

UNDP North Macedonia

Final Report

on results of mapping of public sector institutions, functional analysis and recommendations to kick-start the PAR process

Functional Reform Assistance to the Ministry of Information Society and Administration

May 2018

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Executive Summary

The short-term assignment “Functional Reform Assistance (FURA) to MISA” supported by the UNDP North Macedonia aimed to **assist MISA to start carrying out a future systematic, structural and functional reform of the public administration, leading to a more democratically controlled, efficient and responsive, inclusive, as well as transparent and accountable administration.**

Two outputs were pursued within the assignment:

- The **set of concrete recommendations** in line with the UN principles and the EU commitments to kick-start the PAR process and allow the substantial reform push; and
- The **mapping of the public administration institutions** established in the Republic of North Macedonia and consequent legal analysis of the institutional set-up as preparatory activity for the horizontal functional analysis.

Experienced international consultant Ms Dace Gruberte, MBA was the key expert running the analysis of public administration utilising the results of mapping of state administration bodies, series of interviews and informal discussions with key staff of Macedonian public administration and important development partners, recently approved Public Administration Reform Strategy 2018-2022 and its Action Plan, as well as OECD and EU reports on Republic of North Macedonia and other comparable countries.

Professor Iskra Akimovska Maletic, PhD led the mapping of state administration bodies and used Official Gazette as the primary database of laws in the Republic of North Macedonia. Screening laws including amendments to laws, 1305 public institutions were identified, including 128 bodies in the executive branch. The new institutions were identified in comparison with the data accessible from the Register of the Public Employees.

The analysis produced altogether 11 key conclusions and 28 recommendations ranging from the subjects of overall framework of public administration to hierarchy envisaged and implemented, and from division of functions between state administration bodies to efficient use of human resources, as well as other issues. Recommendations were compiled into an Action Plan with provisional time-frame suggesting short to medium term activities with deadlines between 3 months and 3 years.

Regarding the framework of public administration the recommendations suggest: re-designing and establishing an enforceable yet flexible framework for public administration in the Republic of North Macedonia by substituting the Law on Organization and Operation of the State Administration Bodies and an array of related laws and by-laws, significantly amending the Rulebook on operation of the Government of the Republic of Macedonia to streamline and filter the flow of documents to the Government, mandating universal and high quality annual reporting by all state administration bodies to Government or Parliament, agreeing to respect a moratorium on creation of new state administration bodies for at least the beginning stages of implementation of the public administration reform, introducing clear and implementable set of criteria for creation of new institutions, streamlining typology of state administration bodies,

defining functionality of state administration bodies and related types, revisiting the legal concept of state administrative bodies with legal entity status and introducing criteria for such bodies to persist or be created, focusing review on smaller state administration bodies with up to twenty staffers, introducing a centrally managed competitive hiring for all vacancies throughout the public administration, which can be implemented by an inter-institutional working group or by entrusting hiring or totality of human resource management to a central HR body, like MISA.

In the realm of hierarchy of public administration it is recommended to implement sector hierarchy approach in organisation of administration with line ministry at the top of the sector and all other institutions active in the policy area as subordinated to the line ministries, to consider amalgamating agencies operating in the same policy area among themselves as well as amalgamating inspectorates in the same policy area among themselves, to introduce clear accountability and reporting lines simultaneously with establishing the single vertical hierarchy within the executive branch.

As far as division of functions is concerned recommendations are: adopting the principle whereby all institutions of the executive branch should fall within one of three types of institutions (policy formulation, delivery, or control), defining the set of the functions for each of the three types of the institutions, introducing the policy evaluation function among the primary functions of the line ministries / policy formulating bodies, establishing a meaningful policy coordination function with necessary capacities within the Centre of Government (CoG), considering a possibility to merge some bodies implementing functions of CoG.

Analysis of the human resource management produced the following recommendations: elaborate a system of key horizontal and special competencies for the public administration personnel, carry out in-depth audit of human resources in the public administration by assessing quantitative and qualitative adequacy of staff for the implementation of functions, develop and implement competence-based approach for public administration throughout the human resource management cycle (staff hiring, assessment, training, promotion, dismissal), centralize the human resource hiring process for the executive branch institutions.

Among other issues, data availability proved problematic and led to three key recommendations: elaborate and approve the standard form for the annual report of state administration bodies, mandate all state administration bodies to prepare and publish their annual reports on their website and in the Official Gazette electronic version, mandate that all financial resources of all state administration bodies are included in the national budget either as appropriations or as forecasts for planning, analysis, and transparency purposes.

Provided a short-term nature of the assignment, resulting conclusions and recommendations might turn out to be impractical for many political, administrative, technical or financial reasons. Leadership of MISA is uniquely equipped to judge which of the recommendations are to be included in the updated Action Plan of the PAR Strategy, and which are to be laid aside for the time being. The purpose of this Report is to provide a sounding board for existing set

of ideas and share EU and international best practice, which needs to be adapted to current conditions in the policy area.

Abbreviations

CoG	Centre of Government, according to OECD SIGMA functions
EU	European Union
Country	Republic of North Macedonia
General Law	Law on Organization and Operation of the State Administration Bodies
GenSec	General Secretariat
ICT	Information and communication technologies
IT	Information technologies
LegSec	Legal Secretariat
MISA	Ministry of Information Society and Administration
MoF	Ministry of Finance
OECD	Organization for Economic Cooperation and Development
SIGMA	Support for Improvement in Governance and Management
PAR	Public Administration Reform
PMO	Prime Minister Office
UN	United Nations
UNDP	United Nations Development Programme

1. Introduction

1.1. Assignment Background

After the signing of the Ohrid Framework Agreement, public administration of the Republic of North Macedonia grew considerably, due to a number of reasons including requirement of equitable representation of non-majority communities. However, in recent years, a strong politicisation of public institutions, leading to what the EU openly labelled a “state capture” resulted in an uncontrolled growth of institutions and agencies, as well as numbers of employees that were not transparently communicated to the society and international community.

The situation inherited by the current government-in-office is one of unclear structures, overlapping responsibilities, policy gaps, and a disproportionate number of public employees, accompanied at the same time with dire lack of expertise within the management echelons of certain sectors of the public administration.

On 20 February 2018 the Government of the Republic of North Macedonia approved the Public Administration Reform Strategy 2018-2022 with its Action Plan, laying down the measures to be taken during the five years period in order to achieve the goals and objectives defined within the four priority areas of PAR:

- Policy-making and Coordination;
- Public Service and Human Resource Management;
- Responsibility, Accountability and Transparency;
- Public Services and ICT Support to Administration.

This Assignment contributes to implementation of the PAR Priority area “Responsibility, Accountability and Transparency”, Objective 3.1 “Developed Coherent Institutional Setup of the State Administration Bodies, Agencies and Inspection Services with Clear Defined Accountability Structures”.

1.2. Objectives and Scope of the Assignment

The Assignment supported by the UNDP Macedonia Project “Functional Reform Assistance (FURA) to MISA” aimed to **assist MISA to start carrying out a future systematic, structural and functional reform of the public administration, leading to a more democratically controlled, efficient and responsive, inclusive, as well as transparent and accountable administration.**

Two outputs are pursued within the Assignment:

- The **set of concrete recommendations** in line with the UN principles and the EU commitments to kick-start the PAR process and allow the substantial reform push; and
- The **mapping of the public administration institutions** established in the Republic of North Macedonia and consequent legal analysis of the institutional set-up as preparatory activity for the horizontal functional analysis.

The Assignment results contribute to enabling kick-start and catch up with the pace of reform required from the Republic of North Macedonia as an EU candidate country.

The scope of the Assignment covers around 1 300 public institutions, including the ministries and its bodies, regulatory bodies, secretariats in the Government, Government services and other autonomous institutions, independent bodies of state administration, public prosecutor offices, public enterprises, courts, local self-governments, and others. The mapping of the public institutions covers the full scope of the Assignment, while the analysis and the recommendations are primarily focused on state administration bodies operating within the executive branch of power.

The Assignment was carried out during February – May 2018.

1.3. Limitations on the Assignment

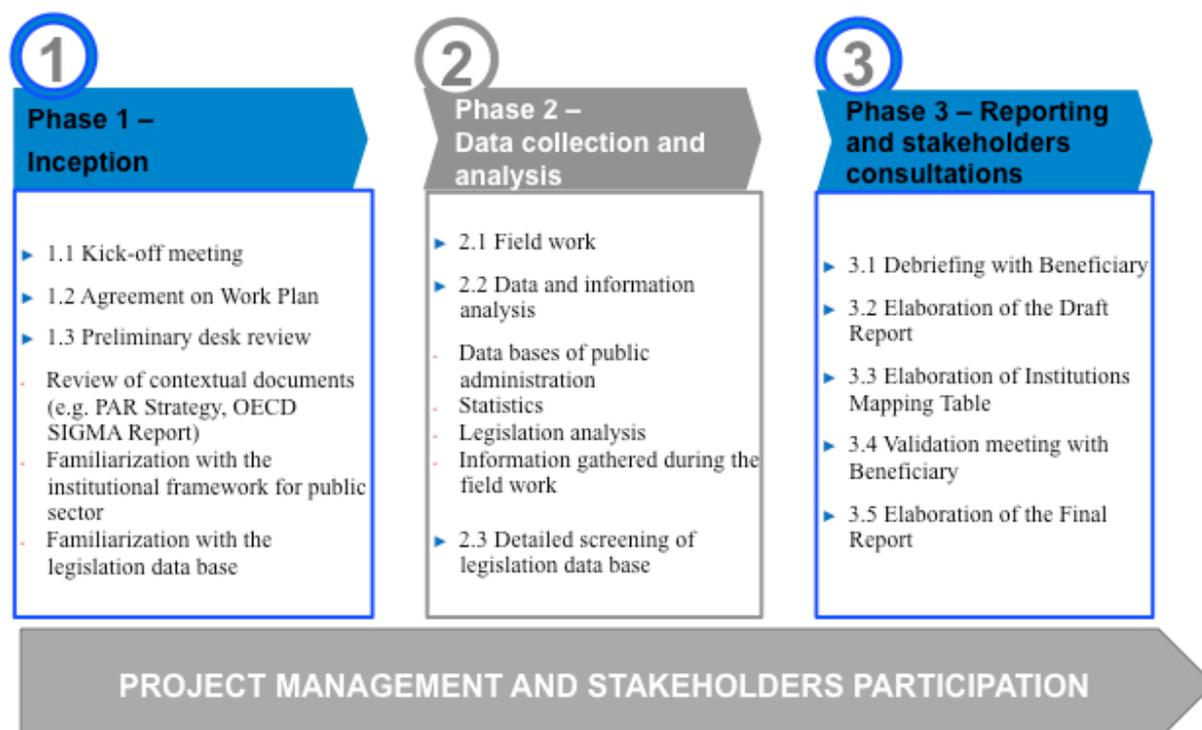
There are several limitations for the Assignment, mainly related to the period of the implementation and the data and information availability:

- A time period of six weeks was available for elaboration of the Draft Report; and a time period of seven weeks was available for the mapping of the institutions. Taking into account the scope of the assignment as well as the key importance of the PAR, this amount of time is a limitation on the Assignment. The depth of the analysis is limited by the amount of the available time to perform the research. The conclusions and recommendations mainly provide the helicopter view on the public administration of the Republic of North Macedonia.
- The analysis, as well as conclusions and recommendations are developed based on the limited availability of the information and data. The data often are not easily accessible via the centralized data bases. Mismatch of data could be observed by exploring different data sources leading to conclusion that neither of used databases is exhaustively complete. Also, quite a few key persons were available for interviews. Certain information materials and data points were made available at a very late stage of the Assignment.
- The mapping process was implemented based on manual screening of the publicly available database of legislation; primarily the Official Gazette was used as a source. Also, the amendments to the legal acts mostly are not consolidated into a complete legal text, thus creating the additional technical burden and opening a risk for human error by missing some amendments.
- There is a risk for incompleteness of the legislation databases used for the research. As the actual number of the public institutions was unknown at the start of the mapping, incomplete information available from the legislation database, may make it impossible to identify all the institutions established with exhaustive certainty. The mapping and analysis cover the institutions that were possible to identify in legislation database.

2. Methodology

The high-level approach to the assignment is presented in the figure below capturing the main assignment phases and deliverables:

Figure 1: The main assignment phases and deliverables



2.1. Phase 1: Inception

Objective

The Phase 1 is aimed at the efficient kick-start of the Assignment, including the activities related to the initial contact with the Beneficiary, agreement on the Work Plan, familiarization with the Assignment context and background related data and information.

Activities

Activity 1.1: Kick-off meeting: The kick-off meeting took place on 19 February, 2018. During the kick-off meeting the validation of the scope of the expected results of the assignment took place, as well as agreement on timing, communication and coordination aspects were made. Also the potentially critical issues were discussed between the Assignment team, Beneficiary and UNDP representatives.

Activity 1.2: Agreement on Work Plan: The Assignment Work Plan was submitted to the UNDP on 21 February, 2018, describing the methodology and the provisional time schedule for the implementation of the Assignment. The positive feedback from the UNDP was received on 5 March, 2018.

Activity 1.3: Preliminary desk review: The activity involved the review of the contextual documents, i.e. PAR Strategy, OECD SIGMA Report, as well as related legislation governing the establishment and operation of the public sector institutions in the Republic of North Macedonia. The activity also included the collection of the EU and OECD approaches towards the organization of the public administrations.

2.2. Phase 2: Data Collection and Analysis

Objective

Phase 2 is aimed at collecting and analysing the data on the organization and operation of the public sector institutions in the Republic of North Macedonia in order to understand the current situation in terms of overall legal and institutional framework, principles of operation, functional division, legal statuses, etc., that will feed into the analysis and development of recommendations.

Activities

During the implementation of Phase 2 several data collection activities were performed in order to gather both the factual data and opinions of the institutions:

Activity 2.1: Field work: The field work involved the interviews with the selected public administration institutions in order to collect qualitative data, practices, issues and gaps in relation to the organization and operation of the public sector in the Republic of North Macedonia. The field work also involved the collection of the data related to the public administration.

Activity 2.2: Data and information analysis: From available data and materials received during interviews, understanding of current situation with its strengths and weaknesses was crystallised. Analysis was performed and initial policy recommendations elaborated.

Activity 2.3: Detailed screening of legislation data base: The screening of the legal acts establishing and operation of the public sectors institutions was performed in order to complete the mapping of the institutions.

2.3. Phase 3: Reporting and Stakeholders Consultations

Objective

The objective of this phase is elaboration of the Draft Report and Institutions Mapping Table, discussion with the Beneficiary and the stakeholders on the draft deliverables, as well as finalization of the deliverables, taking into account the inputs from stakeholders.

Activities

Activity 3.1: Debriefing with Beneficiary: The debriefing with the Beneficiary took place on 13 March, 2018. During the meeting the key conclusions and recommendations were presented in order to introduce the Beneficiary with the key contents of the Draft Report and receive the preliminary opinion of the Beneficiary.

Activity 3.2: Elaboration of the Draft Report: The Draft Report was prepared based on the analysis and the data collected, as well as taking into account the experience of the EU countries in organization of the public administration. The feedback from the debriefing is being taken into account. The Draft Report submitted to MISA on March 30, 2018.

Activity 3.3: Elaboration of the Institutions Mapping Table: The Institutions Mapping Table completed, exploiting the template agreed with the Beneficiary. The data in the template filled in, using the data from the legislation database. The Institutions Mapping Table submitted to UNDP on 23 April, 2018.

Activity 3.4: Validation meeting with Beneficiary: The discussion on the Report and the Institutions Mapping Table, as well as feedback from the MISA and UNDP is foreseen to be held at the beginning of June, 2018. The objective of the meeting is to discuss the deliverables submitted and receive the opinion of the Beneficiary in order to produce the Final Report.

Activity 3.5: Elaboration of the Final Report: The Final Report with specific findings, recommendations, Action Plan to be developed and submitted to the UNDP and the Beneficiary after the validation meeting taking into account the Beneficiary's feedback.

3. Results of Institutions Mapping

3.1. Summary of Mapping

The Institutions Mapping is prepared for 1305 public institutions, covering the Parliament, President, Government, Government services and other autonomous institutions, independent bodies of state administration, public prosecutor offices, courts, local self-governments, public enterprises, and others.

Table 1: Summary of mapping of public institutions

Branch of power	Category of institution	Number
President	President	1
	President sub-total:	1
Legislative branch	Parliament	1
	Legislative branch sub-total:	1
Executive branch	Government	1
	Ministries and Secretariats	20
	Body within a ministry	45
	Independent public administration authority	32
	Independent public authority	11
	Legal entity with public authorization	8
	Regulatory bodies	10
	Special public administration authority	1
Executive branch sub-total:	128	
Judicial branch	Judicial council	1
	Courts	35
	Council of public prosecutors	1
	Public prosecution offices	29
Judicial branch sub-total:	66	
Executive branch at local level	Units of local self-government	81
	Legal entities with public powers at regional level	8
Executive branch at local level sub-total:	89	
Executive branch for delivery of public services	Public institutions (educational, cultural, health etc. institutions)	891
	Public enterprises	127
Executive branch for delivery of public services sub-total:	1018	
	National Bank	1

	Ombudsman	1
	TOTAL:	1305

3.2. Executive Branch Institutions Mapping

The Chapter summarizes the mapping results for the Government and 127 bodies of executive branch at national level, altogether 128 entities:

- Government,
- Ministries and Secretariats,
- Bodies within ministries,
- Independent public administration authorities,
- Independent public authorities,
- Legal entities with public authorization,
- Regulatory bodies,
- Special public administration authority.

The Summary of institutions mapping for the executive branch institution is enclosed to the Report (see Annex 2), providing the data on the legislation establishing the institution, its type, status of legal person, policy functions, reporting lines and territorial coverage.

Total Number and Base of Establishment

The executive branch in Country, according to the mapping tables, consists of 128 institutions. The most numerous are bodies within ministries (45), which is very fortunate for the future public administration reform, as amalgamating these will only require amendments to the legal documents without material changes to work organization. Bodies within ministries also are mostly covered by the General Law (39 out of 45), meaning that this type suffered less from proliferation of institution-creation during the last fifteen years.

On the other hand the other frequent type of institutions, independent public administration authorities (32), saw the biggest flight of numbers with 24 of 32 established by special laws. Also, all of 11 independent public authorities were established by special laws, the same as all ten regulatory bodies, and all eight legal entities with public authorization.

Table 2: Summary of executive branch institutions

Category of institution	Number	Law of establishment	
		General Law	Other Laws
Government	1	0	1
Ministries and Secretariats	20	15	5
Body within a ministry	45	39	6
Independent public administration authority	32	8	24
Independent public authority	11	0	11
Legal entity with public authorization	8	0	8
Regulatory bodies	10	0	10

Special public administration authority	1	0	1
TOTAL:	128	62	66

Types of Institutions

There were 19 types of institutions identified in the mapping exercise, while the General Law only provides for 13 types, meaning that council (2), fund (4), register (1), attorney general (1), audit body (1) and centre (1) were the types created by the special laws that deemed impossible to use one of the 13 existing types. The column ‘Other’ includes the subjects identified each only once and not belonging to the types of institutions defined in General Law, i.e. audit body, register, centre and attorney, which might be considered typical even if not omitted from the General Law.

The most voluminous type is agency (28) followed by administration (20), ministry (15) and, inspectorate (14). While the types of ministry and inspectorate include fairly homogenous bodies in terms of functions, the agency and administration seem to serve as catch-all types including state administration bodies of many different functions, sizes and roles.

Table 3: Summary of types of institutions

	Administration	Agency	Archive	Bureau	Captains charge	Commission	Council	Directorate	Fund	Inspectorate	Institute	Ministry	Office	Secretariat	Service	Other
Ministries and Secretariats												15		4	1	
Body within a ministry	20			8	1					14					2	
Independent public administration authority		18	1			1		5			2		2			3
Independent public authority		1				7		1					1			1
Legal entity with public authorization		1					2		4		1					
Regulatory bodies		7				3										
Special public administration authority		1														
TOTAL	20	28	1	8	1	11	2	6	4	14	3	15	3	4	3	4

Legal Entity

Most executive branch bodies enjoy a status of a legal entity (102 out of 128): all independent public authorities (11), legal entities with public authorization (8), regulatory bodies (10), and a special public administration authority have the status. There is no clear evidence that all

independent public administration authorities have a legal person status (29 out of 32 have the status, while the data is not available for 3 institutions). Also, the Government and all ministries are legal entities.

Table 4: Summary of legal status of institutions

Category	Status of legal person		
	Yes	No	n/d
Government	1		
Ministries and Secretariats	15	5	
Body within a ministry	27	13	5
Independent public administration authority	29	0	3
Independent public authority	11	0	
Legal entity with public authorization	8	0	
Regulatory bodies	10	0	
Special public administration authority	1	0	
TOTAL	102	18	8

Policy Functions

As far as the functions are concerned, the less frequent set of functions has to do with planning of policy: not a single body is exclusively involved in policy planning; six are dealing with planning and implementation; and 18 – with planning, implementation and control. Implementation is covered more thoroughly: 43 bodies implement policies; 41 implement and control policies. Control exclusively is involved with 17 bodies.

Table 5: Summary of policy functions of institutions

	Planning & Implementation	Planning & Implementation & Control	Implementation	Implementation & Control	Control	N/d
Government		1				
Ministries and Secretariats		15	5			
Body within a ministry	4	1	13	10	14	3
Independent public administration authority			18	13	1	
Independent public authority			2	7	2	
Legal entity with public authorization	1	1	3	3		
Regulatory bodies	1		1	8		
Special public administration authority			1			
TOTAL	6	18	43	41	17	3

Reporting Lines

State administrative bodies plan, implement and control policy delivery in accordance with the functions prescribed to them in the laws, yet not a single administrative body works in a vacuum: communication is key to successful functioning of complex systems. Communication can be prescribed and voluntary, among independent institutions and within a hierarchy. Reporting, for the purposes of this Report, is communication with the hierarchically higher administrative body, which is prescribed in a law.

Government must only report to the Parliament. 4 secretariats and service seem to report to the government exclusively, while 15 ministries report to the Government and the Parliament. Bodies within ministries report to Government and Parliament (14 bodies), as well as to Government and Inspection Council (8 inspectorates within ministries), to ministries (6), and to Parliament alone (5 bodies). Most Independent public administration authorities (25 out of 30 identified) report to the Government alone; while independent public authorities mostly report to Parliament (10 out of 11). 8 of 10 regulatory bodies report only to the Parliament.

As a whole, Government has highest number of exclusive incoming reporting lines (41), as the executive power is involved in daily management of the public administration. Also Government and ministries together are reported to by 18 bodies. A relatively high number of institutions report to the Parliament exclusively (19) and to Parliament and Government (16) – this high intensity of reporting is not necessarily optimal, especially given double reporting, which may blur the lines of accountability.

Altogether 66 institutions have a single reporting line, 42 institutions have double reporting lines, 15 institutions have 3 or more reporting lines.

Table 6: Summary of institutions reporting lines

Who reports / to whom reports	Parliament	Government	Ministry	Parliament & Government	Government & Ministry	Government & Inspection Council	President & Parliament & Government	Government & Inspection Council & Ministry	Government & Ministry & Other	Government & Parliament & Ministry & Ombudsman	Government & Parliament & Ministry	Government & Ministry & MoF & State Audit Office	Government & financial auditor & 2 EU institutions	Government & line ministry & MoF & State Audit Office & EU institution	n/d
Number of reporting lines	1	1	1	2	2	2	3	3	3	3	3	4	4	5	-
Government	1														
Ministries and Secretariats		5		15											
Body within a ministry		5	6		14	8		5	1	1	1	1			3

Independent public administration authority		25			2				1				1	1	2
Independent public authority	10				1										
Legal entity with public authorization		6			1						1				
Regulatory bodies	8			1							1				
Special public administration authority							1								
TOTAL	19	41	6	16	18	8	1	5	2	1	3	1	1	1	5

3.2.1. Government, Ministries and Secretariats

This grouping contains the top of the executive branch led by the Government with the assistance of the four secretariats, a service and 15 ministries, 21 bodies altogether.

The 15 ministries are established by the General Law, while the functions of the Government, its four secretariats and the Service for General and Common Affairs are all described in the Law on Government.

The Government and the ministries hold a status of legal entities, but the secretariats and the service do not.

Self-evidently, all the bodies in the grouping are operating on the national level and are financed exclusively from the state budget.

The mapping describes that the Government is directly involved in all three stages of policy (definition, implementation and control), the same as ministries. At the same time the secretariats and the service implement and control the policies.

The Government reports to the Parliament, as is customary in a parliamentary democracy. The line ministries report to the Government and to the Parliament directly, while the secretariats and the service only report to the Government.

3.2.2. Bodies within Ministries

An internationally innovative type of state administrative body rather widely used (45 bodies identified) in the Republic of North Macedonia is a body within a ministry: a structure of a line ministry that has been entrusted significant enough functions to warrant a status separate from the host ministry itself, yet not large or otherwise sustainable enough to establish a separately standing institution. This type of state administrative body is enshrined in the General Law and 39 out of 45 bodies within ministry are established by this law, and only six have been established by special laws over the years following approval of the General Law in 2000.

Most of these institutions are established as administrations (20) and inspectorates (14) – so all 14 state administration bodies carrying the title of inspectorate are established as bodies within a ministry. During the interview at the Inspectorate Council, it was indicated that there are 14 other bodies that implement functions of inspectorates, but carry other titles. 14 inspectorates only undertake control function, which insulates them from conflict of interest; yet 10 other bodies within a ministry carry out policy implementation and control – a mix of functions prone to emergence of conflict of interests, especially in the control function. 13 institutions are operating in implementation functions, and four more are busy with both planning of policy and implementation.

Majority of 45 bodies within a ministry also hold a status of a legal entity (27), which is a highest proportion among the groups of institutions analysed in this Chapter. This also conflicts with the fact that most of those 27 bodies are state budget financed institutions (33 in totals), so while their operations are financed by the state, they retain a separate legal person status. 2 bodies have a right for self-financing in addition to the state budget resources, and 4 more receive state budget funding, self-finance and receive donations.

Most institutions (14) report to the Government and the host ministry, only 13 inspectorates report to the Inspectorate Council in addition to reporting to the Government and the ministry. Five bodies within a ministry report only to the Government, i.e. Administration for Management of Birth, Marriages and Death, Bureau for Forensic Expertise, State Phytosanitary Laboratory, Electronic Health Administration, and State Environment Administration. Two bodies within the ministries among others reports directly to the Parliament (Administration for Safety and Counter Intelligence, Bureau for Representation of the Republic of Macedonia to the European Court of Human Rights), which blurs a line between executive and legislative branches of national power.

All 45 bodies within ministries are operating on the national level.

3.2.3. Independent Public Administration Authorities

There are 32 independent public administration authorities in the Republic of North Macedonia according to the Mapping Table elaborated within the Assignment. All of them are operating on the national level.

Most independent public administration authorities were established by special laws (24) and only 8 were there in the General Law, which gives an indication of how far reaching the institution creation was in the eighteen years since the General Law came into force.

Majority independent public administration authorities belong to a type of an agency (18) and a directorate (5). And an absolute majority (29) enjoy a status of a legal entity seemingly in accordance with the title including a word “independent”.

18 independent public administration authorities are only involved in implementation of the policy, while 13 independent public administration authorities are active both in policy implementation and control providing grounds to reassess their risk of conflict of interest. One institution is performing the control functions.

25 independent public administration authorities report only directly to the Government, and only five others report to some other institution, mostly a ministry. This is grounds for concern about use of the reported information, since no ministry or other institution assists the

Government in interpreting aforementioned reports and putting them in a relevant policy context.

Another peculiarity of the analysis of independent public administration authorities is that the mapping effort failed to identify sources of financing for one authority (Emigration Agency), so there clearly is a space to improve transparency. Only 11 independent public administration authorities are financed by the state budget alone; one complements the state funding with self-financing; and surprisingly high number (10) receive donations, which may be an indication to reassess their dependence on other sources of funding.

3.2.4. Independent Public Authorities

There are 11 independent public authorities identified by the mapping effort. As the name suggests all these are independent to the highest degree and enjoy a status of legal entity. All these bodies have been established by special laws and as such are a product of institution creation. All of those eleven authorities operate on the national level.

Majority of independent public authorities are commissions (7) with four other types identified in the analysis.

Seven independent public authorities are charged with implementation and control functions giving rise to conflict of interest risks. Two authorities are dealing with implementation of a policy alone; two are involved only in controls.

Absolute majority of independent public authorities (10) report to the Parliament of the Republic of North Macedonia; and one authority (Central Registry) reports to the Government and the Ministry of Finance. It was surprising to find out that the Administration Agency does not report to the MISA, but to the Parliament alone.

Nine independent public authorities are financed by the state budget; two have a right to self-finance to complement the state budget allocated resources; one has some other source of financing in addition to the state budget.

3.2.5. Legal Entities with Public Authorization

There are eight legal entities with public authorization in the the Republic of North Macedonia, all of which are established by special laws. They all enjoy a status of a legal entity and operate on the national level.

Four of the legal entities with public authorization are registered as funds, two are councils and one – agency and institute each.

Policy implementation function is entrusted to three of the legal entities with public authorization, three are dealing with implementation and control, while one (Inspection Council) is directly involved in all three stages of policy cycle. One institution is charged with policy planning and implementation functions.

The state budget is financing seven out of eight legal entities with public authorization, while the Health Insurance Fund of North Macedonia is fully self-financed. The Inspection Council is only financed by the state budget. Six other legal entities with public authorization raise self-financing and complement their revenues by donations and other sources.

3.2.6. Regulatory Bodies

Special laws have established 10 regulatory bodies in the the Republic of North Macedonia. All of those hold a status of a legal entity and operate on the national level.

There are seven regulatory bodies entitled agencies and three as commissions. An agency in both the OECD and the EU terminology usually is an implementation type of institution, so this specific title might give rise to some confusion in perception of foreign investors as well as during accession negotiations.

All regulatory bodies participate in implementation of a policy, eight are also doing controls and one participates in planning and implementation.

Likewise, all regulatory bodies identified in the mapping effort raise self-financing. Two also are eligible to be funded by the state budget as well. Surprisingly, four regulatory bodies may receive donations, which seem to pose a transparency risk.

3.2.7. Special Public Administration Authority

The Intelligence Agency is the only state administration body typologised as a special public administration authority. It was created by a special law and has a legal entity status. This body operates on the national level, or possibly beyond – understandably, the research did not turn out too many details. It is financed by the state budget and reports to the President, the Parliament, and the Government of Country.

4. Key Conclusions and Recommendations

The key conclusions and recommendations of the study derives from the overall analysis of the public administration legal and institutional framework, as well as mapping of the institutions. The conclusions and the respective recommendations are structured according to five building blocks:

- Framework for public administration institutions;
- Hierarchy of public administration;
- Functional division;
- Human resources;
- Other issues.

The individual conclusions and recommendations should be considered in context of the other building blocks, as well as the overall PAR implementation process.

4.1. Framework for Public Administration Institutions

Every complex system, which national public administration undoubtedly is, needs a framework to shape its form and size, describe connections and interdependencies, lay out requirements and resources, and formulate rules of the game and exemptions. The General Law laid out the framework in 2000, yet the following fifteen years of active institution creation made the regulation irrelevant and require a new foundation for the public administration in the Republic of North Macedonia. Report on conclusions of this Assignment starts with description of the framework and deficiencies observed through data analysis, interviews, and benchmarking.

C.1.1.

Public administration policy as ad hoc policy

Statement: The public administration policy has for a long time been unclearly defined; and whatever priorities were set, remained not implemented. This administrative and legal vacuum resulted in **non-systemic approach to development of public administration** across all policy areas and branches of public power, and creation of numerous public administration bodies hindering efficiency and effectiveness of the public administration of the country.

Description of the problem: Establishment of MISA in 2011 and addition of new competencies and functions over the years indicated a direction towards public administration policy with the goal of efficiency and effectiveness in public services and in interaction with entrepreneurs and citizenry. At the same time meaningful reforms were not promoted; also material damage to effectiveness and efficiency of public administration was made by non-systemic approach to establishing new institutions and allowing overlaps and uncovered blanks in delegating their functions. Political decisions with real life impact in terms of financial outlays, employment of personnel, economic influence, and disturbance to the private markets were taken without reference to the public administration policy and its declared priorities.

Reasons behind: Interplay of legal and political conditions seems to have contributed to exacerbation of a problem. Two-thirds majority required to amend the Law on Organization and Operation of the State Administration Bodies (General Law) led to creation of numerous

special laws with new public administrative bodies established therein – in spite of objections of MISA and Legal Secretariat in their assessment of draft laws promoted to the Government (objections were mostly systemic in nature: new institutions were proposed without proper integration in the existing framework of the public administration). Political longevity of coalitions (uninterrupted rule of essentially the same composition of coalitions for six, eight and even close to ten years is a seldom precedent in transition economies) allowed the culture to become entrenched and creation of new institutions continue unchecked, thus establishing the new normal in the political elite and public administration.

Implications: Continuous establishment of new public administration institutions without a clear national or sector policy agenda behind demonstrates ad hoc nature of the process. The fact that a new public administration body can be established without policy-level justification and clearing a set of pre-defined and agreed criteria allowed for a very significant number of new institutions. Lack of effective systemic oversight and leadership left ministries and Parliament without substance or legal guidance resulting in lack of uniformity in justification of necessity for a new body, titles given to bodies, functions assigned to bodies, and even such key element as legal status. That resulted in a public administration with unknown number of public administration bodies, uncertain lines of reporting, unclear functional and even institutional hierarchy, and inability for a policy leader (MISA) to oversee and implement the public administration policy.

Recommendations and implementation timeline:

R.1.1.1.	Report to the Government [accompanied by a series of seminars with top officials and politicians] on effective situation in the policy area of public administration resulting a political consensus to elevate this policy to its due level	3 months
R.1.1.2.	Amendments to the Rulebook on operation of the Government of the Republic of North Macedonia stating that all reports, decisions, draft laws and by-laws dealing with establishing public administration bodies or delegating functions are to be consulted with MISA	6 months
R.1.1.3.	MISA undertakes systemic and high quality work in driving the culture of efficiency and effectiveness in the national public administration and meaningfully comments reports and legal documents mentioned above to establish credibility of the public administration policy	Permanently

C.1.2.

Fragmented and unenforced framework for establishment and operation of public administration institutions, absence of systemic approach

Statement: General Law governs establishment of the state administration bodies and describes their functions. It seems to have been intended as the general law regulating the common framework for establishment and operation of state administration bodies, however it does not fully serve to this purpose strongly leading to the fragmentation of overall framework for establishment and operation of public administration institutions.

Description of the problem: According to the General Law, 62 state administration bodies were established, while other laws (incl. special laws) addressing individual sectors and subsectors of public policy govern establishment of 66 state administration bodies, as identified by the Mapping Table prepared within this assignment. The administrative bodies established

by special laws receive very diverse titles, are assigned status of a legal person without obvious criteria, and are delegated public policy functions without regard to their title and position in the hierarchy of the public administration of the Republic of North Macedonia.

In 2017 alone 11 new public institutions¹ were established which represents 0.8% increase in the total amount of public bodies. This clearly indicates that the **systemic approach as laid out in the General Law is either obsolete or not enforced by the Government** with its Legal Secretariat and General Secretariat, as well as the Parliament.

Reasons behind: In many interviews such proliferation of special laws was attributed to the particular status of the General Law: it can only be amended by 2/3 of the Parliament, int.al. respecting the Badinter principle enshrined in the Ohrid Agreement. Over time, this created a political environment preferring to comply with the letter but not the spirit of the General Law: instead of modifying and adding to the country's public administration by amending the General Law, a very impressive number of special laws were created and amended.

Implications A: This hands-off approach is problematic, not only because it makes legal nihilism endemic in the political system, but also due to destructive impact on coordination of public policy in all its stages: formulation, implementation, and control. Unclear hierarchies, changing numbers of public administration bodies, and uncertain distribution of functions prevent detailed and through policy planning; disallow effective collaboration in implementation of public policies; hinder monitoring and information exchange, reporting, and collection; as well as complicate control over policy implementation and functioning of the markets at the same time resulting in excessive administrative burden on entrepreneurs and citizens. Clarifying hierarchies, functions and roles of public administration bodies could result in significant efficiency gains throughout the system and on the level of the national economy.

Implications B: Weak leadership in the area of public administration policy and continuous process of creation of new public administration bodies prevents progress in many other policy areas: reforms in education sector, healthcare sector, and improving business environment by cutting on administrative burden and red tape are all directly disturbed by lack of streamlined approach to public administration. Effective and decisive leadership in this area could produce significant positive spill-overs in other policy areas.

Recommendations and implementation timeline:

R.1.2.1.	Political level consensus on moratorium for establishing new public administration bodies until a new General Law governing the state administration institutions is elaborated and passed by the Government and approved by the Parliament	To be implemented immediately
R.1.2.2.	MISA elaborates criteria for establishment of new public administration bodies and proposes those to the Government	6 months
R.1.2.3.	MISA in collaboration with the Legal Secretariat elaborates a new General Law serving as a single legal act governing the state administration institutions and submits it to the Government for approval by the Parliament	2 years

¹ MISA data

C.1.3. At normative level there are many types of state administration bodies without clear common set of functions for each of the type

Statement: The institution creation drive Republic of North Macedonia experienced in the last fifteen years had one more negative side effect on organisation of the public administration: proliferation of types of state administrative bodies without respect to their position in the overall hierarchy of public administration and disregarding their functions.

Description of the problem: The General Law stipulates that there are certain types of state administrative bodies: ministries, other state administration bodies with sub-types (directorate, archive, agency, commission, administration, bureau, service, inspectorate, and captains charge) as well as administrative organizations (institute or office). At the same time, and without paying any respect to the General Law, special laws identified during the mapping exercise provided for additional types of institutions as reflected in their titles or elsewhere in the laws: fund, council, centre, and others. This creates more types and sub-types of institutions functioning as a part of public administration in the country, which is highly unusual as benchmarked against the average number of types used at a national level in the OECD countries, which is five. **Streamlining this typology as well as compiling it into one legal document could bring obvious management and coordination benefits.**

Moreover, the **types of state administration bodies stipulated in the General Law and special laws do not seem to be connected to actual functions that the bodies carry out** or to the position in the hierarchy of public administration in general or executive branch in particular. While in most OECD countries a name of an institution indicates a set of functions it performs or the hierarchical level it occupies, the typology as applied in the Republic of North Macedonia is not informative, complicating coordination of policy delivery and levying additional administrative burden on private enterprises and citizens.

Table 7: Types applied for different categories of state administration bodies

	Directorate	Archive	Agency	Commission	Administration	Bureau	Service	Inspectorate	Captains charge	Institute	Office	Other, not mentioned in General Law
Regulatory bodies			x	x								
Independent state authorities	x		x	x							x	x
Body within ministry					x	x	x	x	x		x	x
Independent state administration bodies	x	x	x	x						x		x
Legal entity with public powers			x							x		x

Reasons behind: It seems the reasons for this occurrence are similar to those identified in a few other findings: uncoordinated and intensive creation of institutions without much of legislative guidance from either of the institutions performing the Centre of Government functions resulted in unnecessary innovation in establishing new types of institutions and absent link between the type and actual content of the job.

Implications A: Both state administration bodies and entrepreneurs and citizens may find it difficult to orientate themselves with regards to identifying an institution to refer to in case of specific need, which creates inefficiencies in implementing public policies and running businesses.

Implications B: Absence of unified typology also makes it more difficult to initiate a reform in public administration because additional administrative effort needs to be invested in vetting and understanding the actual policy role and functions of the individual state administration body. Types must be meaningful: inconsistent use of types defeats the purpose of introducing typology.

Recommendations and implementation timeline:

R.1.3.1.	Reduce the number of sub-types of institutions, linking them with the primary policy functions, i.e. policy planning, implementation and control (see also C.3.1.)	1 year
R.1.3.2.	Define the purpose / common set of functions for each type and sub-type of institution	1 year

C.1.4. Conditions of allocation of legal entity to a state administration body are unclear

Statement: Article 8 of the General Law defines that some bodies of the state administration may acquire a status of legal entity granted by a law which establishes them. However, **there are no common and transparent conditions of allocation of legal entity status to state administration bodies in the Country.**

Description of the problem: The traditional theory emphasizes the state as a single judicial person, i.e. the notion of the initial judicial person in terms of its legal capacity should fully comply with the notion of human being. Thus, only the state as artificial creation could have the judicial entity or a person comparable to a human being (Savigny, 1840).

Some younger legal theories allow individual institutions to have the partial legal capacity in relation to a particular set of provisions, e.g. procedural rules for litigation among the public institutions. Nevertheless, the status of the legal entity remains a subject to an examination against the criteria, such as:

- evidence of economic element (economic interests differs between various state administration bodies),
- evidence of legal element (practical capacity to implement its rights arising from a status of a legal entity). This approach would allow allocating a legal entity status to an individual institution only in duly justified cases.

Most of the European countries follow the theory of the state as the initial judicial person, not granting the legal personality to individual institutions of the central executive branch, thus emphasizing the unity of the public administration.

In current situation in Country the legal person status has been granted to 102 executive branch state administration bodies among all groups of institutions. The institutions enjoying the status of legal entity are established both by the General Law and the individual laws; both the Government and the Parliament have established bodies with legal entity; legal entities were granted to both state administration bodies within other institutions as well as separate bodies.

Reasons behind: During a series of interviews throughout the assignment, the issue of a legal entity was raised and no formal set of criteria or underlying administrative, political, policy or economic reasons have been identified. One motivation for striving to have a status of a legal entity is budgetary procedure providing for a separate budget line for a body with a legal entity, thus allowing for a greater financial independence and accompanying benefit of establishing separate rules of organisation, int.al. salary levels and other remuneration conditions.

Implications A: Such greater administrative and financial independence of state administrative bodies with legal entity status may allow attracting talent to especially important bodies with key public administration functions, but the research does not identify correlation between a status and a type of function or level of policy responsibility a state administrative body is charged with. This creates uneven conditions disturbing work organisation in public administration already suffering from weakened policy discipline.

Implications B: Financial independence of certain state administrative bodies with legal entity in all probability creates budgetary impact on increased spending from public coffers without the necessary transparency in both decision-making stage and monitoring stage of the public finance management process. Proliferation of such approach in conjunction with continuous process of institution-creation could make public finances a subject to unmanageable risks as proposals for newly established bodies exhibit a heightened tendency for granting legal entity status and increase potential outlays of public funds.

Recommendations and implementation timeline:

R.1.4.1.	Take a cardinal decision regarding a legal concept of legal entity of state administrative bodies in the process of elaboration of a new General Law	3 years
R.1.4.2.	In case it is decided that state administration bodies are to have legal entity in certain cases, elaborate specific set of criteria for such status based on policy content, and type and level of policy function	1 year

C.1.5. Self-sufficiency, capacity and rationale for existence of smaller institutions is questionable

Statement: Almost one fifth of the public sector institutions have staff numbers below twenty employees. In the context of a very high overall number of institutions, **rationale for existence of so many small institutions is questionable due to their limited capacity and self-sufficiency, as well as seemingly unnecessary overhead costs.**

Description of the problem: According to the figures of the Annual Report of Public Sector Employees (2016), the average number of employees in a single public institution is around 100. However, there are 245 or 18.3% public institutions with numbers of staff below 20 and out of them 44 bodies, or 3.4% of the total number of institutions, with numbers of staff below five.

The highest amount of the institutions with less than 20 employees could be found among the category of public institutions – 124 entities. Close to 40% of public enterprises have the numbers of employees below 20. Within the group of the legal entity with public powers the majority of the institutions have employees' numbers below 20, while the average number of the employees for the category is reasonably high – 197. The extremes in terms of size could be found among the bodies within the ministries: there are entities with above 1 000 employees

and entities with less than 20 employees. The size of the local self-governments differs considerably presuming the local self-government is supposed to carry out the standard set of functions, even if a considerably different amount of workload is in fact necessary to implement the functions effectively.

It is highly questionable how an institution with less than 5 employees (and even less than 20) employees could efficiently perform their functions, taking into account that the set of functions for each institution is composed both of the business / policy functions and support / administrative functions. According to the OECD estimates, the support functions in public administration (budgeting, administration, record keeping, bookkeeping, IT, legal, procurement, etc.) form around 20-25% of institutions workload. Thus, **there seem to be a certain threshold, under which the self-sufficiency of the institution becomes doubtful.**

Table 8: Size of public institutions by selected categories of institutions²

Selected categories of bodies	Total number of bodies	Average number of employees	Bodies with <20 employees	Bodies with <5 employees
Regulatory bodies	10	37.5	3	2
Independent state authorities	12	61.6	2	1
Bodies within ministries	32	143.5	10	0
Legal entity with public powers	8	197.1	5	0
Court councils	2	22	1	0
Courts	34	70.1	3	0
Public prosecution council	1	8	1	0
Public prosecutors offices	29	15.8	23	8
Local self-governments	81	70.1	16	0
Legal entities with public powers at regional level	8	5.3	8	1
Public institutions	889	74.2	124	23
Public enterprises	125	143	49	9

Reasons behind: The research uncovered that a tendency for numerous small scale state administrative bodies and especially state and public enterprises might arise from a political culture of providing management positions and associated income to persons important to political parties: party functionaries and activists, former politicians, etc. Those management positions often are filled with politically appointed persons, not the ones selected through an open competitive procedure – so assigning those portfolios and associated incomes to politically connected individuals certainly seems possible.

² Table prepared based on Annual Report of Public Sector Annex 3 data

Implications A: It is the conclusion of this research that rationale for small state administrative bodies is very weak and needs to be analysed in greater detail. Underlying functions of those small bodies seem to be impossible to implement, thus failing national policy objectives depending on functions entrusted to those small bodies.

Implications B: It seems that a practice of politically appointing party-connected individuals to management of state administration bodies in conjunction with glaring inefficiencies and high numbers of small state administrative bodies creates a toxic public administration culture.

Implications C: Moreover, the management positions (normally one to three in state administrative bodies and three to nine in state and public enterprises) are not recorded as employees of the state administrative bodies they manage – at the same time, these management positions do not seem to be recorded as employees of the institutions that ultimately appoint them, and therefore actual numbers of employees are misrepresented.

Recommendations and implementation timeline:

R.1.5.1.	Analyse small state administrative bodies and consider amalgamating most of those to create larger more capable bodies	1 year
R.1.5.2.	Perform an analysis and centralise support / administration functions to at the level of policy sector or in some cases (competitive hiring) at the national level	3 years
R.1.5.3.	Introduce competitive hiring for all vacancies throughout public administration	1 year

4.2. Hierarchy of Public Administration

The Republic of North Macedonia public administration is untraditionally numerous in terms of its administrative bodies as well in terms of employment count. Public administration historically developed out of military structures and took liking from the strongly implemented military hierarchies; most public administrations are still referred to as services and employees more often serve than work in the public service. This implies that certain hierarchies are necessary to be described, implemented and if needed enforced.

C.2.1.	State administration is not organised in a single hierarchical system according to a clear principles of vertical subordination
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Statement: The state administration bodies in the Republic of North Macedonia **do not seem to operate in a unified hierarchical system whereby ever institution is clearly subordinate to some other institution, forming a hierarchical pyramid, and establishing clear accountability and reporting lines**, enabling the Government and the Parliament to define policy priorities and implement those.

Description of the problem: The executive branch of power with a Prime Minister at the top in parliamentary systems is accountable towards the Parliament. The Prime Minister leads work of ministers, while the ministers are in charge of political management of the respective sector / sectors. Down at the administrative level, the respective sectorial policy is defined by the line ministry, implemented by one or few agencies, and controlled by one or few inspections, all of them operating within the particular policy sector. Thus, the state administration is structured in a strictly hierarchical system, where each institution belongs to a particular sector, which is run by a Minister, and the institutions within the sector have clear subordination, i.e. all

subordinate institutions are accountable towards a line ministry or minister. The exceptions from the system are acceptable only in duly justified cases, e.g. institutions in charge of corruption prevention that could be treated as function standing out of any policy sector.

According to the mapping exercise, there are 11 institutions operating as independent public authorities in the executive branch of power, which accounts for about 8.6% of all executive branch institutions. Majority of state administration bodies (without Government, ministries and Secretariats) report not only to the line ministry responsible for the policy sector they operate in, but also to the Government directly. Thus, on one hand the Minister could not be fully responsible for the policy in his/her domain; and on the other hand the Government has the direct interface with at least 98 institutions in executive branch which only allows formal supervision on the policies without the filtering and intellectual contribution of the policy leader – i.e. responsible line ministry. Similar situation is identified among the 21 state administration bodies reporting to the Government and the Parliament.

Reasons behind: Institution creation that permeated political agenda of the country in the last ten to fifteen years in the absence of meaningful and enforced public administration policy allowed for elaboration of less than perfectly thought-through legal initiatives resulting in cluttered hierarchy or even undefined subordination. One of the reasons for this is that most of those institutions are created through *lex specialis* and consequently are not well fitted within the framework established with the Law on Organisation and Operation of State Administrative Bodies (General Law). An effective leadership, even in terms of advisory assistance and guidance, could have helped to prevent this deficiency.

Implications: Current situation is characterised by overflowing Government agenda and lack of policy coordination across the national policies as well as within individual policy sectors. In absence of hierarchical work organisation untraditionally large number of institutions chose to report directly to the Government, preventing the leadership from concentrating on key political executive decisions. Lack of sector policy coordination demands the Government to pay its attention to fragmented reports dealing with individual aspects of policy, and inability of line ministries to provide meaningful synthesis of reports incoming at different dates inevitably leads to atrophy of content debate in the Government. Therefore the **Government effectively loses its ability to monitor and manage implementation of its policies.**

Recommendations and implementation timeline:

R.2.1.1.	Implement sector hierarchy approach in organisation of public administration with line ministry at the top of the sector and all other institutions operating in the policy area subordinated to the line ministries ³	1 year
R.2.1.2.	At a later stage of public administration reform, consider amalgamating agencies operating in the same policy area among themselves, and amalgamating inspectorates in the same policy area among themselves	2 years

C.2.2.

Reporting lines are confused

³ With obvious exceptions made for corruption prevention, capital market supervision, and other similar functions that demand and independent public administration body to be in charge.

Statement: The reporting lines of the state administration bodies are confused – the **accountability of the executive branch institutions is not certain, having two or even more reporting lines per institution**, often bypassing the line minister as the politician responsible for the policy sector.

Description of the problem: According to the mapping table, a variety of the actual reporting possibilities could be distinguished: different types of the state administrative bodies report both to an executive branch body and to an institution outside the executive branch; other types of state bodies report to several executive branch bodies. Altogether 62 executive branch institutions have more than one reporting line, resulting in unnecessarily cluttered public administration communication lines and overly busy Government agenda.

Reasons behind: The reasons for the problem lie in the fact that the heads of the institutions quite commonly are appointed by the entities outside their policy sector, e.g. the Government, or outside the executive branch altogether, e.g. Parliament. As a consequence, the reporting line towards the appointing institution is being created in parallel to the reporting within the respective policy area and within the executive branch.

Deriving from absence of vertical internal hierarchy of the state administration bodies within the executive branch, quite commonly the executive branch institutions have 2 or even more reporting lines. The research has not found the evidence for the specific scope of the reporting towards the different institutions.

Implications: The Government and other institutions implementing the functions of the Centre of Government have an unmanageable number of interlocutors, preventing in-depth policy debate, decision-making, monitoring and corrections to implementation paths of national policies – the Government defects to formal process-based functioning. Numerous reporting lines prevent achieving clarity in division of responsibilities, accountability, as well as loss of important monitoring insight in the clutter.

Recommendations and implementation timeline:

R.2.2.1.	Simultaneously with establishing the single vertical hierarchy within the executive branch, introduce clear accountability and reporting lines ⁴	1 year
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4.3. Functional Division

Specialisation is a key to efficient performance, and it must be based on clearly described division of labour between the groups of employees involved. In terms of public sector this principle implies division of responsibilities between state administration bodies on one hand to allow for sufficiently narrow specialisation of personnel of each individual institution, and on the other hand to ensure that all stages of the policy cycle are covered without gaps and overlaps.

⁴ E.g., the Prime-Minister reports to the Parliament; All ministers report to the Prime-Minister; All ministries report to their respective ministers; All agencies report to their respective ministries; All or most inspectorates report to their respective ministries; Some inspectorates in specific and duly justified cases report to: Prime-minister, or Parliamentary Committee overseeing the relevant policy area.

C.3.1. No institutional split for policy planning, implementation and control and allocation of the functions for certain type of the institutions

Statement: There is **no division of responsibilities depending on the roles entrusted to each body: policy definition, policy delivery and policy control**. It is considered international best practice to delineate functions of public bodies between the three roles to avoid inbuilt conflict of interest and improve transparency and accountability. The functions could be allocated to different types of the institutions.

Description of the problem: Article 13 of the General Law defines functions to be performed by the state administrative bodies. The list includes eleven standard functions related to the phases of the policy making – i.e. policy planning, policy implementation, and control. Majority of the functions allocated to state administrative bodies are related to the policy implementation. The **General Law does not clearly set out the function for the policy planning**, e.g. policy elaboration for long, medium, and short-term periods. It occurs that the primary tool for policy planning is legal acts, instead of policy planning documents, from which legal acts and tasks to public administration bodies are derived. Also the policy evaluation function in respect to the policy outcomes, results and impacts is not mentioned among the functions of the state administration bodies, which leaves a policy cycle incomplete.

According to Article 5 part (2), ministries are established for the purpose of carrying out functions of the state administration grouped according to areas of one or more related policy portfolios. There are no clear remarks in the General Law on how the competency of other types of the state administration bodies is to be defined. As a conclusion, the **Law does not allocate the policy planning, policy implementation and policy control functions to particular types of institutions**.

Table 9: Functions of the state administrative bodies in respect to the policy planning, implementation and control

Function, according to Art.13 of the General Law	Policy planning	Policy implementation	Policy control
Implement the policy of enforcement of laws and other regulations of the Assembly of the Republic of North Macedonia and the regulations of the Government of the Republic of North Macedonia		x	
Be responsible for the implementation of the laws and other regulations		x	
Implement the guidelines and positions of the Government related to the work of the state administrative bodies		x	
Monitor and be responsible for the state of affairs in the fields for which they have been established		x	
Give initiatives for resolution of issues in the fields for which they have been established		x	
Decide on administrative matters		x	x
Supervise the legality of the acts and operation of the trade companies, institutions and other legal entities when authorized by law			x
Perform administrative supervision and inspection and other administrative activities when authorized by law			x
Prepare draft laws to be proposed by the Government	x		

Prepare draft regulations to be adopted by the Government	x		
Perform other activities defined by the Constitution and by law	x	x	x

Reasons behind: The research has not identified specific reason for such omission in the General Law or any other legal document governing organisation of public administration in the Country. It might be that this aspect of organisation was not considered at the time of elaboration of the General Law, and since then remained not addressed, provided a constitutional majority required for amendments.

Implications: Lack of clear separation of roles with regards to the policy cycle prevents elaborating a more detailed division of functions between state administrative bodies within a policy area and allows for low effectiveness and low transparency status quo to persist.

Recommendations and implementation timeline:

R.3.1.1.	Adopt the principle where all institutions of the executive branch should fall within one of 3 types of institutions ⁵	1 year
R.3.1.2.	Define the set of the functions for each of the 3 types of the institutions	1 year
R.3.1.3.	Introduce the policy evaluation function among the primary functions of the line ministries	1 year

C.3.2. Fragmentation of the Centre of Government, and missing responsibility for policy coordination function

Statement: The Centre of Government⁶ in the Republic of North Macedonia, according to the functional split consists of five institutions, or even six, if one includes the Prime Minister's Office as a separate body, which it functionally is. This exceeds the EU average 2-3 times, where the CoG functions most commonly are performed by the State Chancellery or its equivalent and the Ministry of Finance. As a result of such work organisation, **performance of certain functions of the CoG is made unnecessary more complicated and involves excessive amount of coordination effort.** More worryingly, the CoG lacks meaningful policies coordination function and monitoring function as effort of bodies fulfilling the CoG functions are strongly focused on provision of technical process of the Governments work.

Description of the problem: The General Secretariat is considered to be the principal institution performing the functions of the Centre of Government; however it mainly ensures technical support for the provision of the government meetings. Ensuring of legal conformity is divided among 3 institutions, including the *acquis communautaire* conformity. Planning of resources is split unevenly between the Ministry of Finance and the Secretariat for the EU Affairs responsible for coordination of the donor provided support, at the same time a number of key institutions are discussing technical assistance with the EU Delegation and other international development partners rather autonomously. Relationships with other branches of

⁵ a) policy planning type: only a ministry is charged with the policy planning and evaluation competence; b) policy implementation: all institutions charged with implementation competence shall be called agency; c) control function: all institution charged with control function will be called inspectorates.

⁶ OECD SIGMA Paper No 35, 2004: Co-ordination at the Centre of Government: The Functions and Organisation of the Government Office Comparative Analysis of OECD Countries, CEECs and Western Balkan Countries.

power are handled by the General Secretariat and the Prime Minister's Office. The two horizontal priorities often mentioned as traditional examples by OECD are handled by two vertical institutions in the Republic of North Macedonia: the Secretariat for the EU Affairs and the Ministry of Information Society and Administration. At the same time **no institution is in charge of the policies coordination function ensuring the aligned policy content of proposals for government decision making**. Likewise, no institution is in charge of in-depth monitoring of policy implementation – various state administration bodies submit their reports to the Government or Parliament, without a single institution performing a function of intellectual or at least administrative and technical hub for such reporting and monitoring effort.

Table 10: Allocation of the Centre of Government functions

Centre of Government function	GenSec	LegSec	SecEA	MoF	MISA	PMO
Co-ordination of preparation of the government sessions	x					
Ensuring legal conformity of documents and decisions	x	x	x			
Co-ordination of preparation and approval of the government's strategic priorities and work programme	x					
Ensuring that policies are affordable, and co-ordination of public sector resource planning			x	x		
Co-ordination of the government's communication activities to ensure a coherent government message						x
Co-ordination of the policy content of proposals for government decision making, including defining the policy preparation process and ensuring coherence with government priorities						
Monitoring of the government's performance to ensure the government collectively performs effectively and keeps its promises to the public						
Handling relations between the government and other parts of the state (president, parliament)	x					x
Co-ordination of specific horizontal strategic priorities, e.g. European Integration affairs, public administration reform, etc.			x		x	

Reasons behind: The reasons for such division at the top of the executive power have not become obvious during this research. It seems greater degree of amalgamation could benefit coordination and overall efficiency. The EU Delegation throughout the transition countries, and especially in the post-Soviet states and in the Balkans, have a history of demanding establishment of a separate counterpart-institution for coordination of the EU integration efforts, and not all countries managed to withstand the pressure.

Implications: Fragmentation of responsibility within the CoG leads to inefficiencies in division of workload and use of administrative capacity. Such fragmentation often creates conditions for loss of responsibility for certain, often more challenging functions, e.g. coordination of policies, avoiding policy gaps and overlaps and monitoring of progress in achieving the content objectives.

Recommendations and implementation timeline:

R.3.2.1.	Establish a meaningful policy coordination function with necessary capacities	6 months
R.3.2.2.	Based on similarities of implemented functions, consider a possibility to merge some bodies implementing functions of the CoG	1 year

4.4. Human Resources

The main resource that any public administration has at its disposal is human capital that can be employed to perform all its functions. Efficient use of the available human capital and improving capacities both in terms of new hires and in terms of growing qualifications and expertise of existing staff are three pillars of human resource management. The Government has responsibility towards the nation to use all tools available to ensure the best possible use of human resources in public administration to attain development priorities of the country.

C.4.1.	Professionalization of the human resources working in public administration institutions is needed
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Statement: Even though the proportion of the public sector employees is comparable with the EU and OECD countries, the **public administration of the Country seems to be lacking capacities, skills, incentives, and in some cases motivation** to perform the functions in the most effective and results oriented way.

Description of the problem: According to the Annual Report on Public Sector Employees of 2016, there are 129 653 persons employed in public sector institutions. In comparison with 2015, the total number of employees has increased by 15.5%, which seems to be a very significant growth⁷. At the same time, not even the Public Administration Reform Strategy approved by the government on February, 2018 claims to have certainty with regards to the numbers of public sector employees or employees in the public administration, which makes target setting challenging. Meanwhile, anecdotic evidence throughout interview process, and official letters addressed to the EU Delegation indicate that certain groups in the national, regional and local public administration are only formally employed in the public jobs but do not in fact work, and in some cases live far enough to make daily commute to work highly improbable.

The research found that **competencies are not defined** for the staff of the state administration bodies, resulting in absence of sound foundation for competence-based hiring process and professionalization of public administration. This gap in public administration policy enforces the vicious cycle preventing effective capacity building of the public service.

Interviews carried out within this research identified the following issues. Formal approach to filling vacancies is sometimes observed, e.g. dozens of vacancies are open with application deadlines of mere couple of days. Oftentimes, criteria non-specific to actual responsibilities of

⁷ At least part of this increase must be attributed to greater success in identification of state administrative bodies by the MISA team responsible for drafting the Annual Report on Public Sector Employees of 2016, but growing number of bodies in all probability leads to some growth in employment.

positions to be filled are published and applied to competition. Certain institutions keep positions vacant for longer times, seemingly allowing a potential candidate to accrue the necessary work experience in another position to qualify for mandatory criteria, e.g. at least one year of public administration experience for vacancies of state secretaries of line ministries.

Reasons behind: Lacking leadership in definition of public administration policy is the underpinning reason for the current challenges the Country faces in professionalization of the public employment. The fresh drive to revitalise the PAR is a great opportunity to start addressing this deficiency in a systematic manner.

In some interviews inappropriate application of Ohrid Agreement has been proposed as another reason for failure to professionalize the public administration and implement competitive hiring, but the evidence for this is insufficient as far as it was collected within this research.

Implications: Politicisation of public administration is mentioned as one of the key issues in the recent OECD SIGMA report on the Republic of North Macedonia. Politicisation is also traditionally connected to lacking transparency and corruption. Failure to implement professionalization of public administration as an antidote to politicisation leads to administrative and corruptive burden on enterprises and citizens, as well as lower quality, effectiveness and efficiency of public administration as a whole.

Recommendations and implementation timeline:

R.4.1.1.	Elaborate a system of key horizontal and special competencies for the public administration	1 year
R.4.1.1.	Carry out in-depth audit of human resources in the public administration, assessing quantitative and qualitative adequacy of staff for the implementation of functions	2 years
R.4.1.1.	Develop and implement competence-based approach for public administration throughout the human resource management cycle (staff hiring, assessment, competency increase, promotion, dismissal)	3 years
R.4.1.1.	Centralize the human resource hiring process for the executive branch institutions	1 year

4.5. Other Issues

C.5.1. Data reliability from the public sources is problematic

Statement: Data availability and reliability proved to be problematic during this research.

Description of the problem: The availability of reliable data from public sources makes independent assessment of operation of the public administration and international benchmarking possible, as well builds the trust of the citizens to transparency and effectiveness of public bodies.

Interface between key databases in the policy area is lacking; interoperability between those databases allowing int.al. cross-checking of data to improve reliability and quality of data seems far removed. A very significant amount of data is originated through self-reporting requirements, which demonstrably are insufficient to provide for a complete picture.

Reasons behind: The research indicates that meaningful leadership in information society and especially public administration data, which seems to be a low hanging fruit, is lacking. Even relatively recent IT systems do not have an interface for eventual data exchange and cross-check with other IT systems. It also seems that in certain institutions internal motivation to share and exchange data is absent – let alone provide foundation for open data initiatives.

Implications: Limited and fragmented data, as well as low reliability of data available, complicate performing analysis of public administration. Without complete and reliable information on the policy subject decisive and effective policy planning and implementation becomes very challenging.

Recommendations and implementation timeline:

R.5.1.1.	Elaborate and approve the standard form for the annual report of state administration bodies	6 months
R.5.1.2.	Mandate all state administration bodies to prepare and publish their annual reports on their website and Official Gazette electronic version	1 year
R.5.1.3.	Mandate that all financial resources of all state administration bodies are included in the national budget either as appropriations or as forecasts	1 year

5. Follow-up Implications

During implementation of the assignment, the key issues, challenges, risks, and opportunities associated with the further implementation of PAR have been identified. The table below presents the summary of the findings, and items are discussed in detail after the table to explain the underlying concepts and enable the reader to act upon them in practice.

Table 11: Key issues, challenges, risks, and opportunities associated with the further implementation of PAR

Issues	Challenges
<ul style="list-style-type: none"> ▶ PAR is the key to effective operation of the nation ▶ European Union considers PAR among the main conditions for integration progress 	<ul style="list-style-type: none"> ▶ Timeframe of the electoral cycle might disallow long-term justified decisions due to the short-term pain ▶ Limited capacity of MISA might prevent it from taking leadership role in PAR and Government reforms
Risks	Opportunities
<ul style="list-style-type: none"> ▶ Lacking political will might prevent the reform ▶ Development partners unprepared to provide support to the reform 	<ul style="list-style-type: none"> ▶ Inspiring progressive public servants will promote buy-in by the target group and society at large ▶ Effective PAR implementation will open up possibilities for other reforms

5.1. Issues

PAR is the key to effective operation of the nation

Deficiencies identified in previous chapters of the Report clearly demonstrate that PAR is justifiably considered a horizontal policy: improvements to functioning of the public administration will provide significant efficiency gains throughout the public sector and in the private economy. Formulation, delivery and control of new policy initiatives could receive qualitative gains due to more effective organisation of the public administration and its greater capacity.

EU considers PAR among the main conditions for integration progress

The EU integration remains one of the key priorities of the Republic of North Macedonia throughout all its coalitions and governments. The European Union accession process is formulated in 33 negotiation chapters, all of which include requirements addressing public administration transparency and capacity. This makes PAR a cornerstone of the integration effort – and one of the areas where quick gains are highly probable.

5.2. Challenges

Timeframe of the electoral cycle might disallow long-term justified decisions due to the short-term pain

Decisive implementation of PAR as formulated within the recently approved Strategy with or without complementing suggestions of this Report, might require significant changes to the status quo, which will prove discomfoting to many individuals benefitting from a current situation. These short-term negative impacts are immediate and clearly attributable to the current political leadership. On the other hand, efficiency gains will arise in medium to long-term and might not be as uniquely related to the PAR effort. The electoral calendar indicates that some political decisions might be influenced by loss aversion consideration.

Limited capacity of MISA might prevent it from taking leadership role in PAR and Government reforms

While PAR holds internationally recognised importance to the future of the Republic of North Macedonia, it needs a strong change leader. MISA charged with responsibility for oversight of implementation and directly responsible for majority of activities in the PAR Strategy needs both, to improve its administrative capacity and find ways to obtain high quality technical assistance in reasonable timing to underpin political efforts of the minister, so that the drive for the reform is sufficiently fuelled by the expertise.

5.3. Risks

Lacking political will might prevent the reform

Political will throughout the Government and the Parliament is required for implementation of many activities of the PAR Strategy and recommendations of this Report. Many initiatives are to be formulated as amendments to existing laws and by-laws, as well as completely new legal initiatives. Therefore a consensus throughout the political elite is a key path towards decisive and effective PAR implementation.

Development partners unprepared to provide support to the reform

While MISA has a political mandate and can rely on a highly motivated team of experiences specialists, the task of PAR implementation is massive. International development community can and must provide timely and considerate assistance to implementation of a key development policy. It can be done by being attentive to the needs of the beneficiary country and flexible to address those needs in the best possible manner. As discussed above, timing is also of an essence – therefore active and quick participation will be key.

5.4. Opportunities

Inspire progressive public servants to promote buy-in by the target group and society at large

Public administration is a massive and complex organism, which is even more true in the Republic of North Macedonia than in many other transition countries. Change management requires paying special attention to communication with the target groups to promote understanding and acceptance before significant alterations are introduced. Buy-in by key public servants will result in greater understanding within the society at large and contribute to success of the PAR.

Effective PAR implementation opens up possibilities for other reforms

Status of PAR as a horizontal policy provides for significant opportunities once the reform is under way. Efficiency gains on the horizontal level will translate to gains across public policy areas: education and healthcare, business environment and innovation, employment and international trade – all sectors of economy will benefit from greater transparency and accountability of public policies.

Annex 1: Action Plan for Implementation of Recommendations

ID	Recommendation	Implementation timeline ⁸	Responsible institutions	Related activities of the PAR Action Plan
1. Framework for public administration institutions				
R.1.1.1.	Report to the Government [accompanied by a series of seminars with top officials and politicians] on effective situation in the policy area of public administration resulting a political consensus to elevate this policy to its due level	3 months	Chief responsible: MISA	M 3.1.1 Mapping of institutions
R.1.1.2.	Amendments to the Rulebook on operation of the Government of the Republic of North Macedonia stating that all reports, decisions, draft laws and by-laws dealing with establishing public administration bodies or delegating functions are to be consulted with MISA	6 months	Chief responsible: MISA Other institutions involved: Secretariat for Legislation, General Secretariat	M 1.2.4 Increasing the involvement of the stakeholders in the process of creation, implementation, monitoring and evaluation of policies
R.1.1.3.	MISA undertakes systemic and high-quality work in driving the culture of efficiency and effectiveness in the national public administration and meaningfully comments reports and legal documents to	Permanently	Chief responsible: MISA	M 1.3.2 The establishment of mechanisms for coordination between the bodies of state administration that perform the functions of the “Government Center”

⁸ The implementation timeline is harmonized with PAR Action Plan for the related measures, except the PAR Action Plan measures with high risk of postponing of PAR Action Plan timelines.

	establish credibility of the public administration policy			
R.1.2.1.	Political level consensus on moratorium for establishing new public administration bodies until a new General Law governing the state administration institutions is elaborated and passed by the Government and approved by the Parliament	To be implemented immediately	Chief responsible: MISA Other institutions involved: Secretariat for Legislation, General Secretariat	M 3.1.1 Mapping of institutions
R.1.2.2.	MISA elaborates criteria for establishment of new public administration bodies and proposes those to the Government	6 months	Chief responsible: MISA	M 3.1.2 Reorganization / Optimization of the state bodies administration, agencies and inspection services from central government
R.1.2.3.	MISA in collaboration with the Legal Secretariat elaborates a new General Law serving as a single legal act governing the state administration institutions and submits it to the Government for approval by the Parliament	2 years	Chief responsible: MISA Other institutions involved: Secretariat for Legislation	M 3.1.2 Reorganization / Optimization of the state bodies administration, agencies and inspection services from central government
R.1.3.1.	Reduce the number of sub-types of institutions, linking them with the primary policy functions, i.e. policy planning, implementation and control (see also C.3.2.)	1 year	Chief responsible: MISA Other institutions involved: Secretariat for Legislation	M 3.1.2 Reorganization / Optimization of the state bodies administration, agencies and inspection services from central government
R.1.3.2.	Define the purpose / common set of functions for each type and sub-type of institution	1 year	Chief responsible: MISA Other institutions involved:	M 3.1.2 Reorganization / Optimization of the state bodies

			Secretariat for Legislation	administration, agencies and inspection services from central government
R.1.4.1.	Take a cardinal decision regarding a legal concept of legal entity of state administrative bodies in the process of elaboration of a new General Law	3 years	Chief responsible: Secretariat for Legislation Other institutions involved: MISA	M 3.1.2 Reorganization / Optimization of the state bodies administration, agencies and inspection services from central government
R.1.4.2.	In case it is decided that state administration bodies are to have legal entity in certain cases, elaborate specific set of criteria for such status based on policy content, and type and level of policy function	1 year	Chief responsible: Secretariat for Legislation Other institutions involved: MISA	M 3.1.2 Reorganization / Optimization of the state bodies administration, agencies and inspection services from central government
R.1.5.1.	Analyse small state administrative bodies and consider amalgamating most of those to create larger more capable bodies	1 year	Chief responsible: MISA	M 3.1.2 Reorganization / Optimization of the state bodies administration, agencies and inspection services from central government
R.1.5.2.	Perform an analysis and centralise support / administration functions to at the level of policy sector or in some cases (competitive hiring) at the national level	3 years	Chief responsible: MISA	M 3.1.2 Reorganization / Optimization of the state bodies administration, agencies and inspection services from central government
R.1.5.3.	Introduce competitive hiring for all vacancies throughout public administration	1 year	Chief responsible: MISA	M 2.2.1 Decreasing of the risks of politicization by introducing clear criteria and transparency in selection the best candidate for employment and promotion

2. Hierarchy of public administration

R.2.1.1.	Implement sector hierarchy approach in organisation of public administration with line ministry at the top of the sector and all other institutions operating in the policy area subordinated to the line ministries ⁹	1 year	Chief responsible: MISA Other institutions involved: Secretariat for Legislation	M 3.1.2 Reorganization / Optimization of the state bodies administration, agencies and inspection services from central government
R.2.1.2.	At a later stage of public administration reform, consider amalgamating agencies operating in the same policy area among themselves, and amalgamating inspectorates in the same policy area among themselves	2 years	Chief responsible: MISA Other institutions involved: Secretariat for Legislation	M 3.1.2 Reorganization / Optimization of the state bodies administration, agencies and inspection services from central government
R.2.2.1.	Simultaneously with establishing the single vertical hierarchy within the executive branch, introduce clear accountability and reporting lines ¹⁰	1 year	Chief responsible: MISA Other institutions involved: Secretariat for Legislation	M 3.1.2 Reorganization / Optimization of the state bodies administration, agencies and inspection services from central government
3. Functional division				
R.3.1.1.	Adopt the principle where all institutions of the executive branch should fall within one of 3 types of institutions ¹¹	1 year	Chief responsible: MISA Other institutions involved: Secretariat for Legislation	M 3.1.2 Reorganization / Optimization of the state bodies administration, agencies and inspection services from central government
R.3.1.2.	Define the set of the functions for each of	1 year	Chief responsible: MISA	M 3.1.2. Reorganization/ optimization of the state

⁹ With obvious exceptions made for corruption prevention, capital market supervision, and other similar functions that demand and independent public administration body to be in charge.

¹⁰ E.g., the Prime-Minister reports to the Parliament; All ministers report to the Prime-Minister; All ministries report to their respective ministers; All agencies report to their respective ministries; All or most inspectorates report to their respective ministries; Some inspectorates in specific and duly justified cases report to: Prime-minister, or Parliamentary Committee overseeing the relevant policy area.

¹¹ a) policy planning type: only a ministry is charged with the policy planning and evaluation competence; b) policy implementation: all institutions charged with implementation competence shall be called agency; c) control function: all institution charged with control function will be called inspectorates.

	the 3 types of the institutions		Other institutions involved: Secretariat for Legislation	administration bodies, agencies and inspection services of the central government
R.3.1.3.	Introduce the policy evaluation function among the primary functions of the line ministries	1 year	Chief responsible: MISA	M 1.3.3 Strengthening system performance for deciding the government of RM
R.3.2.1.	Establish a meaningful policy coordination function with necessary capacities	6 months	Chief responsible: MISA	M 1.3.2 The establishment of mechanisms for coordination between the bodies of state administration that perform the functions of the “Government Center”
R.3.2.2.	Based on similarities of implemented functions, consider a possibility to merge some bodies implementing functions of the CoG	1 year	Chief responsible: MISA Other institutions involved: Secretariat for Legislation, General Secretariat	M 3.1.2. Reorganization/ optimization of the state administration bodies, agencies and inspection services of the central government
4. Human resources				
R.4.1.1.	Elaborate a system of key horizontal and special competencies for the employees of public administration	1 year	Chief responsible: MISA	M 2.1 Depoliticization of the administration through the enhanced application of principles of merit, equal opportunities and adequate and equitable representation, such as and the professionalization of senior management positions (senior civil service)
R.4.1.1.	Carry out in-depth audit of human resources in the public administration, assessing quantitative and qualitative adequacy of staff for	2 years	Chief responsible: MISA	M 2.1 Depoliticization of the administration through the enhanced application of principles of merit, equal opportunities and

	the implementation of functions			adequate and equitable representation, such as and the professionalization of senior management positions (senior civil service)
R.4.1.1.	Develop and implement competence-based approach for public administration throughout the human resource management cycle (staff hiring, assessment, competency increase, promotion, dismissal)	3 years	Chief responsible: MISA	M 2.1 Depoliticization of the administration through the enhanced application of principles of merit, equal opportunities and adequate and equitable representation, such as and the professionalization of senior management positions (senior civil service)
R.4.1.1.	Centralize the human resource hiring process for the executive branch institutions	1 year	Chief responsible: MISA	M 2.1 Depoliticization of the administration through the enhanced application of principles of merit, equal opportunities and adequate and equitable representation, such as and the professionalization of senior management positions (senior civil service)
5. Other issues				
R.5.1.1.	Elaborate and approve the standard form for the annual report of state administration bodies	6 months	Chief responsible: MISA	
R.5.1.2.	Mandate all state administration bodies to prepare and publish their annual reports on their website and Official Gazette electronic version	1 year	Chief responsible: MISA	
R.5.1.3.	Mandate that all financial resources of all state administration bodies	1 year	Chief responsible: MISA	

	are included in the national budget either as appropriations or as forecasts		Other institutions involved: Ministry of Finance	
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Annex 2: Summary of Institutions Mapping - State Administration Bodies

Government, Ministries and Secretariats

Total number		21
Law of establishment	General Law	15
	Law on Government	5
	Constitution	1
Type	Government	1
	Ministry	15
	Secretariat	4
	Service	1
Legal personality	Yes	16
	No	5
Policy function	Planning & Implementation & Control	1
	Implementation	5
	Implementation & Control	15
Reporting lines	Parliament	1
	Parliament & Government	15
	Government	5
Source of financing	State budget	21
Territorial coverage	National	21
	Local	0

Bodies within Ministries

Total number		45
Law of establishment	General Law	39
	Individual Laws	6
Type	Administration	20
	Bureau	8
	Captains charge	1
	Inspectorate	14
	Service	2
Legal entity	Yes	27
	No	13
	n/d	5
Policy function	Implementation	13
	Control	14
	Planning & Implementation	4
	Implementation & Control	10
	Planning & Implementation & Control	1
	n/d	3
Reporting lines	Government	5
	Ministry	6
	Government & Inspection Council	8
	Government & Inspection Council & Ministry	5
	Government & Host Ministry	14
	Government & Ministry & Other	1
	Government & Parliament & Ministry & Ombudsman	1
	Government & Parliament & Ministry	1
	Government & Ministry & MoF & State Audit Office	1
	n/d	3
Source of financing	State budget	33
	State budget & self-financing	2
	State budget & self-financing & donations	4
	State budget & Other	3
	n/d	3
Territorial coverage	National	45
	Local	0

Independent Public Administration Authorities

Total number		32
Law of establishment	General Law	8
	Individual Laws	24
Type	Agency	18
	Archive	1
	Commission	1
	Directorate	5
	Institute	2
	Office	2
	Other (Attorney General, Audit Body, Center)	3
Legal entity	Yes	29
	No	0
	n/d	3
Policy function	Implementation	18
	Control	1
	Implementation & Control	13
Reporting lines	Government	25
	Government & Ministry	2
	Government & line ministry & MoF & State Audit Office & EU institution	1
	Government & financial auditor & 2 EU institutions	1
	Government & Ministry & Other	1
	n/d	2
Source of financing	State budget	11
	State budget & donations	2
	State budget & donations & other	7
	State budget & Other	6
	State budget & self-financing	1
	State budget & self-financing & donations	2
	State budget & self-financing & EU financing	1
	Self-financing & EU financing & Donations & Other	1
	n/d	1
Territorial coverage	National	32
	Local	0

Legal Entities with Public Authorization

Total number		8
Law of establishment	General Law	0
	Individual Laws	8
Type	Agency	1
	Council	2
	Fund	4
	Institute	1
Legal entity	Yes	8
	No	0
Policy function	Implementation	3
	Planning & Implementation	1
	Implementation & Control	3
	Planning & Implementation & Control	1
Reporting lines	Government	6
	Government & Ministry	1
	Government & Ministry & Parliament	1
Source of financing	State budget	1
	Self-financing	1
	State budget & self-financing & donations	4
	State budget & Other	1
	Other	1
Territorial coverage	National	8
	Local	0

Independent Public Authorities

Total number		11
Law of establishment	General Law	0
	Individual Laws	11
Type	Agency	1
	Commission	7
	Directorate	1
	Office	1
	Other	1
Legal entity	Yes	11
	No	0
Policy function	Implementation	2
	Control	2
	Implementation & Control	7
Reporting lines	Parliament	10
	Government & MoF	1
Source of financing	State budget	8
	State budget & self-financing	2
	State budget & Other	1
Territorial coverage	National	11
	Local	0

Regulatory Bodies

Total number		10
Law of establishment	General Law	0
	Individual Laws	10
Type	Agency	7
	Commission	3
Legal entity	Yes	10
	No	0
Policy function	Implementation	1
	Planning & Implementation	1
	Implementation & Control	8
Reporting lines	Parliament	8
	Parliament & Government	1
	Parliament & Government & Ministry	1
Source of financing	State budget & Self-financing & Donations	1
	State budget & Self-financing	1
	Self-financing	4
	Self-financing & Donations	4
Territorial coverage	National	10
	Local	0

Special Public Administration Authority

Total number		1
Law of establishment	General Law	0
	Individual Laws	1
Type	Agency	1
Legal personality	Yes	1
	No	0
Policy function	Implementation	1
Reporting lines	President & Parliament & Government	1
Source of financing	State budget	1
Territorial coverage	National	1
	Local	0

Annex 3: List of Interviews

Public administration bodies:

Kristina Dimovska – Ministry of Information Society and Administration, Adviser for International Cooperation, Cabinet of Minister

Biljana Nikolovska Zhagar – Ministry of Information Society and Administration, Adviser for Administration, Cabinet of Minister

Jahi Jahija – Ministry of Information Society and Administration, State Secretary

Suzana Nikodijevikj Filipovska – General Secretariat of the Government, Head of sector for policy analysis and coordination

Tanja Stamenova – General Secretariat of the Government, Legal Affairs Sector

Nadica Apostolovska – General Secretariat of the Government, Head of the Human Resources Department

Violeta Ilievska – General Secretariat of the Government, Junior Associate for Evaluation of Performance Assessment and Training Data, Administration Training Department

Hristina Sofronijoska - Secretariat for Legislation, Head of Unit for Political System

Metodija Dimovski – Council Member, Council of Inspection Authorities

Tatjana Banishka-Mitrovska – Public Revenue Office, Official for acting upon requests for Access to Information of Public Character

Pavlinka Golejshki – Central Register, Assistant Registrar

International organizations:

Bojan Shimbov – World Bank, Economist

Ruzica Andronikova – the EU Delegation, Advisor / Programme Manager

Emil Angelov – UN Development Programme, Programme Analyst

Other:

Aleksandar Shahov – IDEAS DePo, USAID Modernizing Inspection Authorities Project, Director / Chief of Party

Darko Jenevski – IDEAS DePo, USAID Modernizing Inspection Authorities Project, Advisor

Voislav Ilievski – IDEAS DePo, USAID Modernizing Inspection Authorities Project, Advisor