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CONVERGENCE OF THE MACEDONIAN PUBLIC ADMINISTRATION WITH EUROPEAN STANDARDS

Abstract: Having an effective and efficient public administration is seen as critical for successful economic growth and good governance. Therefore, interest in public administration reform has grown substantially. Moreover, for the Republic of Macedonia, it is essential for the effective accession dialogue with the European Union, which depends on achieving the European standards for the public administration.

Thus, for almost three decades, the Republic of Macedonia made continuous reforms in public administration, but the state of public administration is far from a satisfactory level and truly harmonized with European standards. The paper researches the argument for that, starting with an analysis of the European Commission's Progress Reports of the Republic of Macedonia for part of the public administration, then continue with a review of current measures and policies for public administration in the Republic of Macedonia and finished with an assessment of conditions and need for promotion of key areas in the public administration in the Republic of Macedonia.

Keywords: public administration reform, European standards, public goods and services, good governance, accountability

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1. Public administration reform in the European Commission's Progress Reports of Republic of Macedonia

Almost three decades in the Republic of Macedonia, a debate is constant about the state of the public administration and for its reform, development, and advancement. At the same time, regular (annual) qualitative evaluation and evaluation of the work of the public administration of the Republic of Macedonia is made by the European Commission in its annual reports on the progress of the Republic of Macedonia in the Euro-integration process. Below is a retrospective review of the European Commission's reports, focusing on the assessments and remarks regarding the reforms of the public administration in the Republic of Macedonia in the last eight years (2010 - 2016), the period before the change of the Government:

- In 2010: **in regards to the most of the legal framework, partial progress has been achieved.** Accountability, both political and functional, remains fragmented for public administration management. The Law on public servants was brought to introduce provisions similar to the provisions of the Law on civil servants. Due to budgetary constraints, the training plan on civil servants for 2010 could not be implemented.¹
- In 2011: **Even though progress is seen on the legal framework for public administration, there is a limited** progress in the implementation phase. In the context of the legal changes, they did not provide strategic solutions for all existing challenges that occur. A new public administration reform strategy was adopted by the Government for the period 2010-2015.²
- In 2012: **In the field of public administration, some progress has been made.** Additional efforts and resources are needed to improve the administrative capacity of the Ministry of Information Society and Administration (MISA), while the administrative inspection needs to effectively carry out the tasks and responsibilities in the country. State and public service areas continue to be fragmented. To consolidate the regulation of this area and address the deficiencies, especially in terms of promotion, recruitment, and termination

¹ Progress Report on the Republic of Macedonia for 2010, Brussels 09.11. 2010, page 7-8 <https://www.sobranie.mk/WBStorage/Files/EKizvestaj2010.pdf> - accessed October 2017

² Progress Report on the Republic of Macedonia for 2011, Brussels, 12.10.2010, crp. <https://www.sobranie.mk/WBStorage/Files/PR2011mk.pdf> - accessed October 2017

of work, preparations for a new comprehensive Law on Administration are being drafted. Specifically, the principle of merit-based employment should be ensured and complied with, together with the principle of equitable representation in the public administration.³

- In 2013: **The unity, transparency, and accountability are affected, as a result of the fragmentation of the legal framework in regards to the public administration.** Access to public information and transparency remain low; statistical data for the total number of public sector employees are not available for the public, temporarily and repeatedly, making it difficult to measure progress in achieving reform goals and transparency for the public. Continuous efforts are needed to enhance the independence and professionalism of the public administration, along with equitable representation.⁴
- In 2014: **The public administration in the Republic of Macedonia has constructed a professional staff that needs to be retained.** Nonetheless, the issue of politicization remains a serious concern, both at central and local level. Public administration continues to be fragmented and subject to political influence, notwithstanding the progress in the normative regulation of the area. Even though procedures for policy development and coordination across sectors are well defined, they are not always effectively implemented. There is a continuous lack of thorough policy analysis and assessment that needs to be done. Additional efforts need to be made to ensure the principles of accountability, transparency, remuneration and advancement according to merit and equitable representation in the public administration. Furthermore, fiscal transparency needs to be promoted as a vital principle.⁵
- In 2015: **Even though progress has been made over the past year, much remains to be done in regard to the public administration.** Reform in the public administration, together with the rule of Law

³ Progress Report on the Republic of Macedonia for 2012, Brussels, 10.10.2012, page 10-13 <https://www.sobranie.mk/dokumenti-rm-eu-cbb3490c-fe7d-4750-82f4-67c619c46a6a.nspix>- accessed October 2017

⁴ Progress Report on the Republic of Macedonia for 2013, Brussels, 16.10.2013, page 9-11 <https://www.sobranie.mk/dokumenti-rm-eu-cbb3490c-fe7d-4750-82f4-67c619c46a6a.nspix> -accessed October 2017

⁵ Progress Report on the Republic of Macedonia for 2014, Brussels, 08.10.2014, page 9-11 <https://www.sobranie.mk/dokumenti-rm-EU-cbb3490c-fe7d-4750-82f4-67c619c46a6a.nspix> - accessed October 2017

and economic governance, are cross-sectoral issues of great importance that lead to success in political and economic reform, while also building the foundation for the implementation of EU rules and standards. Improvement of the quality of the administration needs to be executed, which would have a direct influence on the Government's ability to combat and prevent corruption, provide public services, and support growth and competitiveness. Incorporating the principles of merit in the civil service management is important, together with providing appropriate administrative procedures.⁶

- In 2016: **The Republic of Macedonia is moderately prepared in terms of public administration reforms.** However, commitment to implement the Commission's recommendations from 2015 is low. Issues such as the ineffective lines of responsibility, the use of the public sector as a political instrument, together with the alleged politicization of the administration in the election year, are of crucial matter. Furthermore, allegations of pressure on public sector employees continue to be a matter of concern in the public administration. In order to accomplish the independence of the public administration, together with respect for the principles of transparency, equitable representation and merit, the Republic of Macedonia needs a strong political commitment.⁷

To conclude from the annual report extracts, it is clear and evident that in many respects, instead of improvement, there is even a downturn. To summarize, the criticism referred to in the progress reports of the country, refers to recorded shortcomings in terms of transparency, professionalism, and the administration's independence. According to the reports, the principles of employment and merit-based advancement are seriously endangered. EU reports indicate that there are no clear and transparent criteria for recruitment, remuneration and career development, but in general, they indicate the inadequate human resources management systems.

⁶ Progress Report on the Republic of Macedonia for 2015, Brussels, 10.11.2015, page 9 https://www.sobranie.mk/content/%D0%9D%D0%A1%D0%95%D0%98/PR2015_All_CK_FF_MK_16.11.2015.pdf - accessed October 2017

⁷ Progress Report on the Republic of Macedonia for 2016, Brussels, 09.11.2016, page 15 https://www.sobranie.mk/content/%D0%9D%D0%A1%D0%95%D0%98/izveshtaj_na_evropskata_komisija_za_republika_makedonija_2016_godina-mk2-raboten_prevod.pdf - accessed October 2017

2. Current measures and policies for public administration in the Republic of Macedonia

The Republic of Macedonia, in the past years, faced a political and institutional crisis that began in 2015 with the announcement of illegally wire-tapped talks. The crisis showed that the principles of the Rule of Law were violated entirely, and the intense partisanship of state and public institutions seriously violated their integrity. The possibility for the state and institutions to deal with the political crisis quickly led to a situation in which the Republic of Macedonia was qualified as the “captive state” of captured institutions by the European Commission’s Report on RM for 2016.”⁸

In order to resolve this situation, in the summer of 2015, the Commission set up a group of top legal experts to prepare a report with specific recommendations, called the Emergency Reform Priorities,⁹ so-called Priebe’s report. The so-called Przino Agreement was achieved after long and difficult negotiations, which forced several key political solutions. The agreement resulted with a change of Government, and in June 2017, a new government was formed, which widely declared the will to reform, democratize and Europeanize the country.

In September 2017, the legal experts from the European Union prepared a second report which assessed the implementation of the previous recommendations as being practically stopped, with new guidelines for a new government to free institutions, restore citizens’ confidence and promote the Euro-Atlantic path. For this purpose, we have to deal with the problematic issues of reforming the judiciary and public administration, the fight against corruption, media reforms, and the resolution of the wiretapping scandal.

In response to this assessment, the Government of Republic of Macedonia in the Program for its work (2017-2020) defined and determined as the primary strategic priority: “The Government will work on creating an expert and efficient, accountable and transparent administration that will provide quality services for citizens and businesses and will protect their rights.” In doing so, the Government pledged to respect the principles of fairness and professionalism in employment in the public administration, together with objectivity

⁸ European Commission: Report on the Republic of Macedonia for 2016. https://ec.europa.eu/neighbourhoodenlargement/sites/near/files/pdf/key_documents/2016/20161109_report_the_former_yugoslav_republic_of_macedonia.pdf

⁹ Source: <http://www.sigmaweb.org/publications/public-governance-monitoring-reports.htm>.

in the promotion and rewarding of employees. Additionally, the Government pledged for the creation of an administration that would be free from the party constraints and will be primarily committed to solving citizens' and business entities problems, through the respect of the principles of impartiality and legality in the performance of the public administration¹⁰.

Thus, the reform of public administration is again high on the agendas of the new Government. The first step is being accepted (new) Public Administration Reform Strategy in the direction of a complete de-politicization and professionalization of the administration, and building quality and service-oriented administration that will function and work in improved working conditions, using all possibilities of modern access through e-government, e-services, and interoperability. This document for the period 2017-2022, together with the Action Plan, was adopted in February 2018. At the same time, the commitment of the current Government of the Republic of Macedonia is to continue the process of updating the Register of employees in the public sector in order to publish the total number of employees by sectors.

In regards to decentralization, it remained at the same level, with the continued dialogue between authorities for sub-financing and promotion of local services with increased transfers from central funds. The Government also adopted a new Action Plan for decentralization and regional development. However, there is a lack of strategy as to whether decentralization or strategy for the development of services of general significance will continue. In general, there is no overall strategic planning other than the one related to the European integration process, however, this does not ensure the quality of long-term public policies that are implemented.

Furthermore, public policies are still under the influence of changing political constellations; the participation of citizens, experts, civil society members, and the academic community is still not sufficient. The lack of public evidence-based policies and evaluation studies is evident, while the quality of legal regulations needs to be improved, together the need for further deregulation.

The issues connected with deep politicization of public services, lack of administrative professionalism, authoritarian and bureaucratic awareness of the public sector is still present in the country. Also, the cooperation between

¹⁰ Government work program 2017-2020, page 35. Source: http://vlada.mk/sites/default/files/programa/2017-2020/ProgramaVlada20172020_08062017.pdf.

the public administration and the academic and professional community is relatively weak.

3. Conditions and need for promotion of key areas in the public administration in the Republic of Macedonia

Since its independence, the Republic of Macedonia is committed to joining the EU and undertakes a number of measures to meet the criteria required for EU integration, as well as NATO. However, on the road to implementing the reforms, we faced numerous external and internal obstacles and problems. First of all, was an unresolved bilateral issue concerning the name between the Republic of Macedonia and the Republic of Greece, and then the other problems with the neighbors, which are complex because they sought a solution to the critical identity issues. The internal condition will be elaborated in continues.

3.1 Organization and size of the public sector in the Republic of Macedonia

The organization of the state administration in the Republic of Macedonia is still suffering from numerous organizational irrationalities. The number of ministries and central level bodies, rather than decreasing, is growing. Attempts to reorganize can be heard only in pre-election programs; there is no serious functional analysis for the optimal organization. What is currently being done is the counting of institutions and the number of employees, and it goes quite slowly and uncertainly.

The Government of the Republic of Macedonia, as another part of the executive branch. The Law on Organization and Operation of the State Administration Bodies has established 15 ministries comprising 29 bodies. In addition, holders of the executive are 32 independent bodies of state administration and administrative organizations and eight legal entities with public authorizations.

MISA published an Annual Report from the Register of Public Sector Employees for 2017¹¹, according to which 1,299 institutions are active and 128,722 persons are employed. The largest number of institutions, as can be seen from the table below, are the public institutions (most of which are in the field of education, in the area of health, in the area of culture, in the field of

¹¹ http://mioa.gov.mk/files/pdf/dokumenti/IzvestajReg2017_v1.02.pdf, accessed on 16.06.2018

labor and social affairs and others) and public enterprises, of which 111 are public enterprises for communal services.

Table No.1 Number of institutions according to the type in RM, 2017

TYPE OF INSTITUTION	Number of subjects
PUBLIC INSTITUTION	899
PUBLIC CONVENTION	129
MUNICIPALITY	81
COURT	34
SELF-STATE BODY OF THE STATE ADMINISTRATION	32
PUBLIC PROSECUTION	29
BODY IN THE COMPOSITION OF THE MINISTRY	29
MINISTRY	15
INDEPENDENT STATE AUTHORITY	11
REGULATORY BODY	10
LEGAL PERSON WITH PUBLIC AUTHORIZATIONS	16
THE SECRETARIAT IN THE GOVERNMENT	3
COURT COUNCIL	2
GOVERNMENT OF THE REPUBLIC OF MACEDONIA	1
OMBUDSMAN	1
NATIONAL BANK	1
SPECIAL BODY OF THE STATE ADMINISTRATION	1
PRESIDENT	1
GOVERNMENT SERVICE	1
ASSEMBLY	1
COUNCIL OF PUBLIC PROSECUTORS	1
CONSTITUTIONAL COURT	1
TOTAL	1.299

Source: Annual Report from the Register of Public Sector Employees 2017, Skopje, March 2018

The number of employees, according to institutions, is illustrated in Table 2 below. It shows that the largest number of employees - 64,564 are employed in public institutions that provide public services for citizens, then in public enterprises - 17,744, in the Ministry of Internal Affairs - 11,966, in the Army of the Republic of Macedonia -7,202, in the units of local self-government - 5, 678 and the rest in the other institutions. Formally from international organizations does not comment on the size and structure, but the principles on which it works and is set as general standards for all member states and EU candidates.

Table No.2 Number of employees in the public administration of Republic of Macedonia, 2017

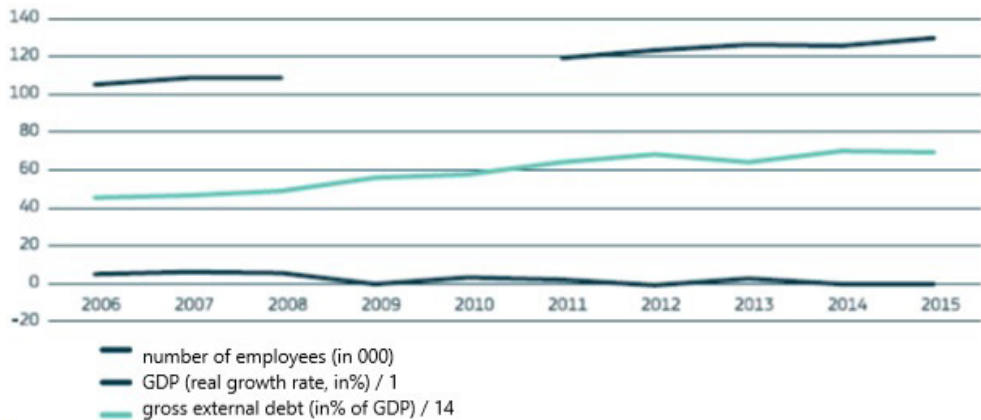
INSTITUTIONS	NUMBER OF EMPLOYEES
ARMY OF THE REPUBLIC OF MACEDONIA	7,202
MINISTRY OF INTERNAL AFFAIRS	11,966
DEVELOPING AGENCY	250
ASSEMBLY	272
PUBLIC COMPANY	1,029
REGULATORY BODY	368
INDEPENDENT STATE AUTHORITY	747
GOVERNMENT OF THE REPUBLIC OF MACEDONIA - GENERAL SECRETARIAT	345
SECRETARIES IN THE GOVERNMENT	1,866
GOVERNMENT SERVICE	364
MINISTRIES	4,670
BODIES IN THE COMPOSITION OF THE MINISTRIES	4,448
INDEPENDENT BODIES OF THE STATE ADMINISTRATION	3,339
LEGAL PERSONS WITH PUBLIC AUTHORITIES	1,538
NATIONAL BANK	445
CONSTITUTIONAL COURT	23
OMBUDSMAN	64
PUBLIC PROSECUTION	455
COUNCIL OF PUBLIC PROSECUTORS	5
COURT	2,275
COURT COUNCIL	30

PUBLIC INSTITUTIONS	64,564
PUBLIC ENTERPRISES	17,744
SKOPJE AND THE MUNICIPALITIES	5,678
PLAN REGIONS	44
TOTAL	128,722

Source: Annual Report from the Register of Public Sector Employees 2017, Skopje, March 2018, our processing.

There is no complete and accurate data on how this figure has moved in the past, but for the time being. According to certain Eurostat approximations, the number of employees in the public sector started to increase from 2006 onward and ranged over 100,000. For the whole of this period, the number of employees in the public sector is constantly increasing by 24.4% compared to 2016, or at least by 36.150 persons. This is about 6 % of the total population. According to this amount, compared with the size of the public sector in the EU.¹², the Republic of Macedonia does not have a large public sector.

Figure 1 Number of employees in the public sector in relation to GDP and Gross external debt of Macedonia



Извор: Eurostat database in witch missing data for 2008, 2009 u 2010 year due to differences in national classification of activities/source for the GDP and Gross external debt NBRM, 2017 [http://nbrm.mk/WBStorage/Files/Statistika_Osnovni_makroek_indikator_i_mak.xlsx];

¹² The average size of the EU member and candidate countries for 2016 is about 10 % (measured as the number of employees in the public sector in accordance with total population), Eurostat <http://ec.europa.eu/eurostat/data/database>

However, as it can be seen in figure 1, relative to the actual growth of GDP and the significant external debt in this period, it can be concluded that **the increase in the number of employees in the public sector does not follow the development of the economy.** No economic indicator justifies this trend.

3.2 The compliance with European legal principles and standards

In general, it can be concluded that **the Macedonian legal system is harmonized with the legal heritage of the European Union. However, there are numerous problems in maintaining the compliance of the Macedonian legal system with European legal principles and standards.**

As mentioned in the previous part, we have a strategic framework for reforming the public administration but have no realization or sustainability (the first standard). Problematically is the second principle—development of policy and coordination—the most interested in a third principle—public service and human resource management. Public services are not well-designed and well-managed, nor enables the state to reach an adequate level of professionalism, sustainability, and quality of public service in all parts of its administration and provide better services to citizens and businesses.¹³ This is core for our public administration reforms and also the hardest feasible.

Other standards, as accountability and service delivery, are concerned. They demand that setting the standards and inspiring the behavior of public servants should be embedded in institutions and administrative procedures at all levels of the administration. Citizens and businesses do not view the public sector as a service provider, which they pay for through their taxes, and they want to see the delivery of improved services.

Unnecessary regulations should be eliminated, and attention should be paid to preparing new regulations (deregulation). The functioning of the public administration must be simplified, and, among other things, this should be a guiding goal in the preparation of regulations. The attempt to come to better

¹³ Modern constitutional public service in a democracy is regarded as possible only when the following conditions are in place:

- the separation between the public sphere and the private sphere;
- the separation between politics and administration;
- individual accountability of public servants;
- sufficient job protection, level of pay and stability, and clearly defined rights and obligations of public servants;
- recruitment and promotion based on merit.

regulation, in fact, and as we have already mentioned, is a part of the general reform efforts for the public sector in the entire modern world, the improvement of the business environment and a precondition for higher growth and the standard of the population.

In addition to the reasons mentioned earlier, in the effort to effectively reform and organize the public administration, there should be a cost of public services, as well as their quality. Unfortunately, we do not have measurable indicators for the quality of public services. However, according to the realized and planned budgets of the Republic of Macedonia, we can see the public expenditures for wages and salaries for employees in the state and public administration, which are presented in Table 3.

Table No.3 Budget expenditures for salaries and allowances for the employees in the state and public administration in the Republic of Macedonia for the period 2013-2018 (in millions of denars)

Year	Amount	Euro
2013	22,999	370,95
2014	23,605	380,73
2015	25.082	404,55
2016	26,520	427,74
2017	26,614	429,26
2018*	27,103	437,14

* Ministry of Finance in the Government of the Republic of Macedonia, Draft Budget of the Republic of Macedonia for 2018, available at: <http://www.finance.gov.mk/files/u6/>

[BUDZET%202018%20-%20SOBRANIE%20-%2010.11.2018.pdf](http://www.finance.gov.mk/files/u6/BUDZET%202018%20-%20SOBRANIE%20-%2010.11.2018.pdf)

Source: Ministry of Finance in the Government of the Republic of Macedonia, Budget of the Republic of Macedonia for 2013, 2014, 2015, 2016, 2017, available at: <http://www.finance.gov.mk/mk/node/575>

As seen in the table, the trend of increasing expenditures is growing. Thus, from the comparison between the realized budget for the fiscal year 2013 and the planned for the fiscal year 2018, i.e., in 5 years, it can be noted that the public expenditures on salaries and remuneration from public administration salaries of over 15% are visible.

Conclusion

The process of approximation to the European standards, ever since the establishment of independence, has a task of creating a professional, accountable, politically neutral, transparent, and service-oriented administration is imperative for the development of a democratic and market-oriented society.

The Republic of Macedonia does not have a large public sector, but relative to the GDP growth and external debt, it can be concluded that **the increase in the number of employees in the public sector does not follow the development of the economy and not is reasonable**. Formally, international organizations do not comment on the size and structure but the principles on which it operates and is set as general standards for all member states and EU candidates.

The public administration organization has been modernized and pointed to the compliance of EU models, but there is a need to reassess the number of bodies and agencies. In recent years, institutional changes in public administration responsibilities have not led to the improvement of the situation, nor the visible political leadership of the reform, despite the declarative efforts.

Europeanization of public services is one of the most complex processes, and in the upcoming period, this may be a challenge for the Republic of Macedonia. It is necessary to create a comprehensive policy regarding the supply of public goods and services, consistently implement the already established measures and activities to increase the efficiency in this domain, and undertake additional measures and activities in those segments in which it has a real need.

Therefore, in spite of the principle of achieving good governance, despite the long-lasting reforms, it can be said that the Republic of Macedonia faces numerous challenges, which is the question of whether big breaks are needed, or a new administrative paradigm is needed.

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 - 2 <http://www.finance.gov.mk/files/u6/BUDZET%202018%20-%20SOBRANIE%20-%2010.11.2018.pdf>