

INDICATOR PASSPORTS

FOR 2016-2020 PUBLIC FINANCE MANAGEMENT (PFM) REFORM

Chapter 6 of the 2016-2020 Public Finance Management Reform Programme (hereinafter: PFM Reform Programme) elaborates the monitoring and evaluation system for its implementation aimed at assessing specific progress made in carrying out the actions envisaged by the 2016-2017 Action Plan (hereinafter: AP) for the Programme implementation.

The aim of the document is to gather at a single spot all the information on set performance indicators including some of their key institutional and methodological aspects, such as the institutions responsible for collecting the data, frequency of data gathering, the equation for calculating the indicator, methods of verification, the baseline and the target set for measuring success in meeting the reform goals. Indicator measurement and monitoring should start with the second planned Progress Report 2016-2020. It should be noted that in Montenegro the fiscal year coincides with the calendar year, i.e. 01 January to 31 December 2018.

4.1. Sustainable fiscal framework, public spending planning and budgeting

4.1.1. MTBF, including fiscal strategy

INDICATOR 1 PASSPORT

Indicator name	<i>The share of new medium-term sectoral strategies including cost estimates for their implementation, and a reference to potential donor funding</i>
Corresponding objective or action	<i>4.1. Sustainable fiscal framework, public spending planning and budgeting 4.1.1. Medium-term budgetary framework, including the fiscal strategy The MTBF reflects government policies and strategic goals and contains spending ceilings for all first-level spending units</i>
Source of data for monitoring the performance indicator	<i>In line with the PFM Strategy, an action is envisaged which refers to the development of the methodology for preparing strategic documents. According to the plan, one of intended minimum requirements is fiscal impact assessment, which means that after pertinent legislation is adopted, all strategies will have fiscal impact assessments. The source of data for 2017 are the strategies adopted by the Government in the course of that year submitted to the MoF for opinion.</i>
Person in charge of collecting the data	<i>MoF, Budget Directorate Tanja Musterović tanja.musterovic@mif.gov.me Telephone: 063262769</i>
Frequency of data publication	<i>1 x a year, Q1</i>

Brief indicator and methodology description (formula/equation)	<p>The strategies with the span of 3 and more years are taken into account, and until the automatic computation from the database, the data will be produced based on fiscal impact assessments provided by the relevant sector to the MoF for opinion, or the regulatory impact assessment (RIA). The data of adopted strategies will be obtained from the Government's General Secretariat (GS).</p> <p>Based on the GS data, in 2017 the total of 12 strategies were adopted. Based on the data for 11 strategic documents, 1 had the span of two years, while out of the remaining 10, 7 documents had fiscal impact assessment by providing an estimation of the total funding needed for the strategy implementation.¹</p> <p>Performance is measured based on the data for the strategies adopted in the given year, which means that the strategies adopted earlier will not be taken into account. The target for 2020 and beyond, envisaged to be achieved 100%, implies that each strategy adopted in 2020 and beyond will come with fiscal impact assessment, while the strategies adopted before that year will be considered in case of need for their revisions.</p>			
	<p>FORMULA/EQUATION</p> <p>The number of adopted medium-term strategies containing cost estimates for their implementation in the fiscal year X100/ Total number of medium-term strategies adopted in the fiscal year</p>			
Baseline	Baseline (2014): 60%			
Target	2017	2018	2019	2020
	80%	85%	90%	100%
Achievement	70%			

INDICATOR 2 PASSPORT

Indicator name	Average deviation between spending ceilings according to the MTBF and the actual appropriations planned by the annual Budget Law
Corresponding objective or action	<p>4.1. Sustainable fiscal framework, public spending planning and budgeting</p> <p>4.1.1. Medium-term budgetary framework, including the fiscal strategy</p> <p>The MTBF reflects government policies and strategic goals and contains spending ceilings for all first-level spending units</p>
Source of data for monitoring the performance indicator	Official Gazette, Budget Law, (http://www.mf.gov.me/biblioteka/zakoni), 3-year Macroeconomic and Fiscal Policy Guidelines
Person in charge of collecting the data	MoF, Budget Directorate Tanja Musterović tanja.musterovic@mif.gov.me Telephone: 063262769

¹ Ispunjena vrijednost je 70%, or 7 out of 10 strategies.

Frequency of data publication	1x a year, Q1 of the current year for the previous year			
Brief indicator and methodology description (formula/equation)	<p>Macroeconomic and Fiscal Policy Guidelines are used to set spending ceilings, which serve as the basis for drafting the Budget Law for the given fiscal year. MEFP Guidelines are adopted annually for three-year periods. The ceilings are mandatory for the Budget Law for the given year, and indicative for the second and third years.</p> <p>MEFP Guidelines are used as a budgetary framework indication and means to limit central budget spending for the current budget, budgets of state funds, the capital budget, budgetary reserves and spending ceilings for first-level spending units, with the exception of debt and interest repayments, costs funded from donations, co-financing shares and recovery costs following natural disasters and other urgent matters and contingencies.</p> <p>Spending ceilings for the given year are compared with the amounts planned in the Budget Law for the same year, e.g. if we look for deviations in 2017, the data from the 2017 Budget Law are compared with the spending ceilings for the period 2016-2019.</p>			
	FORMULA/EQUATION (appropriation according to the BL – spending ceiling)/appropriation according to the BL *100			
Baseline	Baseline year (2014): 9%			
Target	2017	2018	2019	2020
	7%	6%	5%	5%
Achievement	6%			

INDICATOR 3 PASSPORT

Indicator name	Number of staff trained for medium-term planning in a top-down approach
Corresponding objective or action	<p>4.1. Sustainable fiscal framework, public spending planning and budgeting</p> <p>4.1.1. Medium-term budgetary framework, including the fiscal strategy</p> <p>The MTBF reflects government policies and strategic goals and contains spending ceilings for all first-level spending units</p>
Source of data for monitoring the performance indicator	MoF Budget Directorate, and spending units, participants to training, based on the database kept by the MoF Budget – MoF is the source of data
Person in charge of collecting the data	<p>MoF, Budget Directorate</p> <p>Tanja Musterović tanja.musterovic@mif.gov.me Telephone: 063262769</p>

Frequency of data publication	1x a year, Q1 for trainings delivered over the previous year			
Brief indicator and methodology description (formula/equation)	The PFM Reform Programme and the AP envisage training for multi-annual budget planning aiming to better link programme goals with Government policies. The training is intended for managerial and expert level staff in institutions to be defined as priorities to cover all institutions by 2020 (President, Parliament, judicial bodies, line ministries and independent bodies). Training will also be delivered for State Audit Institution and parliamentary Committee for Economy and Finance representatives. Performance is measured based on trainings delivered within one calendar year, i.e. the number of trainees.			
	FORMULA/EQUATION Number of persons who completed the training according to the defined training programme			
Baseline	Baseline (2014): 0			
Target	2017	2018	2019	2020
	52	35	52	72
Achievement	0			

4.1.2. Annual budget preparation

INDICATOR 4 PASSPORT

Indicator name	Share of first-level spending units providing comprehensive information in their budget requests
Corresponding objective or action	4.1. Sustainable fiscal framework, public spending planning and budgeting 4.1.2. Annual budget preparation
Source of data for monitoring the performance indicator	Budget requests submitted to the Budget Directorate within the framework of budget planning process ²
Person in charge of collecting the data	MoF, Budget Directorate Tanja Musterović tanja.musterovic@mif.gov.me Telephone: 063262769
Frequency of data publication	1x a year, after spending units submit their respective budget requests, i.e. Q3

² The Statement of Reasons accompanying the Law does not feature all the information provided in budget requests. Comprehensive information is important when considering and negotiating budget requests.

Brief indicator and methodology description (formula/equation)	A precondition for having an effective budget programme performance measurement system in place is having comprehensive input data for each programme provided for budget planning purposes. In line with the MEFP Guidelines, the MoF provides an expert budget drafting instruction with detailed guidance on financial and non-financial data. Budget preparation tables come with a detailed instruction, a table with general information on the spending unit, administrative and legal framework, tables for funding gaps, the aggregate table, brief on expenditures for current activities, data on expenditures for new activities, data on expenditures for salaries, reasoning for new activities and the overview of multiannual commitments. The first-level spending units are President, Parliament, judicial bodies, Government – GS and line ministries, autonomous spending units and state funds. In 2017 there were 48 such spending units in total. Performance is assessed against the completeness of information as per each circular letter section. In the upcoming period it is expected to see more complete response to the upgraded budget circular thanks to pending training aimed at enhancing the overall budgeting process.			
	FORMULA/EQUATION No. of spending units providing comprehensive information / Total no. of spending units X 100			
Baseline	Baseline (2014): 40%			
Target	2017	2018	2019	2020
	75%	80%	90%	100%
Achievement	70%			

INDICATOR 5 PASSPORT

Indicator name	Level of performance information included in budget planning
Corresponding objective or action	4.1. Sustainable fiscal framework, public spending planning and budgeting 4.1.2. Annual budget preparation Develop an efficient system of budget programme performance measurement towards increasing public spending effectiveness and transparency
Source of data for monitoring the performance indicator	Annual Budget Law together with the Statement of Reasons
Person in charge of collecting the data	MoF, Budget Directorate Tanja Musterović tanja.musterovic@mif.gov.me Telephone: 063262769
Frequency of data publication	1x a year Q1 of the current year for the previous year

Brief indicator and methodology description (formula/equation)	The PFM Reform Programme envisages for 2018 the definition of mission statements, goals and descriptions for programmes and sub-programmes, while in 2020 it is envisaged to define pertinent performance indicators. The legal ground is set in the Law on Budget and Fiscal Responsibility, while the contents and the method of development is defined in the implementing Decree. The increase in the level of information provided is set through targets, Level 1 (2017) includes the developed programmes structure for all budget users, including their mission statements, programme descriptions and goals; Level 2 (2019) builds on Level 1 by identifying sets of indicators for pilot projects, while Level 3 (2020) includes a set of indicators developed for all programmes to monitor progress made in attaining goals.			
	FORMULA/EQUATION /			
Baseline	Baseline (2014): Programme titles developed for all spending units			
Target	2017	2018	2019	2020
	Level 1	Level 1	Level 2	Level 3
Achievement	Programme structure developed regarding the definition of programme titles for all spending units			

INDICATOR 6 PASSPORT

Indicator name	No. of staff trained for expenditures planning and monitoring in line with the programme budgeting principles
Corresponding objective or action	4.1. Sustainable fiscal framework, public spending planning and budgeting 4.1.2. Annual budget preparation Develop an efficient system of budget programme performance measurement towards increasing public spending effectiveness and transparency
Source of data for monitoring the performance indicator	MoF, Budget Directorate
Person in charge of collecting the data	MoF, Budget Directorate Tanja Musterović tanja.musterovic@mif.gov.me Telephone: 063262769
Frequency of data publication	1x a year Q1 of the current year for the previous year

Brief indicator and methodology description (formula/equation)	The PFM Reform Programme and the AP envisage for 2018 and 2019 to use IPA II funding for delivering training for staff of the MoF and budget organisations to be included in the programme budgeting process. The training is intended for managerial and expert level staff in priority institutions, with the plan to have all institutions covered by 2020. The training will also include Supreme Audit Institution (SAI) and parliamentary Committee for Economy and Finance representatives. Performance is measured against the number of trainings delivered in one calendar year the number of trainees.			
	FORMULA/EQUATION Total no. of trainees attending training events that commenced and were completed within one calendar year			
Baseline	Baseline (2014): 0			
Target	2017	2018	2019	2020
	20	35	70	130
Achievement	0			

4.1.3. Capital budget

INDICATOR 7 PASSPORT

Indicator name	Level of details in public presentation of the Capital Budget
Corresponding objective or action	4.1. Sustainable fiscal framework, public spending planning and budgeting 4.1.3. Capital budget Improve capital budget planning and progress reporting as per capital projects
Source of data for monitoring the performance indicator	Currently the source of data are the Budget Law and the Official Gazette. An overview of the capital budget to reflect the upgrading in capital budget planning and progress reporting to be posted on the MoF's website in the form of excel spreadsheets and corresponding charts. It will be a more detailed elaboration of the capital budget than the one given in the annual Budget Law, so the source may be the Budget Law for the given fiscal year. MoF's webpages at www.mf.gov.me
Person in charge of collecting the data	MoF, Budget Directorate Tanja Musterović tanja.musterovic@mif.gov.me Telephone: 063262769
Frequency of data publication	1x a year, Q1

Brief indicator and methodology description (formula/equation)	<p><i>Capital budget makes an integral part of the annual Budget Law and provides an overview of capital projects to be implemented over the coming fiscal year. As a part of the reform of the overall budgeting process, capital project planning needs also to be improved by giving a more user-friendly and elaborate overview of the projects planned for budget funding and reporting on their progress. The PFM Reform Programme and the AP envisage to use IPA II funding for establishing a public register of all budget-funded projects. Stage one implies presentation of individual projects, while in future projects are to be presented according to their implementation stages (preparation phase and development phase). Currently, the Statement of Reasons accompanying the Budget Law provides a detailed presentation of all individual projects, while in future an improved presentation will feature both in the Budget Law and be posted on MoF's webpages. The increase in the level of publicly available presentation of the capital budget is shown in the year-by-year targets. Level 1 (2017 and 2018) includes the presentation of individual projects implemented in the given budget year. Level 2 (2019) includes the presentation of individual projects implemented in the given budget year and the staged implementation of the selected pilot projects. Level 3 (2020) includes the presentation of individual projects and different project implementation stages.</i></p>			
Baseline	<p><i>Baseline (2014): Capital budget projects are grouped according to areas of activity (education, healthcare, culture, sport...)</i></p>			
Target	<p><i>2017</i></p>	<p><i>2018</i></p>	<p><i>2019</i></p>	<p><i>2020</i></p>
	<p><i>Level 1</i></p>	<p><i>Level 1</i></p>	<p><i>Level 2</i></p>	<p><i>Level 3</i></p>
Achievement	<p><i>In the Budget Law, projects are grouped by area of activity, and in the accompanying Statement of Reasons by individual projects</i></p>			

INDICATOR 8 PASSPORT

Indicator name	<p><i>Actual capital spending as a share of the total planned capital budget</i></p>
Corresponding objective or action	<p><i>4.1. Sustainable fiscal framework, public spending planning and budgeting 4.1.3. Capital budget Improve capital budget planning and progress reporting as per capital projects</i></p>
Source of data for monitoring the performance indicator	<p><i>Official Gazette, Law on Final Budget Accounts, annual Budget Law http://www.mf.gov.me/biblioteka/zakoni)</i></p>

Person in charge of collecting the data	MoF, Budget Directorate Tanja Musterović <i>tanja.musterovic@mif.gov.me</i> Telephone: 063262769			
Frequency of data publication	1x a year, Q2 of the current year for the previous year, following the adoption of the Law on Final Budget Accounts. Preliminary data may be available in Q1, the unofficial ones.			
Brief indicator and methodology description (formula/equation)	The capital budget, which falls under the remit of the Transport Directorate and the Public Works Directorate, is an integral part of the annual Budget Law. The information on the actual capital spending is contained in the Law on Final Budget Accounts, while the appropriation for the current year is defined in the Budget Law. The indicator is calculated as the share of actual capital spending under the Law on Final Budget Accounts in the total capital appropriation from the Budget law for the given fiscal year.			
	FORMULA/EQUATION $\frac{\text{Actual capital budget spending}}{\text{Total capital budget as envisaged by the Budget Law}} \times 100 = \%$			
Baseline	Baseline (2014): 70%			
Target	2017	2018	2019	2020
	80%	83	86%	90%
Achievement	82 ³			

4.1.4. Upgrade of the macroeconomic projections model

INDICATOR 9 PASSPORT

Indicator name	Staged implementation of the upgraded model for macroeconomic projections and structural reform impacts
Corresponding objective or action	4.1. Sustainable fiscal framework, public spending planning and budgeting 4.1.4. Upgraded model for macroeconomic projections Improved projections of macroeconomic indicators, as the basis for public finance projections and the Budget Law, together with other strategy papers
Source of data for monitoring the performance indicator	The data for performance monitoring are collected at the central level through implementation of projections incorporated in documents of national relevance. Economic Reform Programme Macroeconomic and Fiscal policy Guidelines Updated Projections of Macroeconomic and Fiscal Indicators
Person in charge of collecting the data	MoF, Directorate for Economic Policy and Development Iva Vuković , Director General, Directorate for Economic Policy

³ Given that the 2017 Law on Final Budget Accounts has not been approved yet, the information on actual spending for the needs of developing the Indicator Passport was taken from the SAP system and will not be official until the adoption of the Law on Final Budget Accounts.

	<p>and Development <u>iva.vukovic@mif.gov.me</u> Telephone: 069820921 Gordana Stanišić, Directorate for Economic Policy and Development <u>gordana.stanistic@mif.gov.me</u> Telephone: 069303623</p>			
Frequency of data publication	All of the above documents are published annually for medium-term.			
Brief indicator and methodology description (formula/equation)	<p>Currently, a substantial portion of forecasting is done based on intuition and expert opinions of the MoF's lead experts more than on a formalised econometrics approach. The new model will be underpinned by the econometrics approach and economy seen through four sectors: real, external, monetary and fiscal. The model will contain tools to include long-term effects of structural policies on aggregate supply, and the short-term impact on demand.</p> <p>The Montenegrin macroeconomic model will consist of: 1) the forecasting model, to be used to generate identified values of macroeconomic indicators for the purpose of base scenario development; 2) the impact assessment model, to be used to simulate policies based on different scenarios ('what if' analysis)</p> <p style="text-align: center;">FORMULA/EQUATION</p>			
Baseline	Baseline (2014): The existing model used at the Directorate for Economic Policy and Development is based on financial programming model, and parameter projects are based on expert assessments			
Target	2017	2018	2019	2020
	Analysis and upgrade of the existing macro-economic projections model	The new model for projections of macro-economic indicators and structural reforms impact developed and staff trained	Assumptions met for the staff of the Directorate for Economic Policy and Development to use the new model	Full implementation and staff competent in using the new model
Achievement	2017 target met	2018 target met		

PASSPORT INDICATOR 10

Indicator name	The difference between actual and projected real GDP growth rate
Corresponding objective or action	<p>4.1. Sustainable fiscal framework, public spending planning and budgeting</p> <p>4.1.4. Upgraded model for macroeconomic projections</p> <p>Improved projections of macroeconomic indicators, as the basis for public finance projections and the Budget Law, together with other strategy papers.</p>

	<p>At the same time, it will achieve compliance with Chapter III of the EU Directive 2011/85 regarding forecasts.</p> <p>The new model will minimise the difference between plans and outputs, thus contributing to better formulation of assumptions for realistic planning of budget revenues, largely dependent on economic activity growth</p>			
Source of data for monitoring the performance indicator	<p>The data for monitoring the indicator are collected at the central level</p> <p>Current year assessments are published in the Projections of Macroeconomic and Fiscal Indicators</p> <p>The output data are published by MONSTAT on their webpages http://monstat.org/cg/page.php?id=166&pageid=19</p>			
Person in charge of collecting the data	<p>MoF, Directorate for Economic Policy and Development Iva Vuković, Director General, Directorate for Economic Policy and Development iva.vukovic@mif.gov.me Telephone: 069820921</p> <p>Gordana Stanišić, Directorate for Economic Policy and Development gordana.stanisic@mif.gov.me Telephone: 069303623</p>			
Frequency of data publication	<p>Annually</p> <p>Updated assessments are published in October</p> <p>The output data are published in September of the current year for the previous year</p>			
Brief indicator and methodology description (formula/equation)	<p>GDP assessment is done based on the econometric model based on the System of National Accounts (SNA 2008) and the European System of Accounts (ESA 2010) principles.</p> <p>The realised values are also based on the same methodologies.</p> <p>ESA 2010 provides the concepts, definitions and accounting rules applied for calculation of national accounts data for the sake of international comparability. ESA 2010 is a set of mutually related and consistent tables, accounts, classifications and balances which are the statistical and documentation basis for monitoring economic activity.</p> <p>Gross domestic product (GDP) measures total value of goods and services produced by resident institutional units.</p> <p style="text-align: center;">FORMULA/EQUATION</p> <p style="text-align: center;">X p.p. = actual real growth rate – projected real growth rate</p>			
Baseline	Baseline (2014): 1.8 p.p.			
Target	2017	2018	2019	2020
	Less than 0.5 p.p.	Less than 0.3 p.p.	Less than 0.2 p.p.	Less than 0.2 p.p.
Achievement		2018 target met		

4.2. Budget execution

4.2.1.1. Revenue collection - Tax Administration

INDICATOR 11.PASSPORT

Indicator name	Increase in the share of e-filing (corporate income tax (CIT), VAT)			
Corresponding objective or action	4.2.1.1. Tax Administration Building Tax Administration capacities for better revenue collection, thus contributing to budget fiscal revenues			
Source of data for monitoring the performance indicator	The data for monitoring the indicator are collected at the national level https://eprijava.tax.gov.me/TaxisPortal (only financial statements available, not the trends in e-filing) - Annual Tax Administration Activity Report www.poreskauprava.gov.me - internal quarterly and six-monthly reports of the department responsible for e-filing (not posted online)			
Person in charge of collecting the data	Tax Administration, Department for Planning, Reporting and Project Development Lidija Šečković lidija.seckovic@tax.gov.me Telephone: 067272353			
Frequency of data publication	Quarterly			
Brief indicator and methodology description (formula/equation)	For 2017 calendar year, the CIT data provided are the ones for 2016 fiscal year since the deadline for filing is 31 March 2017, while the VAT data are given for the accounting periods due in 2017 (VAT is filed until 15 th of the month for the previous month) FORMULA/EQUATION $\frac{\text{The total number of eVAT returns within a calendar year}}{\text{The total number of VAT returns for the given calendar year}} \times 100$ $\frac{\text{The total number of eCIT returns within a calendar year}}{\text{The total number of CIT returns for the given calendar year}}$			
Baseline	Baseline (2014): 27% not the total, since it is paper-based			
Target	2017	2018	2019	2020 ⁴
	VAT 50% CIT 95%	VAT 65% CIT 97%	VAT 75% CIT 97%	VAT 80% CIT 99%
Achievement	VAT 50% CIT 95%			

⁴ The formula for calculating the CIT was provided explaining that 95% is the previous trend for CIT returns. As regards e-filing, it was impossible to calculate the trend, since e-filing started as of January 2017.

INDICATOR 12 PASSPORT

Indicator name	<i>EU Acquis on the common market successfully implemented</i>
Corresponding objective or action	4.2.1.1. Tax Administration <i>Building Tax Administration capacities for better revenue collection, thus contributing to budget fiscal revenues</i>
Source of data for monitoring the performance indicator	At the national and international levels <ul style="list-style-type: none"> - Official Gazette of Montenegro - Project progress reporting (quarterly) www.poreskauprava.gov.me - EC Report - Benchmark assessment reports - DG TAXUD reports - Government session reports on proposals approved, posed on Government webpages www.gov.me
Person in charge of collecting the data	Tax Administration, Department for Planning, Reporting and Project Development Lidija Šečković lidija.seckovic@tax.gov.me Telephone: 067272353
Frequency of data publication	Quarterly, upon the request of the EU Delegation to Montenegro
Brief indicator and methodology description (formula/equation)	<p>The Programme of Accession of Montenegro to the EU (PPCG) showing the level of compliance 1. Status a) policy framework, b) legal framework and c) administrative cooperation and mutual assistance. 2. Plans and needs for all three areas mentioned above 3. Administrative framework – new institutions. Reporting is used to monitor progress attained in implementing plans and meeting the needs identified in the document (available at the webpages of the Ministry of Foreign Affairs www.mvp.gov.me)</p> <p>The PPCG sets the deadlines for adopting the Acquis. It contains all the data against which the alignment of tax legislation may be measured by year in reference to three main laws: the VAT Law, the CIT Law and the Tax Administration Law.</p> <p>- the degree of legal harmonization with the Acquis based on the assessment done at the beginning of implementing IPA2014 regarding draft primary and secondary legislation prepared for adoption with a view for further alignment</p> <p>Basic directives concerning direct and indirect taxation: Directive 2011/16/EU regarding mandatory automatic exchange of tax-related data; VAT Directive; Directive 2006/112/EC on common system for VAT with amendments; Council Directive 2008/9/EC with amendments related to VAT refund.</p> <p>Directives related to CIT: Directive 2003/49/EU on a common system of taxation applied in different EU Member States</p>

	Directive 2011/96/EU on a common system of taxation applied to the Council Directive Council Directive 2009/133/EC			
	FORMULA/EQUATION			
Baseline	Baseline (2014): Screening completed			
	2017	2018	2019	2020
Target	Chapter 16 – Taxation opened, harmonisation underway (identifying relevant acquis, responsible persons)	- Law amending the CIT Law (Q4 2018) - Law amending the Tax Administration Law (Q4 2018)	-Law amending the VAT Law 2019/Q4	The actions envisaged by PPCG Chapter 16 implemented
Achievement	-A certain level of legal harmonisation achieved ⁵ , more so regarding VAT; -pending harmonisation of CIT (transfer prices) by the end of Q4 - Amendments to the Tax Administration Law regarding administrative cooperation and mutual assistance (Q4).	Higher level of harmonisation compared to the previous year	Higher level of harmonisation compared to the previous year	Higher level of harmonisation compared to the previous year

INDICATOR 13 PASSPORT

Indicator name	Actually collected revenues compared to planned tax revenues from the annual Budget Law
Corresponding objective or action	4.2.1.1. Tax Administration Building Tax Administration capacities for better revenue collection, thus contributing to budget fiscal revenues
Source of data for monitoring the performance indicator	Data collected at the national level, MoF's Annual Budget Plan based on the Budget Law: www.mif.gov.me
Person in charge of	Tax Administration, Department for Planning, Reporting and

⁵ The alignment of the Tax Administration Law regarding administrative cooperation and mutual assistance and the CIT Law (transfer prices) are planned to be completed by the end of Q4 2018.

collecting the data	<i>Project Development</i> Lidija Šečković <i>lidija.seckovic@tax.gov.me</i> <i>Telephone: 067272353</i>			
Frequency of data publication	<i>Quarterly, annually</i>			
Brief indicator and methodology description (formula/equation)	FORMULA/EQUATION			
	$\frac{\text{Tax revenues collected during the year}}{\text{Planned tax revenues according to the Budget Law}} \times 100$			
Baseline	<i>Baseline (2014): 100%</i> <i>(2015): 100%</i> <i>(2016): 100%</i>			
Target	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>
Achievement	<i>More than 100% (24 million above the 2017 plan) and 34 million more than the 2016 performance</i>			

INDICATOR 14 PASSPORT

Indicator name	<i>VAT revenues as a share of GDP</i>
Corresponding objective or action	<i>44.2.1.1. Tax Administration Building Tax Administration capacities for better revenue collection, thus contributing to budget fiscal revenues</i>
Source of data for monitoring the performance indicator	<i>Data collected at the national level - Reports posted on the MOF webpages www.mif.gov.me within the Directorate for Economic Policy and Development -Fiscal Strategy 2017-2020 with new projections including the fiscal consolidation measures www.mif.gov.me</i>
Person in charge of collecting the data	<i>Tax Administration, Department for Planning, Reporting and Project Development</i> Lidija Šečković <i>lidija.seckovic@tax.gov.me</i> <i>Telephone: 067272353</i>
Frequency of data publication	<i>Quarterly</i>

Brief indicator and methodology description (formula/equation)	FORMULA/EQUATION <i>Total VAT revenues in the fiscal year / GDP x 100</i>			
Baseline	<i>Baseline (2014): 13.5%</i>			
Target	<i>2017</i> 13.5%	<i>2018</i> 14.7%	<i>2019</i> 14.6%	<i>2020</i> 14.6%
Achievement	<i>13.0%⁶</i>			

4.2.1.2. Revenue collection – Customs Administration

INDICATOR 15 PASSPORT

Indicator name	Change in revenue collection compared to the previous year			
Corresponding objective or action	4.2.1.2. Building Customs Administration capacities <i>Building Customs Administration capacities for ensuring efficient revenue collection, customs area safety and protection of the society, as well as for creating an environment more conducive to business operation</i>			
Source of data for monitoring the performance indicator	<i>Customs Administration Activity Report</i> http://www.upravacarina.gov.me/Administration/Slobodan_pristup_informacijama			
Person in charge of collecting the data	<i>Customs Administration</i> Snežana Vučković , Department for Customs Legal Affairs snezana.vuckovic@carina.gov.me Telephone: 442 026			
Frequency of data publication	<i>Customs Administration Activity Report, Q1 of the current year for the previous year</i>			
Brief indicator and methodology description (formula/equation)	<i>The indicator shows the change in the rate of customs revenues collection in the reporting year compared to the previous one.</i>			
	FORMULA/EQUATION <i>Revenue collection in the reporting year / Revenues collected in the previous year X 100</i>			
Baseline	<i>Baseline (2014): 15%</i>			
Target	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>

⁶ Draft 2017 Law on Final Budget Accounts. 13.0 is the preliminary information until the Parliament enacts the Law (September), when the official 2017 GDP will be available
<http://www.gov.me/ResourceManager/FileDownload.aspx?rId=317590&rType=2>

	17.64 %	5%	5%	5%
Achievement	17.64 %			

INDICATOR 16 PASSPORT

Indicator name	Harmonisation of customs and excise legislation with the EU Acquis			
Corresponding objective or action	4.2.1.3. Building Customs Administration capacities <i>Building Customs Administration capacities for ensuring efficient revenue collection, customs area safety and protection of the society, as well as for creating an environment more conducive to business operation</i>			
Source of data for monitoring the performance indicator	<i>Customs Administration Activity Report</i> http://www.upravacarina.gov.me/Administration/Slobodan_pristup_informacijama			
Person in charge of collecting the data	<i>Customs Administration</i> Snežana Vučković , Department for Customs Legal Affairs snezana.vuckovic @carina.gov.me Telephone: 442 026			
Frequency of data publication	<i>Customs Administration Activity Report, Q1 of the current year for the previous year</i>			
Brief indicator and methodology description (formula/equation)	<i>The indicator refers to the adoption of legislation related to harmonisation of customs and excise legislation with the EU acquis.</i>			
	FORMULA/EQUATION			
	<i>Number of harmonised pieces of legislation adopted in the reporting year</i>			
Baseline	<i>Baseline (2014): Screening completed for Chapter 29 – Customs Union and Chapter 16 – Taxation</i>			
Target	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>Law amending the Customs Law</i> <i>Law amending the Excise Law</i> <i>2017 Customs Tariff Decree</i> <i>Decree amending the Implementing Decree for the Customs Law</i>	<i>Adoption of 3 pieces of legislation</i>	<i>Adoption of 3 pieces of legislation</i>	<i>Adoption of 3 pieces of legislation</i>

Achievement	4 pieces of legislation adopted			
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4.2.1.3. Revenue collection – Public procurement

INDICATOR 17 PASSPORT

Indicator name	Level of harmonisation and completeness of the public procurement legal framework with the EU Acquis
Corresponding objective or action	4.4.1.3. Public procurement Harmonisation of the public procurement system with the EU Acquis towards establishing an efficient, transparent and competitive public procurement system in Montenegro.
Source of data for monitoring the performance indicator	Directives 23/2017, 24/2017 and 25/2017 http://www.ujn.gov.me/category/direktive/ Public Procurement Law (Official Gazette of Montenegro 042/11 of 15 August 2011, 057/14 of 26 December 2014, 028/15 of 03 June 2015, 042/17 of 30 June 2017) Secondary legislation http://www.ujn.gov.me/category/nova-podzakonska/ Public Procurement Development Strategy http://www.ujn.gov.me/strategija-razvoja-sistema-javnih-nabavki-u-crnoj-gori-za-period-2016-2020-godine/ Progress Report http://www.ujn.gov.me/category/eu-integracije/
Person in charge of collecting the data	Public Procurement Administration (PPA) Dijana Ivanović , Division for Monitoring Public Procurement Processes and E-Procurement Management vukcevic.dijana@gmail.com Telephone: 067373384 Sanja Poleksić , Division for Professional Development and International Cooperation s.p@t-com.me Telephone: 067400191
Frequency of data publication	Half-yearly through reporting by the Coordination Body for Implementing the AP accompanying the PP Development Strategy Q1&3 http://www.ujn.gov.me/category/koordinaciono-tijelo/
Brief indicator and methodology description (formula/equation)	September-October: the PPA coordinates AP review and update, as needed, for the coming year, with the involvement of all stakeholders; December: If needed, Government adopts the revised AP for the coming year. Using the AP as the monitoring and implementation tool, the Coordination Body will be reporting to the Government according to the following schedule:

January: the PPA gathers information on the AP realisation over the previous year from all parties involved in the AP implementation;

February: the PPA prepares the AP implementation report for the Government.

The 2016-2020 PP Development Strategy has been developed in such a way to include all the actions needed to close Chapter 5, with the AP as its implementing tool.

The list of pertinent directives:

1. Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28 March 2014), as last amended by the Commission Delegated Regulation (EU) 2017/2365 of 18 December 2017 amending Directive 2014/24/EU of the European Parliament and of the Council in respect of the application thresholds for the procedures for the award of contracts (OJ EU L-337 of 19 December 2017)

2. Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (OJ L 94, 28 March 2014), as last amended by Commission Delegated Regulation (EU) 2017/2364 of 18 December 2017 amending Directive 2014/25/EU of the European Parliament and of the Council in respect of the application thresholds for the procedures for the award of contracts (OJ EU L-337 of 19 December 2017)

3. Council Directive 89/665/EEC of 21 December 1989 on the coordination of the laws, regulations and administrative provisions relating to the application of review procedures to the award of public supply and public works contracts (OJ L 395, 30 December 1989), as last amended by the Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts (OJ L 94, 28 March 2014)

4. Council Directive 92/13/EEC of 25 February 1992 coordinating the laws, regulations and administrative provisions relating to the application of Community rules on the procurement procedures of entities operating in the water, energy, transport and telecommunications sectors (OJ L 76, 23 March 1992), as last amended by the Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts (OJ L 94, 28 March 2014)

5. Articles 2, 12 and 13 of the Directive 2009/81/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security, and amending Directives 2004/17/EC and 2004/18/EC (OJ L 216, 20 August 2009), and the Commission Regulation (EU) 2017/2367 of 18 December 2017 amending Directive 2009/81/EC of the

	European Parliament and of the Council in respect of the application thresholds for the procedures for the award of contracts (OJ EU L-337 of 19 December 2017)			
Baseline	<i>Baseline (2014): Chapter 5 opened</i>			
Target	2017	2018	2019	2020
	Chapter 5 opened	Further harmonisation with the 2014 public procurement package	Further harmonisation with the 2014 public procurement package (implementation of the new PP Law, introduction of e-procurement)	The actions envisaged by PPCG Chapter 5
Achievement	Chapter 5 opened			

INDICATOR 18 PASSPORT

Indicator name	<i>Average number of tenderers participating to public competitions</i>
Corresponding objective or action	4.4.1.3. <i>Public procurement</i> <i>Harmonisation of the public procurement system with the EU Acquis towards establishing an efficient, transparent and competitive public procurement system in Montenegro.</i>
Source of data for monitoring the performance indicator	<i>Annual report on all public procurement processes conducted prepared by the PPA</i> http://www.ujn.gov.me/category/izvjestaji/
Person in charge of collecting the data	<i>Public Procurement Administration</i> <i>Dijana Ivanović, Division for Monitoring Public Procurement Processes and E-Procurement Management</i> vukcevic.dijana@gmail.com Telephone: 067373384 <i>Sanja Poleksić, Division for Professional Development and International Cooperation</i> s.p@t-com.me Telephone: 067400191
Frequency of data publication	<i>The PPA submits to the Government for adoption the Annual report on all public procurement processes by 31st May of the current year for the previous year.</i>
Brief indicator and methodology description (formula/equation)	<i>The indicator shows the number of tenders received per one PP process, meaning that its higher value shows better competition.</i>
	FORMULA/EQUATION <i>Number of bids received within one calendar year / number of PP processes conducted in that calendar year</i>

Baseline	Baseline (2014): 3.52 bids per PP process http://www.ujn.gov.me/2015/06/godisnji-izvjestaj-o-javnim-nabavkama-u-crnoj-gori-za-2014-godinu/			
Target	2017	2018	2019	2020
	3.2	3.48	3.58	3.8
Achievement	2.65 ⁷			

INDICATOR 19 PASSPORT

Indicator name	E-procurement as a share of total PP processes within one year			
Corresponding objective or action	4.4.1.3. Public procurement Harmonisation of the public procurement system with the EU Acquis towards establishing an efficient, transparent and competitive public procurement system in Montenegro.			
Source of data for monitoring the performance indicator	The tender process for selecting the most advantageous tenderer for introducing e-procurement in Montenegro is underway. http://www.mif.gov.me/rubrike/CFCU_tenderi/Tenderi/Otvoreni/156772/Klarifikacije-za-ugovor-o-uslugama-Implementacija-Elektronskog-sistema-javnih-nabavki.html http://www.ujn.gov.me/category/izvjestaji/			
Person in charge of collecting the data	Public Procurement Administration Dijana Ivanović , Division for Monitoring Public Procurement Processes and E-Procurement Management vukcevic.dijana@gmail.com Telephone: 067373384 Sanja Poleksić , Division for Professional Development and International Cooperation s.p@t-com.me Telephone: 067400191			
Frequency of data publication	Daily			
Brief indicator and methodology description (formula/equation)	The e-system is to support the whole PP process from publication to awarding contracts. Be it noted that e-procurement will be mandatory for all entities bound by the PP Law. FORMULA/EQUATION No of contracts awarded through e-procurement in one calendar year / total number of contracts awarded in the given calendar year X 100			
Baseline	Baseline (2014): 0% (the e-procurement system is still unavailable)			
Target	2017	2018	2019	2020
	0% (the e-procurement system is still	Selection of most advantageous	30%	80%

⁷ Final data taken from the 2017 report sent on 31 May 2018 to the Government for adoption.

	<i>unavailable)</i>	<i>tenderer</i>		
Achievement	<i>0% (the e-procurement system is still unavailable)</i>			

4.2.1.4. State aid reform

INDICATOR 20 PASSPORT

Indicator name	<i>The number of state aid grantors and beneficiaries, private sector representatives and judges attending state aid seminars and training events (all state aid grantors and prospective beneficiaries and other stakeholders; the number of beneficiaries is unspecified, between 30-100)</i>			
Corresponding objective or action	<i>4.2.1.4. State aid reform Increase efficiency, effectiveness and transparency of state aid control in Montenegro to be EU-compliant.</i>			
Source of data for monitoring the performance indicator	<i>The archives of the State Aid Division and of the organiser of the “Upgrade and Strengthening of the institutional and legal framework for state aid and public procurement” project, supported by IPA 2014-2020.</i>			
Person in charge of collecting the data	<i>MoF – State Aid Ivana Paprenica, State Aid Division ivana.paprenica@mif.gov.me Telephone: 063262830</i>			
Frequency of data publication	<i>An overview may be done at the end of each calendar year</i>			
Brief indicator and methodology description (formula/equation)	<i>Total number of trainees in one calendar year. The organiser of the “Upgrade and Strengthening of the institutional and legal framework for state aid and public procurement” project, supported within the framework of IPA 2014-2020, will deliver state aid seminars for different state aid grantors and beneficiaries aimed at raising awareness around state aid issues (refers to state aid grantors and beneficiaries, private sector representatives and judges). <u>The indicator is the total number of trainees within one calendar year.</u></i>			
	FORMULA/EQUATION			
Baseline	<i>Baseline (2014): 50</i>			
Target	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>50</i>	<i>30</i>	<i>60</i>	<i>100</i>
Achievement	<i>0</i>			

INDICATOR 21 PASSPORT

Indicator name	The share of staff of the State Aid Division and the Commission for State Aid Control undergoing training with a view of strengthening the legal framework, reducing the level of illegal state aid and conducting ex-post controls			
Corresponding objective or action	4.2.1.4. State aid reform Increase efficiency, effectiveness and transparency of state aid control in Montenegro to be EU-compliant.			
Source of data for monitoring the performance indicator	Archives of the State Aid Division Job Systematisation Rulebook (the State Aid Division currently has 7 staff members, and the Commission 5 members).			
Person in charge of collecting the data	MoF – State Aid Ivana Paprenica , State Aid Division ivana.paprenica@mif.gov.me Telephone: 063262830			
Frequency of data publication	An overview may be done at the end of each calendar year			
Brief indicator and methodology description (formula/equation)	Currently the State Aid Division has 7 members of staff, and the Commission 5 members. The seminars and training events focus on state aid issues solely.			
	FORMULA/EQUATION No. of staff in the State Aid Division + State Aid Commission attending seminars (completed) within the calendar year / total pertinent staff X 100			
Baseline	Baseline (2014): 30%			
Target	2017	2018	2019	2020
	30%	50%	70%	80%
Achievement	33%			

PASSPORT INDICATOR 22.

Indicator name	Number of ex-officio cases closed			
Corresponding objective or action	4.2.1.4. State aid reform Increase efficiency, effectiveness and transparency of state aid control in Montenegro to be EU-compliant.			
Source of data for monitoring the performance indicator	Webpages of the Commission for State Aid Control http://www.kkdp.gov.me/rješenja			
Person in charge of collecting the data	MoF – State Aid Ivana Paprenica , State Aid Division ivana.paprenica@mif.gov.me Telephone: 063262830			
Frequency of data publication	An overview may be done at the end of each calendar year			

Brief indicator and methodology description (formula/equation)	<i>The level of awareness of relevant institutions of the need to report state aid is considered to be improving with the decreasing indicator (which means the institutions are better informed of the need to report state aid), i.e. the institutions approach the Agency / Commission before granting state aid (no need for ex officio cases).</i>			
	FORMULA/EQUATION <i>No. of ex officio cases closed within the calendar year</i>			
Baseline	<i>Baseline (2014): 5</i>			
Target	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>3</i>	<i>do 2</i>	<i>do 2</i>	<i>do 1</i>
Achievement	<i>(0) No ex-officio cases in 2017</i>			

PASSPORT INDICATOR 23.

Indicator name	<i>Number of documents reviewed and assessed by the State Aid Division (reporting state aid).</i>			
Corresponding objective or action	<i>4.2.1.4. State aid reform Increase efficiency, effectiveness and transparency of state aid control in Montenegro to be EU-compliant.</i>			
Source of data for monitoring the performance indicator	<i>Webpages of the Commission for State Aid Control http://www.kkdp.gov.me/rješenja</i>			
Person in charge of collecting the data	<i>MoF – State Aid Ivana Paprenica, State Aid Division ivana.paprenica@mif.gov.me Telephone: 063262830</i>			
Frequency of data publication	<i>Once closed, the case is promptly posted on Commission's webpages</i>			
Brief indicator and methodology description (formula/equation)	<i>Facts about the number of cases reviewed within one calendar year; slight increase may be a reflection of increased awareness of institutions of the need to report state aid.</i>			
	<i>The Commission/Agency adopt written decisions and opinions</i>			
FORMULA/EQUATION <i>No. of documents reviewed and assessed by the State Aid Division within one calendar year</i>				
Baseline	<i>Baseline (2014): 11</i>			
Target	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>20</i>	<i>do 20</i>	<i>do 23</i>	<i>do 25</i>
Achievement	<i>14</i>			

4.2.2. Reform of the Division for Public Debt Management, Indebtedness Analysis, Cash Management and International Cooperation

INDICATOR 24 PASSPORT

Indicator name	<i>Public debt servicing costs as a share of GDP</i>			
Corresponding objective or action	<p>4.2.2. Reform of the Division for Public Debt Management, Indebtedness Analysis, Cash Management and International Cooperation</p> <p>Sound public debt monitoring and reporting, definition and establishment of clear procedures for debt management and indebtedness analysis, cash management and debt repayment transactions.</p>			
Source of data for monitoring the performance indicator	<p>http://www.mf.gov.me/rubrike/drzavni-dug/</p> <p>The data are posted on the MoF webpages as a part of the Public Debt Report. The Report features annual debt servicing costs, and the GDP used.</p>			
Person in charge of collecting the data	<p>MoF</p> <p>Pavle Kaluđerović pavle.kaludjerovic@mif.gov.me Telephone: 020/202-147</p>			
Frequency of data publication	Once a year, Q2 for the previous calendar year			
Brief indicator and methodology description (formula/equation)	<p>Under the Law on Budget and Fiscal Responsibility, the MoF is authorised to pay the interests on the sovereign debt from the funds in the Consolidated Treasury Account.</p> <p>The indicator serves to show the debt costs expressed as a share of GDP. The total amount of interests in one calendar year, from 01 January to 31 December, is calculated based on the current debt figures and estimates of future debt.</p> <p>Note: this indicator contains some variables which as such are not under the control of the State Treasury Directorate. The changes in variable interest rates depend on market trends, while the GDP is affected by a number of factors the Directorate has no control over.</p>			
	FORMULA/EQUATION <i>Amount of interests paid / GDP X 100</i>			
Baseline	Baseline (2014): 2.2 %			
Target	2017	2018	2019	2020
	2.5 %	1,9 %	2,0 %	2.3 %
Achievement	2,3 %			

PASSPORT INDICATOR 25.

Indicator name	<i>The difference between the planned and actual public debt level</i>
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Corresponding objective or action	4.2.2. <i>Reform of the Division for Public Debt Management, Indebtedness Analysis, Cash Management and International Cooperation</i> Sound public debt monitoring and reporting, definition and establishment of clear procedures for debt management and indebtedness analysis, cash management and debt repayment transactions.			
Source of data for monitoring the performance indicator	http://www.mf.gov.me/rubrike/drzavni-dug/ The data are posted on the MoF webpages as a part of the Public Debt Report. The Report features annual debt servicing costs, and the GDP used.			
Person in charge of collecting the data	MoF Pavle Kaluđerović pavle.kaludjerovic@mif.gov.me Telephone: 020/202-147			
Frequency of data publication	Once a year, Q2 for the previous calendar year			
Brief indicator and methodology description (formula/equation)	Under the Law on Budget and Fiscal Responsibility, the MoF prepares and publishes the public debt report. The indicator shows the relation between the actual and the planned public debt levels for the given year. Public debt is calculated based on the level of external debt, internal debt, state-owned companies' debt and local self-governments' debt. Note: The changes in this indicator are conditioned by a number of factors mostly outside of the control of the State Treasury Directorate, such as the need for budget finding in the given year and other factors.			
	FORMULA/EQUATION Total debt / planned debt X 100			
Baseline	Baseline (2014): 1,5%			
Target	2017	2018	2019	2020
	1.5%	1.5%	1.5%	1.5%
Achievement	Public debt is lower than planned by 3.2%			

4.3. Development of the PIFC system

INDICATOR 26 PASSPORT

Indicator name	The share of ministries formally delegating responsibilities and decision-making authorities to managers of organisational units
Corresponding objective or action	4.3. <i>Development of the PIFC system</i> Public finance management in an efficient, economical, effective and transparent manner in all spending units

Source of data for monitoring the performance indicator	Annual reports on progress made regarding PIFC establishment and development ⁸ Decision delegating authorities and responsibilities to directors of subordinated bodies and directors general for the set goals			
Person in charge of collecting the data	MoF Nina Blečić Contact e-mail: nina.blecic@mif.gov.me			
Frequency of data publication	Once a year, when the Consolidated Report is posted upon adoption on the Government webpages by the end of Q2 of the current year for the previous year.			
Brief indicator and methodology description (formula/equation)	The indicator refers to ministries where directors of administrations and directors general have been delegated responsibilities for set goals and powers to manage budgets in pursuit of the goals set.			
	FORMULA/EQUATION No. of ministries that have delegated powers as a share of the total number of ministries times 100			
Baseline	Baseline (2014): 6.25% 2015: 6.3% 2016: 6.3% (Report: 2016: 22.22%)			
Target	2017	2018	2019	2020
	30%	16%	50%	90%
Achievement	11.11% ⁹			

INDICATOR 27 PASSPORT

Indicator name	Share of central and local level budget users that have provided annual financial management and control (FMC) reports
Corresponding objective or action	4.3 Development of the PIFC system Public finance management in an efficient, economical, effective and transparent manner in all spending units
Source of data for monitoring the performance indicator	Annual progress report on PIFC establishment and development ¹⁰ Data may be accessed at: www.gov.me/ResourceManager/FileDownload.aspx?rId=279138&rType=2
Person in charge of collecting the data	MoF Jelena Mirković Contact e-mail: jelena.mirkovic@mif.gov.me
Frequency of data publication	Once a year, when the Consolidated Report is posted upon adoption on the Government webpages by the end of Q2 of the current year for the previous year.
Brief indicator and methodology	The indicator refers to budget users at the central and local levels obliged by the PIFC Law to submit reports on the activities undertaken within their entity ¹¹

⁸ Reports submitted to the MoF's CHU. This indicator features in the Public Administration Reform Strategy, and the results may be seen at: www.gov.me/ResourceManager/FileDownload.aspx?rId=279138&rType=2

⁹ In 2016 the indicator value was 22.22%

¹⁰ The reports submitted to the CHU, MoF

¹¹ The number of budget users changes depending on the modifications of the Decree on Organisational Setup and Method of Operation for the State Administration and the annual Budget Law.

description (formula/equation)	FORMULA/EQUATION <i>No. of central and local budget users submitting annual reports / No. of central and local budget users obliged to provide such reports X 100</i>			
Baseline	Baseline (2014): 69% 2015: 76% 2016: 76%			
Target	2017	2018	2019	2020
	75%	80%	90%	95%
Achievement	77% ¹²			

INDICATOR 28 PASSPORT

Indicator name	Average number of appointed internal auditors per unit			
Corresponding objective or action	4.3. Development of the PIFC system Public finance management in an efficient, economical, effective and transparent manner in all spending units			
Source of data for monitoring the performance indicator	Register of appointed internal auditors Consolidated PIFC report published in Q2 of the current year for the previous calendar year			
Person in charge of collecting the data	MoF Miloš Baletić milos.baletic@mif.gov.me			
Frequency of data publication	Once a year, when the Consolidated Report is posted upon adoption on the Government webpages by the end of Q2 of the current year for the previous year.			
Brief indicator and methodology description (formula/equation)	The Decree amending the Decree on Establishing Internal Audit Function in the Public Sector, 30 budget users (15 at the central and 15 at the local level) are obliged to set up a separate organisational unit for IA. Other budget users are obliged either to set up a separate IA organisational unit or entrust another budget user with already established IA unit to perform their IA function.			
	FORMULA/EQUATION Average no. of appointed internal auditors per unit = No. of appointed internal auditors / No. of IA units established			
Baseline	Baseline (2014): 1,76			
Target	2017	2018	2019	2020
	2	2.3	2.5	2.7
Achievement	2			

INDICATOR 29 PASSPORT

Indicator name	Share of appointed and certified internal auditors			
Corresponding objective or action	4.3. Development of the PIFC system Public finance management in an efficient, economical, effective and transparent manner in all spending units			

¹² The 2017 value for this indicator is preliminary only.

Source of data for monitoring the performance indicator	Register of appointed internal auditors Consolidated PIFC report published in Q2 of the current year for the previous calendar year			
Person in charge of collecting the data	MoF Miloš Baletić milos.baletic@mif.gov.me			
Frequency of data publication	Once a year, when the Consolidated Report is posted upon adoption on the Government webpages by the end of Q2 of the current year for the previous year.			
Brief indicator and methodology description (formula/equation)	The PIFC Law envisages that an internal auditor is qualified for the job if s/he has passed the exam for certified internal auditors. A person may be recruited for the internal audit jobs even before becoming certified internal auditor provided s/he passes the certification exam not later than within one year from recruitment or appointment.			
	FORMULA/EQUATION $\frac{\text{broj sertifikovanih revizora na godišnjem nivou}}{\text{broj raspoređenih unutrašnjih revizora na godišnjem nivou}} \times 100$			
Baseline	Baseline (2014): 60%			
Target	2017	2018	2019	2020
	75%	80%	85%	90%
Achievement	90,90%			

INDICATOR 30 PASSPORT

Indicator name	Share of appointed certified internal auditors undergoing continuous professional development (CPD)			
Corresponding objective or action	4.3. Development of the PIFC system Public finance management in an efficient, economical, effective and transparent manner in all spending units			
Source of data for monitoring the performance indicator	CPD report			
Person in charge of collecting the data	MoF Miloš Baletić milos.baletic@mif.gov.me			
Frequency of data publication	Once a year, when the Consolidated Report is posted upon adoption on the Government webpages by the end of Q2 of the current year for the previous year.			
Brief indicator and methodology	Internal auditors are obliged to continuously improve their knowledge and skills in order to help improve risk management, financial management and control by assessing their efficiency.			

description (formula/equation)	FORMULA/EQUATION No. of internal auditors performing the IA function over the year who obtained the necessary CPD score ¹³ / No. of internal auditors who performed the IA function over the year / X 100			
Baseline	Baseline (2014): 0%			
Target	2017	2018	2019	2020
	70%	75%	80%	90%
Achievement	74%			

INDICATOR 31 PASSPORT

Indicator name	The share of fully and partially implemented recommendations given by internal audit in the previous year by the end of the current year			
Corresponding objective or action	4.3 Development of the PIFC system Public finance management in an efficient, economical, effective and transparent manner in all spending units			
Source of data for monitoring the performance indicator	Annual reports of IA units Consolidated PIFC report published in Q2 of the current year for the previous calendar year. Consolidated Report is posted upon adoption on the Government webpages by the end of Q2 of the current year for the previous year.			
Person in charge of collecting the data	MoF Miloš Baletić milos.baletic@mif.gov.me			
Frequency of data publication	Once a year, when the Consolidated Report is posted upon adoption on the Government webpages by the end of Q2 of the current year for the previous year.			
Brief indicator and methodology description (formula/equation)	The share is calculated for all IA units that are obliged to report to the CHU. The share is calculated for all recommendations given over the previous year.			
	FORMULA/EQUATION No. of fully or partially implemented recommendations / total no. of recommendations in one calendar year X 100			
Baseline	Baseline (2014): 48%			
Target	2017	2018	2019	2020
	55%	60%	65%	70%
Achievement	In 2016 74% ¹⁴			

¹³ The score is defined according to the Instruction on Continuous Professional Development for Certified Public Internal Auditors

¹⁴ The 2017 data are yet not available, currently being processed.

4.4. Transparent financial reporting and accounting

4.4.1. Switch from cash-based to accrual accounting and financial reporting

INDICATOR 32 PASSPORT

Indicator name	Public sector accountants trained in using accrual accounting in line with international accounting standards (based on the CIPFA methodology)			
Corresponding objective or action	4.4. Transparent financial reporting and accounting 4.4.1. Switch from cash-based to accrual accounting and financial reporting More sound public finance management and reporting by putting in place the basic assumptions for the key elements of accrual accounting			
Source of data for monitoring the performance indicator	MoF data on the number of trainees			
Person in charge of collecting the data	MoF Marija Uljarević marija.popovic@mif.gov.me <u>Telephone:063202964</u>			
Frequency of data publication	31 December each year			
Brief indicator and methodology description (formula/equation)	Since 2016 the MoF has been conducting training of public accountants to apply accrual accounting based on international accounting standards. The training follows the CIPFA (Chartered Institute of Public Finance and Accountancy) methodology. The trainees are accountants from spending units of the central and local budgets. The training is delivered in cooperation with the Centre of Excellence in Finance from Slovenia and the HRMA. The formula includes the number of trainees in one calendar year regardless whether they passed or failed the exams, because at this stage of the reform priority is given to acquainting accountants with international accounting standards.			
	FORMULA/EQUATION No. of trainees within one calendar year			
Baseline	Baseline (2014): 0			
Target	2017	2018	2019	2020
	40	40	20	100
Achievement	40 in 2016			

INDICATOR 33 PASSPORT

Indicator name	<i>Asset Register and double-entry bookkeeping for assets in place</i>			
Corresponding objective or action	<p>4.4. <i>Transparent financial reporting and accounting</i> 4.4.1. <i>Switch from cash-based to accrual accounting and financial reporting</i> <i>More sound public finance management and reporting by putting in place the basic assumptions for the key elements of accrual accounting</i></p>			
Source of data for monitoring the performance indicator	<i>Assets Administration and the Assets Register System (ARS)</i>			
Person in charge of collecting the data	<p>Assets Administration</p> <p>Milena Vlahović, <i>Email: milena_vlahovic@hotmail.com</i> <i>Telephone: 069/123-883</i></p>			
Frequency of data publication	<i>Daily – real-time data entry (with each purchase)</i>			
Brief indicator and methodology description (formula/equation)	<p><i>In 2016-2017 the Assets Administration developed a software tool and delivered training for direct budget users. Upon completing training, users were obliged to provide assets details in the form of excel spreadsheets adapted to the ARS application to migrate the data into the register.</i> <i>Following the migration, users are obliged to record any purchase in the ARS (using records access application).</i> <i>The Assets Administration data on the number of users who attended training and provided assets information 195.66.166.90</i></p>			
Baseline	<i>Baseline (2014): Development of the Asset Register commenced</i>			
Target	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>Assets data entered into the register</i>	<i>Training (direct and indirect budget users) and gathering of assets data</i>	<i>Training (direct and indirect budget users), migration into the ARS and becoming operational</i>	<i>The Assets Register and double-entry bookkeeping for assets in place</i>
Achievement	<i>0¹⁵</i>			

¹⁵ *The asset information entered into the register. The data (spreadsheets) submitted to the Assets Administration have been modified, tested and migrated to the ARS trial version. During migration and trials we noted some problems in the operation of this application (at times it prevents users from accessing the application) and we notified the application developers, ATOS doo Beograd, of the issue. We are currently receiving assistance regarding the software tool and expect the problem will be resolved shortly. Once resolved, we will ensure final data migration and once complete, the application will be active for all users who have provided data timely.*

4.5. Building the capacities for external audit

4.5.1. State Audit Institution (SAI)

INDICATOR 34 PASSPORT

Indicator name	Level of realisation of SAI's Annual Audit Plan		
Corresponding objective or action	Improve auditing process, build auditor capacities and increase transparency of public spending		
Source of data for monitoring the performance indicator	<p>The data for monitoring the indicator are collected at the national level.</p> <p>SAI's official webpages: www.dri.co.me</p> <p>Database: SAI's Annual Audit Plan; SAI's Annual Report on Audits Done and Activities Undertaken for the period October of the previous year – October of the current year.</p> <p>Audit reports are posted on official SAI webpages: www.dri.co.me</p>		
Person in charge of collecting the data	<p>State Audit Institution Zoran Jelić zoran.jelic@dri.co.me Telephone : 020/407-407</p> <p>Mihaela Popovic mihaela.popovic@dri.co.me Telephone : 020/407-404</p> <p>Marija Žugić, Division for International Relations marija.zugic@dri.co.me Telephone: 020/407-430</p>		
Frequency of data publication	Q4 of the current year		
Brief indicator and methodology description (formula/equation)	<p>Under Article 9 of the SAI Law, SAI Senate adopts the Annual Audit Plan by the end of the current year for the coming year. The Annual Audit Plan is an internal SAI document and is regarded as a business secret until all the auditees envisaged by the Plan are notified of pending audit</p>		
	FORMULA/EQUATION		
	% = No. of audits performed / No. of audits planned X 100		
Baseline	Baseline (2014): 60% Baseline (2017): 80%		
Target	2018	2019	2020
	83%	86%	90%
Achievement			

INDICATOR 35 PASSPORT

Indicator name	Application of audit methodology for financial, regularity and performance audits in line with ISSAI standards
Corresponding objective or action	Improve auditing process, build auditor capacities and increase transparency of public spending
Source of data for monitoring the performance indicator	<p>The data for monitoring the indicator are collected at the national level.</p> <p><u>SAI source:</u> Draft reports prepared by the project teams and experts commissioned within the framework of IPA-funded project "Development and Building of SAI and AA Capacities". SAI's official webpages: http://www.dri.co.me/1/index.php?option=com_content&view=article&id=93&Itemid=20&lang=sr</p> <p>http://www.dri.co.me/1/index.php?option=com_content&view=article&id=139&Itemid=204&lang=sr</p>
Person in charge of collecting the data	<p>State Audit Institution Zoran Jelić zoran.jelic@dri.co.me Telephone : 020/407-407</p> <p>Mihaela Popovic mihaela.popovic@dri.co.me Telephone : 020/407-404</p> <p>Marija Žugić, Division for International Relations marija.zugic@dri.co.me Telephone: 020/407-430</p>
Frequency of data publication	Q4 of the current year
Brief indicator and methodology description (formula/equation)	<p>No. of adopted and implemented methodologies for financial, regularity and performance audits in line with ISSAI standards for financial, regularity and performance audits compared to the number of planned methodologies.</p> <p><u>Description of methodologies:</u></p> <p>Audit methodology compliant with ISSAI level 3 – SAI has financial, regularity and performance audit methodologies compliant with ISSAI 200, 300 and 400.</p> <p>Audit methodology compliant with ISSAI level 4 – SAI has financial and regularity audit methodologies (manuals, guides) compliant with ISSAI 200 and 400, ISSAI 1000-1810 and ISSAI 4000) and performance audit methodology compliant with ISSAI 300 and ISSAI 3000, 3100 and 3200.</p>

	FORMULA/EQUATION		
Baseline	<p><i>Baseline (2015): Methodological Instruction for financial and regularity audits compliant with ISSAI 200 and ISSAI 400, Methodological Instruction for performance audits compliant with ISSAI 300 and Guidelines for Audit Quality Control</i></p> <p><i>Baseline (2017): Guidelines for Assessing the Application of Fiscal Responsibility Criteria; Revised Methodological Instruction for performance audits compliant with ISSAI 300</i></p>		
Target	2018	2019	2020
	<p><i>Guidelines for Auditing Annual Financial Statements of Political Entities;</i></p> <p><i>Guidelines for Auditing Final Budget Accounts;</i></p>	<p><i>n/a</i></p> <p><i>The AP stars to be implemented as of Q1 2019</i></p>	<p><i>Manual for Financial and Regularity Audits compliant with ISSAI 4th level adopted and applied.</i></p> <p><i>Manual for Performance Audits compliant with ISSAI 4th level adopted and applied.</i></p> <p><i>Guide for Monitoring the Implementation of Recommendations from Audit Reports adopted and applied.</i></p>
Achievement			

INDICATOR 36 PASSPORT

Indicator name	<i>No of trainings/seminars/ workshops for auditors delivered</i>
Corresponding objective or action	<i>Improve auditing process, build auditor capacities and increase transparency of public spending</i>
Source of data for monitoring the performance indicator	<p><i>The data for monitoring the indicator are collected at the national level.</i></p> <p><i>Database of trainings/seminars/workshops delivered according to SAI's Annual Training Plan and the ones delivered within the framework of regional and international cooperation.</i></p> <p><i>SAI's Training Plan</i></p> <p><i>SAI's Annual Report on Audits Done and Activities Undertaken for the period October of the previous year – October of the current year</i></p> <p><i>SAI's official webpages: www.dri.co.me</i></p>

Person in charge of collecting the data	State Audit Institution Zoran Jelić zoran.jelic@dri.co.me Telephone : 020/407-407		
	Mihaela Popovic mihaela.popovic@dri.co.me Telephone : 020/407-404		
	Marija Žugić , Division for International Relations marija.zugic@dri.co.me Telephone: 020/407-430		
Frequency of data publication	Q4 of the current year		
Brief indicator and methodology description (formula/equation)	SAI Senate adopts the Annual Training Plan. In addition to the training envisaged by the Annual Plan, some training is delivered within the framework of regional and international cooperation.		
	FORMULA/EQUATION No. of trainings delivered in the current calendar year		
Baseline	Baseline (2014): Minimum 3 trainings delivered Baseline (2017): 9 additional trainings delivered		
Target	2018	2019	2020
	6 additional trainings delivered	7 additional trainings delivered	10 additional trainings delivered
Achievement			

4.5.2. Audit Authority

INDICATOR 37 PASSPORT

Indicator name	Number of trainings / seminars / workshops per auditor
Corresponding objective or action	Building capacities and improving audit procedure
Source of data for monitoring the performance indicator	Internal Audit Authority's training database of training
Person in charge of collecting the data	Audit Authority Rina Mučaj , Senior Auditor rina.mucaj@revizorskotijelo.me Telephone: 067 223 252
Frequency of data	

publication	31 January N+1 for the year N		
Brief indicator and methodology description (formula/equation)	More audit-related training helps build Audit Authority's capacities; measured by the number of trainings per auditor delivered within one calendar year.		
	FORMULA/EQUATION No. of trainings within the calendar year /No. of auditors		
Baseline	Baseline (2014): 3 trainings per auditor		
Target	2018	2019	2020
	Minimum 5 trainings per auditor	Minimum 9 trainings per auditor	Minimum 7 trainings per auditor

INDICATOR 38 PASSPORT

Indicator name	Progress in implementing the Audit Authority's Strategy and AP		
Corresponding objective or action	Building capacities and improving audit procedure		
Source of data for monitoring the performance indicator	Progress Report in implementing the Audit Authority's Strategic Plan– Internal document		
Person in charge of collecting the data	Audit Authority Rina Mučaj , Senior Auditor rina.mucaj@revizorskotijelo.me Telephone: 067 223 252		
Frequency of data publication	Q1 N+1 for the year N		
Brief indicator and methodology description (formula/equation)	The progress in implementing the AP accompanying the strategy is measured percentage-wise and shows managerial support for meeting the targets.		
	FORMULA/EQUATION No. of actions implemented / Total no. of actions X 100 ¹⁶		
Baseline	Baseline (2014): n/a		
Target	2018	2019	2020
	n/a The AP will start to be implemented as of 2019	Strategic Plan Adopted AP adopted	20% of planned actions implemented

¹⁶ The formula will start to be applied once the above plans have been adopted

INDICATOR 39 PASSPORT

Indicator name	<i>Degree of audit methodology improvement – Audit Manual</i>		
Corresponding objective or action	<i>Building capacities and improving audit procedure</i>		
Source of data for monitoring the performance indicator	<i>Draft reports prepared by the experts commissioned within the framework of IPA-funded project “Development and Building of SAI and AA Capacities” detailing actions to be taken to improve the Audit Manual.</i>		
Person in charge of collecting the data	Audit Authority Rina Mučaj , Senior Auditor rina.mucaj@revizorskotijelo.me Telephone: 067 223 252		
Frequency of data publication	<i>1x year, depending on project schedule</i>		
Brief indicator and methodology description (formula/equation)	<i>The degree of Audit Authority’s annual improvement is measured by the share of rectified deficiencies identified by the project experts.</i>		
	FORMULA/EQUATION $\text{No. of deficiencies rectified} / \text{Total no. of deficiencies} \times 100$		
Baseline	<i>Baseline (2014): Audit Manual in place</i>		
Target	2018	2019 ¹⁷	2020
	<i>n/a</i> <i>The AP will start to be implemented as of 2019</i>	<i>50% of deficiencies rectified</i>	<i>100% of deficiencies rectified</i>

INDICATOR 40 PASSPORT

Indicator name	<i>Share of audits conducting by using the audit software tool</i>		
Corresponding objective or action	<i>Building capacities and improving audit procedure</i>		
Source of data for monitoring the performance indicator	<i>Individual audit activity reports – internal documents</i>		
Person in charge of collecting the data	Audit Authority Rina Mučaj , Senior Auditor rina.mucaj@revizorskotijelo.me Telephone: 067 223 252		
Frequency of data publication	<i>Q2 of the current year for the previous year</i>		

¹⁷ The deficiencies of the Audit Manual will start to be identified as of 2019, following which the above formula will be applied

Brief indicator and methodology description (formula/equation)	<i>The use of audit software tool is needed to increase audit efficiency. The indicator will be measured by the audits in which the software tool has been used as a share of the total number of audits.</i>		
	FORMULA/EQUATION <i>No. of audits (in one calendar year) done using audit software tool / Total no. of audits during the calendar year X 100</i>		
Baseline	Baseline (2014): n/a		
Target	2018	2019	2020
	n/a <i>The AP will start to be implemented as of 2019</i>	20% <i>audits done using the software tool</i>	50% <i>audits done using the software tool</i>

INDICATOR 41 PASSPORT

Indicator name	<i>Level of implementing standards to ensure audit quality</i>		
Corresponding objective or action	<i>Building capacities and improving audit procedure.</i>		
Source of data for monitoring the performance indicator	<i>Internal quality control register</i>		
Person in charge of collecting the data	Audit Authority <i>Rina Mučaj, Senior Auditor</i> <i>rina.mucaj@revizorskotijelo.me</i> <i>Telephone: 067 223 252</i>		
Frequency of data publication	<i>1x a year</i>		
Brief indicator and methodology description (formula/equation)	<i>Quality control guidelines ensure better quality and reliability of audit work. It is measured by the degree of implementation of Quality Control Guidelines.</i>		
	FORMULA/EQUATION <i>No. of audits covered by QC / Total no. of audits envisaged for QC according to Guidelines x 100</i>		
Baseline	Baseline (2014): n/a		
Target	2018	2019	2020
	n/a <i>The AP actions will commence in 2019</i>	30%	50%