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## **EXECUTIVE SUMMARY**

This analysis was prepared as part of the "Partnership Against Corruption" Project financed by USAID. It is a part of Goal 1, which focuses on strengthening the capacities, integrity, and accountability of the public sector to protect against corruption.

The legal framework governing the employment procedures within public sector institutions mandates that these procedures are transparent, based on pre-established criteria, and conducted in accordance with the principles of professionalism, competence, and equitable representation.

The employment of healthcare professionals and associates is carried out in accordance with the provisions of the Law on Healthcare Protection, a specialized law that regulates employment procedures in the healthcare sector. However, the manner in which these procedures are regulated (vague criteria, lack of transparency) and their implementation in practice do not ensure the selection of the most qualified candidates. A particularly problematic aspect is temporary employment in the healthcare sector, as these are often used to circumvent regular employment procedures, with individuals engaged in this manner most often not meeting the legally prescribed requirements.

For the purposes of the research, an analysis was conducted of the legal framework governing the procedures for employment and temporary employment in the healthcare sector, along with a review of strategic documents of competent institutions that highlight irregularities in the employment procedures and the potential for corruption in temporary employment. Additionally, data were collected from relevant institutions, based on requests for free access to public information regarding complaints against discrimination in employment procedures at public healthcare institutions, as well as data on employees hired on a fixed-term basis and those engaged through service contracts at these institutions.

The findings under the analysis indicate the need for improvements to the legislative and secondary legislative framework governing the procedures for employment and temporary employment in the healthcare sector. The recommendations presented are aimed at further refining the provisions related to the following:

- Clarification of the criteria for the composition of selection committees in the employment procedures for healthcare professionals and associates;
- Definition of criteria for the manner of conducting and evaluating interviews;
- Prescribing a procedure for fixed-term employment;

- Specification of the exact circumstances under which services from external individuals may be utilized based on service contracts, along with the criteria for the execution of such engagements.

The implementation of these recommendations will result in a precisely regulated procedure for the employment of healthcare professionals/associates, one that is transparent and based on objective criteria, thereby enabling the selection of the highest-ranked candidates. The recommendations concerning temporary employment in the healthcare sector aim to define the procedure for fixed-term employment (conditions and criteria), the conclusion of service contracts under clearly stipulated conditions and according to predefined criteria (tasks, duration, remuneration, etc.). All of this will contribute to improving laws and secondary legislation and to limiting the opportunities for external influences and corrupt behavior in employment procedures within public healthcare institutions. Simultaneously, it will prevent the employment of healthcare personnel through the circumvention of regular employment procedures. The ultimate goal is to reduce the risks of corruption and ensure the selection of skilled and competent personnel, thereby enhancing the quality of healthcare services for citizens.

Based on the established findings and provided recommendations, an Action Plan with measures and activities to address identified irregularities and implement the given recommendations is included in Annex 2, attached to this Analysis.

### 1.INTRODUCTION

The employment procedures in public sector institutions are regulated by various laws that stipulate that these procedures must be transparent, based on predetermined criteria, and in accordance with the principles of expertise, competence, and equitable representation. The employment of healthcare professionals and associates is conducted in accordance with the provisions of the Law on Healthcare Protection, a specialized law that prescribes the procedures for employment in the healthcare sector.

However, there is growing public concern regarding the transparency of employment procedures and the objectivity of selection decisions, particularly whether the most suitable candidate has been chosen. These procedures are recognized as an area with the highest risk of corruption. The transparency and objectivity of the employment procedures for healthcare professionals and associates are questionable, as they are not based on the principle of merit.

An additional concern is temporary employment in public healthcare institutions, as these employments do not follow the regular procedures for recruitment in accordance with the Law on Healthcare Protection. There is a practice of employing individuals on a fixed-term basis who do not meet the specific legal requirements for the particular position. In addition to fixed-term employment, public healthcare institutions also engage individuals based on service contracts and copyright agreements, often utilizing services from copyright agencies. The fixed-term employment contracts or engagements through service contracts lack transparency, and there are no established criteria regarding the qualifications of individuals with whom these contracts are concluded, leading to a high risk of various forms of corruption (nepotism, conflicts of interest, political influence). The European Commission has also highlighted the issue of temporary employment in its Progress Report on the Republic of North Macedonia, particularly the transformation of such temporary positions into permanent employment, thereby circumventing legal procedures for filling positions in the public sector. Temporary employment and engagements through service contracts are not recorded in the Registry of the Ministry of Information Society and Administration, now the Ministry of Public Administration, nor does the Ministry of Finance, which issues financial approvals for this type of employment, maintain records of them.

The issue of corruption in healthcare sector employment is also recognized under the National Strategy for the Prevention of Corruption and Conflict of Interest 20212025.¹ Specifically, the National Strategy identifies two main problems in the horizontal area of "public sector employment," which includes the healthcare sector. The first problem pertains to the inconsistency of numerous laws regulating employment, which allows for various forms of influence, such as political influence, nepotism, cronyism, and clientelism. The second problem concerns the fact that the legal framework does not establish a clear system for evaluating the selection criteria in the public sector employment process.

The National Strategy for the Prevention of Corruption also notes that the legal framework in the area of employment has not established a clear and transparent method for evaluating selection criteria applicable to the public sector as a whole. Employment procedures in healthcare, education, culture, and social protection are regulated by specific substantive laws, which do not provide for an objective and transparent method of candidate selection and scoring of the different phases of selection, as outlined in the Regulation on the Conduct of Employment Procedures for Administrative Servants. Under such circumstances, employment decisions are often based on the subjectivity of the responsible person, who, by exercising discretionary powers, facilitates the hiring of party members or people close to them.

Therefore, the National Strategy emphasizes the importance of implementing measures such as establishing a clear and transparent process for evaluating employment criteria in healthcare, education, culture, social protection, and state-owned enterprises, as well as limiting the discretionary powers of the responsible person in the employment process.

Given that these problems are common across all areas of the public sector (healthcare, education, social protection, public enterprises, culture, etc.), the purpose of this analysis is to identify the gaps and ambiguities in the implementation of employment procedures for healthcare professionals and associates, while simultaneously proposing specific solutions to address the identified weaknesses. This should contribute to reducing the risks of political influence, nepotism, cronyism, and clientelism in the healthcare sector.

This document has been prepared as part of the efforts to ensure more transparent recruitment and management processes for public sector employees, aligning with Objective 1 - strengthening the capacity, integrity, and accountability of the public sector in combating corruption, within the framework of the "Partnership Against Corruption" project, funded by USAID.

The goal of the Project is to partner with the Government of North Macedonia to identify common priorities and co-create and invest in activities that strengthen national-level systems to reduce institutional vulnerability to corruption; and for the government and other anti-corruption entities to take action to address corruption when it arises.

 $<sup>^1\,\</sup>underline{https://dksk.mk/wp\text{-}content/uploads/2021/01/Nacionalna-strategija-DKSK-KONECNA.pdf}$ 

#### 2.METHODOLOGY

The methodological approach applied in the preparation of this Analysis included an examination of the applicable legal framework governing employment and temporary employment procedures in the healthcare sector, specifically: the Law on Public Sector Employees, the Law on Healthcare Protection, the Law on Labor Relations, and the Law on Transformation into Permanent Employment, as well as a review of the legal framework regulating fixed-term employment.

Furthermore, the methodological approach included a review of reports and strategic documents from relevant institutions, such as the State Commission for the Prevention of Corruption (SCPC), the Ombudsman, and the Commission for the Prevention and Protection against Discrimination (CPPD). This review provided insight into the challenges and the main concerns raised in complaints/applications related to employment procedures in public healthcare institutions. In addition, the methodological approach also encompassed an analysis of reports of the State Audit Office (SAO), where the subject of audit included fixed-term employment and service contracts in the healthcare sector.

Lastly, but no less important, for the purposes of this Report, requests were submitted to relevant institutions in accordance with the Law on Free Access to Public Information, seeking data on the number of complaints filed in the employment procedures for administrative officers in public healthcare institutions, data on complaints filed in the employment procedures for healthcare professionals in public healthcare institutions, and reports submitted with allegations of irregularities and abuses in the employment procedures within public healthcare institutions.

The Report provides an overview of the two types of employment; one section addresses the procedure for the employment of healthcare professionals and associates, while the second part of the document focuses on fixed-term employment and engagements through service contracts in the healthcare sector.

The findings contained in this Report aim to identify the challenges in these areas and the risks of corruption, while the recommendations seek to propose solutions and reduce the opportunities for corruption in the implementation of employment procedures within the healthcare sector in the Republic of North Macedonia.

#### 3. STATE OF PLAYA ANALYSIS

The analysis of the current state of employment in public healthcare institutions includes a review of reports and strategic documents of relevant institutions. This approach provides a clear understanding of the most significant problems in the field and where the greatest risks of corruption exist concerning employment in the healthcare sector. In their reports, relevant institutions identify various forms of violations of legal provisions in the employment processes within public healthcare institutions, highlighting specific instances of corrupt behavior.

In its 2023 Annual Report,<sup>2</sup> the **State Commission for the Prevention of Corruption (SCPC)** provides an overview of initiatives submitted by the Commission to competent authorities for instituting procedures to establish the accountability of official persons due to the existence of reasonable suspicions of corrupt behavior. For instance, in one of the initiatives, the Commission proposes the establishment of accountability for an official person, a director of a public healthcare institution, for failing to take measures to prevent the influence of his private interest on the execution of his public duties during the employment procedure for himself following a public announcement. Additionally, the Commission has submitted an initiative regarding negligent conduct and abuse of official duty and authority by the acting director of a public healthcare institution in the execution of an employment procedure and the filling of positions within the specific public healthcare institution. **What is even more concerning** is that the competent institutions have not provided feedback to the SCPC on whether they have acted upon the submitted initiatives, despite being legally obligated to do so.<sup>3</sup>

One of the legal competencies of the SCPC is to conduct anti-corruption legislative review (ACLR), which represents a highly important anti-corruption mechanism implemented based on the Methodology for Anti-Corruption Legislative Review.<sup>4</sup> The purpose of the ACLR is for the Commission, through the examination and evaluation of

<sup>&</sup>lt;sup>2</sup> https://dksk.mk/wp-content/uploads/2024/03/1-%D0%93%D0%98-2023-

<sup>%</sup>D0%BA%D0%BE%D0%BD%D0%B5%D1%87%D0%B5%D0%BD.pdf

 $<sup>^{\</sup>scriptscriptstyle 3}$  Article 29 of the Law on the Prevention of Corruption and Conflict of Interest

<sup>4</sup> https://dksk.mk/wp-

content/uploads/2020/12/%D0%9C%D0%B5%D1%82%D0%BE%D0%B4%D0%BE%D0%BB%D0%BE%D0%B8%D1%98%D0%B0-%D0%B7%D0%B0-

<sup>%</sup>D0%B0%D0%BD%D1%82%D0%B8%D0%BA%D0%BE%D1%80%D1%83%D0%BF%D1%86%D0%B8%D1%81%D0%BA%D0%B0-%D0%BF%D1%80%D0%BE%D0%B2%D0%B5%D1%80%D0%BA%D0%B0-%D0%BD%D0%B0-

<sup>%</sup>D0%B8%D0%B5%D0%B3%D0%B8%D1%81%D0%B8%D0%B0%D1%82%D0%B8%D0%B2%D0%B0%D1%82%D0%B0.pdf

the content of proposed or adopted regulations, to identify and prevent risks of potential corruption and conflicts of interest that could arise from the application of certain laws or secondary legislation.

In this regard, the SCPC, on its own initiative, conducted an anti-corruption review of Article 164, paragraph (2) of the Law on Healthcare Protection (LHP), which regulates the procedure for transferring healthcare professionals with higher education from private to public healthcare institutions. **Article 164, paragraph (2) of the LHP stipulates that** "A healthcare worker with higher education in the field of medicine, dentistry, or pharmacy, holding a work license and performing healthcare activities in a private healthcare institution, may be transferred to a public healthcare institution if the need for the continuous performance of activities in the public healthcare institution has been previously determined by the Ministry of Health and if the healthcare worker, the director of the public healthcare institution to which the worker is to be transferred, the Ministry of Health, and the Health Insurance Fund all agree."

According to the conclusion contained in the Commission's Report,<sup>5</sup> the legal provision as formulated carries a risk of corruption because the procedure for the transfer is not sufficiently regulated, and legal gaps exist. Specifically, it is unclear how the Ministry determines the need for the continuous performance of activities in the public healthcare institution, and on what basis it subsequently gives consent for the transfer to be executed. **The criteria and conditions under which the need for transfer is established are not defined,** and additionally, the stages of the procedure and the role of each institution involved in the process need to be regulated. Therefore, the SCPC recommends that the referred to legal provision be amended to precisely regulate each stage of the procedure and to clarify how the need for the continuous performance of activities in the public healthcare institution, which forms the basis for the transfer, is determined.

**The Ombudsman,** as an independent body with the authority to protect citizens' rights, in its 2022 Annual Report,<sup>6</sup> particularly addresses the issues related to decision-making in the employment selection processes within the public sector, emphasizing that:

"A serious problem lies in the methodology for selecting candidates during the employment process, where the greatest shortcoming is the discretionary power of the responsible individuals within institutions who disregard the scoring and ranking list of candidates, instead making decisions arbitrarily. This practice calls into question the impartiality and

<sup>5</sup> https://dksk.mk/wp-content/uploads/2023/09/11-3353-

<sup>%</sup>D0%98%D0%B7%D0%B2%D0%B5%D1%88%D1%82%D0%B0%D1%98-%D1%87%D0%BB%D0%B5%D0%BD-164-%D0%97%D0%B0%D0%BA%D0%BE%D0%BD-%D0%B7%D0%B0-

<sup>%</sup>D0%B7%D0%B0%D1%88%D1%82%D0%B8%D1%82%D0%B0.pdf

<sup>&</sup>lt;sup>6</sup> Annual Report of the Ombudsman, 2022, p. 00 <a href="https://rb.gy/v8ilaj">https://rb.gy/v8ilaj</a>

professionalism in the selection of candidates for employment, particularly due to the neglect of the proposed ranking list." <sup>7</sup>

In 2022, the Ombudsman noted **an increasing reliance on discretionary power by employers** in selecting candidates for certain positions advertised through public announcements, which often results in the selection of candidates who are lower-ranked and have weaker qualifications than those not selected. This practice is rooted in nepotism, cronyism, and political influences during the recruitment process, leading to the employment of unqualified personnel, reduced institutional efficiency, and ultimately, a loss of public trust in the institutions. In this context, the Ombudsman recommends that:

"The invocation of discretionary powers in the candidate selection process should not be applied at all; instead, the selection process must always and without exception consider the criteria specified in the public announcement, and candidates who are highest on the scoring list should be selected."

In its 2023 Annual Report,<sup>8</sup> the Ombudsman reiterates this recommendation, while also emphasizing that the criteria for the selection of personnel in the healthcare sector should be precisely regulated by law to reduce the abuse of authority in decision-making.

Temporary employment is also addressed in the reports of the State Audit Office (SAO). The SAO is an independent supreme audit institution of the Republic of North Macedonia, which transparently, timely, and objectively informs competent institutions and the public about the findings from the audits conducted. Among other things, the SAO's audits focus on employment in public sector institutions, with particular emphasis on temporary employment and engagements based on service contracts, as these types of employment are a way to circumvent the legal procedures for employment at institutions. The audit reports identify a series of irregularities concerning the procedures for fixed-term employment and the engagement of individuals through service contracts. The analyzed SAO reports pertain to the Ministry of Health, the institution responsible for creating policies in the healthcare sector, and the Agency for Medicines and Medical Equipment, the competencies of which extend to areas of import, distribution, and placing of medicines and medical devices on the market.

The 2017 audit report on the audit conducted at the Ministry of Health regarding service contracts states the following:

<sup>&</sup>lt;sup>7</sup> Annual Report of the Ombudsman, 2022, p. 86 <a href="https://rb.gy/kj2vpi">https://rb.gy/kj2vpi</a>

<sup>8</sup> https://ombudsman.mk/CMS/Upload/NarodenPravobranitel/upload/Godisni%20izvestai/GI-2023/GI-2023.pdf

- Individuals have been continuously engaged for one year on positions that are not systematized in the document on systematization of jobs and do not involve tasks outside the Ministry of Health's activities, which is not in accordance with Article 252 of the Law on Labor Relations;
- There is no consistency or criteria in determining the amounts of remuneration for work performed under service contracts, with payments varying between MKD 20,000 and MKD 60,000 per month. Additionally, it has been noted that for the same job positions, different remuneration amounts are paid to different engaged individuals;
- The regular attendance of individuals engaged under service contracts is not monitored, and the Ministry of Health has not ensured the presence of these individuals at their workplaces. As a result, there is a possibility of payment to individuals who were not present at their workplaces and did not fulfill their work obligations at the Ministry in accordance with the contracts;
- The contracts do not include a clause requiring the submission of monthly reports on the work performed, nor do they provide assurance of the fulfillment of the tasks and obligations for which these individuals were engaged.

These identified irregularities indicate that there are no established criteria for determining the compensation for individuals engaged under service contracts, nor is there any provision for monitoring the fulfillment of their work obligations.

The 2020 Compliance Report following the audit conducted at **the Agency for Medicines and Medical Equipment (MALMED)** highlights the following:

- In 19 contracts, individuals were engaged within appropriate organizational units
  of MALMED without clearly and precisely defining the professional qualifications,
  job tasks, and responsibilities for these positions. On the other hand, the Annual
  Employment Plan for 2020, which should reflect the institution's actual needs,
  planned for the filling of only three positions, which does not correspond with the
  number of individuals engaged under service contracts;
- For 17 service contracts, payments totaling MKD 3,767,000 were made without the submission of proof or a report on the work performed, nor any evidence of presence at the workplace.

The engagement of individuals under service contracts is not conducted based on the needs of the institution, their tasks and responsibilities are not defined, there is no oversight of the work performed, and the criteria for determining the amount of remuneration are not established.

# 4. ANALYSIS OF DATA OBTAINED BASED ON REQUESTS FOR ACCESS TO PUBLIC INFORMATION

As part of the conducted research, requests for free access to public information were submitted to the relevant institutions. Data was requested for the years 2021, 2022, and 2023, pertaining to the number of complaints filed in the procedures for the employment and promotion of administrative servants in public healthcare institutions, as well as the decisions made. In response to the request, the Agency for Administration provided data as follows

# Table 1 - Number of Complaints Filed in Employment and Promotion Procedures for Administrative Officers in Public Healthcare Institutions

The data contained in the table indicates that the number of complaints filed in the employment procedures for administrative servants in public healthcare institutions over a three-year period is quite low, with 4 complaints in 2021, 1 complaint in 2022, and 5 complaints in 2023. However, none of the complaints were upheld. This suggests that candidates for employment in public healthcare institutions make very limited use of their legal right to appeal, which in fact can be seen as a control mechanism regarding decisions made in candidate selection.

The situation is not much different when it comes to applications submitted to the Commission for Protection against Discrimination. Specifically, in 2021 and 2023, only one application was filed each year, alleging discrimination in the employment and promotion procedures in public healthcare institutions. Both complaints were submitted by women, with ethnic background stated as the ground for discrimination in one case. However, in both cases, the Commission did not find evidence of discrimination. It can be concluded that the mechanisms for protecting rights in employment procedures are used very infrequently. Intensifying the use of these mechanisms could contribute to greater oversight of the legality of employment procedures and their objectivity and transparency. These data are presented in the tables below:

The data presented in Table 1 shows the trends in the number of employees in public healthcare institutions with permanent employment, fixed-term employment, and the number of individuals engaged through copyright contracts and service contracts. The data is drawn from the Employment Monitoring and Budget Allocation and Implementation Report in Public Sector Institutions, prepared by the Center for Change

Management. Based on a request for free access to public information, data was obtained from 52 public healthcare institutions out of a total of 110 healthcare institutions in the Republic of North Macedonia, covering the period from 2019 to 2021.

The obtained data indicate that the number of fixed-term employees remains constant, averaging 100 individuals per year, which is a high number. This is especially concerning given the earlier emphasis in this Report on the legal gaps, namely the absence of criteria in the Law on Healthcare Protection for fixed-term employment and the potential for employing these individuals by circumventing the regular procedure. The number of individuals engaged through copyright contracts and service contracts is also high and continues to grow, averaging more than 600 individuals per year, or over 30% of the number of regular employees, which is a truly alarming figure. This is particularly worrisome since these individuals are not in regular employment, do not have the rights or obligations that arise from regular employment, and there is no legal basis for controlling the manner and quality of task execution. Additionally, the criteria for engaging these individuals, determining their remuneration, and the amounts thereof are not defined, which further leaves room for various forms of corrupt behavior.

Table 1 – Overview of the Employment and Engagement Status of Personnel in 52 Public Healthcare Institutions (PHIs) for the Period from 2019 to 2021

Year	Number of Permanent Employees	Fixed-Term Employees	Individuals Engaged through Copyright Contracts and Service Contracts
2019	2104	109	610
2020	2134	87	606
2021	1940	111	677

#### 5. LEGAL FRAMEWORK ANALYSIS

The analysis of the legal framework encompasses relevant laws and secondary legislation that regulate the employment processes of healthcare professionals and associates in the healthcare sector, as well as various aspects of temporary employment. The aim is to identify potential deficiencies or gaps in applicable laws and secondary legislation that create opportunities for corrupt behavior in the employment processes within the healthcare sector, and to propose specific solutions for addressing them.

# 5.1 EMPLOYMENT PROCEDURES FOR HEALTHCARE PROFESSIONALS AND ASSOCIATES

The employment procedure for healthcare professionals and associates was analyzed through a review of the two key laws that regulate these aspects in the healthcare sector, namely the Law on Healthcare Protection, particularly provisions related to the employment process of healthcare professionals and associates. Special attention is given to Chapter 6 of the Law, which governs the employment of healthcare professionals and associates through public announcements, as well as the procedure for internal announcements. Additionally, an analysis of the Law on Public Sector Employees was conducted, with a focus on the principle of equitable representation.

#### 5.1.1 Law on Healthcare Protection

#### • Employment of healthcare professionals and associates

The Law regulates the procedure for the employment of healthcare professionals, specifically healthcare associates, in public healthcare institutions (Chapter 6). It prescribes general and specific conditions for employment and sets forth the stages of the employment process through a public announcement, including candidate selection, interview (if necessary), and the decision-making process. **Article 160** defines the criteria for the selection of healthcare professionals with higher education. The criteria are prescribed as follows:

- Grade point average achieved by the candidate at the higher education institution, which carries 40 points; and
- Qualification exam, which carries a total of 60 points and consists of two parts: the professional part (test), which carries 40 points, and proficiency in one of the world languages (English, German, or French), which carries 20 points.

The Selection Committee is responsible for ensuring the legality of the procedure. However, the Law does not contain provisions regarding the appointment of the members of the Selection Committee or the criteria upon which such appointments are based. Furthermore, this issue is not addressed in any of the pieces of secondary legislation.

Once the Committee submits a proposed ranking list of at least three candidates to the director, the director makes the selection decision (Article 161). If there are more than three candidates who meet the requirements, the director conducts interviews and makes a selection decision. However, it is important to underline that the director is not obligated to choose the top-ranked candidate. In the employment procedure for healthcare professionals, as with the employment procedures for administrative officers, the question arises regarding the objectivity of the interview as a criterion and how it influences the selection decision. Specifically, the Law does not prescribe how the interview is conducted, how it is evaluated, or how many points it carries, giving the director discretionary power to decide which candidate to select. This lack of regulation raises concerns about the objectivity of the selection decision and whether the most qualified candidate will be chosen.

The procedure for the employment of healthcare professionals and associates in public healthcare institutions within tertiary healthcare in slightly differently regulated, particularly in terms of the selection process. Specifically, this procedure is conducted by two committees, one for the oral exam and one for the written exam. The committees are composed of seven members, including at least two members holding academic titles such as full professor, associate professor, or assistant professor, and the remaining members holding specialization or subspecialization, with at least ten years of work experience post-specialization, all within the field for which the candidate is being selected. The committee members are selected randomly from among the healthcare professionals employed at the public healthcare institution conducting the employment procedure (Article 164-c).

The criteria for the selection of candidates for healthcare professionals with higher education in a tertiary-level healthcare institution are as follows:

- The academic performance achieved by the candidate in each cycle of university studies, which carries 20 points;
- A written exam, which carries 60 points; and

<sup>&</sup>lt;sup>10</sup> At the tertiary level of healthcare, the most complex health services are provided within the specialist-consultative and hospital healthcare activities, which cannot or should not be performed at the lower levels of healthcare services.

#### - An oral exam, which carries 20 points.

The exam is conducted in a specially equipped room for exam administration, featuring material, technical, and IT equipment, internet connectivity, and recording equipment for the exam session. The oral exam is public and is conducted in the presence of all candidates.

What distinguishes this procedure from other employment procedures is that the committees are formed under a decision made half an hour before the written or oral exam, with the aim of minimizing the potential for external influences.

The entire procedure is conducted publicly and transparently; however, the final steps, namely the ranking of the top candidates and the selection decision, which ultimately is made by the head of the public healthcare institution, are not prescribed.

#### • Procedure for Internal Announcement

In public healthcare institutions, in addition to employment based on public announcements, vacant positions can also be filled through internal announcements (Article 162 of the Law on Healthcare Protection). This process provides an opportunity for healthcare professionals/associates, including doctors and nurses with higher and secondary vocational education, to advance within the service. The Law stipulates that the internal announcement is published on the official website of the public healthcare institution, and the selection decision is made by the director, based on an interview. However, internal announcements for healthcare professionals or associates are rarely published on official websites, and for those few that are published, the selection decision is not publicly disclosed. The analysis of the legal provisions suggests that the procedure for the promotion of healthcare professionals and associates is not fully regulated in terms of procedural phases, the method of interview scoring, how the ranking list is prepared, and the criteria for the selection decision. This indicates a lack of transparency in the promotion of healthcare professionals/associates and poses a risk for corrupt practices in these procedures.

#### 5.1.2. Law on Public Sector Employees

Article 3 regulates the scope of the Law on Public Sector Employees. According to this legal provision, public sector employees are subject to the provisions of this Law, the provisions of special laws, regulations adopted pursuant to this Law and specific laws, and collective agreements. Furthermore, this provision stipulates that for matters not regulated by this Law, as well as for matters where this Law does not refer to the application of a special law or collective agreement, general regulations on labor relations shall apply to the employment relationship of the employee.

Regarding employment and promotion procedures, the Law promotes the principle of expertise and competence, which, in practical terms, means selecting the most qualified and competent candidate for a specific position (Article 6, paragraphs 1 and 2). However, paragraph 3 of this provision allows for the possibility that the selection process may be regulated by a special law. This referral provision essentially permits each special law to regulate the employment and promotion procedures for service providers differently, without the obligation to adhere to the principle of expertise and competence. The regulation of employment procedures through general provisions and the possibility for these procedures to be regulated differently than the Law on Public Sector Employees (LPSE) has led to inconsistent application of the Law and a lack of alignment among special laws. Consequently, the employment and promotion of service providers in various sectors are regulated differently, without established conditions and criteria for selection and without the obligation to respect the principle of merit in employment and promotion within public sector institutions.

#### • Principle of Equitable Representation

In public sector employment procedures, the constitutional principle of equitable representation<sup>11</sup> is also applied to ensure that all ethnic communities are adequately represented in public sector institutions. This principle is prescribed by the Law on Public Sector Employees, and its practical implementation is defined in the Methodology for Employment Planning in the Public Sector in accordance with the principle of equitable representation.<sup>12</sup>

The "Balancer" tool is intended to ensure appropriate, equitable, and balanced representation of ethnic communities in public sector institutions, while also maintaining the quality of individuals employed in accordance with this principle, rather than merely satisfying this criterion quantitatively. In public sector institutions established by the central or local government, which operate at the local or regional level, the data from the most recent population census in the Republic of Macedonia for the local self-government unit where the institution is located is used as the basis for allocating the number of planned new employments according to community affiliation. In this regard, the

<sup>&</sup>lt;sup>11</sup> Amendment VI to the Constitution guarantees equitable representation of citizens belonging to all communities at bodies of state administration and other public institutions at all levels.

<sup>12</sup> https://mioa.gov.mk/sites/default/files/pbl files/documents/legislation/Metodologija.pdf

Ministry of Information Society and Administration, referring to the 2021 population census, made changes to the Balancer tool so that, in preparing annual plans and the electronic distribution of the number of planned new employments according to community affiliation, the percentage of the total counted population, including both resident and non-resident populations,<sup>13</sup> would be considered. However, this approach contradicts the provisions of the Law on Public Sector Employees, which stipulates that the data from the most recent population census for the entire territory of the Republic of Macedonia should be used as the basis for the allocation of the number of planned new employments according to community affiliation. After the new government took office, the digital tool was modified again, and the number of resident populations from the 2021 census was used as the basis for the allocation of the number of planned new employments according to community affiliation.<sup>14</sup>

The Balancer tool is used to calculate the number of individuals from a particular ethnic community who need to be employed in an institution to achieve equitable representation within the institution planning to conduct new employment. However, in practice, irregularities are observed in the employment procedures, particularly when it comes to employment in accordance with the Balancer tool. Abuses most commonly occur regarding declarations of ethnic affiliation, which are altered based on the calculations of the Balancer. These occurrences highlight the need for changes in the application of the principle of equitable representation. Such changes should aim to reduce abuses and ensure that employment and promotions are based on merit. The Report on the monitoring of equitable representation in the public sector, <sup>15</sup> prepared by the Center for Change Management, highlights the challenges in employment procedures within public sector institutions, including public healthcare institutions. Generally, the main shortcomings in employment procedures lie in the abuses related to the declaration of ethnic affiliation, the complex process of adopting the Annual Employment Plan, inconsistencies between the Law on Healthcare Protection and the Law on Public Sector Employees regarding whether healthcare professionals are included in the annual plans, which leads to the Ministry of Information Society and Administration (MISA) not approving the employment plans of public healthcare institutions (PHIs) for service providers and auxiliary technical staff, approving only plans for employment of administrative servants in these institutions. Other issues include inconsistencies with the deadlines for adopting institutions' budgets and the complexity of the process for adopting Annual Employment Plans.

The application of the principle of equitable representation, along with recommendations for improvement, is thoroughly explained in the Report on the

<sup>&</sup>lt;sup>13</sup> https://www.mioa.gov.mk/mk-MK/news/mioa-napravena-promena-vo-veb-alatkata-balanser-soglasno-rezultatite-od-sprovedeniot-popis-vo-2021-godina-4157.nspx

 $<sup>^{14} \</sup> https://emagazin.mk/\%D0\%B1\%D0\%B0\%D0\%B8\%D0\%B0\%D0\%BD\%D1\%81\%D0\%B5\%D1\%80\%D0\%BE\%D1\%82-\%D0\%B7\%D0\%B0-\%D0\%B2\%D1\%80\%D0\%B0\%D0\%B1\%D0\%BE\%D1\%82\%D1\%83\%D0\%B2\%D0\%B0\%D1\%9A\%D0\%B0-\%D0\%B5-\%D0\%BF\%D1\%80\%D0\%BE\%D1\%87\%D0\%B8\%D1\%81\%D1\%82\%D0\%B5/$ 

 $<sup>^{15}</sup>https://cup.org.mk/publication/NED\%20\%D0\%98\%D0\%B7\%D0\%B2\%D0\%B5\%D1 \\ \acute{\%}88\%D1\%82\%D0\%B0\%D1\%98\%204\_final.pdf$ 

"Analysis of Corruption Risks in Public Sector Employment Procedures." This Report was prepared in parallel with the present Report as part of the activities of the "Partnership Against Corruption" Project.

#### FINDINGS AND RECOMMENDATIONS

The Analysis of the legal framework governing employment procedures for healthcare professionals and associates has revealed weaknesses in the applicable legal provisions that create a risk for various forms of corrupt behavior in these procedures, leading to the employment and promotion of personnel as a result of nepotism, cronyism, and political influence.

#### The following deficiencies have been identified:

- The Law on Healthcare Protection does not define the criteria for the appointment of members to the Selection Committee that conducts the employment procedure for healthcare professionals and associates;
- There are no criteria for evaluating the interview, nor is there any specification on how the interview is to be conducted within the employment procedure for healthcare professionals/associates;
- The procedure for promotion is not regulated at all;
- In the employment procedures for healthcare professionals with higher education in tertiary-level public healthcare institutions, there are no criteria for ranking, no clear guidelines on how the interview is evaluated and conducted, and the selection decision is based on the discretionary power of the director;
- The Law on Public Sector Employees contains general provisions related to employment and promotion procedures within public sector institutions, allowing for these procedures to be regulated by special laws. The result is inconsistency between special laws and the Law on Public Sector Employees, leading to differently regulated employment procedures for service providers, without the obligation to apply the principles of expertise and competence.

The recommended solutions aim to address the existing legal gaps through appropriate amendments and supplements to relevant laws and secondary legislation. In this regard, **the following is recommended:** 

- The Minister of Health should prescribe standards for the composition of selection committees within public healthcare institutions under a piece of secondary legislation;
- The Minister of Health is to adopt a Manual/Guide/Instructions for all public healthcare institutions to standardize the method of conducting interviews, including guidelines for the procedure, the manner of conducting interviews, criteria for ranking candidates, and the preparation of a thoroughly reasoned selection decision;
- Workshops and training sessions should be conducted for employees in public healthcare institutions to enhance their skills in conducting procedures (interviews, reasoning for selection decisions, etc.);
- Control mechanisms in the appeals process should be strengthened, particularly regarding the reasoning of the selection decision and the rationale, by providing appropriate guidelines in second instance decisions;
- Amendments to the Law on Public Sector Employees should be introduced to mandate that all special laws regulating employment and promotion procedures be aligned with the provisions of this Law concerning these procedures. This would ensure the mandatory application of the principles of expertise and competence in the employment and promotion procedures for service providers, as well as the application of other principles defined by this Law.

#### 5.2. TEMPORARY EMPLOYMENT IN THE HEALTHCARE SECTOR

Temporary employment in public healthcare institutions is carried out as fixed-term employment and based on service contracts. A characteristic feature of these employments is that they are implemented without a formal procedure, without predetermined criteria, and there is no way to get insight into and assess the competencies and expertise of engaged individuals. Additionally, there are no criteria for calculating the remuneration individuals receive for their engagement.

This type of employment poses a corruption risk that is recognized in the National Strategy for the Prevention of Corruption. The Strategy particularly highlights the fact that the legal framework allows for the long-term employment of individuals in the public sector through service contracts, copyright agencies, or temporary employment agencies, which further contributes to political influence in employment, the practice of nepotism,

and other forms of corrupt behavior. To address this situation, the Strategy emphasizes the necessity of implementing the following measures:

- Eliminating the possibility of temporary employment through temporary employment agencies; and
- Eliminating the possibility of transforming temporary employment into permanent employment without following the regular employment procedure.

The **Law on Public Sector Employees** also regulates fixed-term employment in public sector institutions. **Article 22 of this Law** defines the circumstances under which institutions may fill a position through the conclusion of a fixed-term employment contract, namely:

- Replacement of a temporarily absent employee who is absent for more than one month;
- Temporary increase in workload;
- Seasonal work;
- Unpredictable short-term activities arising in the performance of the employer's primary activity;
- Project work; or
- Filling positions for cabinet officers or special advisors.

The Law specifies the duration for which contracts may be concluded for each of these cases. However, the Law on Public Sector Employees does not specify the types of tasks these individuals may perform, whether these provisions may be applied to managerial positions, or whether such employees may undertake tasks typically performed by regularly employed individuals who have attained the status of administrative servant or service providers. The Law does not prescribe procedures or criteria for selecting individuals with whom a fixed-term employment contract will be concluded. Consequently, fixed-term employment contracts allow for the circumvention of the regular employment procedure and the engagement of individuals whose professional qualifications are not verified, constituting a direct violation of the principle of expertise and competence.

The Law on Transformation into Permanent Employment, enacted in 2015, is directly related to temporary employment, copyright contracts, and service contracts. Under this Law, several thousand individuals who were engaged under volunteer agreements, service contracts, copyright contracts, or other types of agreements in state administration bodies, institutions in the fields of culture, education, healthcare, child

and social protection established by the Republic of Macedonia and local self-government units, as well as public enterprises, institutes, funds, and other legal entities founded by the Republic of Macedonia, were transitioned into permanent employment. The transformation into permanent employment, in accordance with the provisions of this Law, effectively bypasses the legal employment procedure and the implementation of all phases of the employment process.

The transformation in state institutions and public sector institutions was carried out without the publication of a public announcement. As a result, the employees whose engagement was transformed into permanent employment are in a more favorable position compared to those candidates who apply through a public announcement and undergo all phases of the procedure, which contradicts the principle of equal access to employment. The positive aspect is that this Law had a one-time application, meaning it was used solely for the transformation of employment for those individuals who were already in the institutions at the time the Law was enacted, and the provisions for transformation have not been applied since 2015. However, the legal provisions related to the engagement of individuals based on service contracts are still applied. In this regard, the Law stipulates that institutions are not allowed to engage individuals to perform physical and/or intellectual work based on service contracts exceeding 1% of the total number of employees at the end of the previous year, or more than three individuals in institutions where the total number of employees is less than 300. Furthermore, institutions are not permitted to engage individuals for physical and/or intellectual work based on service contracts for a period exceeding 24 months (Article 8).

**Article 9** stipulates an exception to the aforementioned provision, allowing institutions to engage individuals beyond the established percentage and for a longer duration than prescribed, subject to prior approval from the Ministry of Finance. However, the conditions and criteria for the engagement of these individuals, such as professional qualifications, job tasks and responsibilities, and control mechanisms for the work performed, are not specified.

This issue is particularly critical when it comes to engaging staff based on service contracts in public healthcare institutions. Specifically, this concerns medical personnel or auxiliary technical staff who, during their work, come into daily contact with patients (administering therapy, performing pre-operative preparations, conducting post-operative treatment, carrying out laboratory procedures, etc.). For these reasons, it is essential to have mechanisms in place to monitor their work and to establish procedures for accountability in case of errors. However, since these individuals are not in regular employment, they not only cannot be held disciplinarily accountable for mistakes in their work and sanctioned through a formal procedure, but they also do not enjoy any rights associated with their engagement (such as the right to annual leave, sick leave,

professional development, promotion within the service, or entitlement to salary supplements).

The Law on Transformation into Permanent Employment not only transforms fixed-term employment but also service contracts and copyright agreements, which are not part of labor legislation. In this way, the employment relationship of individuals who provided services to the institution based on a contract is transformed into permanent employment.

The **Law on Healthcare Protection (Article 155-h)** regulates the employment procedure in accordance with the Annual Plan and the needs of public healthcare institutions. The Law allows, as an exception, in cases where it is not possible to conduct a permanent employment procedure, and when there is a need for healthcare professionals and/or associates in the public healthcare institution to ensure the uninterrupted provision of public services by the institution, for these individuals to be employed on a fixed-term basis for up to five years. However, the **Law does not prescribe a procedure for fixed-term employment, nor does it set conditions and criteria for such employment.** It is unclear whether these healthcare professionals or associates will perform the same tasks and have the same authority as those employed through the regular procedure and who have the status of public service providers. Additionally, the Law does not specify how the need for engaging healthcare professionals/associates on a fixed-term basis is determined.

The **Law on Labor Relations** is a general law that applies subsidiarily in every sector, including healthcare, and it also regulates the transformation of employment from fixed-term to permanent. According to this Law (Article 46), an employment contract may be concluded for a fixed term to perform the same tasks, with or without interruption, for up to five years. A fixed-term employment contract for replacing a temporarily absent employee may be concluded until the temporarily absent employee returns. The employment relationship established by a fixed-term contract, except for seasonal work contracts, is transformed into permanent employment if the employee continues to work after the five-year period has expired, under the conditions and in the manner prescribed by law. As an exception, a fixed-term employment may be transformed into a permanent employment if the employee works for more than two years in a position vacated due to retirement or other reasons, for which financial resources are secured, provided that the employer determines there is a permanent need for the employee, under conditions and in a manner prescribed by law.

It follows that the transformation of employment is regulated differently across various laws, and the overall regulatory framework governing temporary employment in the healthcare sector allows for a complete bypass of the employment procedures prescribed by the Law on Healthcare Protection through fixed-term employment and the transformation of employment from fixed-term to permanent

#### FINDINGS AND RECOMMENDATIONS

Fixed-term employment and service contracts in the healthcare sector are inadequately regulated and are often used to circumvent regular employment procedures, which frequently results in the hiring of personnel who do not possess the necessary professional qualifications. The key findings from the analysis of relevant laws and secondary legislation governing this matter are as follows:

- Fixed-term employment: The Law on Public Sector Employees does not specify the types of tasks that these individuals may perform, whether such provisions can be applied to managerial positions, or whether such employees can carry out tasks performed by employees who have attained the status of service providers;
- The Law on Healthcare Protection does not prescribe how the need for engaging fixed-term staff is determined, and there is no procedure or criteria for how candidates are employed on a fixed-term basis;
- It is not clearly defined in which cases the services of external individuals based on service contracts may be used (for example, to perform tasks for which the institution does not currently have employed personnel) as a criterion for obtaining financial approval.

The recommended solutions aim to regulate the procedures for fixed-term employment to ensure compliance with the principles of expertise and competence, as well as to establish conditions and criteria under which service contracts may be concluded for the needs of institutions in the healthcare sector. In this context, the following is recommended:

- Introduce a procedure for hiring individuals on a fixed-term basis through a public announcement;
- Ensure that job positions include descriptions of duties and responsibilities, and that these employees are held accountable for their work;
- Explicitly stipulate that temporary employment is not applicable to managerial positions;
- Define criteria for determining the need for engaging healthcare professionals on a fixed-term basis and specify the circumstances in which this is appropriate;
- Establish conditions and procedures for fixed-term employment in public healthcare institutions (PHIs) through a public announcement;

- Adoption of secondary legislation by the Ministry of Health to regulate the practice/use of fixed-term employment in PHIs (specifying the cases in which these employments should be applied, the necessary qualifications, rights, and obligations). Systemically, this issue can be addressed through amendments and supplements to the Law on Public Sector Employees (LPSE);
- Service contracts should be used only in exceptional cases and according to precise criteria (specifying the profile of the person to be engaged, the conditions, compensation, clearly defined tasks and responsibilities, and the duration of the engagement);
- The Minister of Health is to adopt secondary legislation (Guidance/Order) that establishes precise conditions and criteria for engaging individuals based on service contracts at PHIs (specifying the cases, tasks, the amount of the remuneration) and criteria for determining remuneration amounts.

#### **ANNEX 1**

#### **REVIEWED DOCUMENTS**

- 1. Law on Administrative Servants
- 2. Law on Public Sector Employees
- 3. Law on Healthcare Protection
- 4. Law on Transformation into Permanent Employment
- 5. Law on Labor Relations
- 6. National Strategy for the Prevention of Corruption and Conflict of Interest 2021-2025
- 7. 2023 Annual Report on the Implementation of the National Strategy for the Prevention of Corruption and Conflict of Interest 2021-2025
- 8. 2021 and 2022 Annual Reports on the Work of the State Commission for the Prevention of Corruption
- 9. 2022 Annual Report on the Work of the Ombudsman
- 10. 2022 Annual Report on the Work of the Commission for Prevention and Protection against Discrimination
- 11. Public Administration Reform Strategy 2023-2030
- 12. 2022 Annual Report on the Work of the Agency for Administration
- 13. Data Obtained Based on Requests for Free Access to Public Information
- 14. Report on Monitoring Employment, Allocation, and Implementation of Budgets in Public Sector Institutions (Center for Change Management)
- 15. 2021, 2022, 2023 and 2024 Anti-Corruption Legislative Review Reports of the State Commission for the Prevention of Corruption
- 16. Audit Reports Conducted in Several Public Sector Institutions during 2021, 2022, and 2023

# ANNEX 2 - ACTION PLAN – EMPLOYMENT IN THE HEALTHCARE SECTOR

#### **EMPLOYMENT OF HEALTHCARE PROFESSIONALS AND ASSOCIATES** INLINE **IMPLEMENTATIO ACTIVITIES INDICATORS** INSTITUTION **RECOMMENDATIO FINDING** N DEADLINE NS 1. The Law on 1. Establish Healthcare Protection criteria for The Minister of Health is to does not contain appointing adopt Guidelines to set provisions regarding Guidelines/Instruction members of the standards for the composition the method and s issued with of selection committees in Ministry of Selection criteria for appointing standards for Health September public healthcare institutions Committee members of the appointing members October 2024 (PHIs) **Selection Committee** of the Selection responsible for the Committee employment procedure of healthcare professionals and associates September -October 2024 2. There are no criteria Secondary legislation Secondary legislation Clearly define the Ministry of adopted by the by the for evaluating the procedure for (Manual/Guidelines/Instructio Health ns) to be adopted by the Minister of Health interview, nor a conducting and procedure for evaluating the Minister of Health, is to (Manual, conducting the interview and the establish a standardized Guidelines/Instruction interview within the criteria for ranking method across all PHIs for s) detailing the employment candidates to limit conducting interviews procedure for procedure for the director's (including guidelines for the conducting interviews,

1 1.1	1	1 1 1 1 6			
healthcare	discretionary	procedure, the method of	criteria for ranking		
professionals/associat	power and ensure	conducting interviews, criteria	candidates, and		
es	greater	for ranking candidates, and the	preparation of a		
	transparency in	preparation of a thoroughly	thoroughly reasoned		
- In the employment	the process	reasoned selection decision)	selection decision		
procedure for					
healthcare					
professionals with					
higher education in					
tertiary healthcare,					
there are no criteria					
for ranking, nor					
guidelines on how the					
interview is					
conducted and					
evaluated, or for the					
adoption of the selection decision.			N 1 C 11	Ministry of	
The selection decision		Organize workshops and	Number of workshops	Health (MH)	
		training sessions for PHI	and training sessions	riculai (Piri)	
is based on the		employees on the procedure	held for PHI	Public	November 2024
director's		(interviews, reasoning of	employees on the	Healthcare	- April 2025
discretionary power		selection decision, etc.)	procedure (interviews,	Institutions	p = 0 = 0
			reasoning of selection	motitutions	
			decision, etc.)		
				State	
				Commission	
		Strengthen control mechanisms		for Second-	
		in the appeals process		Instance	
		regarding the validity of	Number of meetings	Decision-	November 2024
		selection decisions and their	held with the State		
		reasoning, by providing	Commission	Making in	- April 2025
		appropriate guidance in		Administrativ	
		secondary instance decisions		e and Labor	
		,		Relations	
				Procedures	

Public

(MPA)

#### FIXED-TERM EMPLOYMENT IN THE HEALTHCARE SECTOR

3. Fixed-term employment - The Law on Public Sector Employees (LPSE) does not specify the tasks these individuals may perform, whether these provisions may be applied to managerial positions, or whether such employees may perform tasks typically carried out by employees who have attained the status of service providers.

Establish conditions and procedures for fixed-term employment in public healthcare institutions (PHIs) through public announcements

Ensure that job positions include descriptions of duties and responsibilities, and that these employees are held accountable for their work

Explicitly stipulate that temporary employment is not

applicable to

managerial

positions

1. Adoption of Guidelines/Instructions for the use of fixed-term employment across the entire public sector (specifying the cases in which these employments should be practiced, required qualifications, rights, and obligations...)

2. Amendment of the LPSE to

this issue

provide a systematic solution to

Guidelines/Instructions adopted for the use of fixed-term employment at the sector level (specifying the cases in which these employments should be used, required qualifications, rights, and obligations...)

2. Amendments and

supplements to the

LPSE adopted

Ministry of September -Administration December 2024

Ministry of Public Administration (MPA)

April - May 2025

4.	Healthcare Protection does not specify how the need for engaging fixed- term staff is determined, nor is there a procedure or criteria for how	Criteria need to be defined to determine the need for engaging healthcare professionals on a fixed-term basis and the cases in which this is appropriate	1. The Minister of Health is to adopt Guidelines/Instructions on the use of fixed-term employment in PHIs (specifying the cases in which these employments should be practiced, required qualifications, rights, and obligations)	Guidelines adopted on the use of fixed-term employment at PHIs	Ministry of Health (MH) Health Insurance Fund of the Republic of North Macedonia	September – December 2024
candidates are employed on a fixed-term basis	арргоргіасс	2. Establish a systematic solution through amendments to the Law on Healthcare Protection (LHP)	2. Amendments to the LHP adopted	Ministry of Health (MH)  Health Insurance Fund of the Republic of North Macedonia	May 2025	
5.	It is not clearly defined in which cases the services of external individuals based on service contracts may be used (e.g., to perform tasks for which the institution does not currently have employed personnel) as a	Service contracts should be used only in exceptional cases and according to precise criteria (specifying the profile of the person to be engaged, the conditions, the remuneration, clearly defined tasks and responsibilities,	The Minister of Health is to adopt secondary legislation (Guidance/Order) establishing precise conditions and criteria for engaging individuals based on service contracts in PHIs (specifying the cases, tasks, remuneration) and criteria for determining remuneration amounts	Adopted secondary legislation on the conditions and criteria under which engagements based on service contracts will be realized	Ministry of Health	September - December 2024

criterion for obtaining financial	and the duration of the		
approval	engagement)		