



ERP reforms' measures and Policy Guidance

Skopje, 17 October 2019

Rationale of the ERP

- Fulfilment of the economic criteria is a key requirement for EU membership, as set out in the Copenhagen criteria:
 - a. a functioning market economy is in place
 - a. The economy withstands competitive pressures inside the EU single market.

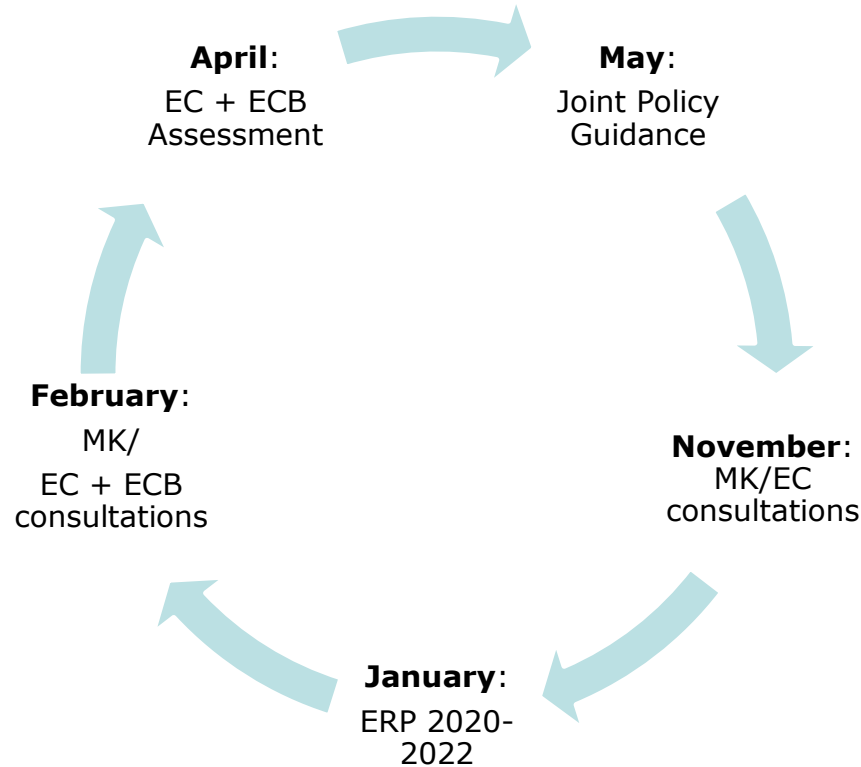
Fundamentals first

1. Rule of law and judiciary system
2. Public Administration Reforms system
3. Economic governance (enhanced in 2015 with the ERP)

Aim of the ERP

1. Future participation in the EU economic policy coordination (EU semester process)
2. It includes
 - a. MT macroeconomic projections
 - b. Budgetary plans for the next three years
3. Structural reforms:
 - a. boosting competitiveness
 - b. Improve inclusive growth and job creation
4. National consensus for prioritisation of reforms
5. Enhanced coordination, cooperation and capacity

ERP Process (as seen by the EU)



Policy Guidance

- Concrete economic policy priorities jointly agreed (MK/EC)
- Formally endorsed during the annual inter-Ministerial dialogue in ECOFIN formation in May.
- Designed to be implemented within 12 months.

ERP reform measures

- response to the structural weaknesses identified in your own diagnostics
- Taking into consideration key structural challenges identified by the EC (new approach)
- Ownership is fully on MK side
- Covering 8 areas
- Implementation happens in the medium-term (3 years)
- "the policy guidance should also inform the prioritisation of structural reform measures"

Some scoring for MK

Policy guidance implementation rate

- 2016: 16.7% (6)
- 2017: 54.4% (1)
- 2018: 44.0% (2)

ERP measures

- 2018: 3.4 out of 5 (relatively good progress)

Conclusions

1. Reform measures can contribute to the implementation of the Policy Guidance
2. Policy guidance which had not yet been fully implemented remains valid and needs to be addressed by policymakers
3. The ERP is a rolling process and takes into account lessons learned from the previous years
4. The next priority: a more strategic approach



Video on economic governance

<https://vimeo.com/213658504>

Questions

- How you would answer your query: how the reform measures contribute to the implementation of the country specific Policy Guidance?
- How do you synchronise the Policy Guidance, the ERP measures and the budgetary process?