

MONITORING OF THE BUDGET EXPENDITURES IN THE PRE-ELECTION AND ELECTION PERIOD

Monitoring period: 01.01.2016to 31.01.2016

Monitoring indicators of the budget expenditures/spending on a central level

- ✓ A significant increase of the budget deficit in the third quarter, however if the equality and the execution of the budget deficits is considered that it can be determined that a significant portion of the budget deficits incurred in the first and in the second quarter of 2015.
- ✓ In 2015 there is a significant increase of the government bonds issued, over the usual seasonal movement in the first three quarters of the year compared to previous years, while in the 4th quarter there is a reduction of the same.
- ✓ The strong trend of foreign borrowing in periods/years when there have been elections in 2009, 2011, 2013, 2014 - the data shows increased pace of external borrowing in the third and in the fourth quarter 2015.
- ✓ Starting from the third quarter of 2015 the capital expenditures are significantly increased compared with their usual/seasonal movement.
- ✓ Increased expenditures for social benefits transfers in May and in September 2015.
- ✓ During the first half of the year, the item "other transfers" shows a significant increase over the usual seasonal pattern.
- ✓ The expenditures for salaries and wages leap in the 3rd quarter of 2015 as largest since 2008.
- ✓ Goods and services expenditure in 2015 starting from the third quarter indicate a significant increase above the seasonal pattern.
- ✓ Transfers to the Employment Agency are increased, starting from the second quarter of 2015 when there is a growth of the expenditures.
- ✓ Increased health care expenditures over their seasonal movement/pattern starting from the second quarter and the trend is maintained up until the end of 2015.
- ✓ There has been an increase in tax revenues from August to October 2015 while the level of execution of the tax revenues shows that in the fourth quarter the tax revenues generated are lower – indicating lower tax pressure on the citizens.
- ✓ Value added tax revenues begin to rise in the second quarter, which is a result of the accelerated economic activity. It should be noted though that the shift in the VAT revenue is affected by the VAT refund payments being made, concerning which there are no specific information concerning the amounts and the time of implementation.
- ✓ Starting from the 2nd and 3rd quarter the administrative fees and fines in 2015 decline, i.e. have considerable decline in their realization compared to the expected equality in disposition.

Public announcements on the web sites of the Government and selected budget users

- ✓ Only 5% of the total number of the announcements contain analytical elaboration of the planned/implemented activities which are the topic of the announcement

- ✓ Only a modest portion of the announcements (12% in January 2016) cover information on the sources of funding, only 10 % of the announcements contain information on the programs/strategies/plans which contain and encompass the announced activity/project.
- ✓ In January 2016 compared to December 2015, the total number of announcements are reduced (almost by 1/3) and the announcement of additional qualitative and quantitative data for each of the announcements for each of the announcements by the monitored institutions is reduced (except the State Roads PE).
- ✓ The Ministry for agriculture, forestry and water economy and the Agency for Financial Support of Agriculture and Rural Development have not covered financial data and analytics in none of the announcements. In 80% of the announcements of the Ministry for labor and social policy and the Ministry for Transport and Communications, the announcements do not contain financial construction and other quantitative and qualitative information for the announced activities.
- ✓ The predominant announcements within the month, i.e. Three quarters of the total number of announcements, are from the Government of the RM.
- ✓ The target of the key budget users' announcements (the content of the projects) is mainly the: youngsters, farmers, and socially vulnerable categories (and less the unemployed and the retirees).
- ✓ During the January monitoring period, 5 Requests for access to public information (RAPI) pertaining to expenditures from the central budget have been forwarded, which are still awaiting a response, more specifically forwarded to the Government of the Republic of Macedonia (3), and Ministry of Finance (2).
- ✓ In the same monitoring period only 3 replies of the previously forwarded (former reporting period) RAPI have been received. Out of these three replies, two are from the Ministry of Agriculture, Forestry and Water Economy and one response from the Agency for Roads of RM. A positive response that planned expenditures are in-line with the programs and strategies of the institution, while on the question of whether there has been an estimate of the budgetary implications of the planned spending there have been no responses.

Significant lack of transparency in the website announcements of the monitored budget users in terms of quantitative and qualitative data concerning the announced projects. Continued inert trend of the budget users not to respond promptly or ignore sections of the requests for access to public information (RAPI).

Monitoring of the expenditures on a local level

- ✓ During this monitoring period there have been 72 expenditures followed with additional information requests for these specific expenditures. Two thirds of the recorded expenditures are concerning capital expenditures.
- ✓ A larger part of the capital/operating expenditures are identified in the municipalities of Ohrid, Gevgelija, Bitola, Prilep, Kumanovo, and significantly less in the municipalities of Gazi Baba, Karbinci, Novaci, Kratovo, MakedonskiBrod, and Chashka, which except for Gazi Baba are predominantly smaller rural municipalities.
- ✓ The areas where most of the identified expenditures are identified are predominantly: renovation/reconstruction of kindergartens, primary schools and other education buildings, reconstruction of local roads and streets, reconstruction of water supply network systems and sewage network systems

Significant portion of the expenditures on a local level recorded in the monitoring period are not clearly planned and contained in the strategic and program documents and in the municipal budget.

- ✓ Out of the total 24 monitored municipalities, there have been identified and forwarded requests for access to public information (RAPI) for identified expenditures within total of 18 municipalities. In the monitoring period, total of 46 RAPI are forwarded, based on the identified expenditures (spending), while at the same time for a certain number of municipalities there have been no expenditures identified.
- ✓ For a number of municipalities as are the municipalities of Kumanovo, KrivaPalanka, Ohrid, and Aerodrom, the information regarding the expenditures are obtained without the need for official forwarding of a RAPI – Request for access of public information, while in most of the municipalities this is not the case.
- ✓ Out of the 72 totally noted expenditures, for 24 expenditures, there are total or partial information obtained as a reply to RAPI.
- ✓ In regards to the content of the replies of the municipalities, it is indicative, that some of the questions such as whether prior the decision of the expenditure to occur there is a regulatory impact assessment - RIA, the question is ignored by the authorities.
- ✓ Most of the municipal capital and operating expenditures identified, 15 out of 24, or 63%, are planned in the municipal programs, for 14 out of total 24 (for 58%) there is a Decision of the municipal council, while only 50% of the expenditures (12 out of 24) have been planned in the budget program and plans.
- ✓ Only 8% (2 out of 24) of the expenditures are already projected in all of the strategic and current documents which for the major part or 2/3 (16 of 24 or specifically 67%) are identified in at least 2 documents.