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**EC Guidance for
the Economic Reform Programs and
consultations of ERP**

Skopje
December 16, 2021



Financed by European Union

Objectives of the Guidance

- **To provide detailed guidance on the format, structure and content of the Economic Reform Programs of the Western Balkans and Turkey**
- **To reflect the views of the countries and EC, provided that it has been elaborated through joint dialogue between the parties**
- **To include annual perspective of the state of the affairs in the region/countries, as the Guidance has been updated each year**
- **To contribute to the clarity of the process of elaboration of the structural measures as necessary for the line-ministries**



Use of the Guidance

- **Prior/during the process of elaboration of the ERP (macroeconomic framework, fiscal outlook and structural measures)**
- **During the process of consolidation of the inputs from the line-ministries**
- **In the process of consultations of the ERP with the stakeholders**



Purpose of the consultations of ERP

- The consultation process of the ERP aims to collect inputs from relevant stakeholders reflecting the whole document or specific measures, in accordance to the expertise of the stakeholder
- The consultations on the ERP could be conducted in different phases of the ERPs cycle, aiming to different goals
- The latest consultations of the ERP are conducted on the fully drafted document as a final phase of the process of ERP's elaboration (usually November-December)
- The final consultations aim to POLISHING of the ERP
- The consultations' input during the final consultations focusing on substantial change(s) of the document could not be implemented in the current cycle of ERPs elaboration, but could be taken into consideration for the next cycle



Use of the Guidance in ERP's consultations

- **Guidance provides clarification on:**
 - **definition of structural reforms**
 - **areas of structural reform measures covered in ERP**
 - **key challenges across the measures**
 - **how overall macroeconomic and fiscal outlook should be related to structural measures**

- **Guidance notes should be taken into consideration by the stakeholders in purpose of providing suggestions that are up to the point**



What are structural reforms?

- **Set of breakthrough activities that would make a visibly positive change in addressing of a crucial problem of the society**
- **The structural reforms to foster economic recovery should aim at supporting a long-term economic growth model which is more resource-efficient, less carbon-intensive and more resilient towards environmental and health issues**
- **The expected outcome or impact of reforms should be elaborated very clearly and in details**
- **Detailed timeline for each reform measure is a must**
- **Structural reforms must be integrated into the fiscal framework**

When structural reform becomes a regular activity?



Areas of structural reforms

- **Public Financial Management**
- **Green transition**
- **Digital transformation**
- **Business environment and reduction of the informal economy**
- **Research, development and innovation**
- **Economic integration reforms**
- **Energy market reforms**
- **Transport market reforms**
- **Agriculture, industry and services**
- **Education and skills**
- **Employment and labour market**
- **Social protection and inclusion**
- **Healthcare systems**



Key challenges

- **EC Guidance refers that the structural reforms should respond to at least one of the the three main underlying structural obstacles to competitiveness as well as to sustainable and inclusive growth at national level**

- **Key challenges identified for ERP 2022-2024**
 - **Labour market (education/employment)**
 - **Business environment**
 - **Formalisation of the economy**

Outcome(s) of the consultations of ERP

- **Consultations of the draft document (ERP) in the final phase of its elaboration aims to particularly contribute to:**
 - **further clarity of diagnostic of the ERP/measures**
 - **result indicators of structural measures**
 - **impact assessment of the structural measures on competitiveness, environment, employment and social inclusion, gender balance, etc.**
- **The stakeholders should contribute with specific remarks based on research, official reports and other relevant documents**



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Thank you for your attention

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Funded by the European Union.

Fiscal Implications of Structural Reforms