Sector fiche – IPA National programmes / Component I

1. IDENTIFICATION

Title	Public administration reform
MIPD Sector Code	2. Public Administration Reform
Sequence no.	1
ELARG Statistical code	Measure 1: 01-34 Measure 2: 01-34 Measure 3: 01-34 Measure 4: 01-35 Measure 5: 01-71
DAC Sector code	15110
Total cost	2012: EUR 2,000,000 2013: EUR 5,250,000 TOTAL: EUR 7,250,000
EU contribution	2012: EUR 1,675,000 2013: EUR 4,630,000 TOTAL: EUR 6,305,000
Management mode	Decentralised
Decentralised mngmt: **Responsible Unit or National Authority/Implementing Agency(ies)**	The Central Financing and Contracting Department (CFCD) will be the implementing agency and will be responsible for all procedural aspects of the tendering process, contracting matters and financial management including payment of project activities. The Head of CFCD will act as the Programme Authorising Officer (PAO) of the project. Contact: Mrs. Radica Koceva (PAO) Central Finance and Contracts Department Ministry of Finance Tel: +389 2 3231 219 Fax: +389 2 3106 612 e-mail: radica.koceva@finance.gov.mk
Implementation management	Ministry of Information Society and Administration (MISA) Mrs. Jasmina Gelevska, Senior Programme Officer Tel: +389 2 3094 215 E-mail: jasmina.gelevska@mioa.gov.mk General Secretariat of the Government, Unit for Cooperation with Non-governmental Organisations (GS) Ms.,Suzana Nikodijevic-Filipovska, Senior Programme Officer Tel:+389 2 3118 022 ext. 191 E-mail: suzana.nikodijevic@gs.gov.mk State Audit Office (SAO) Mrs. Tatjana Vasic Bozadzieva, General Secretary Tel.: +389 2 3211 262, ext. 112 E-mail: tatjana.vasic@dzr.gov.mk
Implementing modality	Projects
Zone benefiting from the action(s)	Nationwide

2 RATIONALE

LINKS WITH NATIONAL SECTOR OBJECTIVE(S) AND MIPD SECTOR OBJECTIVE(S)

Public Administration Reform

The Public administration reform remains to be one of the key priorities for the Country. Therefore, in December 2010, the new Strategy for the Reform of the Public Administration and the Action plan for its implementation have been adopted, covering the period until 2015. The main aim of this Strategy is to establish a professional, merit-based, de-politicised public service that would serve as bedrock for all further reform processes in order to fulfil the Copenhagen membership criteria. The Action plan defines the following priority areas: i) administrative procedures and services; ii) strategic planning, coordination, policy drafting and quality legislation; iii) civil service system and human resources management; iv) public finance system; v) e-Government; vi) anti-corruption policy in the public administration. The Action plan considers all previous EC and Sigma comments provided in the annual progress reports and during special meeting in Brussels on PAR strategy.

The Government continues to support participation of CSOs in the policy making and decision making process through implementation of the Strategy for Cooperation of the Government with the Civil Sector as key document for development and sustainability of this sector.

The **Multi-annual Indicative Planning Document (MIPD) 2011-2013** underlines that in some sectors such as public administration, justice, home affairs, environment, transport or employment, one or several comprehensive national strategies are in place that will allow the EU to increasingly use a more programme-based logic in its planning of pre-accession assistance. In this context, despite of the progress made so far in the sector of public governance, still, the implementation of the Laws on Civil and Public Servants as well as human resource management policies need to be further strengthened within both the individual ministries and other state administration bodies. In this respect, full implementation of the PAR measures and enhancement of the human resource management standards are one of the main areas that will remain a challenge for the country in the foreseeable future up to the accession and beyond.

Additionally, the MIPD stipulates as follows: “The main specific objective for EU assistance in forthcoming period is to implement the new and updated comprehensive PAR Strategy (2010-2015), including among others:..., as well as enhancing capacity of State Audit Office to carry out full range of government auditing”.

With regards to the improvement of the human resource management standards, the Ministry of Information Society and Administration, within **the National Programme for Adoption of the Acquis Communautaire (revision 2012**, is introducing activities for creation of a competent and results-oriented administration. In order to achieve this, two measures were envisaged, the first of which is undergoing in the moment: i) implementation of the model of competencies, with deadline for implementation in 2014 and ii) introduction of a Performance Management System for the administration with a deadline for implementation in 2015.

In the area of auditing the **National Programme for the Adoption of the Acquis** 2011, Chapter 3.32 Financial Control, point 1.3 State Audit, points out the following medium-term priorities for SAO: “upgrading the IT system with possibilities for audit process management

and document management; trainings for different aspects of the state audit; development of the cooperation with the Parliament of the Country."

In addition, the **Istanbul Agreement** adopted at the Meeting of the Heads of the Supreme Audit Institutions of the EU Candidate and Potential Candidate Countries with the support of the European Court of Auditors in March 2011, calls attention to the importance of application of professional standards (ISSAI), the independence of SAI, the relations between SAIs and Parliaments, as well as the quality of the audit.

Furthermore, **The Accession Partnership** identifies the administration reform as a key priority, including the need to increase administrative capacity to implement the legislation and the need to further approximate legislation and procedures to the acquis. The Accession Partnership likewise promotes an active role of civil society in the decision making process, as a key objective. Even though involvement of Civil Society Organisations in policy making and in legislative drafting progressed in the country to a moderate extent, there is still a considerable space for furthering cooperation with Civil Society Organisations and for improvement of the consultation mechanisms.

European Commission Progress Report 2011 states that despite of the progress in the field the public administration, "Major shortcomings remain, in particular regarding the rules on recruitment, appraisal and promotion; appointment of senior managers; and termination and employment". In addition, "While the administrative capacity of the human resources units in some ministries was increased, a number of these units at local and central level, on the other hand, remain understaffed. There is still insufficient capacity to perform proper staff appraisal." The Report further alarms of the inconsistencies in the process of recruitment and employment, which affects all other aspects of the human resources management in the administration.

Additionally, in section 4.32, Chapter 32: Financial Control, the Progress Report states the following: "the State Audit Office (SAO) continued with the implementation of its development strategy 2010-2014 and has improved the quality of its audits. The annual SAO programme for year 2011 envisages intensive cooperation with the Parliament and creation of conditions for timely discussions of the SAO reports in the Parliament. However, as yet, no formal mechanism for parliamentary follow-up of SAO reports has been established. A procedure for the amendment of the Constitution has been launched which will ensure the functional and financial independence of the SAO." The Conclusion of the same Chapter reads as follows: "The State Audit Office (SAO) administrative capacity has been further strengthened; however, the independence of the SAO has yet to be anchored in the Constitution. Cooperation with the Parliament remains a concern. "

2.1 SECTOR ASSESSMENT – POLICIES AND CHALLENGES

The Ministry of Information Society and Administration, a leading institution responsible for the public administration reform and implementation of the PAR Strategy 2010-2015 and the Action Plan, and operating under the Programme for work of the Government for 2011-2015, is focusing on carrying out the reforms in order to improve efficiency, effectiveness and responsibility of the public administration, transparency and openness of the system, improvement of the quality of public services and client satisfaction, both for the citizens and the legal entities. Further improvement of the Civil Service System and the HR Management in the public administration are among the priority areas in the 2010-2015 PAR Strategy.

In order to overcome the negative findings outlined in the SIGMA Assessment on the former Yugoslav Republic of Macedonia (published in May 2011) in relation to the lack of a professionally-selected, i.e. non-politicised, civil service hiring and career system, the MISA within the IPA 2009 framework contracts proceed towards drafting of Law on administration, by-laws and other related legislation and drafting of a Catalogue of work positions and Law on salaries. In continuation, in order to diminish the possibilities of inadequate respect of the individual rights and legitimate interests of citizens by all administrative authorities' and the respective staff, the MISA will further continue with the administrative guillotine, simplification of redundant administrative processes and their modernization with IT solutions. The insufficient implementation of the rule of law through administrative authorities led to the revision of the existing and creation of a new Law on General Administrative Procedures, an on-going activity in cooperation with SIGMA.

Moreover, MISA is revising the implementation of the current PAR strategy and creating conditions for preparation of the new sector strategic document the will cover the period after 2015 and thus provide a common ground for integrated action of the whole sector.

SAO aspires to successful accomplishment of all competences laid out in the State Audit Law, as well as to realisation of SAO annual work programme, Development Strategy objectives and NPAA Chapter 32 Financial Control. The existence of an independent and effective SAO is crucial for proper and efficient management of tax payers' money, offering advice to the public administration for solving transitional problems, and certainly for successful accession to the European Union. Further development of SAO depends considerably on decisions made by other competent bodies, SAO independence, close cooperation with the Parliament and sufficient financial resources. Wide political support is essential for advancement in any of these areas.

With regards to SAO, SIGMA Assessment Report 2011 underlines the following: "high on the agenda of SAO is to ensure that their reports are dealt with by Parliament in a proper way. This priority of the SAO has not yet resulted in the establishment of a specialised body in Parliament that would allow for such review of SAO reports, although there is growing consensus within the Parliamentary Commission for public finance control that such a solution is desirable and that the presidium of Parliament should take a decision in that direction.". The same document recommends the following: "SAO should continue to promote communication with Parliament and thereby stimulate the implementation of recommendations that extend beyond the control of individual auditee, such as the harmonisation of existing laws or the introduction of new laws".

The overall objective of Measure 5 is to enhance the quality of state audit aiming to further improve public funds management and to ensure accountability and transparency of public funds use. Key requirement for SAO is to strengthen its capacities and to improve external communication and cooperation with all stakeholders using EU best practice.

Civil society in the country is characterized by heterogeneity, representing various sectors and different field of activities, in relation to the current social needs and the process of a gradual wider diversification. Civil society actors are predominantly located in urban areas and poorly represented in rural areas, for e.g. 43% of total CSO are registered in the capital of Skopje. Most CSOs are smaller, semi - professional or voluntary based organisations, working at the local level. They cover a wide range of specific interests and target groups, and provide services to the community and their members. In addition, there are more than 200 CSO umbrella networking in the country, the majority established on basis of their thematic field of

activity or their target groups. There are only a small number of fully professional CSOs operating at national level, usually located in Skopje and working in the fields of socio - economic development, good governance, civil society strengthening and advocacy and lobbying. These are larger organisations with high levels of organisational capacity, technical skills and know - how. They are well prepared to compete for and manage large grants and service contracts available from international donors, including the EU.

The number of registered CSOs by late 2010 reached a number of over 11.457 CSOs. After the adoption of the new (2010) Law on Association and Foundations where CSOs were required to re-register in the Central Register, the number of CSOs decreased from the previous official data to 3,732.

In terms of the legal framework, the right to freedom of association is enshrined in the Constitution (art. 20). This right was regulated, more specific, with the Law on Associations and Foundations (originally adopted in 1998) and the new Law adopted in April 2010 which provides further liberalisation for wider practice of the right for association, extended to legal entities, foreigners and minors, right to associate without a need to register a formal legal entity. It also introduced a possibility for civil society organizations to perform directly economic activities and the right to obtain a status of public benefit organisation the possibility for an organisation to be entitled to perform public authorizations. All of the bylaws envisioned in the Law were adopted and the Government Commission for public benefit status was recently established (February 2012).

In terms of institutional framework, the initial step for institutionalised relations between the Government and civil society were taken in November 2004 with the creation of the Unit for NGO Cooperation under the Government General Secretariat of the. According to the Rulebook for Internal Organisation of the General Secretariat, the Unit for Cooperation with NGOs is responsible for: establishing and developing the cooperation between the Government and civil society; developing an overview of the legal regulations and initiating proposals for new legislation regarding the civil society; monitoring and comparing the international legal regulations; providing funds for partial financing of projects of public interest; and ensuring civil society is represented in the policy-making of the Government.

(1) *National sector policy, strategy and context.* Being aware of the fact that the public administration sector is in need of comprehensive reforms and technical assistance, the Government initiated amendments to the Law on the organisation and operation of the state administration bodies in order to ensure greater coordination of the central government activities in the public administration reform. With this new Law, amending the Law on the Organisation and Operation of the State Administrative Bodies adopted by the Assembly of the country in December 2010 (Official Gazette No. 167/2010), the Ministry of Information Society and Administration (previous Ministry of Information Society) has been established as the central body responsible for coordination of public administration reform. Furthermore, the same law envisaged transferring of the competences in the area of Public Administration from the Civil Servants Agency, the General Secretariat of the Government, the Secretariat for European Affairs and the Ministry of Justice, including the State Administrative Inspectorate, transferring all employees from the mentioned institutions working in the area of PAR to the new Ministry of Information Society and Administration.

The Strategy for PAR (2010-2015) and its corresponding Action Plan represent comprehensive documents containing clear set up directions, scope and dynamics of the PAR, creating new instruments and structures for better management of the process, allocating

resources needed for implementation and monitoring and measuring the quantity and quality of the realisation of the envisaged activities towards professional, merit-based and de-politicised public administration.

In addition, future fields of action will be determined by the identified gaps in the implementation of the PAR Strategy 2010-2015. Namely, throughout the process of implementation of the PAR Strategy 2010-2015, the Ministry is continuously making analyses in order to identify the fields with insufficient or with no implementation.

The Ministry is also engaged in the process of creating conditions for conducting a proper, wide-scale analyses of the sector covered with this programme. The expected outcome of this sector analyses will be of paramount importance later on, in the programme formulation phase, since it will result in evidence-based analysis that will provide justification for the actions and for the selected priorities. It will also contribute for overcoming the identified methodological inconsistence of the SIF in this phase.

In order to create an efficient public finance system in the country, the focus of PAR Strategy Part D) Public finance system, D.1) Public finances, is put on the most important subjects: budget preparation process, public procurement, internal financial control, and external financial audit (carried out by SAO).

In **SAO Development Strategy 2010-2014**, five strategic goals have been outlined. They are generally directed at transforming SAO during a relatively short period into an independent and professional institution performing regular audit of the legality and efficiency of public funds spending.

Therefore IPA 2012 and 2013 sector support plan aims towards:

- Modernisation of the public administration;
- Implementation of the new Strategy for cooperation of the Government with the Civil Society Sector (2012-2017);
- Further involvement of the CSO;
- Enhancement of the capacities for state audit.

This will determine the future path of the reform process in the public administration that is clearly underlined as a key priority of the Accession Partnership. According to the EC Progress Report for 2010, significant additional efforts are needed to ensure the transparency, professionalism and independence of public administration. Developing a new PAR Strategy (2015-2020) will further contribute in capacity building of national administration and in the improvement of public administration reform processes.

In 2007, the Government adopted a Strategy for Cooperation of the Government with the Civil Sector (2007-2011) with the main objective to provide overall guidance for a national policy for cooperation and support of civil society. It set out a framework for mechanisms and measures aimed at enabling the state administration to develop joint partnership with civil society; increasing citizens' participation in policy and decision-making processes; creating more favourable legal and institutional environment for sustainable development of CSOs and implementation of the EU standards in this area; and improving access to public information. In accordance with the Strategy, an inter-institutional network of civil servants in ministries and other state administration bodies was established to support inter-institutional cooperation with the civil society. A 'Code of Good Practice for Financial Support to Citizen’s Association and Foundations' , 'Programmes for Financing Programme Activities of Citizen’s

Association and Foundations for 2009', 2010, 2011 and 2012, and a 'Decision for Criteria and Procedures for Allocation of Resources for Financing Programme Activities of Citizen's Association and Foundations from the Budget were adopted by the Government to enable transparency and to define criteria and monitoring procedures of the financial assistance granted by the Government to CSOs.

A new Strategy for Cooperation with Civil Society (2011-2017) as well as an Action Plan for implementation is in procedure for adoption by the Government. One of the main aspirations of the new Strategy is creating a Council for Cooperation with Civil Society.

(2) *Sector and donor coordination*

With regards to ensuring efficient impact of the available development resources, under the Programme Based Approach, a special Working Group on Public Administration was formed, including representatives from the relevant national institutions and the major donors active in the field. This group is an excellent example of a forum for discussion and consultations related to the progress in the implementation of the PAR, the most efficient manners for overcoming the challenges through joint coordinated collaboration and ensuring sustainable results. The group is composed of representatives from the national institutions (Ministry for Information Society and Public Administration, SEA, Ministry of Finance, Administrative Agency) and donors (EU, World Bank, France, OSCE, Netherlands, UK). Focal points are representatives from the Ministry for Information Society and Public Administration as well as the World Bank.

When establishing PBA working groups, special account was taken to include representatives from the national institutions that are also involved in IPA processes (SPOs, IPA Coordinators). In this manner, the working group can serve as a mechanism to develop and implement sector level policies aligned to the PBA and IPA processes. The introductions of PBA in the country and efforts for its development have still to demonstrate the full engagement of the Government for ownership of the donor coordination and country development agenda.

(3) *Sector budget and medium term perspective*

The MISA, within the regular annual process of planning and execution of the national budget, foresees activities and financial resources for the areas covered with this sector fiche. The financial projections are with the relevance for the forthcoming year and mid-term projects for another 2 years. Considering the previous governmental fiscal policy regarding the support of the activities arising out of PAR, it is important to underline the lack of financial resources for implementation of comprehensive processes that could lead to achievement of specific objectives envisaged in the national strategic documents. It is necessary that the Government ensures consistency with the mid-term perspective of the declared objectives of the national policies and the national budget/overall MTEF of the country, and supports coherent and broad sector plan with appropriate financial framework at national and local level.

The Estimation of priorities costs and total costs as per priority areas in accordance with the PAR strategy is as follows:

Priorities	**Actual cost (in EUR)**	**Requested from the budget (in EUR)**

Priority Area A: Administrative Procedures and Services	7,490,000	7,483,000: a) others (mainly HR costs)- 43,300 b) E-government-7,440,000
Priority Area B: Strategic Planning, Policy Making, Coordination and Better Regulation	53,960	31,400 a) others-11,400 b) E-government-20,000
Priority Area C: Civil Service System and Human Resources Management	1,653,700	1,644,300 a) others-134,300 b) E-government- 1,510,000
Priority Area D : Public Financial System , incl.,: 4.1 Public Finances and Internal Controls 4.2 Public Procurement 4.3 State Audit System (External Audit)	65,000	37,600 a) others- 37,600 b) E-government- 0
uPriority Area E: e-Government and e-Administration	7,348,000	7,320,000 a) others-20,200 b) E-government- 7,300,000
Priority Area F.: Anticorruption Policy	21,200	13,500 a) others-13,500 b) E-government- 0
Total	16,632,000	16,531,000 a) others-261,000 b) E-government- 16,270,000

The State Audit Office within the annual budget foresees activities and financial resources for areas covered with this sector fiche. SAO Budget for 2012 (Official Gazette of RM, no 180, from 26 December 2011) amounts to 97.382.000 MKD, while the indicative budgets for 2013 and 2014 are 107.688.000 MKD and 113.073.000 MKD respectively. More detailed description of the budget items is given in the table below.

Item		Budget (in EUR)	Indicative Budget (in EUR)	
No	Description	2012	2013	2014
40	Salaries and contributions (basic salaries, social insurance contributions)	74,272,000	78,593,000	82,522,000
42	Goods and services (travel expenses and per diems; utilities, heating, communication and transport; office materials and small inventory; maintenance; contractual services; other current expenditures)	21,510,000	24,685,000	25,921,000
48	Capital expenditures (procurement of equipment and machines; investments and non-financial assets; procurement of vehicles)	1,500,000	4,200,000	4,410,000

Funds from budget items 40 and 42 would be used for certain activities under the Twinning Contract, while funds from budget item 48 for activities under the Supply Contract.

(4) *Sector monitoring system***.** Having in view the high relevance of the sector priorities, the Government has established a High level Public administration committee headed by the PM that steers the public administration reform process and monitors progress and has regular meetings on the highest political level. Another key monitoring mechanism for the sector is enabled through the recently established joint RM-EC Special group on Public administration, operational in the framework of the SAA process.

The progress with regards to the implementation of the new PAR strategy is likewise subject to regular monitoring, on a two-week bases by MISA who is collecting the data from the relevant institutions and is further informing the Government, while the Action Plan is intended to be a subject of annual updates and revision, on the basis of the evaluation of its implementation.

Aside from the afore noted monitoring elements and mechanisms, the sectoral monitoring system is comprised of a number of other elements, such as the regular monitoring and annual review of the NPAA, which covers the PAR process; the monitoring of the fulfilment of the three-year Strategic plan of the MISA; the monitoring of the implementation of the Working Programme of the Government, which entails activities on PAR, civil society cooperation, e-government, etc. In addition, the sectoral activities which have been supported through IPA assistance are being monitored both at project level (line institution, CFCD), but also on a programme level in the framework of the IPA TAIB and overall IPA Monitoring Committee.
As for the moment, February 2012, the data shows the following level of implementation of the action plan, for the different priority areas:

Priority Areas	Implementation
Priority Area A: Administrative Procedures and Services	35.3%
Priority Area B: Strategic Planning, Policy Making, Coordination and Better Regulation	23.8%
Priority Area C: Civil Service System and Human Resources Management	37.7%
Priority Area D: Public Financial System	3.3%
Priority Area E: e-Government and e-Administration	10.5%
Priority Area F: Anticorruption Policy	29.2%

In line with the State Audit Law (Article 33, paragraphs (1), (2) and (3)) the State Audit Office prepares Annual Report on conducted audits and operation, and submits the Annual Report for review to the Parliament of the former Yugoslav Republic of Macedonia no later than 30 June of the current year for the previous year. The Parliament reviews the Annual Report and adopts conclusions upon it.
Unit for cooperation with NGOs of the General Secretariat and the network of civil servants responsible for cooperation with the civil sector in line ministries serves as monitoring mechanism for implementation of the Strategy for cooperation of the Government with the civil sector, preparing annual reports for the Government.

(5) *Institutional setting.* The main institution responsible for PAR in the country is the Ministry of Information Society and Administration.

Other institutions are involved in the implementation of PAR in the country, such as Ministry of Justice, the Cabinet of the Deputy Prime Minister responsible for Economic Affairs, Ministry of Finance, Agency for Administration, the Unit for Cooperation with NGOs in the General Secretariat of the Government and the State Audit Office.

(6) *Macro-economic context and Public Financial Management*

The basic macroeconomic indicators of the country for the period 2000-2014 are available at the following link at the Ministry of Finance web site:
http://www.finance.gov.mk/files/u9/1_MKindikatori_Oktomvri_2011_angl_za_web.pdf

In addition, in context of the Public Financial Management and under the Article 34 of the State Audit Law, following the end of the fiscal year and prior to the adoption of the final account of the Budget of the former Yugoslav Republic of Macedonia, the State Audit Office is preparing audit report on the State Budget and is submitting the report to the Parliament.

(7) *Sector assessment*

In accordance with the goals set in the Work Programme of the Government for the period 2011-2015, and long term objective for creating an administration capable of incorporating into the "European administrative space", the focus will be on implementation of the reforms in the administration in order to increase the efficiency, effectiveness, reliability, service quality and accountability of the administration and increase the transparency and openness of the system through involvement of different groups in the policy making. The new system also endorsed a new planning and coordination structure based on the central role of the Ministry of Information Society and Administration.

Especially, a general review will be needed on the implementation of both, Law on General administrative Procedure and Law on administration (both to be prepared in cooperation with SIGMA), in order to identify the problematic areas and difficulties in the process of implementation, and thus provide guidance and assistance for further improvement in the sector.

In addition, the Ministry envisages development and implementation of the Interoperability system that will enable the information systems and business processes they support to exchange data and share information and knowledge within the public sector and to prepare them for data exchange with the EU institutions. The "umbrella institution" (MISA) will put in place a network that will connect all existing systems with the one that should be established through this project. The direct beneficiaries of this action will be the supported by the Ministry of Information Society and Administration. As the main goal is to modernize the public administration it is the companies and citizens who will benefit the most. This involves a supply for the equipment that is perceived to be conducted under the IPA TAIB 2010 and partially under IPA TAIB 2012/2013. The technical specification of the equipment to be purchased for the interoperability is expected to be provided by an expert under the PPF 2009 "Support in preparation of an Overview and analyses of the existing registers including recommendations for interoperability and preparation of project fiche and ToR for Interconnection and use of registers and databases between state authorities and institutions"

The sector assessment as regards capacity building is also visible form the key strategic policy document: "National System for Coordination of Training and Professional Development of the Civil Servants" - initially adopted by the CSA in June 2005 and updated by MISA in March 2011. This document defines training and expert development as the key preconditions

for European integration and implementation of the strategic plans of government bodies – as well as for investment in capacity development for improved efficiency and quality of public services. There is also the Annual Training Programme that is used as the main tool for further improvement of training delivery and effectiveness - as well as a systemic approach to training needs assessment, planning, coordination and evaluation. In that regard, this document identifies four main areas for action: Assessment of training needs and planning training, Capacity Building for coordination of training and expert development, Management of the quality of training delivery and Training Financing.

SAO Development Strategy identifies the following five strategic objectives for the period 2010-2014: ensuring full independence of SAO, further development of the quality of state audit, the institutional capacity and the information system, and improvement of the communication system. Consistent with the aforementioned strategic objectives SAO should opportunely increase the scope of its operations by building professional capacities, maximise the overall effect of conducted audits, continuously develop professional skills of auditors and managers, understand and implement international auditing standards, as well as establish formal mechanism for cooperation with the Parliament, and develop policies and procedures for auditees and Government for follow up on systemic shortcomings identified by SAO reports. The rapid development of information technology imposes the need for modernisation of SAO IT system as well. Thus, the foreseen purchase and trainings under this project will allow upgrading the current IT system, enhanced performance, provision of highly reliable and accurate audit analysis and results, and improve audit efficiency in all stages of the audit, from planning and scoping, to reporting.

On a different note, according to the analysis of CIVICUS Index on Civil Society in 2011, civil society in the country is rated as "moderately developed" which means that the degree of institutionalization and practicing values can be further improved. Organisations particularly promote nonviolence, tolerance and advocate for transparency and internal democracy.

3 DESCRIPTION

3.1 OVERALL OBJECTIVE OF THE IPA SECTOR SUPPORT

The overall objective of the sector plan is to continue with the modernisation of the administration, trough strengthening the transparency, accountability and involvement of the civil society, and thus contribute for creating conditions for broader change that will lead to strengthening the system of checks and balances between the executive, the parliament and the judiciary.

3.2 SPECIFIC OBJECTIVE(S) OF THE IPA SECTOR SUPPORT

The purpose of this project is to ensure horizontal coordination of the modernisation of the administration, enhance public funds management and ensure accountability and transparency in the use of public funds, and support the involvement of the civil society in policy creation by strengthening the capacities of the institutions responsible for different sector policies.

3.3 RESULTS

Measure 1: Assistance to the Ministry of Information Society and Administration in implementing E-government policies

Operation 1.1: Improvement of the Legal framework on electronic management

- Legal framework on electronic management (the Law on electronic management and the relevant bylaws) revised and improved.

Operation 1.2: Implementation of E-services

- Increased efficiency and quality of administrative procedures, and use of electronic administrative services; Further development of a full one stop shop system on a technical, organisational and legal aspect;
- Reaching maximum level of sophistication of e-services according to the benchmarks set by the EU;
- Increased use of e-services by end-users;

Operation 1.3: Improvement of service quality measurement

- Administrative procedures and services including Better services to the citizen and service quality measurement improved;
- Improved administrative decision making process

Operation 1.4: Upgrade of the system of interoperability

- Interoperability (as continuation of activities under IPA 2011)further implemented

Indicators for Measure 1

- Number of Laws revised and amended;
- Number of Laws that still needs to be revised and amended;
- Number of bylaws harmonised;
- Reports on the revision and analysis of the legal framework;
- Regulations issued;
- Number of staff trained;
- Number of E-services implemented and upgraded.

Measure 2: Assistance to the Ministry of Information Society and Administration in modernisation of the public administration

Operation 2.1: Legal framework on public administration

- Improved implementation of the legal framework on public administration.

Operation 2.2: Further improvement of the system of competences for the administration

- Creation of an internal market for workforce in the public administration and further improvement of the system of competences.

Operation 2.3: Terms of Reference for the Performance Management System

- Terms of Reference for the introduction of Performance Management System prepared.

Operation 2.4: Implementation of the Performance Management System

- Introduced Performance Management System (PMS).

Indicators for Measure 2:

- Report on the analysis of the implementation of the Law on administration;

- Report on the analysis of the implementation of the Law on administration on decentralised level by the local self-government;
- Personal e-dossier for every employee in the public administration implemented and in use;
- The system for workforce in the public administration implemented;
- Plan for advancement of the HR Units for competency appraisal of the employees in the public administration issued;
- Number of staff trained;
- The organisational unit "Observatory" established;
- Report on the analysis for further development of the established competences for the employees in the administration;
- The Performance Management System implemented
- Handbook for introduction of PMS issued.

Measure 3: Strengthening the capacities of the Ministry of Information Society and Administration for coordination of the horizontal policies

Operation 3.1: Improvement of the coordination of horizontal government policies regarding the PAR

- The coordination capacities of MISA regarding the horizontal government policies deriving form PAR are strengthened.

Operation 3.2: Improvement of the coordination of the policies regarding the information society development

- The coordination capacities of MISA regarding the information society development are strengthened;
- The capacities of the sector for EU and the IPA unit of MISA are strengthened.

Measure 4: Assistance to the General Secretariat of the Government for further cooperation with the Civil Society Organisations

Operation 4.1: Twinning Assistance for further institutionalisation of structured mechanism/s for cooperation between the Government and the civil society;

Operation 4.2 Implementation of a Single Biannual Grant Scheme (2012-2013) for supporting civil society in two thematic priorities as following:

- Enhanced involvement of civil society in policy creation and participation in decision-making mechanisms at local and national level including in the EU accession process;
- Improved efficiency in civil society responses to the priority sector reform processes as well as improved political participatory process of high importance for fundamental rights, democracy and rule of law including for the EU integration reforms.

Indicators for Operation 4.2:

- Quality and number of outputs produced by civil society and ability to manage a participatory process

- Frequency and quality of interaction with government institutions: evidence of participation, policy and legislative changes being influenced by CSOs' performance.
- Improvement in aggregate scores for the socio-political context (political rights and freedoms, rule of law, associational and organisational rights, the legal framework and state effectiveness);
- Improvement in aggregate scores for perceived policy impact of civil society
- Number of initiatives that have achieved their objectives and examples of good practice of grass-root and community based organisations' contributions in relevant areas
- Improved satisfaction of CSOs with institutional mechanisms and policy frameworks for Government (central & local) – Civil Society dialogue and consultation;
- Improvement in aggregate scores for diversity of political engagement (percentage of members of organisations belonging to different social groups, ethnic backgrounds, age groups, urban/rural location);
- Number of (in)formal consultation structures involving CSOs and public authorities and/or relevant stakeholders;
- Number of members of target groups that benefit from the support of the CSOs project initiatives;
- Number and quality of joint initiatives / contacts involving stakeholders from different Beneficiaries;
- Information flow (activities, requests made etc.) between stakeholders at EU / national local levels in relation to EU integration and accession
- Improved cooperation among and between CSOs and public authorities resulting in consensus reached with policy makers to set up indicators for steering progress in policy development and implementation;
- Increased geographic spread in distribution of grants.

Measure 5: Assistance to the State Audit Office and its stakeholders for enhancement of capacities for state audit and follow up

Operation 5.1: Strengthening SAO capacities and its stakeholders using EU best practice

- Practical implementation of ISSAI improved;
- Efficiency of audit planning and programming improved;
- Continuous development of professional and technical skills of auditors and management staff ensured;
- Communication and cooperation of SAO with Parliament improved.
- Policies and procedures for the formal review of SAO audit reports by the Parliament developed;
- Policies and procedures of auditees to follow up on audit recommendations improved; or (Communication and cooperation with auditees improved);
- Policies and procedures developed for the Government on how to review and follow up on systemic shortcomings identified by SAO reports to further improve sound financial management and quality of public spending;
- Necessary upgrade of existing IT system identified.

Indicators for Operation 5.1

- Analysis and assessment conducted and document for degree of harmonisation of current SAO methodology acts and ISSAI prepared;
- Document with instructions and priorities for further harmonisation of SAO methodology acts and ISSAI prepared;
- Amendments to current or new SAO methodology acts prepared;
- Seminars and workshops for presenting SAO methodology acts for implementation of adopted ISSAI conducted;
- Multi-annual planning executed aiming to increase the efficiency in audit execution and better management of human resources;
- Pilot regularity (financial) audit and pilot performance audit conducted;
- Methodology guidelines for selection of IT audit prepared;
- Pilot IT audits conducted;
- Number of reviewed audit reports by the Parliament;
- Method and form of communication with the Parliament identified;
- Formal mechanism for reaction of the Parliament on SAO audit reports established;
- Policies and procedures of auditees to follow up on audit recommendations developed;
- Policies and procedures for the Government on how to review and follow up on systemic shortcomings identified by SAO reports developed;
- Round Tables conducted;
- Paper for necessary upgrade of IT system prepared.

Operation 5.2: Upgrade of SAO IT System

- IT system improved (IT hardware, software and equipment procured and implemented).

Indicators for Operation 5.2

- IT hardware/software and technical solutions implemented.

3.4 MEASURES/OPERATIONS TO ACHIEVE RESULTS

Measure 1: Assistance to the Ministry of Information Society and Administration in reforming administrative procedures

Operation 1.1:

- Revision and amending the Law on electronic management and its bylaws;
- Strengthening capacities for implementation of the Law on electronic management.

Operation 1.2:

- Analysis for further activities in frame of administrative guillotine, and implementation of these activities;
- Upgrading the one stop shop mechanism on a technical, organisational and legal aspect;
- Increasing number of electronic services available, and increasing overall level of sophistication of electronic administrative services in accordance to EU benchmarks;
- Upgrade of the government service web portal in accordance to EU best practices and benchmarks;

- Trainings for administration on providing e-Government services, and for citizens on how to use e-Government services;
- Training for use of electronic administrative services focused in rural places, especially in the rural places covered by the WiFi project;
- Improving capacities of the free internet clubs as support centres for use of electronic administrative services;
- Strengthening capacities for introducing mobile e-government administrative services;
- Strengthening capacities for implementation and increasing the framework of "Government Open Data" project.

Operation 1.3:

- Developing methodologies for service quality measurement for different groups of posts within the public and civil service (ex. education, health etc.);
- Implementation of the developed methodologies for service quality measurement;
- Training on customer care and service quality measurement for the parties influenced with the new measures;
- Visibility activities for customer care and service quality measurement;
- Analyses of the implementation of the Law on General Administrative Procedures and providing assistance for improved implementation in the identified weak areas;
- Strengthening capacities for implemented reforms in the administrative decision making process.

Operation 1.4:

- Continuation of the process of interoperability within the government institution.

Measure 2: Assistance to the Ministry of Information Society and Administration in modernisation of the public administration

Operation 2.1:

- Analysis of the implementation of the Law on administration and providing assistance for improved implementation in the identified weak areas;
- Analysis of the implementation of the Law on administration on decentralised level by the units of local self-government and proposal for further mechanisms for improvement of the capacities of the units of local self-government for implementation of the Law;

Operation 2.2:

- Support to the further improvement the Public Servants Registry, including creation of a personal e-dossier for every employee in the public administration;
- Further development of the HR Units for competency appraisal of the employees in the public administration;
- Further upgrade of the established system of competences for the administration in accordance with the proscribed Methodology for introducing a system based on competences in the administration

- Further training for the civil and public servants for application of the HR practices;
- Support for establishing of an organisational unit "Observatory" for analysis of the long-term Strategy for hiring and maintaining of relevant workforce, thus development of an analysis of the current demand and the supply of the public administration with workforce, qualification and competencies.

Operation 2.3:

- Preparation of Terms of Reference for the introduction of Performance Management System.

Operation 2.4:

- Analysis for further development of the established competences for the employees in the administration;
- Strengthening the capacities of MISA to implement the PMS;
- Creating the Performance Management System and publishing a Handbook for introduction of PMS;
- Strengthening the capacities of the Units for human resources to implement the PMS;
- Monitoring and mid-term review of the process of introducing the PMS;
- Preparing corrective measures for the process of implementation of the PMS.

Measure 3: Strengthening the capacities of the Ministry of Information Society and Administration for coordination of the horizontal policies

Operation 3.1:

- Analyses of the coordination procedures between different sectors in administration and defining solutions for more effective ones;
- Establishment of network of civil/public servants in different institutions that will be in charge for following the progress of PAR Action plan 2015-2020 in their institution and reporting to MISA.

Operation 3.2:

- Establishment of network of IT Units in the civil and public service in different institutions that will be in charge for following the progress of different policies under Information Society Strategy 2015-2020 and reporting to MISA;
- Trainings for IT unit of MISA, and if necessary to IT units in the administration, regarding implementation of different IT policies;
- Trainings for the EU sector and IPA unit of MISA on IPA and EU Structural funds;
- Study visit for the EU sector and IPA unit of MISA in EU Member States or to the central EU institutions regarding the EU policies and Structural funds in particular.

Measure 4: Assistance to the General Secretariat of the Government for further cooperation with the Civil Society Organisations

Operation 4.1:

- Establishing an institutional body for dialogue and cooperation between the Government and the civil society;

- Analysis of the implementation of the Strategy for cooperation of the Government with Civil Society and developing Action Plan for implementation of the Strategy for the period 2015-2017;
- Feasible models and best practices for institutionalised dialogue and cooperation on local level, including other supportive measures necessary for enabling civil society environment

Operation 4.2:

The 2012-2013 grant scheme is expected to contribute to an overall objective of supporting civil society in delivering results related to the two main thematic priorities, including civil society support of the activities envisioned under the other national sectorial interventions from the IPA 2012-2013 Programme, Component 1, where applicable and in particular:

Public Administration Reform
Sector support plan on private sector development
Agriculture and Rural Development incl. Food safety, veterinary and phytosanitary policy
Sector support plan for Environment and Climate Change
Participation in Union programmes and Agencies
Enhanced capacity for effective management and audit of EU funds

The specific possible initiatives to support other sectorial interventions will be specified in the Guidelines for Applicants after consultations with civil society and other relevant stakeholders.

Based on this, the following expected have been defined:

Under Activity Priority 1: *Enhancing the involvement of civil society in policy creation and participation in the decision making mechanisms at local and national level including the EU accession process for:*

- Efficient institutional mechanisms for all-inclusive civil society participation in policy creation and decision making, especially in the policy fields where civil society engagement is important for the country's accession to the EU (e.g. proper implementation of the Code of Good Practices for CSOs' participation in the decision making process);
- Strengthening the voice of CSOs so they can influence policy, both at local and national levels, for the promotion of sustainable development, social inclusion and the improvement of livelihood security,
- Enhancing civil society dialogue active in the same or different thematic areas to formulate common solutions to common local problems through partnership activities and/or other collective actions like networking and lobbying, including development of partnerships with Government and municipalities in ensuring smooth implementation of agreed strategies;
- Enhanced capacity of local CSO civic mobilisation, advocacy, project development and management to encourage networking and to support their dialogue with corresponding bodies for supporting the EU integration process;
- Implementing activities to facilitate a review of full range of legal and financial regulations which apply to civil society, in order to identify gaps and possible improvements to harmonise the legal environment for civil society;

Under Activity Priority 2: *Improved efficiency in civil society responses to the priority sector reform processes as well as improved political participatory process of high importance for fundamental rights, democracy and rule of law including for the EU integration reforms in order to:*

- Stronger commitment and capacities of CSOs in priority sector reform processes (analysis, monitoring advocacy, etc.), complementing national initiatives by bringing in sectorial expertise, resources and experiences from their thematic networks;
- Enhancing joint cooperation between CSOs, state and business sector for increased capacities of civil society organisations for the promotion of sustainable development and reinforcing public private partnerships to the benefit of the development of the civil society;
- Increasing cooperation and transfer of know-how in sector reforms related to the EU integration between CSOs in partner countries, including utilisation of corresponding EU level experiences and best practices;.
- Strengthened capacities of CSOs in prevention and elimination of different types of discrimination, including stronger involvement of CSOs in implementation of gender balance and ageing mainstreaming,
- Enhanced capacities of CSOs for identification and suppression of different type's of crime on local level (e.g. cyber-crime focused on development of safer internet activities, fight against child sexual abuse via the internet, etc.);

Measure 5: Assistance to the State Audit Office and its stakeholders for enhancement of capacities for state audit and follow up

Operation 5.1:

- Analysing, prioritizing and harmonizing current SAO methodology acts in line with ISSAIs taking into consideration relevant experience of other SAIs and the dissemination thereof;
- Preparing methodology on multi-annual audit planning based on other SAIs experience
- Exchanging and applying experience and best practice in conducting financial and performance audit;
- Preparing methodology on IT audit based on other SAIs experience and exchanging and applying the experience and best practice;
- Creating formal mechanism for reaction of the Parliament on SAO audit reports;
- Introducing practice of regular contacts with Parliament on audit issues;
- Raising awareness of auditees concerning the role and importance of state audit;
- Developing policies and procedures for auditees regarding follow up on audit recommendations
- Developing policies and procedures for the Government on how to review and follow up on systemic shortcomings identified by SAO reports to further improve sound financial management and quality of public spending;
- Analysing and identifying necessary upgrade of existing IT system (hardware, software and equipment).

Operation 5.2:

– Realizing procurement and implementation of necessary hardware, software and equipment.

3.5 OVERVIEW OF PAST OR ON-GOING ASSISTANCE, LESSONS LEARNED, MECHANISMS FOR DONOR COORDINATION/SECTOR WORKING GROUP AND/OR POLICY DIALOGUE

So far, many EU projects as well as other donors' initiatives have supported activities that help strengthening the public administration reform.

CARDS programmes – these programmes provided support to important elements of the overall PAR strategy, including the Strategy for Equitable Representation, the Strategy for Cooperation with the Civil Society as well as the Strategy for the Implementation of the Ohrid Framework agreement. Several ministries and governmental bodies have been supported to strengthen their internal management capacities.

IPA 2007 Public Administration Reform-One of the main objectives of this project is the reform of the public administration: Strengthen the further development and implementation of the Public Administration Reform Strategy, which includes review and upgrading of the PAR Strategy. In that context assistance to CSA is also provided in view to strengthening of the operational capacity of the CSA in accordance with the EU standards by supporting capacity building of the CSA for human resources development, including the strengthening of its internal capacities for training management and implementation of priority activities envisaged under the National System for Coordination of Professional Development and Training of Civil Servants, and the Strategy for Training of Civil Servants. The project helped in strengthening the Implementation of the Strategy for cooperation with the Civil Society Sector through increased capacity of the Unit for cooperation with NGOs.

IPA 2008 framework contract on the Analysis of the work flow in pilot institutions provided assessment study of the workflow in the institutions which mostly provide over-the-counter services to citizens, and developed a methodology for objective assessment of the public /civil servants performance in line with EU best practice.

IPA 2009 framework contract on the Technical assistance for drafting of Law on administration, by-laws and other related legislation intends to assist the MISA to develop administration related legislation in the country in order to improve the quality and efficiency of the administration in compliance with the EU standards.

IPA 2009 framework contract on Technical assistance for drafting Catalogue of work positions and Law on salaries intends to assist MISA in drafting a Catalogue of work positions and Law on salaries. The Catalogue of work posts is something that has not existed so far and the same should be reflected in the Law on salaries.

IPA 2009 framework contract on Support in preparation of an Overview and analysis of the existing registers including recommendations for interoperability and preparation of project fiche and ToR for Interconnection and use of registries and databases between state authorities and institutions support in implementation of the European Computer Driving Licence (ECDL) in the public administration (pilot project) is lunched in order to assist the new Ministry of Information society and administration in The specific objective of this assignment is to assist the new Ministry of Information society and administration in preparation of Overview and analysis of the existing registers including recommendations for

interoperability and preparation of project fiche and ToR for Interconnection and use of registries and databases between state authorities and institutions.

IPA 2009 Project Technical Assistance to the Ministry of Information Society and Administration and Strengthening the Implementation of the National System for Training Coordination - The activities of this project are oriented towards supporting the country and the public administration in the process of fulfilling the EU pre-accession requirements, by providing advisory support to the public administration in order to ensure a consolidated support to key elements of the overall public administration reform process with specific reference to strengthening human resources management, including training management, coordination and ensuring capacity for generic training of civil servants.

PPF 2009 "Support in preparation of an Overview and analyses of the existing registers including recommendations for interoperability and preparation of project fiche and ToR for Interconnection and use of registers and databases between state authorities and institutions". The purpose is to develop the Interoperability system that will enable the information systems and business processes they support to exchange data and share information and knowledge within the public sector and to prepare them for data exchange with the EU institutions. An expected will provide the technical specification for the equipment that is necessary to be purchased for the interoperability.

IPA 2010 project Technical assistance to institutions in charge of implementation of the civil service and public administration reform – The activities of this project provide preparation of new methodology for training needs assessment, preparation of Training Strategy and HRM Strategy for 2015-2017, as well as further assistance to the MISA regarding the equipment needed for improvement of the services the Ministry provides to other institutions and citizens.

IPA 2011 project Public Administration Reforms and E-Government.- The purpose of this project is to support the achievement of the goals set out with the Public Administration Reform Strategy 2010-2015 in the field of improvement of the administrative services for citizens and businesses by introducing modern IT solutions, strengthening the control and inspection and enhancing the efficiency of the system of public finances and improvement in the budget process trough strengthening the capacities of the Ministry of Information Society, Administration, State Administrative Inspectorate and the Ministry of Finance respectively.

Significant assistance in the public reform area likewise is being provided in the framework of the IPA Multi-beneficiaries programmes. One of the greatest achievements of the IPA MB is the establishment of the Regional School of Administration (ReSPA), established with the aim to strengthen the cooperation in the fields of public administration and management in the West Balkans and to support the ReSPA members in the European integration process through the organisation of training activities, a number of specialised annual conferences and various networking activities.

Among the other bilateral and multilateral donors providing valuable assistance in the area are: UK, Germany, Norway, Netherlands, France, USAID, World Bank, SIGMA and UNDP.

In the previous 3 years, the Government has put efforts to strengthen the donor coordination. The Ministry of Information Society and Administration is responsible institution in introducing the Programme Based Approach (PBA) in area of Public Administration Reform. In the forthcoming period it is envisaged that detailed action plan for implementation of the

PBA within the respective areas will be prepared. This activity will be performed and coordinated by Joint Senior-Level program working groups under the policy oversight of the High Level Government International Partners Working Group. The separate PBA action plans will be prepared in accordance with the general action plan and will elaborate activities related to PBA implementation, monitoring and evaluation.

Cooperation between SAO and Parliament for achieving sustainable and effective relation (February - December 2012) - funded by the Dutch Ministry of Foreign Affairs, implementing partner Netherlands Court of Audit (NCA). It is expected that the results from this project will produce useful input for the proposed activities under Operation 5 of this SF PAR for strengthening communication and cooperation between SAO and Parliament.

Cooperation between SAO and NCA for enhancement of SAO development to a competent external auditor (2009 – 2010) - funded by the Dutch Government under MATRA Programme. Achieved results: i) improved organisational and administrative capacity of SAO; ii) enhanced skills of auditors; iii) improved IT and IT audit capacity; and iv) enhanced communications.

Twinning Project between SAO and NCA (2005-2008) - funded by the Dutch Government. Results: legal framework improved, SAO organisational and administrative capacities improved, auditors' skills enhanced and IT and IT audit developed.

WB Project for Strengthening of the State Audit Office (2004-2005) - Achieved results: enhancing auditors' skills through trainings and preparation of Manuals for financial and performance audit.

A **PHARE** project was implemented in **1997 - 99** for the "**Development of NGOs and Regional Resource Centres"**, targeting environmental CSOs, while ECHO programmes provided complementary activities in the field of community services.

CARDS 2002 included a CSO strengthening programme, with an emphasis on capacity building of CSOs and supporting the cooperation among the CSOs and between CSOs and local authorities.
CARDS 2003 focused the establishment of a national network (or "platform"/"forum") for lobbying and advocacy–building amongst CSOs as well as institutional capacity building for selected umbrella civil society organisations.

CARDS 2004 addressed the provision of assistance to the Government in developing a strategy for the third sector and in establishing a civil society unit within the Government structures.

IPA 2007 „**Public Administration Reform" (**component 2), supported the General Secretariat – NGO Cooperation Unit in the implementation of the Governmental Strategy for cooperation with Civil Sector and development of the Code of good practices for participation of the civil society in the policy development process.

IPA 2008 project „**Support the participation of the civil sector in decision making process and in providing social services"** has a purpose to support the development and capacity building of the civil sector through improved involvement of CSOs in the process of drafting legislation and regulations (particularly those connected to the EU integration process, as well as public awareness raising), increased participation of CSOs in providing social services and

community-based activities, improved capacities to mobilise resources and voluntary work and improved involvement in the field of democracy and the rule of law.

IPA 2009 project **„Support to Enhancement, Sustainability and the Development of an Active Civil Society“** has a purpose to strengthen the capacity of Civil Society in the fight against corruption and organised crime, in the protection of human rights, and the CSO management and networking, including joint implementation of community-based activities and social services, resource mobilisation, mobilising voluntary work, institutional cooperation between CSOs and between CSOs and the central and local government.

IPA 2010, **„Sustainable civil society“** as previous project has a purpose to strengthen administrative capacity for cooperation with CSOs on local level, as well as to strengthen civil society sector through built capacity for self-sustainability and enhanced role of CSO in decision making process at local level.

IPA 2011 The purpose of project the „Further development and financial sustainability of the Civil Society“ is to enhance the capacities of civil society for active participation in policy creation and decision making, at local and national levels, in important areas such as, but not limited to: human rights, freedom of expression and media and Roma inclusion. The project will also support the financial sustainability of the civil society by improved implementation of the relevant financial legislation and procedures, as well as enhanced cooperation between state, CSOs and private sector.

3.6 SUSTAINABILITY

Activities that this project envisages will be of critical importance in the following period since they assist the MISA to strengthen the implementation of the Reform process and further develop the necessary measures for its implementation in the forthcoming period 2015-2020 and simultaneously strengthen its capacities in order to ensure sustainable further delivery of high standard services to citizens and businesses. Furthermore, with the increased professional knowledge and technical skills for conducting audits in line with international auditing standards together with the established method and form of communication with the Parliament and the auditees, would provide for sustainable accountability and public funds management. Activities under this project will increase the sustainability of the civil society organisations in the policy creation and decision-making process.

3.7 ASSUMPTIONS AND PRECONDITIONS

Sector assumptions:

- Organisation, selection, appointment and participation of members of working groups;
- If the trainings are delivered by the civil servants, which is not part of their job description and without any compensation, than this can lead to several negative outcomes: decreasing the quality of their everyday outputs, decreasing of their ability for timely fulfilment of their daily tasks, poor quality of the training being delivered, demotivation of staff and overall under-performance of their;
- Sufficient managerial, technical and human resources allocated to the relevant departments;
- EU procedures to be followed in all procurement steps;

- National co-financing secured;
- The Government supports the process of further development of E-government services;
- Public well informed and supportive;
- Political consensus on the need of further inclusion of the CSO in the decision-making process, both at local and central level;
- ISSAIs is available in the state language;
- Sufficient time and commitment of Parliament representatives;
- Sufficient interest of auditees for participation at round tables.

Sector precondition:

- Continuous commitment of the Government towards the reforms and the EU accession process;
- Appointment of counterpart personnel by the beneficiaries before contract signatory;
- Participation by the beneficiaries in the tender process as per EU regulations;
- Steering and coordination committees, seminars by the beneficiaries/stakeholders as per work plan of the project;
- Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan;
- The trainings under the individual activities will be carried out in the national training premises (for ex. EU/IPA Training and Support Facility);
- The guidelines on reform of the public administration after the implementation of the PAR Strategy (2010-2015), activity envisaged under IPA 2011 timely issued (end of 2013);
- The MISA is still the central institution responsible for the administration.

4 IMPLEMENTATION ISSUES

The co-ordination of the activities foreseen to be carried out under the different measures is of key importance. Therefore, the management structure will be established so as to oversee the overall implementation of the project and to ensure appropriate coordination between the different activities supported by the project. This will be done by the **Sector Steering Committee (SSC).**

Sector Steering Committee will be comprised of 5 voting members (SPO's from Ministry of Information Society, General Secretariat of the Government of the RM and State Audit Office, and representatives from the Ministry of Finance and the Secretariat of European Affairs) and 3 representatives from the beneficiaries with an observer status (Association of the Units of Local Self-government-ZELS, Ministry of Local Self-government, Parliament and the General Secretariat of Government– Sector for economic policy and regulatory reforms. **The SSC** will meet two times per year, each 6 months, for the purpose of following the progress reports.

Steering committees will be established in the separate institutions (MISA, General Secretariat and SAO) to oversee the overall implementation of the contracts/projects under the individual measures. They will meet quarterly, each 3 months, with the beneficiaries per measure.

Internal regular monthly meetings are also envisaged for each of the three institutions per measure, following the DIS implementation requirements.

If necessary, a project team will be established responsible to ensure the necessary support to SPO and IPA structure per measure in all phases of technical implementation, monitoring and reporting on the progress of the project. An Agreement between the different SPO's and the Project coordinator (Team leader) will be concluded for regulating the rights and responsibilities in order to ensure smooth implementation of the project.

Under DIS, the Central Financing and Contracting Department will be the Contracting Authority. Therefore, besides the responsibilities of CFCD in launching tenders, organising evaluations, preparing/signing contracts, accounting and executing payments, CFCD also supports PAO in performing its supervisory role over the IPA structures in the respective institutions.

The expected contracting arrangements through this project are:

Contracting year 2012
Measure 1 (Operations 1.1, 1.2 and 1.3) and **Measure 3** (Operations 3.1, 3.2)

- 1 service contract will be concluded following an international restricted tender procedure with duration of 12 to 24 months. Implementation is expected to start one month after the signature of the contract in the Q4 2015. The contract value will be approx. EUR 1,500,000, out of which EUR 1,350,000 as IPA funds and EUR 150,000 as national contribution.
- Operation 1.4. Supply contract EUR 500,000 out of which EUR 325,000 EU contribution and EUR 175,000 national contribution.

Contracting year 2013
Measure 2 (Operations 2.1, 2.2, and 2.3)

- 1 service contract will be concluded following an international restricted tender procedure with duration of 12 to 24 months. Implementation is expected to start one month after the signature of the contract in Q2 2016. The contract value will be approx. EUR 500,000, out of which EUR 450,000 as IPA funds and EUR 50,000 as national contribution.

Measure 2 Operation 2.4

- 1 supply contract will be concluded following an international restricted tender procedure with duration of 12 to 24 months. Implementation is expected to start in Q3 2016. The contract value will be approx. EUR 1,000,000, out of which EUR 750,000 as IPA funds and EUR 250,000 national contributions.

Measure 4

- **Operation 4.1:** A twinning arrangement will be developed with an appropriate EU MS institution with twinning contract duration of 15 months. Contract signatory is envisioned during Q1 2016 with an indicative contract value of EUR 500,000, out of which EUR 450,000 as IPA funding and EUR 50,000 as national contribution. It is expected the successful EU MS institution to be deployed one month after contract signatory
- **Operation 4.2:** A single, biannual call for proposals will be launched in Q2 2016 with two components: 1) small grant scheme (between minimum

30,000 to maximum EUR 60,000) and large grant scheme (between minimum EUR 60,001 to maximum EUR 150,000). In total, approximately 30 grants are expected to be signed for duration between 12 to 18 months. The total budget envelope is EUR 1,800,000 (2012 and 2013 appropriations), where available IPA funding amounts EUR 1,500,000, national contribution amounts EUR 150,000 (10%) and 10% of co-financing from the grant beneficiaries amounting EUR 150,000.

Measure 5

- One Twinning arrangement will be developed with an appropriate EU MS institution (covering Operation 5.1). The duration of the twinning contract will be for a period of 24 months. The successful EU MS institution will start deployment one month after contract signatory during Q1 of 2016. The contract value will be approximately EUR 1,400,000, out of which EUR 1,330,000 as IPA funds and EUR 70,000 as national co-financing;
- One supply contract following an international open tender procedure will be developed for the provision of hardware, software and equipment for Operation 5.2, following the technical specifications prepared under the service contract. The contract value will be EUR 200,000. The IPA contribution will be EUR 150,000 and the national contribution will be EUR 50,000. The contract has an expected duration of 8 - 12 months for delivery and training in equipment use and 12 months warranty period, hence overall duration of 20-24 months. The supply contract is expected to start Q2 of 2017.

4.1 INDICATIVE BUDGET

Indicative budget 2012 (amounts in EUR)

PAR					SOURCES OF FUNDING								
			TOTAL EXPENDITURE	TOTAL PUBLIC EXPENDITURE	IPA CONTRIBUTION		NATIONAL PUBLIC CONTRIBUTION					PRIVATE CONTRIBUTION	
	IB (1)	INV (1)	EUR (a)=(b)+(e)	EUR (b)=(c)+(d)	EUR (c)	% (2)	Total EUR (d)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (e)	% (3)
Measure 1 and 3			2,000,000	2,000,000	1,675,000		325,000		325,000				
Service contract Operations 1.1, 1.2 and 1.3 and Measure 3 Operations 3.1, 3.2	x		1,500,000	1,500,000	1,350,000	*90*	150,000	10	150,000				
Measure 1 operation 1.4. Supply contract		x	500,000	500,000	325,000	*65*	175,000	35	175,000				
TOTAL IB			1,500,000	1,500,000	1,350,000		150,000		150,000				
TOTAL INV			500,000	500,000	325,000		175,000		175,000				
TOTAL SECTOR SUPPORT			**2,000,000**	**2,000,000**	**1,675,000**		**325,000**		**325,000**				

Indicative budget 2013 (amounts in EUR)

PAR					SOURCES OF FUNDING								
			TOTAL EXPENDITURE	TOTAL PUBLIC EXPENDITURE	IPA CONTRIBUTION		NATIONAL PUBLIC CONTRIBUTION					PRIVATE CONTRIBUTION	
	IB (1)	INV (1)	EUR (a)=(b)+(e)	EUR (b)=(c)+(d)	EUR (c)	% (2)	Total EUR (d)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (e)	% (3)
Measure 2			1,500,000	1,500,000	1,200,000		300,000		300,000				
Service contract (Operations 2.1, 2.2, and 2.3)			500,000	500,000	450,000	*90*	50,000	10	50,000				
Supply contract (Operation 2.4)			1,000,000	1,000,000	750,000	*75*	250,000	25	250,000				
Measure 4			2,300,000	2,300,000	1,950,000		200,000		200,000			150,000	10
Twinning Arrangement Operation 4.1			500,000	500,000	450,000	*90*	50,000	10	50,000				
Grant contracts Operation 4.2			1,800,000	1,800,000	1,500,000	*80*	150,000	10	150,000			150,000	10
Measure 5			1,600,000	1,600,000	1,480,000		120,000		120,000				
Twinning Arrangement Operation 5.1			1,400,000	1,400,000	1,330,000	*95*	70,000	5	70,000				

Supply contract Operation 5.2			200,000	200,000	150,000	*75*	50,000	25	50,000				
TOTAL IB													
TOTAL INV													
TOTAL SECTOR SUPPORT			**5,400,000**	**5,400,000**	**4,630,000**		**620,000**		**620,000**			**150,000**	

NOTE: DO NOT MIX IB AND INV IN THE SAME OPERATION ROW. USE SEPARATE ROWS

Amounts net of VAT

(1) In the Operation row, use "X" to identify whether IB or INV

(2) Expressed in % of the **Public** Expenditure (column (b))

(3) Expressed in % of the **Total** Expenditure (column (a))

4.2 INDICATIVE IMPLEMENTATION SCHEDULE (PERIODS BROKEN DOWN PER QUARTER)

1.1. Operations	1.2. Start of Tendering/ Call(s) for proposals	1.3. Signature of contract(s)	1.4. Activity Completion
Measure 1 and Measure 3			
Service contract	Q4 2015	Q2 2016	Q2 2017
Supply contract	Q4 2015	Q3 2016	Q3 2017
Measure 2			
Service contract	Q2 2016	Q1 2016	Q1 2017
Supply contract (including operation 1.4.)	Q2 2016	Q3 2016	Q3 2017
Measure 4			
Twinning Arrangement	Q1 2016	Q3 2016	Q1 2016
Grant contracts	Q2 2016	Q3 2016	Q4 2017
Measure 5			
Twinning Arrangement (Operation 5.1)	Q1 2016	Q3 2016	Q2 2017
Supply contract Operation 5.2	Q1 2016	Q2 2016	Q3 2017

We anticipate that the individual contracts will be prepared with an assistant of PPF.

4.3 CROSS CUTTING ISSUES

Cross-cutting issues will be addressed throughout the project. The project will assist to the beneficiary institutions to comply with European standards and best practices, implement relevant existing Government strategies and develop internal measures to ensure each cross-cutting issue is appropriately mainstreamed.

4.3.1 Equal Opportunities and non-discrimination

The training activities will have in mind the Government Gender Strategy, while reference will be made to the EC Programme of Action for the mainstreaming of gender equality in community development cooperation (2001-2006). Equal participation in this project of women and men will be enforced at the start of the project.

4.3.2 Environment and climate change

It is not envisaged that the project will have a direct measure addressing environment. Nonetheless due consideration will be taken into consideration of environmental best practice where relevant and appropriate in the project.

4.3.3 Minorities and vulnerable groups

Where the main reference in the country in relation to minority groups is the Ohrid Framework Agreement, in an EU context, reference is made to the "Race directive" of 2000 (200/43/EC of 29 June), which has an important impact on employment (incl. vocational training, working conditions, social protection etc.) and is also a crucial aspect of the acquis.

The activities will aim to address the training of staff in the different aspects of mainstreaming minority and vulnerable groups.

4.3.4 Civil Society/Stakeholders involvement

Bearing in mind the importance that a strong civil society plays in a democratic environment, this sector wide project reflects the necessity for strengthening the civil society organisations and their involvement in the decision making process and policy creation, by setting a whole range of activities targeting this issue.

4.4 SECTOR MONITORING, EVALUATION AND AUDIT

Each institution involved is responsible for daily management and monitoring of the relevant measures.

In addition, an overall management structure that will be established so as to oversee the overall implementation of the project and to ensure appropriate coordination between the different activities supported by the project, the Sector Steering Committee (SSC), will monitor the progress of the program, two times per year, every 6 months.

The audit will be conducted by the Audit Authority for audit of the instrument for pre-accession assistance (IPA).

ANNEXES

1. Log frame
2. Description of Institutional Framework
3. Macro-economic context
4. Political, legal and institutional framework
5. Details per EU funded operation(*) where applicable
6. Possible visibility activities

ANNEX 1: Logical framework matrix for sector support in standard format

LOG FRAME PLANNING MATRIX FOR Sector Fiche Public Administration Reform		Sector support name and number		Further modernisation of the administration and strengthening the relations with the civil society
		Contracting period expires		Execution period expires
		Total budget	7,400,000 EUR	
		IPA budget:	6,305,000 EUR	
National sector or sub sector objective	**Objectively verifiable indicators**	**Sources of verification**		
The overall objective of the sector plan is to continue with the modernisation of the administration, trough strengthening the transparency, accountability and involvement of the civil society, and thus contribute for creating conditions for broader change that will lead to strengthening the system of checks and balances between the executive, the parliament and the judiciary.	- Improved and functional public administration service; - Influential parliament; - Independent judiciary; - Civil society involved in the creation of policies; - Enhanced capacities for state audit.	- EC regular reports; - Project's Final Report; - Monthly monitoring progress report from SPO to CFCD.		
Sector support objective within the MIPD sector	**Objectively verifiable indicators (OVI)**	**Sources of Verification**		**Assumptions**
The purpose of this project is to ensure horizontal coordination of the modernisation of the administration, enhance public funds management and ensure accountability and transparency in the use of public funds, and support the involvement of the civil society in policy creation by strengthening the capacities of the institutions responsible for different sector policies.	- De-politicised administration; - Processes of recruitment, employment, career advancement and appraisal of the civil and public servants are conducted in professional, merit-based and depoliticised manner; - Further development of e-Government processes; - New e-services provided to businesses and citizens; - Redundant administrative procedures reduced; - Increased participation of the CSO in the decision making process at local and national level; - Improved financial control; - Trend of positive opinions in the audit reports; - Audit reports prepared in line with international auditing standards and SAO methodology acts.	- Reports prepared by the Government, European Commission and other international organisations; - Statistical publications; - Information from different surveys; - Project reports; - Training reports and evaluations; - Training timelines; - Conclusions by the Parliament of RM on the Annual Report on SAO operation; - Annual Report on SAO operation.		**<u>Sector assumptions:</u>** - Appointment of counterpart personnel by the beneficiaries before contract signatory; - Participation by the beneficiaries in the tender process as per EU regulations; - Organisation, selection, appointment and participation of members of working groups; - Steering and coordination committees, seminars by the beneficiaries/stakeholders as per work plan of the project; - Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan; - The trainings under the individual activities will be carried out in the national training premises (for ex. EU/IPA Training and Support Facility); - If the trainings are delivered by the civil servants, which is not part of their job description and without any compensation, than this can lead to several negative outcomes: decreasing the quality of their everyday outputs, decreasing of their ability for timely fulfilment of their daily tasks, poor quality of the training being delivered, demotivation of staff and overall under-performance of their organizations. - Sufficient managerial, technical and human resources allocated to the relevant

			departments; - EU procedures to be followed in all procurement steps; - National co-financing secured. **Sector precondition:** Continuous commitment of the Government towards the reforms and the EU accession process.
Results of the sector support	**Objectively verifiable indicators**	**Sources of Verification**	**Assumptions**
Measure 1: Assistance to the Ministry of Information Society and Administration in reforming administrative procedures - Legal framework on electronic management (the Law on electronic management and the relevant bylaws) revised and improved - Increased efficiency and quality of administrative procedures, and use of electronic administrative services; Further development of a full one stop shop system on a technical, organisational and legal aspect; - Reaching maximum level of sophistication of e-services according to the benchmarks set by the EU; - Increased use of e-services by end-users; - Administrative procedures and services including Better services to the citizen and service quality measurement improved; - Improved administrative decision making process - Interoperability (as continuation of activities under IPA 2011)further implemented **Measure 2: Assistance to the Ministry of Information Society and Administration in modernisation of the public administration** - Improved implementation of the legal framework on public administration. - Creation of an internal market for workforce in the public administration and further improvement of the system of competences.. - Terms of Reference for the introduction of Performance Management System prepared. - Introduced Performance Management System (PMS).	**Indicators for Measure 1** - Number of Laws revised and amended; - Number of Laws that still needs to be revised and amended; - Number of bylaws harmonised; - Reports on the revision and analysis of the legal framework; - Regulations issued; - Number of staff trained; ber of E-services implemented and upgraded. **Indicators for Measure 2:** - Report on the analysis of the implementation of the Law on administration; - Report on the analysis of the implementation of the Law on administration on decentralised level by the local self-government; - Personal e-dossier for every employee in the public administration implemented and in use; - The system for workforce in the public administration implemented; - Plan for advancement of the HR Units for competency appraisal of the employees in the public administration issued; - Number of staff trained; - The organisational unit "Observatory" established;	- Reports from working committees and groups; - Official Gazette of the former Yugoslav Republic of Macedonia; - MISA decisions; - Reports on assessments and evaluations of work processes; - Project reports; - Information from different surveys; - Training reports and evaluations; - List of participants on training events; - Software in use in MISA; - Interoperability between institutions established - Document for conducted analysis and assessment of the degree of harmonisation of current SAO methodology acts with ISSAI; - Adopted amendments to current or new SAO methodology acts; - Multi-annual Plan; - Guidelines for multi-annual planning. - Annual training programme. - Methodology Guidelines; - Updated database; - -Evaluation document for the hardware/software.	**Assumption for Measure 1:** - The Government supports the process of further development of E-government services - Public well informed and supportive **Assumption for Measure 2:** - The guidelines on reform of the public administration after the implementation of the PAR Strategy (2010-2015), activity envisaged under IPA 2011 timely issued (end of 2013); **Assumption for Measure 3:** - The MISA is still the central institution responsible for the administration **Assumption for Measure 4:** - Political consensus on the need of further inclusion of the CSO in the deceison-making process, both at local and central level **Assumption for Measure 5:** - ISSAIs is available in the state language; - Sufficient time and commitment of Parliamen representatives; - Sufficient interest of auditees for participatio at round tables.

	- Report on the analysis for further development of the established competences for the employees in the administration; - The Performance Management System implemented - Handbook for introduction of PMS issued.		
Measure 3: Strengthening the capacities of the Ministry of Information Society and Administration for coordination of the horizontal policies - The coordination capacities of MISA regarding the horizontal government policies deriving form PAR are strengthened. - The coordination capacities of MISA regarding the information society development are strengthened; - The capacities of the sector for EU and the IPA unit of MISA are strengthened	**Indicators for measure 3:** - Report on the current coordination mechanism between MISA and the public and civil service institutions, on horizontal government policies deriving from PAR is prepared; - Guidelines for establishment of more effective cooperation mechanism between MISA and the public and civil service institutions, on horizontal government policies deriving from PAR are prepared; - Network of civil/public servants in different institutions in charge for following the progress of PAR Action plan 2015-2020 in their institution and reporting to MISA is established; - Network of IT Units in the civil and public service in different institutions that will be in charge for following the progress of different policies under Information Society Strategy 2015-2020 and reporting to MISA is established; - Number of staff trained; - Report on the Study visit prepared.		
Measure 4: Assistance to the General Secretariat of the Government for further cooperation with the Civil Society Organisations **Operation 4.1:** Twinning Assistance for further institutionalisation of structured mechanism/s for cooperation between the Government and the civil society; **Operation 4.2 Implementation of a Single Biannual Grant Scheme (2012-2013) for supporting civil society in two thematic priorities as following:** 1. Enhanced involvement of civil society in policy creation and participation in decision-making mechanisms at local and national level including in the EU accession process;	**Indicators for Measure 4, Operation 4.2:** - Quality and number of outputs produced by civil society and ability to manage a participatory process - Frequency and quality of interaction with government institutions: evidence of participation, policy and legislative changes being influenced by CSOs' performance. - Improvement in aggregate scores for the socio-political context (political rights and freedoms, rule of law, associational and organisational rights, the legal framework and state effectiveness); - Improvement in aggregate scores for perceived policy impact of civil society		

2. Improved efficiency in civil society responses to the priority sector reform processes as well as improved political participatory process of high importance for fundamental rights, democracy and rule of law including for the EU integration reforms.	- Number of initiatives that have achieved their objectives and examples of good practice of grass-root and community based organisations' contributions in relevant areas - Improved satisfaction of CSOs with institutional mechanisms and policy frameworks for Government (central & local) – Civil Society dialogue and consultation; - Improvement in aggregate scores for diversity of political engagement (percentage of members of organisations belonging to different social groups, ethnic backgrounds, age groups, urban/rural location); - Number of (in)formal consultation structures involving CSOs and public authorities and/or relevant stakeholders; - Number of members of target groups that benefit from the support of the CSOs project initiatives; - Number and quality of joint initiatives / contacts involving stakeholders from different Beneficiaries; - Information flow (activities, requests made etc.) between stakeholders at EU / national local levels in relation to EU integration and accession - Improved cooperation among and between CSOs and public authorities resulting in consensus reached with policy makers to set up indicators for steering progress in policy development and implementation; - Increased geographic spread in distribution of grants.		
Measure 5: Assistance to the State Audit Office for enhancement of capacities for state audit - Practical implementation of ISSAI improved; - Efficiency of audit planning and programming improved; - Continuous development of professional and technical skills of auditors and management staff ensured; - Communication and cooperation of SAO with Parliament improved. - Policies and procedures of auditees to follow up on audit recommendations improved; or (Communication and cooperation with auditees improved); - Necessary upgrade of existing IT system identified.	**Indicators for Measure 5:** Analysis and assessment conducted and document for degree of harmonisation of current SAO methodology acts and ISSAI prepared; Document with instructions and priorities for further harmonisation of SAO methodology acts and ISSAI prepared; Amendments to current or new SAO methodology acts prepared; Seminars and workshops for presenting SAO methodology acts for implementation of adopted		

-IT system improved (IT hardware, software and equipment procured and implemented);	ISSAI conducted; Multi-annual planning executed aiming to increase the efficiency in audit execution and better management of human resources; Pilot regularity (financial) audit and pilot performance audit conducted; Methodology guidelines for selection of IT audit prepared; Pilot IT audits conducted; Number of reviewed audit reports by the Parliament; Method and form of communication with the Parliament identified; Audit reports recommendations implemented; Round Tables conducted. -IT hardware/software and technical solutions implemented		
Measures to achieve results	**Means / operations**	**Costs (in EUR)**	**Assumptions**
Measure 1: Assistance to the Ministry of Information Society and Administration in reforming administrative procedures **Operation 1.1:** – Revision and amending the Law on electronic management and its bylaws; – Strengthening capacities for implementation of the Law on electronic management. **Operation 1.2:** – Analysis for further activities in frame of administrative guillotine, and implementation of these activities; – Upgrading the one stop shop mechanism on a technical, organisational and legal aspect; – Increasing number of electronic services available, and increasing overall level of sophistication of electronic administrative services in accordance to EU benchmarks; – Upgrade of the government service web portal in accordance to EU best practices and benchmarks; – Trainings for administration on providing e-Government services, and for citizens on how to use e-Government services; – Training for use of electronic administrative services	<u>Measure 1 Operations 1,2 and 3 and Measure 3 (Operations 1,2)</u> **1 Service contract**	Total budget: 1,500,000 IPA contribution: 1,350,000 National contribution: 150,000	**Assumption for Measure 1:** - The Government supports the process of further development of E-government services - Public well informed and supportive **Assumption for Measure 2:** - The guidelines on reform of the public administration after the implementation of the PAR Strategy (2010-2015), activity envisaged under IPA 2011 timely issued (end of 2013); **Assumption for Measure 3:** - The MISA is still the central institution responsible for the administration **Assumption for Measure 4:** - Political consensus on the need of further inclusion of the CSO in the deceison-making process, both at local and central level **Assumption for Measure 5:** - ISSAIs is available in the state language; - Sufficient time and commitment of Parliamen representatives;

focused in rural places, especially in the rural places covered by the WiFi project; – Improving capacities of the free internet clubs as support centres for use of electronic administrative services; – Strengthening capacities for introducing mobile e-government administrative services; – Strengthening capacities for implementation and increasing the framework of "Government Open Data" project. **Operation 1.3:** – Developing methodologies for service quality measurement for different groups of posts within the public and civil service (ex. education, health etc.); – Implementation of the developed methodologies for service quality measurement; – Training on customer care and service quality measurement for the parties influenced with the new measures; – Visibility activities for customer care and service quality measurement; – Analyses of the implementation of the Law on General Administrative Procedures and providing assistance for improved implementation in the identified weak areas; – Strengthening capacities for implemented reforms in the administrative decision making process. **Operation 1.4:** – Continuation of the process of interoperability within the government institution. **Measure 2: Assistance to the Ministry of Information Society and Administration in modernisation of the public administration** **Operation 2.1:** – Analysis of the implementation of the Law on administration and providing assistance for improved implementation in the identified weak areas; – Analysis of the implementation of the Law on administration on decentralised level by the units of local self-government and proposal for further mechanisms for improvement of the capacities of the units of local-self government for implementation of	**Operation 1.4. Supply contract 500.000** **To be contracted together with measure 2.** **Measure 2:** **1 Service contract** **1 Supply contract (including operation 1.4.)**	1 Service contract Total budget: 500,000 IPA contribution: 450,000 National contribution:50,000 1 Supply contract Total budget: 1,500,000 IPA contribution: 1,125,000 National contribution:325,000	- Sufficient interest of auditees for participatio at round tables.

the Law; **Operation 2.2:** – Support to the further improvement the Public Servants Registry, including creation of a personal e-dossier for every employee in the public administration; Further development of the HR Units for competency appraisal of the employees in the public administration; Further upgrade of the established system of competences for the administration in accordance with the proscribed Methodology for introducing a system based on competences in the administration – Further training for the civil and public servants for application of the HR practices; – Support for establishing of an organisational unit "Observatory" for analysis of the long-term Strategy for hiring and maintaining of relevant workforce, thus development of an analysis of the current demand and the supply of the public administration with workforce, qualification and competencies. **Operation 2.3:** Preparation of Terms of Reference for the introduction of Performance Management System. **Operation 2.4:** – Analysis for further development of the established competences for the employees in the administration; – Strengthening the capacities of MISA to implement the PMS; – Creating the Performance Management System and publishing a Handbook for introduction of PMS; – Strengthening the capacities of the Units for human resources to implement the PMS; – Monitoring and mid-term review of the process of introducing the PMS; – Preparing corrective measures for the process of implementation of the PMS. **Measure 3: Strengthening the capacities of the Ministry of Information Society and Administration for coordination of the horizontal policies** **Operation 3.1:** – Analyses of the coordination procedures between			

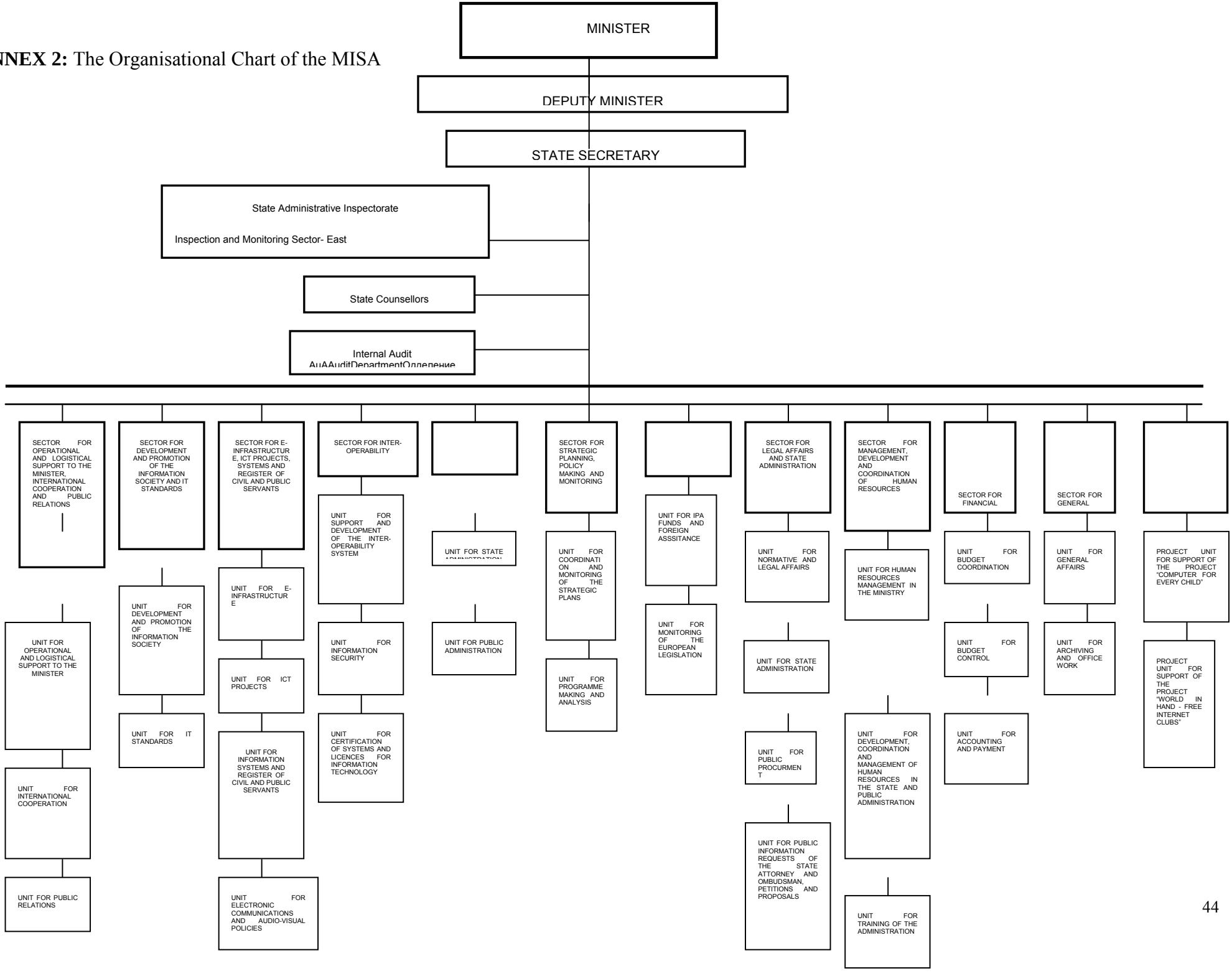
different sectors in administration and defining solutions for more effective ones; – Establishment of network of civil/public servants in different institutions that will be in charge for following the progress of PAR Action plan 2015-2020 in their institution and reporting to MISA. **Operation 3.2:** – Establishment of network of IT Units in the civil and public service in different institutions that will be in charge for following the progress of different policies under Information Society Strategy 2015-2020 and reporting to MISA; – Trainings for IT unit of MISA, and if necessary to IT units in the administration, regarding implementation of different IT policies; – Trainings for the EU sector and IPA unit of MISA on IPA and EU Structural funds; – Study visit for the EU sector and IPA unit of MISA in EU country or the central EU institutions regarding the EU policies and Structural funds in particular. **Measure 4: Assistance to the General Secretariat of the Government for further cooperation with the Civil Society Organisations** **Operation 4.1:** – Establishing an institutional body for dialogue and cooperation between the Government and the civil society; – Analysis of the implementation of the Strategy for cooperation of the Government with Civil Society and developing Action Plan for implementation of the Strategy for the period 2015-2017; – Feasible models and best practices for institutionalised dialogue and cooperation on local level, including other supportive measures necessary for enabling civil society environment. **Operation 4.2:** The 2012-2013 grant scheme is expected to contribute to an overall objective of supporting civil society in delivering results relatied to the two main thematic priorities, including civil society support of the activities envisioned under the other sectoral interventions from the IPA 2012-	**Measure 3 to be contracted together with measure 1** **Measure 4:** **1 Twinning Arrangement** **Grant contracts**	1 Twinning Arrangement Total budget: 500,000 IPA contribution: 450,000 National contribution: 50,000 Grant contracts Total budget: 1,800,000 IPA contribution: 1,500,000 National contribution:150,000 Private contribution: 150,000	

2013 Programme, Component 1, where applicable and in particular: *Public Administration Reform* *Sector support plan on private sector development* *Agriculture and Rural Development incl Food safety, veterinary and phytosanitary policy* *Sector support plan for Environment and Climate Change* *Participation in Union programmes and Agencies* *Enhanced capacity for effective management and audit of EU funds* The specific possible initiatives to support other sectoral interventions will be specified in the Guidelines for Applicants after consultations with civil society and other relevant stakeholders. Based on this, the following expected results and provisional and measurable indicators have been defined: **Under Activity Priority 1:** *Enhancing the involvement of civil society in policy creation and participation in the decision making mechanisms at local and national level including the EU accession process for:* • Efficient institutional mechanisms for all-inclusive civil society participation in policy creation and decision making, especially in the policy fields where civil society engagement is important for the country's accession to the EU (e.g. proper implementation of the Code of Good Practices for CSOs' participation in the decision making process); • Strengthening the voice of CSOs so they can influence policy, both at local and national levels, for the promotion of sustainable development, social inclusion and the improvement of livelihood security, • Enhancing civil society dialogue active in the same or different thematic areas to formulate common solutions to common local problems through partnership activities and/or other collective actions like networking and lobbying, including development of partnerships with Government and municipalities in ensuring smooth implementation of agreed strategies;			

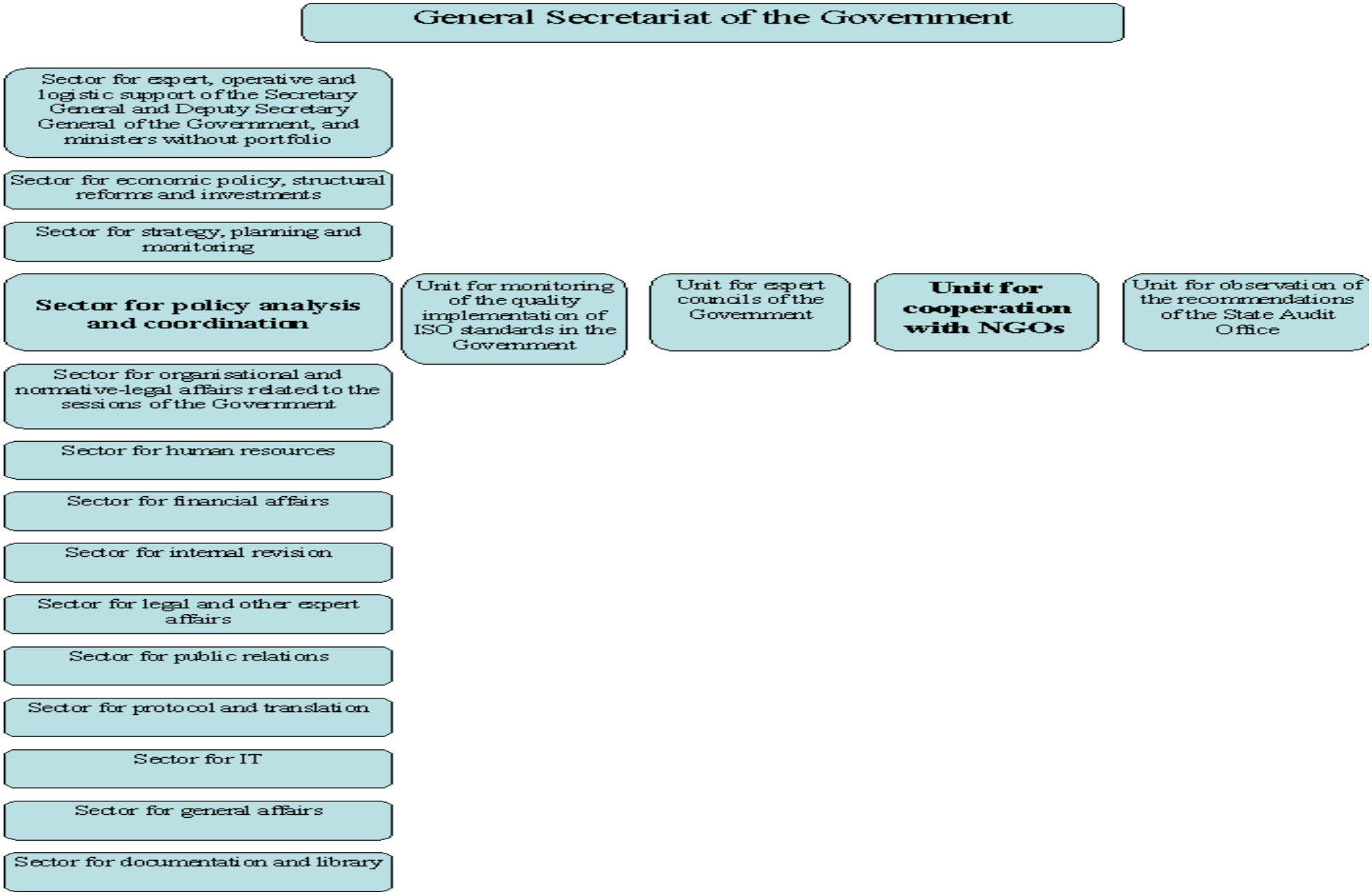
• Enhanced capacity of local CSO civic mobilisation, advocacy, project development and management to encourage networking and to support their dialogue with corresponding bodies for supporting the EU integration process; • Implementing activities to facilitate a review of full range of legal and financial regulations which apply to civil society, in order to identify gaps and possible improvements to harmonise the legal environment for civil society; **Under Activity Priority 2:** *Improved efficiency in civil society responses to the priority sector reform processes as well as improved political participatory process of high importance for fundamental rights, democracy and rule of law including for the EU integration reforms in order to:* • Stronger commitment and capacities of CSOs in priority sector reform processes (analysis, monitoring advocacy etc), complementing national initiatives by bringing in sectoral expertise, resources and experiences from their thematic networks; • Enhancing joint cooperation between CSOs, state and business sector for increased capacities of civil society organisations for the promotion of sustainable development and reinforcing public private partnerships to the benefit of the development of the civil society; • Increasing cooperation and transfer of know-how in sector reforms related to the EU integration between CSOs in partner countries including utilisation of corresponding EU level experiences and best practices. • Strengthened capacities of CSOs in prevention and elimination of different types of discrimination, including stronger involvement of CSOs in implementation of gender balance and ageing mainstreaming, • Enhanced capacities of CSOs for identification and suppression of different type's of crime on local level (e.g. including cyber crime focused on development of safer internet activities, fight against child sexual abuse via the internet, etc).			

Measure 5: Assistance to the State Audit Office for enhancement of capacities for state audit **Operation 5.1:** - Analyzing, prioritizing and harmonizing current SAO methodology acts in line with ISSAIs taking into consideration relevant experience of other SAIs and their dissemination - Preparing methodology on multi-annual audit planning based on other SAIs experience - Exchanging and applying experience and best practice in conducting financial and performance audit; - Preparing methodology on IT audit based on other SAIs experience and exchanging and applying the experience and best practice; - Creating formal mechanism for reaction of the Parliament on SAO audit reports; - Introducing practice of regular contacts with Parliament on audit issues - Raising awareness of auditees concerning the role and importance of state audit - Developing policies and procedures for auditees regarding follow up on audit recommendations Analyzing and identifying necessary upgrade of existing IT system (hardware, software and equipment) **Operation 5.2:** - Realizing procurement and implementation of hardware, software and equipment;	**Measure 5:** **1 Twinning Arrangement** **1 Supply contract**	1 Twinning Arrangement Total budget: 1,400,000 IPA contribution: 1,330,000 National contribution: 70,000 1 Supply contract Total budget: 200,000 IPA contribution: 150,000 National contribution: 50,000 **TOTAL BUDGET: 7,400,000** **IPA CONTRIBUTION: 6,305,000** **NATIONAL CONTRIBUTION: 945,000** **PRIVATE CONTRIBUTION: 150,000**	

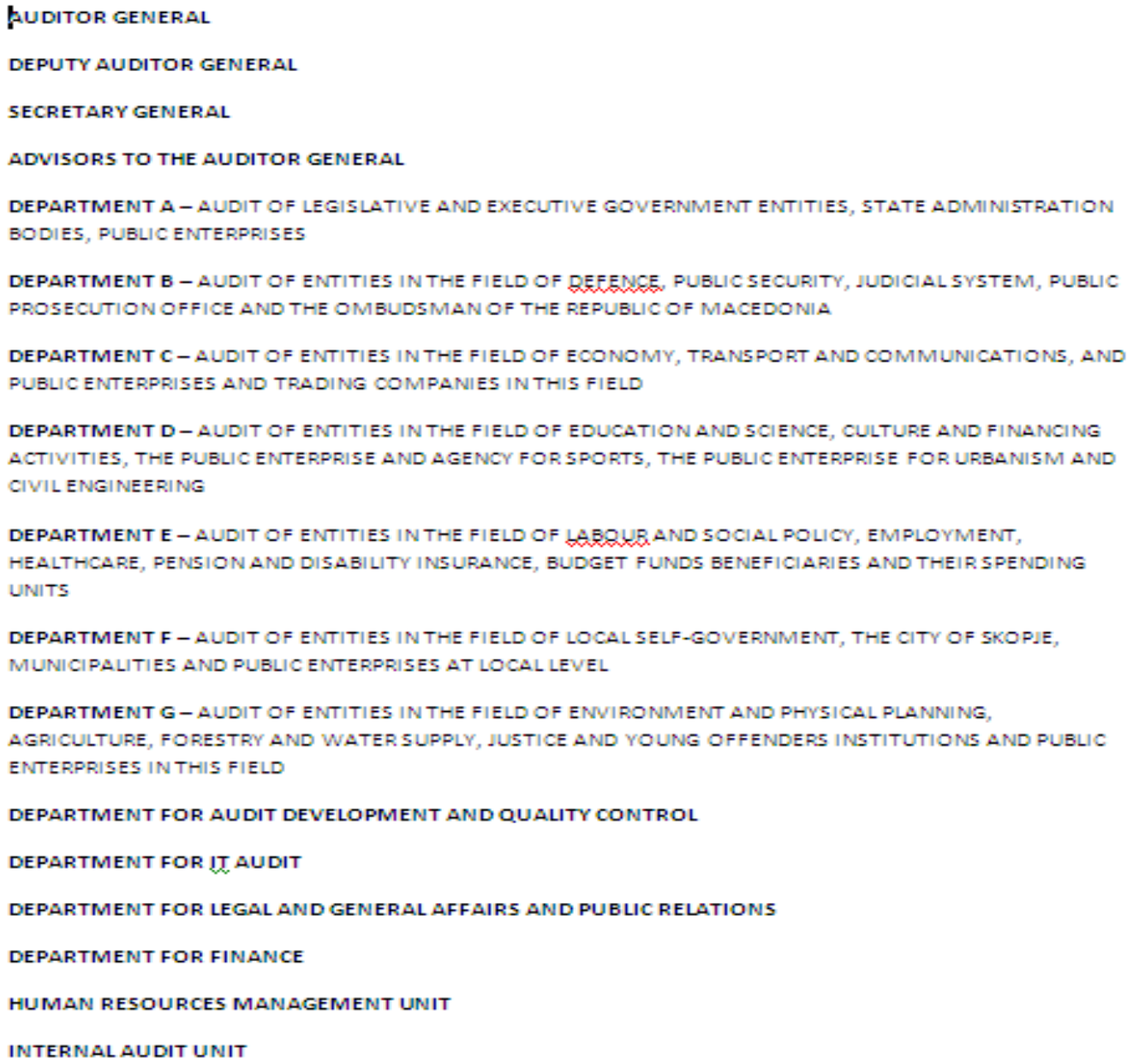
ANNEX 2: The Organisational Chart of the MISA



The Organisational Chart of the General Secretariat of the Government of the RM



The SAO Organisational Chart:



ANNEX 3 - Macro-economic context

The Ministry of Information Society and Administration is responsible for: Legislative regulation of the administrative issues; Surveillance and ensuring proper application of the regulations regarding civil and public servants; Development of the policies regarding rights, obligations, responsibilities, assessment of the civil and public servants; Classification and description of the working posts, salaries and allowances of the civil and public servants; Running of the Register on civil and public servants; Preparation of strategic document for efficient and effective operation; Training and professional development of the civil and public servants, organisation and conduction of the training; Development and coordination of the policies regarding HR management; Public administration reform; Realisation of the international cooperation in the respective issues; State administration; Administrative procedure; Administrative surveillance; Development and promotion of the information society; Creation and management of the register of information and communication technologies and information equipment in the state administration bodies; Integrated information and communication network, data bases, interoperability and data exchange, security aspects and development of infrastructure in the state bodies, legal entities and other bodies which according to law perform public competences; Follow up of the condition of the information and communication technologies and introduction of the international standards; Telecommunication and telecommunication infrastructure; Broadcasting and broadcasting infrastructure.

The Unit for Cooperation with Non-governmental Organisations within the Sector for Policy Analysis and Coordination in the General Secretariat of the Government is responsible for:

- Coordination of the implementation of the Strategy for cooperation of the Government with civil society;
- Establishment and maintaining the network of civil servant responsible for cooperation with CSOs in line ministries;
- Planning of funds for financing of projects of public interest and support the Commission for allocation of funds for financing the program activities of the associations and foundations by the state Budget;
- Administrative and expert support to the Commission for organizations with public benefit status;
- Development of an overview of the legal regulations, including international regulations relevant for civil society and raising initiatives within the Government and relevant ministries for new legislation relevant for civil society;
- Implementation and monitoring of IPA grants under the DIS;
- Ensuring that the civil society is represented in the policy-making process of the Government.
- Organising regional conferences and similar events to exchange experience with other countries for forms of cooperation with their governments and civil society and likewise to participate in such events organised by other countries;
- Providing education/training of administration for cooperation with CSOs;
- Provide essential knowledge and skills required to establish transparent and accountable partnership relations with civil society representatives.

The **State Audit Office** is an independent external audit institution with competences laid down in the State Audit Law (SAL)[1] to conduct regularity audit (financial and compliance audit) and performance audit on the public funds management. The first Law was adopted in 1997 and was later amended for the purpose of its harmonisation with the basic principles of Lima Declaration of guidelines on auditing precepts, the Mexico Declaration on Independence of SAIs and EU standards and criteria in this area. The current SAL was adopted in May 2010.

The legal framework that regulates state audit is: State Audit Law (Official Gazette of RM, no.66/ 2010 and no.145/2010); Law on civil servants (Official Gazette of RM, no.76/2010); Rulebook on conducting state audit (Official Gazette of RM, no.158/2011); SAO Development Strategy (2010-2014); SAO IT Strategy (2009-2013); SAO Communication Strategy (2008-2012); SAO Human Resources Management Strategy (2008-2012); Rules and Procedures of the Parliament of the former Yugoslav Republic of Macedonia; Rules and Procedures of the Government of the former Yugoslav Republic of Macedonia and other relevant laws and bylaws that provide for the auditees' competences.

State audit is conducted on the Parliament, the President and the Budget of the former Yugoslav Republic of Macedonia, the budgets of the municipalities, budget beneficiaries, budget spending units, public enterprises, trade companies where the state is dominant shareholder, agencies and other institutions established by law, other institutions financed by public funds, the National Bank, political parties financed by Budget funds, beneficiaries of EU funds (excluding the system for implementation, management and control of the instrument for pre-accession assistance in the former Yugoslav Republic of Macedonia) and beneficiaries of funds from other international institutions (auditees). State audit is conducted if necessary on other auditees that are connected with the abovementioned auditees, have economic, financial or other interest and use funds that are public expenditures.

SAO conducts audit every year on the Budget of the former Yugoslav Republic of Macedonia and on the budgets of the funds, while audit on the other abovementioned auditees is conducted in line with SAO Annual Programme.

Main beneficiaries of the results of SAO operation are the Parliament, the Government and other competent institutions from the public sector.

SAO is headed by an Auditor General. The Auditor General has a deputy. Both Auditor General and Deputy Auditor General are appointed and dismissed by the Parliament for a term of nine years without the right to be re-elected. SAO has 94 employees (79 auditors) deployed in eleven departments and two independent units.

SAO is a member of both the International Organisation of Supreme Audit Institutions (INTOSAI) since 2001 and the European Organisation of Supreme Audit Institutions (EUROSAI) since 2002. In 2005 SAO became an active member of the SAI Network of EU candidate and potential candidate countries and the European Court of Auditors in Luxembourg.

[1] http://www.dzr.gov.mk/en/Uploads/1_State%20Audit%20Law_adopted%20May%202010_ENG.pdf

ANNEX 4 - Political, legal and institutional framework:

- Law amending the Law on the Organisation and Operation of the State Administration Bodies (Official Gazette n. 162/2010);
- Law on General Administrative Procedures(Official Gazette n.76/2010);
- Law on Civil Servants (Official Gazette n.52/2010);
- Law on Public Servants (Official Gazette n. 52/2010);
- Law on Electronic Governance (Official Gazette n.105/2009);
- Law on Organisation and Functioning of State Administration (Official Gazette n.167/2010);
- Public administration reform strategy 2010-2015;
- Action plan for the Public administration reform strategy 2010-2015;
- National strategy for information society development and action plan;
- National System for Coordination of Training and Professional Development of the Civil Servants" (as from March 2011);
- Annual Training Programme;
- New Strategy for cooperation of the Government with the Civil Society Sector; (2012-2017);
- Action plan for the new Strategy for cooperation of the Government with the Civil Society Sector; (2012-2017);
- Code of good practices for participation of civil society sector in the policy development process.
- State Audit Law (Official Gazette of RM, no.66/ 2010 and no.145/2010);
- Law on civil servants (Official Gazette of RM, no.76/2010);
- Rulebook on conducting state audit (Official Gazette of RM, no.158/2011);
- SAO Development Strategy (2010-2014);
- SAO IT Strategy (2009-2013);
- SAO Communication Strategy (2008-2012);
- SAO Human Resources Management Strategy (2008-2012);
- Rules and Procedures of the Parliament;
- Rules and Procedures of the Country;
- Other relevant laws and bylaws that provide for the auditees' competences.

Annex 5 - Details per EU funded operation(*) where applicable:

Justification for supplies in the respective operations/measures

OPERATION 1.4: UPGRADE OF THE SYSTEM OF INTEROPERABILITY

Indicative list of items/Cost estimate

	Description	Quantity	Unit price in €*	Total in €
1.	Servers	15	2,750	41,250
2.	Storages	1	7,857	7,857
3.	UPS	15	3,000	45,000
4.	Network equipment		63,000	63,000
5.	KVM switch	3	3,500	10,500
6.	Operating system (OS) and licenses (Equivalent to Microsoft windows server - latest version)	15	3,919	58,785
7.	Operating system (OS) and licenses (Equivalent to Microsoft windows for PC- latest version)	15	130	1,950
8.	Relations databases and licenses (Equivalent to MS SQL - latest version)		13,260	13,260
9.	Software for mail server and licenses (Equivalent to Microsoft Exchange - latest version)		8,780	8,780
10.	Office software (Equivalent to Microsoft office professional - last version)	300	350	105,000
11.	Software for Back up and licenses (3 years)			30,000
12.	Antivirus Software and licenses (3 years)			15,000
13.	Laptops	160	500	80,000
14.	Scanners	15	750	11,250
15.	Printers	40	250	10,000
		GRAND TOTAL:		**501,632**

Intended beneficiary - The extension of the interoperability system will include all ministries, state bodies and relevant institution will exchange and chare data. The "umbrella institution" (MISA) will put on place a network that will connect all existing systems in tune with this one that should be established through this project. Thus by creating a Interoperability system will necessarily need connection of all systems that operate at that time, as well as supporting the establishment of interoperability where there is not. The direct beneficiaries of this action will be the supported institution Ministry of Information Society and Administration. Widely viewed, as the main goal is to **modernize the public administration it is the companies and citizens** who will benefit the most.

Indication on how detailed technical specifications will be prepared - Taking in consideration that the technical specification will be developed by assistance provided by PPF **Support in preparation of project fiche and ToR for Interconnection between state authorities and institutions, FWC BENEFICIARIES 2009 - LOT 3: Telecommunications and information EuropeAid/127054/C/SER/multi,** the specification will be dependent on the existing - currently operating solutions, and it should permuted depending the IT development of the institution that will introduce the interoperability system, the only obstacle left will be the purchase of the IT equipment. Thus, the support of the institution in implementing the interoperability by financial support in purchasing the IT equipment will be appreciated.

Provisions for maintenance + section to be filled in on assets' ownership current and after project completion - Concerning the purchased IT equipment, after the guarantee period is expired, the maintenance will be provided by the Ministry of Information Society and Administration and other institutions end user of the equipment as per the specification provided by the PPF **Support in preparation of project fiche and ToR for Interconnection between state authorities and institutions, FWC BENEFICIARIES 2009 - LOT 3: Telecommunications and information, EuropeAid/127054/C/SER/multi.**

OPERATION 2.4: IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM

Indicative list of items/Cost estimate

	Description	Quantity	Unit price in €*	Total in €
1.	Servers	20	2,750	55,000
2.	Storages	1	50,000	50,000
3.	UPS	20	3,000	60,000
4.	Network equipment		5,000	5,000
5.	KVM switch	20	3,500	70,000
6.	Operating system (OS) and licenses (Equivalent to Microsoft windows server - latest version)	20	3,919	78,380

7.	Operating system (OS) and licenses (Equivalent to Microsoft windows for PC- latest version)	20	130	2,600
8.	Relations databases and licenses (Equivalent to MS SQL - latest version)		54,000	54,000
9.	Software for mail server and licenses (Equivalent to Microsoft Exchange - latest version)		54,000	54,000
10.	Office software (Equivalent to Microsoft office professional - last version)	100	350	35,000
11.	Software for Back up and licenses (3 years)			150,000
12.	Antivirus Software and licenses (3 years)			150,000
13.	Laptops	80	500	40,000
14.	Scanners	200	750	150,000
15.	Printers	200	250	50,000
GRAND TOTAL:				**1,003,980**

Intended beneficiary - The extension of the performance management system will include all ministries, state bodies and relevant institution will use the PMS The "umbrella PMS" will put on place a network that will connect all existing systems and that one that need to be established. Thus by creating a PMS will necessarily need connection of all systems that operate at that time, as well as supporting the establishment of PMS where there is not. The direct beneficiaries of this action will be the supported institution Ministry of Information Society and Administration. Widely viewed, as the main goal is to **modernize the public administration it is the companies and citizens** who will benefit the most.

Indication on how detailed technical specifications will be prepared - Taking in consideration that the technical specification will be developed by assistance provided by an operation - **Operation 2.3: Terms of Reference for the Performance Management System Operation** prior to the **Operation 2.4: Implementation of the Performance Management System,** the specification will be dependent on the existing - currently operating solutions, and it should permuted depending the IT development of the institution that will introduce PMS system, the only obstacle left will be the purchase of the IT equipment. Thus, the support of the institution in implementing the PMS by financial support in purchasing the IT equipment will be appreciated.

Provisions for maintenance + section to be filled in on assets' ownership current and after project completion - Concerning the purchased IT equipment, after the guarantee period is expired, the maintenance will be provided by the Ministry of Information Society and Administration and other institutions end user of the equipment as per the specification provided by the **Operation 2.3: Terms of Reference for the Performance Management System by the state budget.**

OPERATION 5.2: UPGRADE OF SAO IT SYSTEM

Indicative list of items/Cost estimate

Item No.	Description	Quantity	Unit price in €*	Total in €
1	Servers	6	2,750	16,500
2	Storages	1	7,857	7,857
3	UPS	2	3,000	6,000
4	Network equipment		5,000	5,000
5	KVM switch	1	3,500	3,500
6	Operating system (OS) and licenses (Equivalent to Microsoft windows server - latest version)	6	3,919	23,514
7	Operating system (OS) and licenses (Equivalent to Microsoft windows for PC- latest version)	100	130	13,000
8	Relations databases and licenses (Equivalent to MS SQL - latest version)		13,260	13,260
9	Software for mail server and licenses (Equivalent to Microsoft Exchange - latest version)		8,780	8,780
10	Office software (Equivalent to Microsoft office professional - last version)	100	350	35,000
11	Software for Back up and licenses (3 years)			15,000
12	Antivirus Software and licenses (3 years)			15,000

13	Laptops	80	500	40,000
14	Scanners	3	750	2,250
15	Printers	20	250	5,000
		GRAND TOTAL:		**209,661**

Intended beneficiary is SAO

Indication on how detailed technical specifications will be prepared - Team comprised of SAO and twinning partner representatives (5.1.) would make preliminary assessment of the situation /status outline for IT hardware, software and equipment, and identify procurement needs. Identification of procurement needs will include: analysis of needs, creation of conceptual design and risk analysis. Preparation of clearly defined tender documentation, which would provide quality procurement. The maintenance period following installation should be minimum 3 (three) years. Post-warranty system maintenance should be defined in phase of prepared tender documentation, as well.

Provisions for maintenance + section to be filled in on assets' ownership current and after project completion - We plan the costs for purchasing permanent licenses for the current employees to be covered by this initiative. For future staff we plan to purchase licenses additionally. The future administration of the system will be managed by SAO IT Audit Department and suppliers. SAO will decide on future upgrades in due course.

ANNEX 6 - Project visibility activities

All requirements to ensure the visibility of EU financing will be fulfilled in accordance with the Commission Regulation (EC) No. 718/2007 of 12 June 2007 Implementing the Council Regulation (EC) No 1085/2006 Establishing an Instrument for Pre-accession Assistance (IPA IR) and the National IPA Communication Strategy and IPA Communication Practical Guidelines drafted by NIPAC relevant under DIS.

During the implementation of the Project the necessary measures will be taken to ensure the visibility of the EU financing or co-financing. Such measures must be in accordance with the applicable rules on the visibility of external action laid down and published by the Commission. The Project must observe the latest Communication and Visibility Manual for EU External Actions concerning acknowledgement of EU financing of the project (http://ec.europa.eu/europeaid/work/visibility/index_en.htm). Particular attention should be given to ensuring the sustainability and dissemination of project results. The visibility issues must be addressed in all types of communications, written correspondence and preparation of deliverables (brochures, posters, new letters pamphlets and other type of promotion material). All the deliverables to be published / issued will respect and comply with visibility guidelines.