cases when CoG bodies may have opposing opinions related to the draft proposals. This issue was

<sup>19</sup> According to the RoP, Article 69-a, the deadline for giving an opinion on the draft proposals is 7 days or 5 days for urgent proposals.

<sup>20</sup> The Law on Government, Official Gazette No. 55/2005, Article 40-b

indicated in the SIGMA Monitoring Report of 2017, with a recommendation to initiate the practice of coordinating opinions before their finalisation, beginning with key Government decisions such as strategies and laws, or at least significant amendments to laws.

One of the activities planned under the PAR Strategy and Action Plan 2018–2022<sup>21</sup> relates to the analysis and development of a proposal for establishing an effective mechanism for coordination among the CoG bodies, i.e. by developing a formal regulation (methodology, guidelines) to standardize the mechanism and procedures for coordination among the CoG. Under the leadership of the GSG, a working group developed a proposal<sup>22</sup> for formalising the coordination mechanism among the CoG bodies, including the establishment of an Expert Collegium as an expert coordinative group tasked with checking the quality of proposed strategies and laws before they are submitted to the weekly meeting of the State Secretaries. The Collegium would include representatives of the GSG, the SL, the MoF, MISA and SEA, as well as representatives of the ministries proposing the relevant strategies or legislation. The proposed Collegium would discuss any inconsistencies among the proposals and horizontal planning documents, as well as assessing whether they meet of the minimum quality standards. The proposal recommends the following:

- To establish the Collegium and amend the Rules of Procedure (RoP) to formalise its structure and functions.
- To amend the RoP in order to extend the deadlines for providing opinions on proposals and to specify the cases when proposals can be submitted directly at the meetings of the Collegium of State Secretaries, the Government Commissions and the Government.
- To categorise the proposals (strategies, laws) that will be reviewed by the Expert Collegium.
- To identify minimum quality standards for proposals.
- To strengthening the capacities for policy analysis and coordination in the ministries.

Although the proposal has been reviewed by the Government, there has been no progress in the establishment of the Expert Collegium to date. The need for the establishment of this coordinative body will be assessed in the ongoing process of developing new Rules of Procedure.

Before formalising the Expert Collegium through the RoP, the role and responsibilities of the Collegium in the overall policy coordination and decision-making system should be carefully reviewed, especially vis-a-vis the Collegium of State Secretaries (see Chapter 4 below). The instalment of a new structure in the decision-making system with a composition and responsibilities very similar to the existing Collegium of State Secretaries may lead to a duplication of responsibilities and create backlogs in the coordination and decision-making process. The categorization of proposals will need to be performed in accordance with specific criteria, moreover, meaning there should be a pre-selection stage in the process to identify the proposals that will be reviewed by the Expert Collegium. Clearly, these are important procedural issues that should be carefully considered before

<sup>21</sup> Public Administration Reform Strategy and Action Plan 2018–2022. Available at: <https://www.mioa.gov.mk/?q=mk/node/2103>

<sup>22</sup> Information for the Establishment of Coordination Mechanisms among the State Administration Bodies that Perform the Functions of the Centre of Government, Measure 1.3.2. of the PAR Action Plan, Skopje December 2018. Available at: [https://www.mioa.gov.mk/sites/default/files/pbl\\_files/documents/rja/info\\_m\\_1.3.2\\_usvoena\\_od\\_vlada\\_25.12.2018.pdf](https://www.mioa.gov.mk/sites/default/files/pbl_files/documents/rja/info_m_1.3.2_usvoena_od_vlada_25.12.2018.pdf)

any decision is made on the formalisation of an Expert Collegium.

According to the amendments of the RoP introduced in 2020 and 2021, all proposals and materials should be submitted to the PMO for an opinion. Formally, the PMO is responsible for monitoring the process of organising, preparing and implementing the Government Programme and for ensuring the implementation of the Government's conclusions. This is conducted through the Programme Monitoring System or the Collaboration System. The responsibilities of the GSG also include support in the implementation and monitoring the Government Programme and in preparing and monitoring of the GAWP, as well as in monitoring the implementation of the Government's conclusions. In the absence of formal procedures to ensure close coordination between the PMO and GSG in the performance of these related responsibilities, however, there is potential duplication of responsibilities between the two CoG institutions.

### **Recommendations**

- Strengthen the GSG, especially in the performance of its policy analysis and coordination function. The existing Sector for Policy Analysis and Coordination should assume its responsibilities in accordance with the Methodology for Policy Analysis and Coordination and the Rulebook for the Internal Organization of the GSG. The civil servants in the Sector should be assigned a policy sector (education, health, transport, etc.) or a group of policy sectors to follow on a regular basis and check the alignment of proposals/materials with other relevant policies and whether the opinions of the relevant ministries and state administration bodies, including the CoG bodies, have been aligned. The role of the Sector for Policy Analysis and Coordination should be to coordinate and cooperate on a regular basis with the ministries responsible for the policies in the relevant policy sector(s) and to stay informed of the proposals and legislation that the ministry is working on in order to ensure timely implementation of the GAWP. In case of disagreements, especially on proposals with significant impacts, the civil servants in the relevant sector should initiate a coordinative meeting to discuss and resolve any disagreements before the proposals enter the Government procedure. This will ensure a mechanism for cooperation and coordination among the CoG bodies and the ministries, especially in terms of consolidating and discussing opinions on policy and legislative proposals.
- Clarify the roles and responsibilities of the PMO and GSG in the preparation and monitoring of the Government Annual Work Programme and the Government's conclusions in order to avoid any duplication of responsibilities. Introduce formal coordination procedures to avoid any confusion and duplication of efforts.
- Introduce and deliver regular training for the CoG institutions on their role in the policy coordination process and on the methods and tools for planning, policy analysis and policy coordination.

# 3

## Strategic Framework for Policy Coordination

### 3.1 Coordination of the strategic planning process

In accordance with the Constitution, the political priorities and objectives of the Government for its term of office are presented in the four-year Government Programme. The Programme is the highest level of medium-term planning document in the hierarchy. It is proposed by the Prime Minister and voted on by the Parliament together with the election of the Government. The Government Programme is operationalised through the Government Annual Work Programme (GAWP), which includes the legislation, strategic documents, regulations and other documents that define public policies and which are to be reviewed for approval and adoption by the Government in the course of the year. The National Programme for the Adoption of the Acquis (NPAA) defines the strategic directions in the EU integration process, the priorities and timelines of the process, as well as the resources and activities needed for adjusting the national institutions to the European administrative structures. Apart from these medium- and short-term planning documents, there are no other overarching national strategic documents defining the long-term development vision at national level.

The strategic planning process is regulated by the RoP and further elaborated in the Methodology for Strategic Planning and Preparation of the Annual Work Programme of the Government. The Methodology defines the strategic planning cycle and sets the steps in the process, the relevant procedures, the planning calendar, and the responsibilities of the key players in the planning process, i.e. the General Secretariat of the Government (GSG) and the Ministry of Finance (MoF), as the Centre of Government (CoG) bodies, and the line ministries. The methodology integrates the policy and budget planning into a medium-term (three-year) rolling process so that the first outward year's policies and budget estimates become the basis for the subsequent year's policy planning and

budgeting, taking into consideration any changes in the economic conditions and policies. This is a balanced top-down and bottom-up process that is repeated every year.

The MoF is responsible for coordinating the process of the development of the Fiscal Strategy, reflecting the Medium-Term Budgetary Framework (MTBF) and the annual budget process. The MoF coordinates with the ministries and reviews and negotiates the costing part of the programmes and sub-programmes presented in the Strategic Plans of the ministries and other budget users, all within the limits set for each functional area.

The medium-term policy planning process at the level of ministries and other state administration bodies is reflected in their Strategic Plans. These plans present the ministries' priorities in line with the Government's priorities, the mandate and the programmes that they will be implementing in order to achieve the priorities and objectives of the Government and the ministries. The programmes are costed and reflected in the Annual Budget Law under the category of Government Programmes. The Strategic Plan should be published on the website of the ministry or state administration body.

At the outset of the process each year, the Sector for Strategy, Planning and Monitoring in the GSG is responsible for analysing the results of the implementation of the policies and programmes based on the ministries' inputs. The Sector produces an analytical report presenting the results for each of the Government priorities and objectives and drafts a proposed Decision on the Priorities of the Government for the next medium-term planning period. The format and contents for the ministries' inputs are based on the ministries' Annual Reports,<sup>23</sup> which should be focused on the outcomes and results of the implementation of the planned objectives. In practice, however, the information in the Annual Reports is of varying quality and consequently, causing difficulties for the Sector when analysing the results. The reports are mostly activity-based, with very limited analysis of the outcomes of the implementation of the programmes and the achievement of the planned ministry objectives and Government priorities. Although the GSG coordinates with the ministries during the process, there is no formal procedure in place to ensure quality checking of the ministries' Annual Reports by the GSG.

In this process the ministries also propose objectives for achieving the Government's priorities for the upcoming medium-term planning period, which are then laid out in the Decision on the Government Priorities. Because planning is not based on the principles of realistic planning with clear prioritisation, however, too many objectives are planned under each of the priorities. By way of illustration, the first of the nine priorities in the Decision adopted by the Government for 2022, i.e. the priority of 'Accelerated Economic Development, Improved Living Standards and Quality of Living, includes no less than 38 objectives to be implemented over the medium-term period. Moreover, the objectives are not supported by targets, which makes the monitoring of implementation very difficult. While the proposed Decision for the Government's Priorities is reviewed and adopted by the Government and published on its website, the analytical report developed by the Sector is not published since this is not required by the regulations.

The GSG is also responsible for reviewing the draft strategic plans of ministries and checking their

<sup>23</sup> Annual Reports are developed in accordance with guidelines for the actions of ministries and state administration bodies in the processes of monitoring, evaluating and reporting on the implementation of the Strategic Plan and Annual Work Plan.

consistency with the Government's strategic priorities, as well as for coordinating the process of drafting the GAWP and for its monitoring. The procedure and format of the GAWP is regulated by the Methodology for Strategic Planning and Preparation of the Annual Work Plan of the Government and the Guidelines on Development and Monitoring of the Implementation of the Annual Work Programme of the Government. In addition to coordinating the process, the role of the GSG is to assess the relevance and priority level of the initiatives proposed by the ministries according to the alignment of these initiatives with the Government's priorities. The process is by no means a mere compilation of all the proposed ministry initiatives, therefore, and should lead to the development of a realistic GAWP based on informed judgements and negotiations with the ministries aimed at producing an implementable programme. The GAWP is coordinated with the Prime Minister's Office (PMO) and the Secretariat for European Affairs (SEA) to ensure consistency with the National Programme for Adoption of the Aquis (NPAA). The Guidelines identify a set of indicators according to which the GSG monitors the implementation of the GAWP and prepares semi-annual and annual reports for the Government. There is no formal requirement to publish these reports on the Government's website.

There is currently no coordination between the GSG and the MoF throughout the strategic planning process. Such coordination is necessary because both institutions, as CoG bodies, have an important role in each of the stages of the process. As a minimum, the CoG should analyse and discuss the coherence of planned policies and the adequacy of the spending strategies i.e., the allocation of funds to each of the Government's strategic priorities. However, at present there is no formal coordination mechanism in place that would set the modalities, contents and frequency of coordination practices between the CoG bodies in the strategic planning process.

The coordination with ministries also needs improvement. The organisational units established in each of the ministries responsible for strategic planning, policy coordination and monitoring (see 3.2. below) are weak, with very limited capacities to perform the functions for which they were established. There are frequent changes in the staff in these organizational units, which negatively affects the capacity and institutional memory needed to effectuate this process. Over the past three years, the GSG has organised and delivered training<sup>24</sup> on strategic planning and monitoring and reporting. However, the staff turnover in the ministries and other state administration bodies continues to impact the overall effects of GSG's efforts to develop strategic planning capacity.

Apart from the medium-term strategic planning process, which has been in place for some time, the requirements at the level of sectoral policy planning are not regulated and there is no consistent approach applied in managing and coordinating the strategic planning process at sectoral level. Nor are there any requirements for monitoring and regularly reporting on the implementation of sectoral strategies and the achievement of goals and objectives. There is no procedure for the continuous mapping of strategies and their inter-linkages and planning spans. Although the GSG has kept a register of sectoral strategies adopted by the Government, this register is not regularly updated. Moreover, the existing legislation does not recognise strategic documents as policy documents or as acts of the Government, even though strategies define government policies and create considerable commitments and allocations of resources.

<sup>24</sup> As of November 2018, the GSG had organised and delivered training for all 14 ministries and 14 state administration bodies, covering 251 civil servants.

In accordance with the activities planned under the PAR Strategy, the GSG is currently working on a methodology that will regulate the format, contents and the process of developing sectoral strategies. Once the methodology has been adopted, it is expected to help close a gap that has persisted for some time and which has been noted by both the EC and SIGMA.<sup>25</sup>

Finally, the government has no overall strategic management system that would define the long-, medium- and short-term strategic planning documents, the requirements for coherence and linkages between the goals and objectives at different strategic levels, the linkages to the sectoral spending strategies and the MTBF, as well as the types and time spans of the planning documents. Such a system would strengthen the whole-of-government approach in policy planning and improve the allocation of funds to the Government's priorities.

### 3.2 Coordination of the strategic planning process at the level of ministries

The effective coordination of the strategic planning process largely depends on the ministries and their inputs in all stages of the process, from the priority-setting stage to the development of the ministry plans all the way to the development and subsequent monitoring of the GAWP.

The Decree on the Principles of the Internal Organization of the State Administration Bodies<sup>26</sup> established Units for Strategic Planning, Policy Development and Monitoring in the ministries. These units are responsible for coordinating the internal processes for the development of the strategic plan of the ministry and the policy development process, as well as for monitoring the implementation of the strategic plan and key policies of the ministry. The Decree stipulates that each Unit reports directly to the State Secretary and allows for the establishment of a department in larger ministries covering two or more policy areas. The aim of establishing these permanent structures in ministries was to enable efficient coordination with the GSG in the strategic planning process and to ensure a central unit that would lead the internal coordination processes. However, the standard functions and internal processes that need to be established for effective coordination of internal processes related to strategic planning, budgeting, policy development and monitoring/evaluation within the ministry are not formally stipulated.

An analytical study<sup>27</sup> prepared by the GSG in 2018 indicated that most of the ministries and state administration bodies<sup>28</sup> had formally established a unit for strategic planning, policy coordination and monitoring. In some institutions this unit operates within other organizational structures such as within units responsible for quality control or public relations. The study also indicated that the

<sup>25</sup> EC Progress Report, North Macedonia, 2020, [https://ec.europa.eu/neighbourhood-enlargement/sites/default/files/north\\_macedonia\\_report\\_2020.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/default/files/north_macedonia_report_2020.pdf) and The Principles of Public Administration, the Former Yugoslav Republic of Macedonia, November 2017, <http://www.sigmaweb.org/publications/Monitoring-Report-2017-the-former-Yugoslav-Republic-of-Macedonia.pdf>

<sup>26</sup> The Decree on the Principles of the Internal Organization of the State Administration Bodies, Official Gazette No 105/2007, Article 8

<sup>27</sup> Information on the Analysis of the Internal Processes, Functions and Human Resources for Strategic Planning in the State Administration Bodies, Skopje 2018, <https://www.mioa.gov.mk/?q=mk/node/2103>

<sup>28</sup> 15 ministries and 3 secretariats which responded to the Questionnaire

qualifications of the staff employed in the units is inadequate and that their experience is rather limited, with an average experience of 3-4 years, which negatively affects the institutional memory and quality of the internal processes. The study concluded that the responsibilities for strategic planning, budgeting, and the development and monitoring of the GAWP are fragmented. One reason for this is that the key coordination functions are divided into several organizational units and the capacities and awareness of the coordination and linkages between these processes are weak.

#### Recommendations

- Improve the quality of Annual Reports on the implementation of the ministries' Strategic Plans by introducing a continuous training programme focused on outcome-level reporting on the implementation of the Government's strategic priorities.
- Introduce procedures in the GSG and extend the responsibilities of the Sector for Strategy, Planning and Monitoring to include the performance of regular checks of the quality of the Annual Work Plans and Annual Reports of ministries.
- Develop regular reports on the implementation of the GAWP and introduce formal requirements to publish these reports.
- Formalise a coordination mechanism that will define the coordination structures at the level of the CoG (GSG, MoF, SEA) and ministries, specifying the roles, responsibilities and outputs, as well as the modalities and the frequency of coordination throughout the strategic planning process.
- Develop and adopt a methodology defining the standard requirements of sectoral strategies specifying the format, contents and strategic planning process, linkages to the mid-term and annual planning budget process, monitoring and reporting procedures.
- Develop an implementation plan to ensure efficient integration of the sectoral strategic planning into the overall strategic planning process. As a minimum, this plan would include
  - 1) extending the responsibilities of the GSG to ensure adequate quality control of sectoral strategies before they are presented to the Government;
  - 2) developing procedures to ensure the consistency and integration of the sectoral strategies in the policy and budget planning system;
  - 3) developing capacities for sectoral strategic policy planning in accordance with the methodology.
- In the medium term (3–5 years), design and adequately regulate an overall strategic management system to ensure a whole-of-government approach, and identify at least:
  - the long- medium- and short-term planning documents,
  - the hierarchical linkages among these strategic planning documents, including cascading linkages of goals and objectives;
  - the linkages to the MTBF;
  - the coordination and coherence requirements;
  - the strategic policy development process; and
  - the roles and responsibilities of the key coordination bodies.

# 4

## Policy Development and Coordination – Evidence-Based Policy-Making

The Rules of Procedure establish detailed procedures and rules on the organisation and functioning of the Government decision-making system, including the key steps and processes of government policy-planning and policy-making. There are also a number of methodologies and guidelines that further elaborate the requirements and processes entailed in ensuring policy coordination and evidence-based policy making. These include the Methodology for Policy Analysis and Coordination, the Methodology for Regulatory Impact Assessment, the Guidelines for Operation of the Ministries in the Process of Conducting Regulatory Impact Assessment, the Code on Consultations with the Public in the Process of Preparation of Regulations, as well as supporting templates and handbooks further specifying key processes and techniques.

Ministries are responsible for developing policies and legislation that will be put forward to the Government for review and decision. The demand for most policies and legislation stems from the Government Programme and the GAWP, though there are also other issues that may not be planned and which may need to be resolved by proposing new policies or changes in existing policies or legislation. The most common way of developing draft policies and legislation in the ministries is through the establishment of working groups. Depending on the nature and complexity of the policy or legislation, these groups may include representatives from other ministries, state administration bodies, and in some cases also representatives of civil society organizations (CSO) and/or academia. It is in this way that coordination is integrated in the drafting process.

The internal working processes within each of the ministries for policy development and coordination that would define the requirements for policy analysis, coordination, RIA and inter-ministerial and

public consultations are not regulated. This was identified as a gap in the SIGMA Monitoring Report<sup>29</sup> in 2017 and still persists as an issue. Civil servants and members of working groups rely on their experience to apply policy development requirements, including RIA requirements, as well as the coordination requirements specified in the RoP and the RIA regulations.

The RoP does not make any distinction between the national and EU transposition legislation; rather the same standards and requirements for policy development and coordination apply in all cases for the development of transposed legislation. This also refers to the requirement for conducting RIA, which is mandatory only for primary legislation according to the RoP.

The RIA Regulations adopted by the Government require that ministries develop an Annual Plan for conducting RIA which should be developed and harmonised with the GAWP. Ministries should develop detailed internal plans for conducting the RIA process, especially when laws with significant expected impacts are being developed. The process starts with an announcement, including key information on the law being developed, that is published on the ministry's website and the Single National Electronic Register of Regulations (ENER).<sup>30</sup> The purpose of the announcement is to inform the public and CSOs at the beginning of the drafting process so they can participate once the draft is ready for consultation. The RIA process should proceed hand in hand with the legislative process and include problem analysis, identification and an analysis of possible options, impact assessment of the options (economic, fiscal, environmental, social aspects), consultations with stakeholders and proposal of the selected option. Once the draft RIA Report has been developed, ministries are required to publish it together with the draft law on the ENER and invite stakeholders to comment within 20 days. The report on the consultation process is included in the RIA Report that is finally submitted to the Government together with the proposed law.

Although the implementation of the RIA requirements has been improving since the adoption of the RIA Methodology in 2013,<sup>31</sup> it is still not consistent. As noted in the 2020 EC Progress Report:

Evidence-based policy and legislative development continue to be partially ensured. Administrative data collection improved but this data needs to be more consistently used in the decision-making process. The quality of regulatory impact assessments needs to be further improved, and the budgetary impact assessments are either missing or are not comprehensive.

The Ministry of Information Society and Administration (MISA) is responsible for managing and monitoring the implementation of the requirements, as well as for issuing an opinion on the consistent implementation of the RIA requirements. The Annual Report (2019)<sup>32</sup> developed by the MISA gives an overview of the key indicators on implementation of RIA requirements over the last six years. The table below shows the implementation rate of some of the requirements.

29 The Principles of Public Administration, the Former Yugoslav Republic of Macedonia, November 2017, <http://www.sigmaweb.org/publications/Monitoring-Report-2017-the-former-Yugoslav-Republic-of-Macedonia.pdf>

30 The acronym is from the title of the Register in Macedonian language

31 The RIA requirement and the RIA Methodology was first introduced in 2009. A new RIA Methodology was adopted in 2013.

32 Annual Report on Implementation of the Regulatory Impact Assessment Process, 2019, <https://www.mioa.gov.mk/?q=mk/node/1484>

Table 1: Overview of the implementation of RIA requirements

| Year | Total number of laws adopted by the Government for which RIA is required | Number of laws submitted to the Government together with an RIA Report | RIA Reports published on ENER | RIA Reports and proposed laws submitted to MISA for opinion |
|------|--|--|-------------------------------|---|
| 2014 | 335  | 77 (22%)   | 114 (32,6%)                   | 40 (11.4%)  |
| 2015 | 566  | 234 (41.3%)  | 136 (24%)                     | 80 (14.1%)  |
| 2016 | 252  | 135 (53.6%)  | 21 (8.3%)                     | 76 (30.2%)  |
| 2017 | 54   | 43 (80%)   | 45(83%)                       | 32 (59%)  |
| 2018 | 109  | 94 (86%)   | 94 (86%)                      | 79 (72%)  |
| 2019 | 242  | 186 (77%)  | 124 (51%)                     | 157 (65%)   |

Formally, the role of the MISA is not to review the quality of the analyses presented in the RIA Reports but to review the extent to which the reports comply with the requirements set in the RIA Methodology and other regulations. The MISA can only recommend improvements regarding specific missing information in the RIA Report, and its opinion is not binding and cannot stop the ministry from submitting the proposal even if the analysis and information is not of the required quality. According to the RoP, the GSG is responsible for ensuring that proposed laws are accompanied by an RIA and an opinion from MISA. As the above data shows, however, this is not consistently implemented in practice.

The quality of the analysis presented in the RIA Reports<sup>33</sup> needs further improvement. This was also noted in the 2020 EC Monitoring Report for North Macedonia. Ministries usually present the definition of the problem, the objectives of the law, and the justification for Government intervention. However, the analysis and presentation of the options and their impacts, especially their fiscal impacts, as well as the planning for the implementation, the monitoring and evaluation of the proposed legislation are either weak or missing.

Coordination among ministries and with other relevant state administration bodies is regulated by the RoP. Ministries are required to coordinate and consult with relevant stakeholders according to the nature and subject matter of the proposal. The opinions of the relevant ministries and state administration bodies should be included in the package together with the proposal submitted to the Government for review.

Coordination and consultations with external stakeholders are also regulated by the RoP and the RIA Methodology and are supported by guidelines. The results of the consultation process should be presented in the RIA Report along with justification for those comments that were not incorporated in the draft. As noted above, RIA reports often fail to present key information, including an overview

33 Tunyan, B. (2021). Regulatory impact assessment and EU law transposition in the Western Balkans: A comparative analysis of the practice of ex ante assessment of regulatory proposals and EU law transposition. *SIGMA Papers*, No. 61, OECD Publishing, Paris. Available at: <https://doi.org/10.1787/2cbdb615-en>.

of the consultative process and coordination with CSOs. A recent WeBER Study<sup>34</sup> of CSOs' perceptions of the consultation process and participation in the policy development process indicates that 44% of the surveyed CSOs agree that government institutions invite their respective organizations to prepare or submit policy papers, studies or impact assessments. Some 35% of the CSOs surveyed had been invited (often or always) to participate in working groups tasked with drafting policy documents or legislation, though only 21% of the CSOs had received feedback from the state administration bodies when they submitted their comments to a draft policy or legislation.

Regarding consultation, the 2020 EC Progress Report noted the following:

Inter-ministerial consultations at various levels increased, but they still need to be properly integrated in the process. Inclusive participation in public consultations continued to be encouraged through the national electronic consultation system. The quality control of the public consultation process needs to improve.

Coordination and dispute resolution in the decision-making process is regulated by the RoP. There are two levels of coordination and dispute resolution structures:

- The Collegium of State Secretaries<sup>35</sup> is responsible to review the preparedness of the proposals that are submitted to the Government and to resolve the outstanding issues on an expert level. The General Collegium can return and defer a proposal from being submitted to the Government if the necessary coordination and opinions have not been conducted or provided by the proposing ministry;
- The three standing commissions<sup>36</sup> of the Government are responsible for reviewing proposals and for advising the Government on whether the proposals are ready for a decision by the Government. The commissions have the right to return and/or defer the issue and request further work on the proposal or additional coordination by the relevant bodies.

Despite the “checkpoints” integrated into the system to prevent any proposals from being submitted to the Government that do not fully comply with the coordination and consultation requirements established by the RoP and other methodological regulations, there are still cases when ministries and other state administration bodies submit proposals that have not been fully coordinated and lack the opinions of the relevant state administration bodies. This indicates that the quality control role of the GSG is not consistently performed and should be strengthened and improved. This shortcoming is also noted in the EC 2020 Progress Report.

Additionally, as indicated in the SIGMA 2017 Monitoring Report, the GSG focuses mostly on the formal aspects without going into analysis of the policy content of the proposals and materials and assessing

<sup>34</sup> WeBER: Monitoring of Public Administration Reform in Western Balkans, National Monitor of Public Administration Reform, North Macedonia, 2019-2020. Skopje 2021. Available at: [https://weber-new.s3.us-west-2.amazonaws.com/wp-content/uploads/2018/11/16115218/National-Par-Monitor-Macedonia\\_Final\\_eng.pdf](https://weber-new.s3.us-west-2.amazonaws.com/wp-content/uploads/2018/11/16115218/National-Par-Monitor-Macedonia_Final_eng.pdf)

<sup>35</sup> The Collegium is chaired by the General Secretary of the Government. The members include State Secretaries of all ministries, as well as the State Secretaries of the Secretariat for European Affairs and the Secretariat of Legislation.

<sup>36</sup> The Commission on Political System; the Commission on Economic System and Current Economic Policy; and the Commission on Human Resources and Sustainable Development.

the consistency of the proposals with the Government priorities, the GAWP, and the consistency of horizontal policies, as required by the Methodology for Policy Analysis and Coordination. The recent SIGMA assessment confirmed the same finding.

### Recommendations

- Strengthen the mandate and capacity of the MISA to ensure effective quality control of RIA Reports and instruments to prevent RIAs with inadequate quality from proceeding further in the process.
- Strengthen the mandate of the GSG and introduce procedures to ensure that the GSG performs consistent control of the formal requirements for the submission of materials, particularly in relation to RIA Reports and opinions of relevant ministries and state administration bodies. The GSG should return proposals and materials that do not meet the formal requirements in accordance with the RoP.
- Formalize and strengthen the role of the GSG in the policy coordination process to ensure consistent review of the policy content of policy proposals (strategies, legislation) and ensure consistency with the Government priorities and the GAWP (see details on this recommendation in Chapter 2 above).
- Improve the quality of policy development and coordination, including RIA processes, through regular capacity-building activities. The MoF should develop practical guidance on fiscal impact assessment and offer training on the necessary techniques and tools.



# 5

## Coordination of Key Horizontal Strategic Processes

Effective coordination depends on the existence of coordination structures and formal coordination and cooperation procedures. To ensure steering and coordination, such structures must be established at the political and administrative level with their distinctive roles identified in the regulations. Whether formal or informal, their role is to ensure that there is continuous cooperation, coordination and exchange of information among the ministries and other state administration bodies and the central coordinating structures to ensure effective coordination at all stages of the policy-making process and all major strategic processes.

There are a number of formal and informal coordination structures in the government that have been established to coordinate key horizontal processes, including the strategic planning process, PAR, the PFM reform process and the European integration process.

### 5.1 Coordination of the PAR Strategy

By its nature, PAR implies a multitude of related policies that are implemented through appropriate measures and activities to achieve set goals and achieve planned results in the key areas identified by the SIGMA Public Administration Principles. The complexity involved in the management and monitoring of PAR calls for the establishment of a stable management and coordination mechanism to ensure effective **vertical and horizontal coordination** in the implementation, monitoring and evaluation of the effects of reforms.

The PAR Strategy 2018–2022 sets out three levels of coordination of the process of implementing and monitoring the measures and activities planned in the PAR Action Plan, as follows:

- The political level at the top of the horizontal coordination structure is represented by the PAR Council,<sup>37</sup> whose task is to steer and ensure the consistency of the reform process by setting priorities, providing guidance and managing risks in the implementation of the PAR Strategy. The PAR Council is chaired by the PM, and its members include the Deputy PMs, ministers and heads of relevant state administration bodies.<sup>38</sup> The decisions adopted at the PAR Council meetings must be finally verified by the Government.
- The expert level is represented by the PAR Secretariat, which has the key role in horizontal coordination. From a professional (expert) perspective, the Secretariat ensures the consistency of policies in the field of PAR and assesses the feasibility and impacts of their implementation before these policies are submitted for approval to the PAR Council. In addition to coordinating the implementation of the PAR Strategy, the PAR Secretariat also monitors the implementation of the Action Plan and reviews obstacles and proposes actions for mitigating risks. The Secretariat is chaired by the Deputy Minister of the Ministry of Information Society and Administration and includes expert staff from ministries and other state administration bodies.
- The technical level is represented by the PAR contact points assigned in each of the ministries and state administration bodies. The contact points are responsible for implementing and/or monitoring the respective activities.

The Ministry of Information Society and Administration (MISA) is responsible for coordinating the PAR activities within its responsibility as well as for coordinating the monitoring and reporting process of the PAR Action Plan. The ministry also offers professional and technical support to the PAR Secretariat and the PAR Council. Coordination activities on a horizontal level are carried out through the Coordinators of the Priority Areas of the PAR Strategy that have been designated for the purpose of preparing the PAR Strategy, whereas vertical coordination of the activities within the responsibility of MISA is performed by the State Secretary and several smaller teams.

Coordination between the PAR Strategy and the PFM Programme is carried out mostly on the technical level between the PAR Unit in the MISA and the responsible contact point in the MoF. However, the MoF is also represented both in the PAR Secretariat and the PAR Council, ensuring that the coordination is formalised at both expert and political levels.

The coordination of the PAR Unit in MISA is conducted by three staff tasked with monitoring PAR activities and preparing semi-annual and annual monitoring reports. The role of the Coordinators of the PAR Priority Areas has never been formalised, however, meaning their participation in the coordination process is unclear and inconsistent. Although monitoring reports have been prepared regularly, albeit with some delays, there are difficulties in collecting the necessary data on the implemented activities and the relevant indicators due to frequent changes in the contact points

<sup>37</sup> Decision for establishment of the PAR Council, 2017, with amendments in 2019 and 2020. Available at: <https://www.mioa.gov.mk/?q=mk/node/2103>

<sup>38</sup> The members include the Vice PMs responsible for the political system and for European Affairs, the Minister for Information Society and Administration, the Minister of Finance, the Minister of Foreign Affairs, the Minister of Labour and Social Policy, the Minister of Justice, the Minister of Local Self-Government, the General Secretary of the Government, the Secretary of the Secretariat of Legislation, and the Director of the Administration Agency.

in the ministries and other institutions, which negatively affects the institutional memory and understanding of the processes. This results in the Ministry of Information Society and Administration needing to invest significant efforts to inform and train contact points in order to obtain the needed information and data. Moreover, the collection of monitoring information is conducted through a simple Excel chart, which causes many difficulties in the compilation and analysis of the data.

## 5.2 Coordination of the PFM Programme

The financial sustainability of government policies depends on the sound planning of the overall financial framework and the budget. A public financial management system supports the development of all elements of the budget cycle. The goals of the Government PFM Programme 2018–2021 are to strengthen the public finance system and to promote transparency, accountability, fiscal discipline and efficiency in the management and use of public resources for improved service delivery and economic development.

The PFM reform management and coordination framework consists of the following structures:

- The political level is represented by the PFM Council, which is responsible, among other things, for steering the delivery of the reform objectives, monitoring the implementation of the Action Plan against targets and defined indicators, resolving any coordination issues arising between stakeholders, facilitating policy dialogue with stakeholders and reporting progress to the Government on the implementation of the PFM Reform Programme. The Council is chaired by the Minister of Finance and includes members<sup>39</sup> of relevant state administration bodies.
- The expert level is represented by the PFM Working Group, which is composed of members from all relevant MoF departments and institutions involved in PFM issues. The PFM Working Group is responsible for managing, monitoring and reporting on the implementation of the activities and for overall support of the implementation of the PFM programme. The group is also responsible for preparing semi-annual and annual monitoring reports and submitting them to the PFM Council for approval.
- The technical level is represented by Priority Coordinators and ‘measure leaders’ who serve as focal points for the priority coordinators. Priority coordinators coordinate and monitor the implementation of activities planned for each measure and indicator and report on the progress made in reforms. Measure leaders are responsible for the day-to-day management of activities and for coordinating and monitoring the achievement of relevant targets. Priority coordinators report on progress to the PFM Working Group.

<sup>39</sup> The members include: the Deputy Prime Minister for EU Affairs, the Minister of Economy, the Minister of Information Society and Administration, the Director of the State Audit Office, the Director of the State Statistical Office, the Director of the Customs Administration, the Director of the Public Revenue Office, the Director of the Public Procurement Bureau, and the President of the State Appeal Commission on Public Procurement

The IPA Unit in the Ministry of Finance acts as a technical secretariat to support the functioning of the PFM Working Group and PFM Council. In general, the Unit's tasks comprise the technical preparation of the meetings of the PFM Council and the PFM Working Group. The Unit prepares reports on progress made in the implementation of the reforms under each priority and annual Action Plans based on the input provided by the Priority Coordinators.

The coordination bodies described above ensure coordination among the related strategies and policies (e.g. the Tax System Reform Strategy, the PIFC Policy Paper, etc.) as well as with the PAR Strategy. At policy level, the meetings of the Working Group are held in the form of policy dialogue with relevant stakeholders (e.g. CSOs, representatives of the business community, academia, the EC and other relevant international organizations). At the technical level, the Working Group meetings are held to discuss specific PFM measures, including IPA II programming and implementation.

### 5.3 Coordination of the European Integration process

Attaining the membership of the Republic of North Macedonia in the EU is among the highest priorities of the Government. The accession process is a complex undertaking for any government, involving comprehensive legal, institutional and organisational changes to meet the requirements of the membership. The structures established for managing and coordinating the accession and negotiation process and the effective functioning of these structures are key to the success of the process.

The coordination structure has been developing over the past years. The negotiating structure has been formally established and includes the following structures:

- The Committee for Accession Negotiations with the EU is the highest-level political body responsible for the overall steering and coordination of the process. The Committee is chaired by the PM and includes the Deputy PMs and all ministers, as well as the Governor of the National Bank and the President of the Macedonian Academy of Science and Arts.
- The State Delegation for EU Accession Negotiations, headed by the Deputy Prime Minister in Charge of European Affairs, is responsible for presenting official negotiating positions and for conducting accession negotiations ensuring their uninterrupted flow in all negotiating chapters.
- The Negotiation Group (Core Negotiating Group) is an expert-technical body of the Government. The Chief Technical Negotiator within the Negotiating Group should lead the accession negotiations on all chapters and at all stages of the negotiations at the technical level, monitoring the implementation of the commitments undertaken in the course of negotiations, as well as the overall timelines of the adoption of the laws in the context of the accession process.
- The Working Committee for EI is responsible for the coordination of the implementation of the SAA and the activities related to accession negotiations with the EU. The Committee is chaired by the Deputy PM responsible for EU affairs and all ministry state secretaries.

- The Working Groups for the preparation of the NPAA and of the negotiating positions for all chapters are responsible for analysing the level of transposition of the EU acquis and preparing draft negotiation positions.

With regard to the status of the opening of the negotiation process and the ongoing revision of the negotiating structures, apart from the NPAA Working Groups no other formal structures have been operative.

The Secretariat for European Affairs (SEA) offers expert support to the Deputy PM responsible for European Affairs and is responsible for coordinating the key EI processes at the expert and administrative level, including the planning, monitoring and reporting of the NPAA. The Secretariat organises regular coordinative meetings with the NPAA Working Groups, coordinates the explanatory meetings of the national delegations for all negotiating chapters, and coordinates the implementation of the SAA.

## Annex 1

### List of Interviewees

1. Sali, State Advisor, General Secretariat of the Government
2. Biljana Nikolovska – Zagar, Office of the President of the Government
3. Esma Adilovic - Fazlic, Head of Unit for Coordination of PAR Strategy, Ministry of Information Society and Administration
4. Gordana Gagic – Dimitrovska, State Advisor, Ministry of Information Society and Administration
5. Kristina Dimovska, Special Advisor for Support to the European Integration Process, Secretariat for European Affairs

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