

# **Macedonia 2017 Fiscal Transparency Assessment**

## **Fiscal Transparency Assessment 2017: Meets minimum requirements**

### **Overview**

Macedonia meets the Department's minimum requirements for fiscal transparency. During the review period, Macedonia's budget and information on debt obligations were widely and easily accessible to the general public, including online. The budget was substantially complete and considered generally reliable. Macedonia's supreme audit institution reviewed the government's accounts and made its reports publicly available. The criteria and procedures for allocating licenses and contracts for natural resource extraction were outlined in law and appeared to be followed in practice. Basic information on natural resource extraction awards was public.

### **Budget availability**

Macedonia's budget was widely and easily accessible to the general public, including online on the Ministry of Finance website. The government made budget documents, including the executive budget proposal, enacted budget, end-of-year report, publicly available within a reasonable period of time. For example, the fiscal year 2017 executive budget proposal was published in mid-September 2016 and the enacted budget was published at the end of November. The end-of-year report for fiscal year 2015 was published at the end of June 2016. Information on debt obligations was publicly available, including online on the Ministry of Finance website.

### **Budget Completeness**

Budget documents, including the executive budget proposal, enacted budget, and end-of-year report, provided a substantially full picture of Macedonia's planned expenditures and revenue streams, including natural resource revenues. Publicly available budgets included expenditures broken down by ministry and revenues broken down by source and type. The budget provided detail for each ministry or agency, with further subcategories and information arranged according to a program classification. While information on allocations to and earnings from SOEs was included in publicly available budget documents, it presented such information only in aggregate. All SOEs made their financial statements public. Those financial statements were regularly audited and were in turn subject to oversight by their boards and made publicly available on SOEs' websites and the website of the State Audit Office. Revenues and expenditures of the three extra-budgetary funds—the Health Insurance Fund, Pension Fund, and Employment Agency—were also included in the annual budget documents with the same classification details, and their accounts were regularly audited and made publicly available. The budget included expenditures to support executive offices. Military and intelligence budgets were included in the public budget.

## **Budget Reliability**

The government reviewed budget execution through the course of the year and makes budget execution reports publicly available on a monthly basis. According to budget execution reports and end-of-year reports, actual revenues and expenditures did not correspond to those in the enacted budget. Due to budget deviations, the government issued revised budget estimates in July and again in September. Budget documents were prepared according to internationally accepted principles that yield consistent and comparable statements. Macedonia had an independent supreme audit institution (SAI). The SAI audits the central government budget and the budgets of the three extra-budgetary funds every year. The SAI published its fiscal year 2015 audit report in July 2016. The SAI's reports provide substantive narratives with findings, criticism, and recommendations for audited institutions. The Parliament formally considers the SAI's reports, but no real follow up action is usually taken with institutions subject to audit criticism. The SAI has no authority to initiate a legal procedure against audited institutions with the Public Prosecutor's Office based on the findings in the audit report.

## **Natural Resource Extraction Contract and Licensing Transparency**

The criteria and procedures by which the national government awards natural resource contracts or licenses were specified in the Law on Concessions and Public-Private Partnerships. The government appeared to follow these laws in practice although the capacity of the Ministry of Economy to effectively administer and implement legislation on concessions and public-private partnerships (though not necessarily for natural resource extraction) has been cited as weak by outside observers. Basic information on natural resource extraction awards was publicly available.

## **Finding: Meets Minimum Requirements**