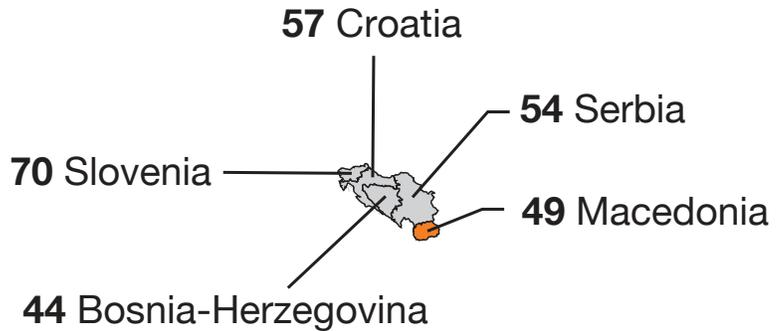
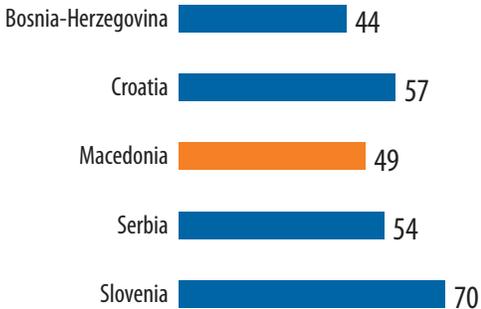




**Overall score: 49** (Out of 100) Provides some information to the public in its budget documents during the year.

### How Does Macedonia Compare to Its Neighbors?



## Key Findings

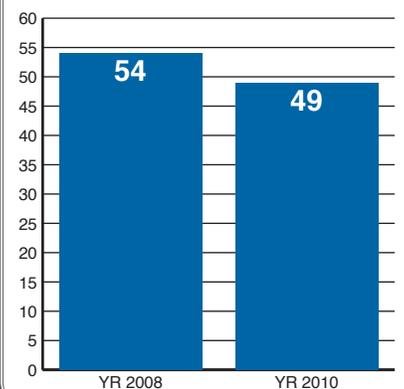
The scores for 92 questions from the Open Budget Survey (see text box) are used to compile objective scores and rankings of the relative transparency of each country's budget process. These scores constitute the Open Budget Index (OBI).

Macedonia's OBI 2010 score is 49 out of 100, which is higher than the average score of 42 for the 92 countries surveyed. However, it is lower than the average score of the five countries surveyed in the Balkans region. Slovenia's score of 70 is the highest in the region.

Macedonia's score shows that the government provides the public with only some information on the central 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 score decreased from 54 in 2008 to 49 in 2010.

### OBI Scores Over Two Surveys



**Adequacy & Availability of Eight Key Budget Documents**

Document	Level of Information Grade**	Publication Status
Pre-Budget Statement	E	Not Produced
Executive's Budget Proposal	C	Published
Enacted Budget	B	Published
Citizens Budget	E	Not Produced
In-Year Reports	B	Published
Mid-Year Review	E	Published
Year-End Report	D	Published
Audit Report	A	Published

\* Grades for the comprehensiveness and accessibility of the information provided in each document are calculated from the average scores received on a subset of questions from the Open Budget Survey. An average score between 0-20 (scant information) is graded as E; 21-40 (minimal) is graded as D; 41-60 (some) is graded as C; 61-80 (significant) is graded as B; and 81-100 (extensive) is graded as A.

An **Executive's Budget Proposal** is the government's most important policy instrument. It presents the ways the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. In Macedonia the Executive's Budget Proposal and supporting budget documents are not sufficiently comprehensive. Major gaps in information in the budget proposal are found in the following areas:

- The proposal and supporting documents lack information on outputs and outcomes. This information is important for those who are interested in monitoring the budget's impact.
- The proposal also lacks information on certain fiscal activities that can have a major impact on the government's ability to meet its fiscal and policy goals, including information on extra-budgetary funds, quasi-fiscal activities, tax expenditures, contingent and future liabilities, and financial and other assets. Without this information, the public does not know the government's true fiscal position.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Macedonia does not produce a Pre-Budget Statement.

An **Enacted Budget** becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. In general terms, the Enacted Budget should provide data the public can use to assess the government's stated policy priorities and hold it to account. Macedonia publishes a fairly comprehensive Enacted Budget.

A **Citizens Budget** is a nontechnical presentation of a government's budget that is intended to enable the public — including those who are not familiar with public finance — to understand a government's plans. Macedonia does not produce a Citizens Budget.

**In-Year Reports** provide a snapshot of the budget's effects during the budget year. They allow for comparisons with the Enacted Budget figures and thus can facilitate adjustments. Macedonia publishes fairly comprehensive In-Year Reports.

# OPEN BUDGET SURVEY 2010

## Macedonia

The International Budget Partnership's Open Budget Survey assesses the availability in each country assessed of eight key budget documents, as well as the comprehensiveness of the data contained in these documents. The Survey also examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAI), as well as the opportunities available to the public to participate in national budget decision-making processes.

Research to complete this country's Open Budget Survey was undertaken by:

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A **Mid-Year Review** provides a comprehensive 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. Information in this report allows the government, legislature, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should be made for the remainder of the budget year. Macedonia publishes a Mid-Year Review, but it has serious deficiencies.

A **Year-End Report** compares the actual budget execution to the Enacted Budget. The Year-End Report can inform policymakers on tax policies, debt requirements, and major expenditure priorities, thus facilitating adjustments for upcoming budget years. Macedonia's Year-End Report is far from comprehensive.

An **Audit Report** is an evaluation of the government's accounts by the country's supreme audit institution (SAI). It reports whether the government has raised revenues and spent national revenue in line with the authorized budget, whether the government's bookkeeping is balanced and accurate, and whether there were problems in the management of public funds. Macedonia publishes a comprehensive Audit Report.

### *Public Participation and Institutions of Accountability*

An open budget system includes ensuring the existence of a strong legislature and SAI that provide effective budget oversight, as well as providing opportunities for the public to participate in the budget process.

#### **Are oversight bodies effective in their budget role?**

Oversight Institution	Strength*
Legislature	Moderate
SAI	Strong

\*\* Legislature and SAI strengths are calculated from the average scores received for a subset of questions from the Open Budget Survey. An average score between 0-33 is graded as weak, 34-66 as moderate, and 67-100 as strong.

According to the Open Budget Survey 2010, budget oversight provided by Macedonia's legislature could be improved, for example, by holding more extensive budget hearings at which the public can testify.

According to the Open Budget Survey, Macedonia has a strong SAI. However, the executive does not report on steps it has taken to address audit findings.

## **Recommendations**

#### **Macedonia should:**

- begin to produce and publish a Pre-Budget Statement and a Citizens Budget;
- increase the comprehensiveness of the Executive's Budget Proposal, Mid-Year Review, and Year-End Report; and
- provide more opportunities for the public to testify at legislative hearings on the budget.