

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

Monthly Report
Monitoring Period: 01.04.2016 to 30.04.2016

Executive Summary of the reporting period findings

Central Government

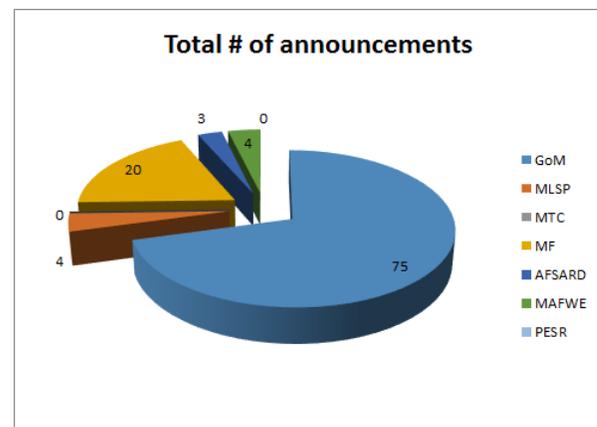
Monitoring indicators of the central budget level expenditures

- ✓ The cumulative execution rate of the *Budget deficit*, by March 2016 is 30%, which is almost 5 pp above the expected balanced execution for the concerned period (25%).
- ✓ The cumulative execution rate for the budget item *Treasury bills*, by the month of March is, 29% of the total planned annual budget, which is almost 4 pp over the expected balanced execution rate of 25% for the first three months.
- ✓ The *Capital expenditures*, cumulatively by March 2016, are with an execution rate of 12%, which is $\frac{1}{2}$ (almost 13 pp lower execution rate) of the expected balanced monthly execution.
- ✓ The cumulative execution rate of the *Social aid expenditures* budget item by March 2016 is 22% and is almost 3 pp below the expected balanced cumulative monthly execution rate of 25%.
- ✓ The budget item *Other transfers* cumulative execution rate by March 20106 is 29%, which represents almost 4 pp above the expected balanced monthly execution rate. The rate of execution of this specific budget item only in the month of March is 11%.
- ✓ The cumulative execution rate of the budget expenditure line *Goods and services* by March 2016 is 20% and is almost 5 pp below the expected balanced cumulative monthly execution rate of 25%.
- ✓ The cumulative execution rate of the budget line *Social Transfers towards the Employment Agency* (including the unemployment benefits, employment measures, etc.) by March 2016 is 19% and is almost 6 pp below the expected balanced cumulative monthly execution rate of 25%.

- ✓ The cumulative execution rate of the budget line *Foreign loans* by March 2016 is 9,3% of the annual budget which is almost 15,7 pp below the expected balanced cumulative monthly execution rate of 25%. The cyclical aspect of this budget line should be considered when analyzing this specific budget line depending on the period and amount of the specific loan.
- ✓ The cumulative execution rate of the budget item *Administrative fees and fines revenues* by March is 20,4%, which represents a 4,6 pp lower execution if the budget item is equally executed each month throughout the year.
- ✓ The cumulative execution rate of the *Profit Tax* revenue is significantly improved in March 2016 (expected seasonal movement) and is 26,5% of the annual budget which is almost 1,5 pp above the expected balanced cumulative monthly execution rate of 25%. Only during the month of March the execution rate of the profit tax 16%.

Public announcements on the websites of the Government and the selected budget users

- ✓ Unlike the preceding reports, with a tendency for reduction of the number of announcements, during the month of April there has been an increased number of public announcements by 13% compared with the number of public announcements in March.
- ✓ The announcements content is both modest in qualitative and quantitative data – i.e. the percentage of announced information among all monitored institutions (where there are web announcements/posts) is low.
- ✓ Merely 27% of the Government website’s announcements/posts (a budget user which has the highest number of posts during the month, of total of 75 posts) contain financial information concerning the executed/planned investments within the web posts with new investments.
- ✓ Only 3% of the total number of announcements/posts of all monitored budget users, contain analytical elaboration of the planned/implemented activities.
- ✓ A modest portion of the announcements (approximately 10%) of all monitored budget users, contain information regarding the financial sources and the programs/strategies/plans containing the announced or implemented project/activity.



- ✓ Only 3 announcements/posts on the Government's website contain any analytical information within their announcements, while the other budget users' web posts do not contain essential data on the announced subject.
- ✓ Most of the announcements/post of all monitored websites are related to visits, meetings and conferences of the institution officials which occurred during the reporting period.
- ✓ The main target groups of the key budget users' web announcements are predominantly the youth and the unemployed (mainly presenting the subsidy measures and information on their usage).
- ✓ It is striking to note that a significant portion of the posts are concerning the subsidized measures/project "Buy a House for Youth" (which covers about 10% of total number of reported announcements), which was already covered by significant a number of posts in the previous reporting period as well. **After previous examination of the official websites of the Ministry of Finance and the Government of the Republic of Macedonia, for information and data for the specific project, there were not information found in an appropriate strategy, government program or ministry and budget program. Thus, RAPI for the information was sent, however even after 3 months past the legal deadline there is no response.**
- ✓ The Ministry of Transport and Communications, the Ministry of Economy and PE for State Roads have no announcements in the period, while the Agency for Financial Support of Agriculture and Rural Development has one web posts, and the contents are without financial information and information on the sources for funding the announced activity.

Local government expenditure monitoring

In the current monitoring report the cumulative expenditures from the start of the monitoring 1.1.2016 until 30.04.2016 are recorded.

- ✓ In the overall monitoring period, starting from 01.01.2016 to 30.04.2016, a total of 318 both capital and operating budget expenditures have been noted/recorded, in the 24 municipalities monitored, and for each there has been an additional information requested.
- ✓ Out of the total record of expenditures (318), for 58% of the expenditures (for 186) a RAPI has been submitted to the information holders, while for the remainder of the expenditures the information have been gathered through direct contact with the municipalities or the information have been publicly available on the web sites.

- ✓ Based on the field data from the local monitoring group, a largest number of expenditures (both operating and capital) have been recorded in the municipalities of Ohrid, Strumica and Kumanovo while significantly lower number of expenditures have been identified in the predominantly rural and/or smaller municipalities of Makedonski Brod, Karbinici and Chashka
- ✓ Based on the nature of the expenditures, almost three quarters of the identified expenditures are capital expenditures/investments (76% capital and 24% operating)
- ✓ The major areas of municipal investments, generating capital expenditures, are concerning renovation/reconstruction of kindergartens and schools, followed by road reconstruction and renovation expenditures and reconstruction of water and sewage network systems.
- ✓ Out of the 318 expenditures in the overall monitoring period, 52 are concerning construction of water and sewage network systems, 112 are for road reconstruction, 28 for renovation/reconstruction of kindergartens, schools and 126 in other various categories.
- ✓ **Out of the total number of 318 recorded expenditures, for 204 expenditures there are overall or partial information (i.e. for 36% of the total number of recorded expenditures, there are still no clear and specific information and there are still pending responses on RAPI from the information holders).**
- ✓ **Only 7% of the recorded expenditures¹, with minimum information, are contained/planned within a certain municipal Strategy, 63% of the expenditures are planned/contained in a Municipal program, 57% of the expenditures are planned in an adequate Budget program, while 41% are contained/approved by a Municipal Council Decision, and 37% many are planned/contained within an annual plan.**
- ✓ Only 2% of the recorded expenditures are contained/planned within all five documents (strategy, program, budget program, plan, council decision), 12% of the recorded expenditures are contained/planned within four documents, 30% of the recorded expenditure are contained/planned within three documents, 18% are contained/planned within two documents, and 23% are contained/planned within at least one document. For 16% there are no clear and comprehensive information.

¹ Total of 204 recorded expenditures with overall or partial information

- ✓ For 39% of the submitted RAPI there has been an answer received within the legal deadline, for 40% of the RAPI there is a still pending reply (the set deadline has not been breached), while for a total of 21% of the RAPI there has been no answer within the legally set deadline of thirty days.

