



EUROPEAN UNION

Delegation of the European Union

Skopje, 8 February 2013

**Closing conference of the of the EU-funded twinning project:
Supporting the Process of fiscal decentralization through
strengthening the capacities for Sound Financial
Management and Internal Financial Control on Local and
Central Level**

[Army Hall]

Speech by
H.E. Mr Aivo ORAV
Head of EU Delegation

Dear **Deputy Prime Minister Stavreski,**

Dear Mayor of the City of Skopje, Mr. Koce Trajanovski,

Dear Mr. Spasovski, Mr. Nouwt,

Your excellencies,

Ladies and Gentlemen,

For many years, the European Union has been actively supporting the development of Public Internal Financial Control system, aiming to assure that the public funds are being used in accordance with the principles of sound financial management: transparency, economy, efficiency and effectiveness.

The reform of the public internal financial control is one of the key areas of the pre-accession process. In the 2012 Progress Report, the European Commission concluded that there was a little progress in the area of public internal financial control.

This EU-funded twinning project has been very ambitious. The expectations were that at this moment of completion of the project, 25 Institutions on central level and 40 municipalities to have appropriately implemented the decentralization process by strengthening sound financial management and control

systems. However, reality is sometimes more difficult than what the theory suggests.

One of the key expected results of the project - detailed strategy for development of Public Internal Financial Control systems and elaborated Action Plan for the implementation of the Strategy, has remained incomplete. We would hope that the Ministry of Finance will consult all stakeholders on the draft Policy Paper and launch it at a high level promotional event with the presence of the European Commission.

However, during the 2-year implementation, the project partners could report the following achievements:

- Numerous specialized trainings and workshops were organised for top level management, as well as for the financial managers and internal auditors on central and local level;
- Support was given to the Public Internal Financial Control implementation steps, as well as the best practices were identified and shared between all stakeholders;

- Senior management of substantial number of the target institutions, at central and local level, became better aware of the Public Internal Financial Control concept;
- Decisions for internal distribution of the budget and mandate for giving authorisation of the budget were signed;
- The staff of the Financial Affairs Units learned about their broader role and their interaction with the management and internal audit departments;
- The internal audit took the first steps in becoming truly the partner of the management.

We would like to encourage the Ministry of Finance, as the driver behind the change process, to reinforce political support for the reforms to be continued. The high level political support is also required in order necessary cultural change to the new way of managing the public administration to be embedded.

At the end, I would like to acknowledge the work of all twinning partners, thanking them for their efforts and hard work.

Thank you very much for your attention.