



REPORT

FROM MONITORING OF EMPLOYMENT,
ALLOCATION AND
IMPLEMENTATION OF BUDGETS
IN PUBLIC INSTITUTIONS



How do the institutions operate?



IMPRESSUM

REPORT FROM MONITORING OF EMPLOYMENT, ALLOCATION AND IMPLEMENTATION OF BUDGETS IN PUBLIC INSTITUTIONS

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SUMMARY

This monitoring report was prepared within the framework of the project "Fostering Good Governance and Public Administration Reform" funded by the National Endowment for Democracy (NED).

The project "Encouraging good governance and reforms in public administration" generally focuses on monitoring the implementation of the commitments of the Government of the Republic of North Macedonia to put good governance at the top of its political agenda, by including measures for good governance in all strategic policies, and with particular interest in the reform of the public administration as a prerequisite for creating a basis for good governance. The project monitors and analyzes the dynamics, effects and existing problems related to the implementation and efficiency of the Public Administration Reform Strategy 2018-2022 (PARS), in order to assess its success and impact in terms of promoting good governance practices,

The subject of this report is the state of employment, distribution and implementation of budgets in institutions from the public sector that have complex forms of management. At the same time, the report covers the employment procedures, the number of employees, as well as the distribution and realization of the budget in the part of salaries, capital expenditures and goods and services. The report presents the current situation with the number of employees by years and by type of employment (indefinite, fixed-term, copyright contracts, etc.), the percentage distribution and the implementation of the budget related to employee salaries in relation to the rest costs that are related to the realization of services to users (citizens and companies) as the main reason for the establishment of public institutions.

The methodological framework of the research was composed of several elements. The tool provided by the Law on Free Access to Public Information was primarily used¹ (LFAPI) and to the mentioned groups of institutions from the public sector, a unified request for free access to public information was sent. The request contained a total of 32 questions, some of which required specific answers, and some required the submission of documents and materials for the work of the institutions. The request was sent to 423 institutions from the public sector, and it was answered by 252 institutions, that is, the degree of responsiveness is 59.5%, and the data was collected in the period September-November 2022. A quantitative analysis was carried out from the specific data obtained, while a qualitative analysis was carried out from the received documents and materials, as well as from the documents and materials available on the websites of the institutions, about the operation of the management structures of the respective institutions. Additionally, an analysis was made of 20 laws, as well as three collective agreements that regulate the employment and salaries of employees in regulatory bodies, public health institutions, public institutions in the field of culture, public institutions in the field of education, public institutions for social protection, bodies of the administration, administrative organizations and other public institutions, public enterprises and trading companies. In order to verify the findings from the initial research, consultations were conducted with focus groups, where the findings and recommendations that are part of this report were confirmed. Public institutions for social protection, administrative bodies, administrative organizations and other public institutions, public enterprises and trading companies. In order to verify the findings from the initial research, consultations were conducted with focus groups, where the findings and recommendations that are part of this report were confirmed. Public institutions for social protection, administrative bodies, administrative organizations and other public institutions, public enterprises and trading companies. In order to verify the findings from the initial research, consultations were conducted with focus groups, where the findings and recommendations that are part of this report were confirmed.

¹ <https://aspi.mk/wp-content/uploads/2020/09/%D0%97%D0%90%D0%9A%D0%9E%D0%9D-%D0%97%D0%90-%D0%A1%D0%9F%D0%98-%D0%9F%D0%94%D0%A4.pdf>

The data and information presented in this report is based on the analysis conducted on the data received from the institutions that responded to the requests, as well as the additional analysis of the laws, websites and findings from the focus groups. They may not reflect a specific situation in a given institution that did not act on the request for free access to public information. However, the aggregated data and key findings fully reflect the current trends and practices in the management of institutions and provide a precise picture of the conditions in the individual areas that were the subject of interest in this report.

GENERAL FINDINGS

Within the framework of this report, an analysis of the legal regulation that regulates employment procedures in public institutions that have complex forms of management has been made. A general finding regarding all employment procedures is that none of the laws guarantee employment based on merit. Namely, for the employment of administrative officers, a systemic legal regulation was adopted, which does not fully guarantee merit in the employment procedures, because there is no mechanism for checking the special competencies of the candidates, and in addition, the interview as a completely subjective phase of the employment procedures leaves room for political and any form of other influences. What's more, the type of education is still an eliminatory factor in the employment procedure, thus, certain candidates who fulfill the special competencies for a specific job may not move to the next stage of the procedure at all due to the incompatibility of the education with what is prescribed in the systematization act.

Regarding the employment procedure, the Labor Relations Law is applied to technical assistants, which means that there are no rules, that is, the institution can hire whomever it wants without having to carry out any employment procedure at all. And in relation to auxiliary technical persons, the situation is identical horizontally throughout the entire public sector, that is, there are no employment procedures.

Within the framework of the report, an analysis was made of the legal regulation for the employment of public service providers in public institutions in the fields of culture, health, social protection, education, while the common conclusion of all analyzed laws is that there is no regulated employment procedure based on merits. The situation is identical with the providers of public services in public enterprises, as well as with authorized officials in penitentiary institutions.

The analysis of the Law on Commercial Companies shows that there are no rules or criteria for employment in state-owned commercial companies.

Wages, as one of the most important rights of employees, is also not systematically regulated in all the institutions that are the subject of this analysis. Although the Law on Administrative Officers contains a chapter that regulates wages, the first article of this chapter gives priority to special laws and collective agreements in relation to this law in the area of wages, which is why there is huge heterogeneity in terms of regulation. Thus, all regulatory bodies have their own acts regulating their salaries.

Salaries of employees in health, education and culture are subject to regulation of collective agreements, but the analysis of these agreements shows that they are not in accordance with the legal regulations, i.e. in each of these collective agreements there are salaries that are lower than the minimum wage which in our country is established by law. At the same time, there is no single methodology for determining the basis for salary calculation, so every year it is necessary to make individual decisions for determining this minimum salary for a minimum complexity coefficient.

The regulation of wages in public enterprises is particularly complex, because 155 public enterprises have 155 acts by which each enterprise regulates wages for itself. The same applies to state-owned commercial companies. Annex I of this report provides an overview of the salaries of the employees who are the subject of this analysis.

According to the provisions of the Law on Administrative Officers, the state secretary has the highest salary, whose salary is MKD 89,552.00 gross, i.e. MKD 58,933.00 net. However, in none of these institutions that were subject to consideration in accordance with the Law on Administrative Officers is there an opportunity to appoint state secretaries, so that in these institutions the state councilors have the highest salary, whose net salary is 41,325.00 MKD, while the lowest is the salary of a junior officer with secondary education whose gross salary is 29,902.00 MKD, i.e. 20,279.00 MKD net.

The salaries of employees in public health institutions are regulated by the Collective Agreement for the health sector² and are publicly available. According to this agreement, the lowest salary is for auxiliary technical persons (cleaners, general workers, cleaners, washers and ironers) whose salary, according to the rules established in the Collective Agreement, is lower than the minimum wage in the country. By amending the Collective Agreement, it is possible to increase the minimum wage in the country for those employees whose salary remains below this minimum wage to be given an allowance in the amount with which they would receive the minimum wage, in order not to violate the minimum wage law. The highest is the salary of the doctors from the university clinics, which is from MKD 100,000.00 to MKD 117,000.00. The salaries of the employees are given in Appendix II of this report.

Regarding the salary of employees in the field of culture, it is regulated by the Collective Agreement for Culture. The salary of employees in the field of culture is determined based on the degree of complexity and is expressed in coefficients. The coefficients multiplied by the minimum gross salary in the state give the gross salary. The lowest coefficient in the culture is 1,154 and is provided for auxiliary technical persons hygienist, steam-layer, other NKV worker for maintenance of facilities, and the highest coefficient is 3,265 3 provided for first in ballet dancing, first in acting, first opera soloist, first conductor and other top artist. This means that in culture the lowest net salary is 23,141.00 MKD, while the highest net salary is 63,824.00 MKD.

The salary of the employees in the centers for social work ranges from 21,000.00 MKD net for technical assistants to 53,000.00 MKD net for heads of service.

The salary of prison police officers is regulated by the Law on Execution of Sanctions and consists of a minimum salary, part of salary for degree of education, part of salary for level and part of salary for seniority. The lowest salary in the prison police has a junior prison police officer, whose gross salary is 30,720.00 MKD, i.e. net salary is 20,810.00 MKD. The highest is the salary of a warden, which is 60,666.00 MKD gross, i.e. 40,216.00 MKD net. What constitutes a problem from a legal point of view regarding salaries is the trainee salary, which is 80% of the expected salary for that position, which means that in lower positions the trainee salary is always lower than the minimum salary guaranteed by law.

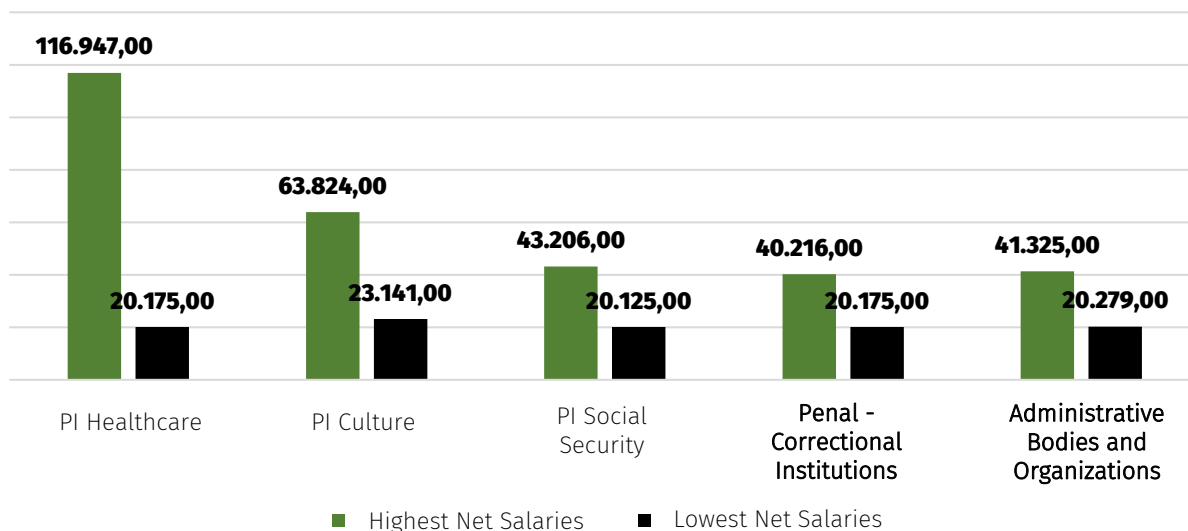
The salary in the bodies of the state administration and administrative organizations is determined according to the Law on Administrative Officers.

No salary data could be provided for regulatory bodies, public enterprises and trading companies.

Graphic display of the highest and lowest salary by area:

² <https://www.ssm.org.mk/mk/granski-kolektivni-dogovori>

Chart no. 1 – Overview of the highest and lowest net salaries by field



As you can see, the highest salary is in healthcare, followed by culture, while in Public Institutions for Social Protection, Penal - Correctional Institutions, and administrative bodies and administrative organizations, the highest salaries are relatively similar. The lowest wages in all areas are at the level of the minimum wage in the country.

If we compare the differences between the highest and the lowest salary in the areas in public health institutions, the highest salary is about five times higher than the lowest salary, in cultural institutions that difference is about three times, while in other institutions the difference is about two times. This difference is smaller than that in EU member states, so for example the difference between the lowest and the highest salary in the Republic of Ireland is 1:11, i.e. the lowest annual gross salary has an assistant technical person at the entry level (23,400 euros)³, while the highest salary is the president of the state (249,000 euros)⁴. In Portugal, the ratio is 1:9, i.e. the lowest annual gross salary is for an entry-level technical assistant (10,688 euros)⁵, while the highest salary is the president of the state (93,800 euros)⁶.

However, comparing and evaluating the salaries of different groups of employees (doctors, artists, prison officers, social workers and administrative officers) is difficult to do because they are specific professions. What can be compared is the salary of the administrative officers, who perform identical administrative work, while the situation indicates huge inconsistencies in the arrangement of salaries and the need for urgent reforms in the area of salaries. Namely, from the provided data it follows that the adviser at level B01 in the administration bodies has 28,731.00 MKD, the adviser at the same level in cultural institutions has 38,906.00 MKD, and the adviser at level B01 in the Electronic Communications Agency has 57,771.00 MKD. This indicates that the salary of the adviser in the ministries, funds and administrative bodies where the most complex administrative work is done (the main activity of these bodies is administration) is 30% lower than the salary of an adviser at the same level in a museum, and even 100% lower than the salary of an adviser at level B01 in the Agency for electronic communications.

³ [Civil Service Salary Scales - Forsa](#)

⁴ [Salary: President in Ireland 2023 | Glassdoor](#)

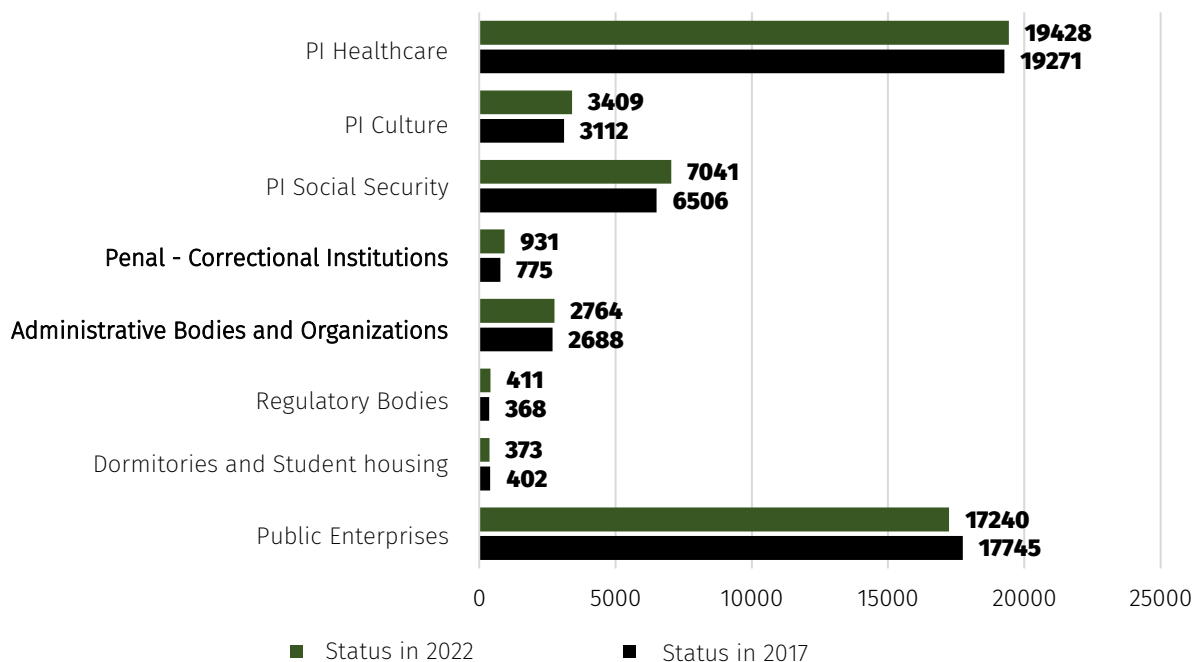
⁵ [Portugal: Salaries and meal allowance increase for civil servants | Garrigues](#)

⁶ [Salary, Income, Net Worth: Marcelo Rebelo de Sousa - 2023 - Paywizard.org](#)

Regarding the number of employments, the general conclusion is that in the period from 2017, when the data on the number of employees in the public sector until 2022, for which the last report was published, is available for the first time, there is an increase in the number of employees in regulatory bodies, public institutions in the field of health, culture, social and child protection and penitentiary institutions and administrative bodies, administrative organizations and other public institutions. On the other hand, a decrease in the number of employees is observed in public enterprises and in school and student dormitories.

In general, the situation with the number of new hires in the analyzed period is as follows:

Chart no. 2 - Overview of the situation with the number of employees in the period from 2017 to 2022



As can be seen from the table, there is an increase in the number of employment in regulatory bodies, administrative bodies, penitentiary institutions, public institutions for social protection, public institutions in the field of culture and public health institutions, while in school and student dormitories and public enterprises have a reduction in the number of employees. This indicates the fact that not only is there no trend of outflow, but on the contrary, the trend of increasing the number of employees in public sector institutions is noticeable. At the same time, commercial companies are not included in this presentation because they are not part of the public sector and for them it is not possible to provide systematized data that would be analyzed.

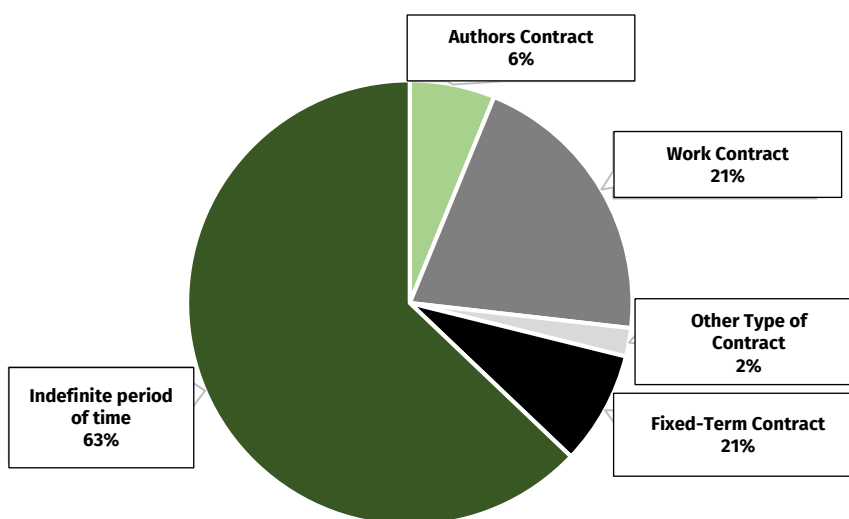
Regarding the method and legal basis of hiring persons in the period 2019-2022, in the institutions that submitted data, the situation is as follows:

Year	Number of people hired for a fixed period of time	Number of people hired for an indefinite period of time	Number of persons engaged with authors contracts	Number of persons hired with a work contract	Number of persons hired through another type of contract
2019	7525	811	1284	2715	316
2020	7249	741	919	2156	234
2021	7133	1343	981	2511	231
Total:	21907	2895	3184	7382	781

As can be seen in the period 2019-2022 in the institutions that submitted data, the number of new permanent employments is 21,908 people, the number of fixed-term employments is 2,895 people, the number of people engaged with authors contracts is 3,184, the number of persons engaged with work contracts is 7382 and the number of persons engaged through other types of contracts is 781 persons. Or a total of 36,149 people were hired during this period, that is, an average of 12,050 people per year are hired only in the institutions that submitted data, and that is about 9.5% of the total number of employees in the public sector, in which according to the Annual Report of MISA from the Register of Public Sector Employees⁷ is 129,384 people.

The percentage distribution of the number of newly hired persons is as follows:

Chart no. 3 – Review of the number of persons employed in public institutions



As can be seen, 61% of the hired persons are for an indefinite period, 8% are for a fixed period, 9% are with an authors contract, 20% are with a partial contract and 2% with another type of contract.

The following table shows a projection of the funds that are set aside for the remuneration of the members of the management and supervisory boards in public sector institutions, based on the answers submitted by the institutions regarding the amount of the remuneration obtained with the instrument for free access to public information .

⁷

https://www.mioa.gov.mk/sites/default/files/pbl_files/documents/reports/finalen_izveshtaj_za_2022_godina_30.03.2022_godina.pdf

Type of compensation	Management Boards	Supervisory Boards	In total
Monthly compensation	39,645,600	10,551,600	50,197,200
Fee per session	7,937,396	958,241	8,895,637
Total MKD	47,582,996	11,509,841	59,092,837
Total EUR	772,451	186,848	959,299
Number of institutions that responded	251	/	/
Number of institutions with Management or Supervisory Boards	506	/	/
Percentage of responses received	50%	/	/
Projected monetary compensation in EUR for 506 institutions	1,557,212	376,674	1,933,886

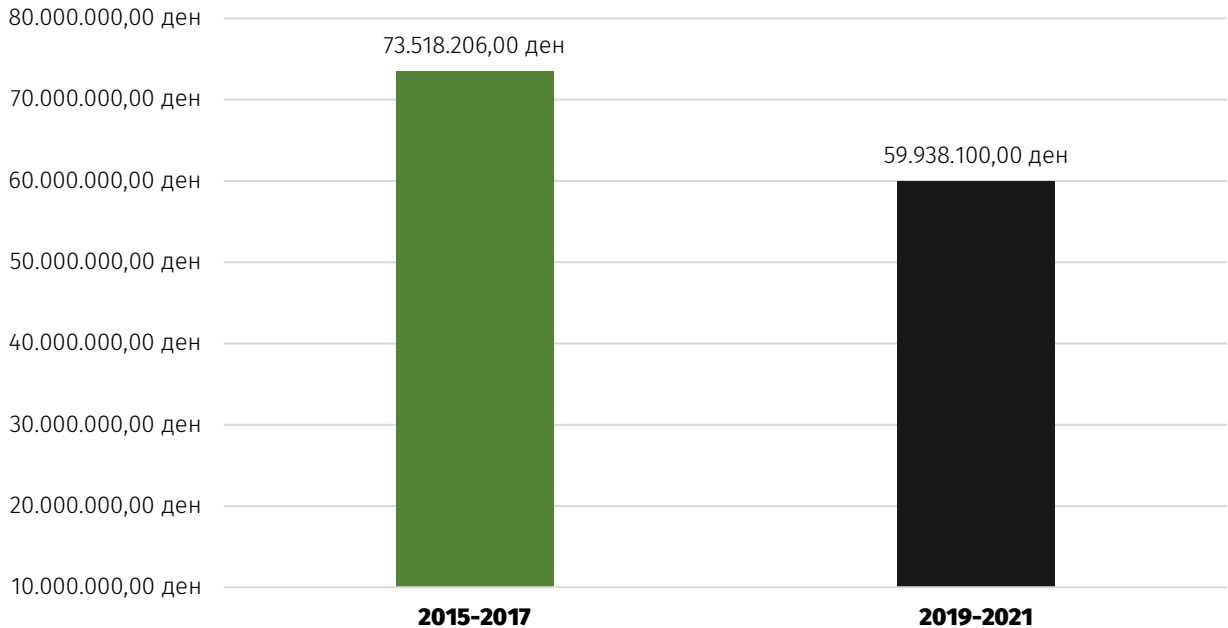
Out of a total of 251 institutions that responded to the Request for Free Access to Public Information, only 218 have provided data on the remuneration of the members of the management board and supervisory board.

The amount of these fees is determined by the institutions themselves with an internal act, usually by a decision of the management board of the institution. Also, the amount of compensation of the President of the management board or supervisory board is higher than the amount of the members of the management board or supervisory board.

In the analysis of the CCM from 2018 for monitoring the situation with the elected and appointed persons in the public sector of the RNM⁸, the costs for the remuneration of the members of the management board and supervisory board totaled 73,518,206 MKD or 1,195,417 euros. In comparison with the data shown in this analysis, the expenses for compensation of the members of the management board and supervisory board amount to 59,092,837 MKD or 959,299 euros, which is 14,425,369 MKD or 236,188 euros less.

⁸Analysis of Appointees and Electors, Monitoring Report, Center for Change Management, 2018 <https://cup.org.mk/publication/analysis-of-selected-and-appointed-persons>, p. 36

Chart no. 4 – Comparative review of the salaries of the members of the management boards and the supervisory boards



The cost projection for a total of 506 institutions that have a management board or supervisory board, again shows a decrease in the costs of fees for the management board or supervisory board. That is, in the analysis conducted by CCM from 2018, the projected monetary compensation that 506 institutions from the public sector provide for the management board or supervisory board amounts to 2,503,518 euros, while in this analysis those costs amount to 1,933,886 euros, which is 562,632 euros less.

Chart no. 5 – Comparative overview of the projection for the amount of remuneration of the members of the management board and the supervisory board of the entire public sector

