

OPEN BUDGET INDEX SCORE  
— OUT OF 100 —

81-100 Extensive

61-80 Substantial

41-60 Some

21-40 Minimal

0-20 Scant or None

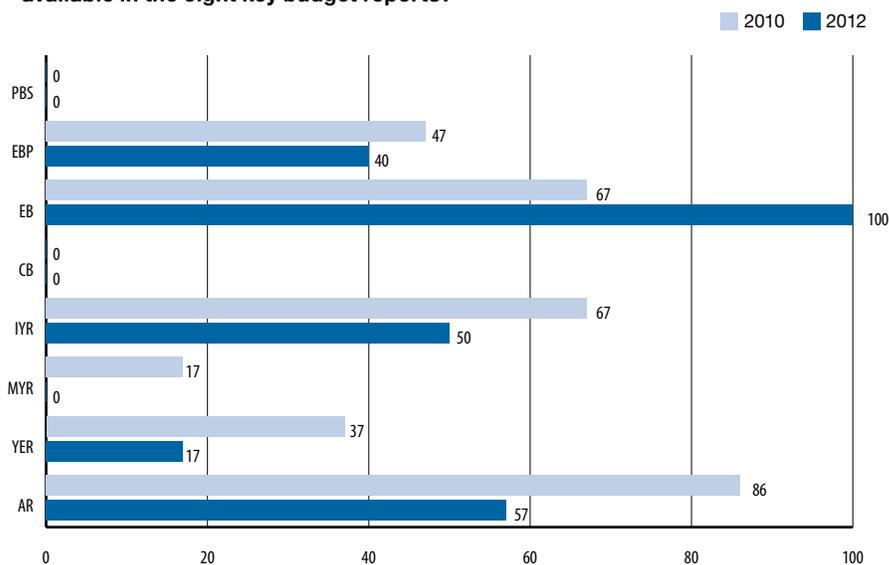
### How does Macedonia compare to its neighbors in the Balkans?



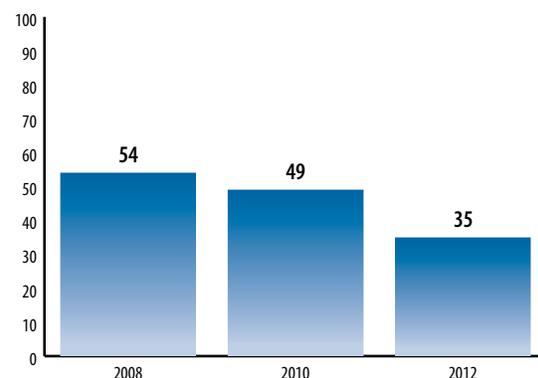
### What are each of the eight key budget documents, and does the public have access to them?

Document	Description of Document	Publication Status
<b>PBS</b>	<b>Pre-Budget Statement:</b> Provides information that links government policies and budgets and typically sets forth the broad parameters that will define the budget proposal that is presented to the legislature.	Not Produced
<b>EBP</b>	<b>Executive's Budget Proposal:</b> Presents the government plans to raise revenues through taxes and other sources and spend these monies to support its priorities, thus transforming policy goals into action.	Published
<b>EB</b>	<b>Enacted Budget:</b> The legal instrument authorizing the executive to raise revenues, make expenditures, and incur debt.	Published
<b>CB</b>	<b>Citizens Budget:</b> A nontechnical presentation to enable broad public understanding of a government's plans for raising revenues and spending public funds in order to achieve policy goals.	Not Produced
<b>IYR</b>	<b>In-Year Reports:</b> Periodic (monthly or quarterly) measures of the trends in actual revenues, expenditures, and debt, which allow for comparisons with the budget figures and adjustments.	Published
<b>MYR</b>	<b>Mid-Year Review:</b> An overview of the budget's effects at the midpoint of a budget year and discusses any changes in economic assumptions that affect approved budget policies.	Not Produced
<b>YER</b>	<b>Year-End Report:</b> Information comparing the actual budget execution relative to the Enacted Budget.	Published
<b>AR</b>	<b>Audit Report:</b> Independent evaluation of the government's accounts by the country's supreme audit institution. It typically assesses whether the executive has raised revenues and spent monies in line with the authorized budget, and whether the government's accounts of its revenues and expenses are accurate and provide a reliable picture of the fiscal situation.	Published

### From Zero to 100: Has Macedonia increased the amount of information it makes available in the eight key budget reports?



### OBI scores over three Surveys



## Open Budget Index

The **Open Budget Survey** assesses whether the central government in each country surveyed makes eight key budget documents available to the public, as well as whether the data contained in these documents is comprehensive, timely, and useful. The Survey uses internationally accepted criteria to assess each country's budget transparency developed by multilateral organizations, such as the International Monetary Fund (IMF), the Organization for Economic

Co-operation and Development (OECD), and the International Organization of Supreme Audit Institutions (INTOSAI).

The scores on 95 of the 125 Open Budget Survey questions are used to calculate objective scores and rankings of each surveyed country's relative transparency. These composite scores constitute the Open Budget Index (OBI), the world's only independent and comparative measure of budget transparency.

Macedonia's score is 35 out of 100, which is below the average score of 43 for all the 100 countries surveyed. It is also lower than the scores of all its neighbors in the region: Bosnia-Herzegovina, Croatia, Serbia, and Slovenia. Macedonia's score indicates that the government provides the public with minimal information on the national government's budget and financial activities during the course of the budget year. This makes it challenging for citizens to hold the government accountable for its management of the public's money.

**Macedonia's OBI 2012 score of 35 has declined from its score of 49 on the OBI 2010.**

The Open Budget Index is composed of subscores for each of the eight key budget documents assessed in the Survey. These subscores represent the average of the scores received on a set of questions in the Survey that measure the public availability of and amount of information in the documents. The subscores are comparable across all of the countries included in the Survey.

### Recommendations

With a score of 35 out of 100 on the Open Budget Index 2012, the government of Macedonia has the potential to greatly expand budget transparency by introducing a number of short-term and medium-term measures, some of which can be achieved at almost no cost to the government.

The International Budget Partnership recommends that Macedonia undertake the following steps to improve budget transparency:

- Produce and publish a Pre-Budget Statement and a Mid-Year Review. Detailed guidance on the contents of these documents can be found in these guidebooks: <http://bit.ly/QGzHv8>. As per the Open Budget Survey 2012, 47 countries publish a Pre-Budget Statement, including Macedonia's neighbors Bosnia-Herzegovina, Croatia, and Slovenia; 29 countries publish a Mid-Year Review, including its neighbors Serbia and Slovenia. Links to the budget documents published

by these countries can be accessed from the IBP's website:

<http://bit.ly/P8NPOV>.

- Produce and publish a Citizens Budget. Detailed guidance on the contents of the Citizens Budget can be found in this guidebook: <http://bit.ly/QGzFmJ>. According to the Open Budget Survey 2012, 26 countries publish a Citizens Budget, though no country in the Balkans does so.
- Increase the comprehensiveness of the Executive's Budget Proposal, specifically by focusing on providing information in the following areas:
  - detail in addition to the aggregate level presented for expenditure estimates that cover a multi-year period (see question 6 of the Open Budget Questionnaire);
  - expenditures for the budget year and for prior budget years using a functional classification of data and expenditures for individual programs for the year preceding the budget year (see questions 19 and 21 of the Open Budget Questionnaire);
  - aggregate level of expenditure for more than one year prior to the budget year and actual expenditures (see questions 23-25 of the Open Budget Questionnaire);
  - aggregate level as well as more detail on revenues for a multi-year period (see questions 9-10 of the Open Budget Questionnaire);
  - data on the total government debt outstanding for the budget year and information related to the composition of government debt for the budget year and for the year preceding the budget year (see questions 11, 13, and 33 of the Open Budget Questionnaire);
  - aggregate level of revenues for more than one year prior to the budget year and actual revenues collected (see questions 30-32 of the Open Budget Questionnaire);
  - information related to the government debt reflecting actual outcomes (see question 34 of the Open Budget Questionnaire);
  - macroeconomic forecasts and assumptions used in developing the budget (see question 15 of the Open Budget Questionnaire);
  - show how expenditures as well as revenues are affected by policy proposals that are distinct from existing policies, how the proposed budget is linked to government's stated policy

goals, and information on the following: non-financial data, performance indicators, and policies that are intended to benefit directly the country's most impoverished populations in at least the budget year (see questions 16-17, 48, 50, and 52-55 of the Open Budget Questionnaire);

- inter-government transfers, transfers to public corporations, quasi-fiscal activities, expenditure arrears, contingent and future liabilities, earmarked revenue, financial and non-financial assets, tax expenditures, sources of donor assistance and percentage of the budget devoted to secret items (see questions 36-47 of the Open Budget Questionnaire); and
- a published timetable for the preparation and release of the budget (see question 58 of the Open Budget Questionnaire).

■ Increase the comprehensiveness of In-Year Reports by comparing actual year-to-date expenditures and revenues with either the original estimate for that period or the same period in the previous year and by providing information on the composition of government debt and actual borrowing (see questions 66 and 69-71 of the Open Budget Questionnaire).

■ Increase the comprehensiveness of the Year-End Report by auditing outcomes; increasing the level of detail of explanation of the differences between original expenditure estimates, original revenue estimates, original macroeconomic forecast, original nonfinancial and performance information, and enacted levels of funds intended to benefit the poor in the country and their actual outcomes, along with actual outcomes for extra-budgetary funds (see questions 78-86 of the Open Budget Questionnaire);

■ Increase the comprehensiveness of the Audit Reports by making public a report on what steps the executive has taken to address audit recommendations or findings that indicate a need for remedial action and by providing to the legislature annual accounts of the security sector and other secret programs (see questions 95-96 of the Open Budget Questionnaire).

## Strength of Legislatures and Supreme Audit Institutions in Budget Oversight

The Open Budget Survey examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAIs). These

institutions play a critical role — often enshrined in national constitutions — in planning and overseeing the implementation of national budgets.

The Open Budget Survey assesses whether legislatures provide effective budget oversight by measuring performance on 11 indicators, including: consultations with the executive prior to the tabling in the legislature of the draft budget, research capacity, formal debate on overall budget policy, time available to discuss and approve the budget, legal authority to amend the budget proposal, approval of shifts in expenditure budget and excess revenues collected, supplemental budget powers, authority to approve use of contingency funds, and scrutiny of audit reports.

The Open Budget Survey assesses whether supreme audit institutions are empowered to provide effective budget oversight by using the following four indicators: authority to remove the head of the supreme audit institution, legal power to audit public finances, financial resources available, and availability of skilled audit personnel.

## Recommendations

The International Budget Partnership recommends that Macedonia undertake the following actions to improve budget oversight:

- The executive should consult with members of the legislature as part of its process of determining budget priorities and be required to seek approval from the legislature prior to using contingency funds; the legislature should have internal capacity to conduct budget analyses or access to an independent research capacity for such analyses and a committee of the legislature should scrutinize audit reports (see questions 59, 97, and 106-107 of the Open Budget Questionnaire).

### Macedonia is not among the leaders in the Balkans on budget oversight and engagement

Country	Legislative Strength	SAI Strength	Public Engagement
Bosnia and Herzegovina	Moderate	Strong	Weak
Croatia	Strong	Strong	Moderate
Macedonia	Moderate	Strong	Weak
Serbia	Moderate	Strong	Weak
Slovenia	Strong	Strong	Moderate

**Strong:** average score above 66 of 100; **Moderate:** average score between 34 and 66; **Weak:** average score below 34

## Opportunities for Public Participation

Research and advocacy experience of civil society over the past 15 years has demonstrated that transparency by itself is insufficient for improving governance. Transparency along with opportunities for public participation in budgeting can maximize the positive outcomes associated with open budgeting. Therefore, the Open Budget Survey assesses opportunities available to the public to participate in national budget decision-making processes. Such opportunities can be provided throughout the budget cycle by the executive, legislature, and supreme audit institution.

Based on these indicators, the Open Budget Survey 2012 finds that opportunities for public participation in the budget process in Macedonia are limited.

### Macedonia has much room to improve public participation

Requirement	Finding
<b>Process Followed Before Consultation</b>	
Formal requirement for public participation (Q114)	Does not exist
Articulation of purposes for public participation (Q115)	Does not exist
Communication by the SAI of audit findings beyond publication of audit reports (Q124)	Does not exist
<b>Process of Consultation</b>	
Mechanisms developed by the executive for participation during budget planning (Q116)	Does not exist
Public hearings in the legislature on macroeconomic budget framework (Q119)	Does not exist
Public hearings in the legislature on individual agency budgets (Q120)	Does not exist
Opportunities in the legislature for testimonials by the public during budget hearings (Q121)	Exists but is weak
Mechanisms developed by the executive for participation during budget execution (Q117)	Does not exist
Mechanisms developed by the SAI for participation in audit agenda (Q123)	Does not exist
<b>Process Followed After Consultation</b>	
Feedback by the executive on use of inputs provided by the public (Q118)	Does not exist
Release by the legislature of reports on budget hearings (Q122)	Exists but could be improved
Feedback by the SAI on use of inputs provided by the public (Q125)	Does not exist

## Recommendations

The International Budget Partnership recommends that Macedonia expand public engagement in budgeting after considering the Open Budget Survey indicators on which the country performs poorly (see table below and questions 114-121 and 123-125 in the Open Budget Questionnaire).

## Description of Survey, Methodology, Reliability, and Researcher Contact Information

The Open Budget Survey is a fact-based research instrument that uses easily observable phenomena to assess what occurs in practice. The research conclusions are typically supported by citations and comments, including reference to a budget document, a law, or other public document; a public statement by a government official; or comments from a face-to-face interview with a government official or other knowledgeable party. The Survey is compiled from a questionnaire completed for each country by independent budget experts who are not associated with the national government. Each country's questionnaire is then independently reviewed by two anonymous experts who also have no association with government. In addition, the IBP invites national governments to comment on the draft results from the Survey and considers these comments before finalizing the Survey results. The entire research process for 2012 took over 18 months between July 2011 and December 2012 and involved approximately 400 experts.

The Open Budget Survey provides a reliable source of data on national budget transparency practices for governments, development practitioners, the media, and citizens. Current users of the Survey results include the Open Government Partnership, Collaborative Africa Budget Reform Initiative, INTOSAI, the World Bank in its Worldwide Governance Indicators, and a number of bilateral aid agencies and international and regional multilateral bodies. The publication of the Open Budget Survey 2012 has reinforced the Survey's preeminent position as a global data repository on budget transparency, participation, and accountability.

Research to complete this country's Open Budget Survey was undertaken by key researchers M. Sc. Marjan Nikolov and M. Sc. Borce Trenovski and by assistant Hristijan Risteski, Center for Economic Analyses (CEA), Blvd. Jane Sandanski 63/3, 1000 Skopje, Macedonia, [info@cea.org.mk](mailto:info@cea.org.mk).

Despite repeated efforts, the IBP was unable to get comments on the draft Open Budget Questionnaire results from the Macedonian government.