

**Possible options for amendment of the article 7 of the *Decision on criteria and procedure for distribution of funds for financing the program activities of associations and foundations from Budget of Republic of North Macedonia***

The current article 7 foresees two levels of decision-making on the distribution of financial support to CSOs based on this Government Decision:

- 1) **Operational group** composed of assessors appointed by the Commission who assess the quality of submitted projects
- 2) **Commission** (composed of Government and Council members) acting as Selection committee - confirming final selection based on proposal of assessors /operational group.

The article does not provide sufficient level of details on the composition of both selection committee and procedure of appointment of assessors. Besides, it does not address one of the biggest challenges in this area – namely the prevention of the conflict of interest in the work of both selection committee and the work of assessors. In comparative practices, the highest risk is usually related to the independence of assessors and avoiding “political pressure” of the Selection committee on the work of assessors.

The Government and Council are exploring two possible options. Possible benefits and risks related to these options are presented in table below:

<b>Option</b>	<b>Benefits &amp; Risks related to this option</b>
<p><b>First option:</b></p> <ul style="list-style-type: none"> <li>- Selection committee (Commission) composed of members of the Government. Council members acting as observers.</li> <li>- Operational group appointed by the Commission who read and assess the quality of submitted projects (according to the practice of previous 2 years, civil servants in the ministries represented in the Commission).</li> <li>- Criteria for appointment of the members of the operational group.</li> <li>- Provisions for avoiding conflict of interest of the members of the Commission and the</li> </ul>	<p>In general, this approach is reasonable and enables assessors to conduct assessment and prepare the basis for the Decision of the Selection Committee. The advantage of having the Selection Committee composed only of members of the Government (and Council (NGO) members acting as observers) is in lower potential for conflict of interest and making sure the final Decision is well rooted in the main policy priorities of the Call prepared by the Government.</p> <p>Observers coming from (NGO representatives of) the Council aim at ensuring external monitoring of the compliance with provisions of the Decision, and contribute to the transparency and accountability of the procedure of allocating the funds.</p> <p>The risks may be related in not timely planning of financial resources for the work of independent assessors. The work of assessors is very demanding and adequate fees should be foreseen</p>



Operational group.	for their work. Besides, in case the Commission decides to publish a public call for appointing assessors (members of Operational group for assessment) this should be planned well in advance and based on clear criteria, to ensure efficient decision-making process.
<p><b>Second option:</b></p> <ul style="list-style-type: none"> <li>- Selection committee (Commission) composed of independent experts (not civil servants), who assess the quality of submitted projects and propose decision for distribution of funds to the Government. Criteria and procedure for appointment of the members of the Commission.</li> <li>- Provisions for avoiding conflict of interest of the members of the Commission.</li> </ul>	<p>The benefits of this option are related to ensuring the potential for a more advanced impartiality and independence of the process of assessment and final selection of the process, without possible intervention/pressure from the government. On the other hand, there may be a risk related to the lack of inputs from competent government/public administration bodies on the purpose of the call and compliance of program/project applications with the strategic/policy objectives stated in the call, as well as coherence. Also, an additional risk may be related to the lack of the second-level control of the work of the Operational team.</p> <p>A prior session between government representatives and independent assessors /experts should be held to make sure they have a common understanding of the purpose of the call and expected results to be achieved (this is also relevant for the option 1)</p>

***Option 1 – Selection Commission (with government members and council member as observers) + Operational Group for assessment of project applications***

When it comes to the criteria for appointing the members of the Commission, it should have an odd number of voting members, composed of representatives of public administration bodies responsible for the policy priorities of the call, and members of the Council as observers.

When it comes to the criteria for appointment of the members of the operational group (independent assessors) and the scope of responsibilities of the team, it is recommended to take into account general experience (e.g. work experience in the sectors/areas covered by the call; project management experience – for example- at least 3 years; knowledge of laws and strategic documents in the area of application; university diploma, etc). Additional requirements for specific experience in evaluating project applications may be considered.

Taking into account similar comparative experiences (Croatia, Montenegro,...), below is an illustrative example of an article that could regulate the process of appointment and the work of the Operational group for the assessment of program/project applications



*(1) The Operational assessment group is an independent assessment body established and its members appointed by the Commission. It may consist of representatives of state administration bodies, local and regional self-government units, representatives of civil society organizations, representatives of scientific and professional institutions and independent experts in the areas covered by the priority areas of the Call. Employees of the Government/ministry that are involved in the tender procedure, and that are not members of the operational group for assessment, must not influence the work of assessors/operational group in any way.*

*(2) Prior to the appointment of assessors (members of the operational assessment group), a public call for applications from experts interested in participating in the process of assessment of applications for funding of programs or projects of associations/foundations and may create a database of assessors or may hire assessors from the database of assessors.*

*(3) When making a decision on the appointment of assessors / members of the operational group for assessment, the Commission shall take into account their expertise, knowledge of the activities of associations/foundations in a particular area, impartiality and readiness for professional and objective assessment.*

*(4) The operational group for assessment shall work on the basis of the rules of procedure which all members adopt and they are also obliged to sign the declaration of impartiality and confidentiality referred to in Article \_\_\_\_, paragraph \_\_\_\_ of this Decision.*

*(5) A member of the Operational group (assessor) may receive appropriate remuneration for his / her professional work, in accordance with the decision of the Government.*

*(6) The Operational assessment group shall make a proposal for the approval of financial resources for programs or projects, and the decision shall be made by the provider of financial resources.*

**Second option: Selection committee (Commission) composed of independent experts (not civil servants), who assess the quality of submitted projects and propose decision for distribution of funds to the Government.**

When it comes to the criteria for appointing the members of the Independent selection committee, similar criteria could be used as proposed above for the Operational group for assessment.

For Selection committee members and observers, as well as for members of the Operational team for assessment (or even persons involved in opening applications – in case you opt for establishing a separate committee for ), there should be an obligation of signing a statement



of impartiality and confidentiality, making sure provisions on the conflict of interest are respected.

### ***Provisions on the conflict of interest***

Based on experience of Croatia, below is a possible proposal of the article on preventing of conflict of interest. This is a more extensive version – so maybe only some key components addressed below could be considered:

*(1) The procedure for allocating financial resources to associations and foundations is transparent and impartial. Impartiality is ensured by preventing conflicts of interest, in the manner described by this Decision and valid regulatory framework in the Republic of North Macedonia.*

*(2) There is no conflict of interest if the person participating in process of assessment or selection (decision on fulfilling the prescribed formal conditions of the Call or assessing the application of the association/foundation that submitted application at the Call) is not personally, nor members of his/her family (spouse, child or parent), employee, member, a member of the governing body or the head of that association/foundation or any other association/foundation connected in any way with that association/foundation (partnership in the implementation of the project, etc.), nor in relation to the mentioned associations/foundations has any material or immaterial interest, to the detriment of public interest, in cases of family ties, economic interests or other common interest.*

*(3) Persons participating in the work of the commission for opening applications received for the public tender, assessing the programs or projects that have met all the prescribed conditions of the tender and deciding on the allocation of funds must be familiar with the list of associations/foundations that applied for financing. These persons then sign a declaration of impartiality and confidentiality confirming that neither them nor their family members are in a conflict of interest. With the same statement, the person confirms that he has no personal interests that may affect the impartiality of the commission of which he is a member, that in performing the duties to which he was appointed he will act honestly, fairly, conscientiously, responsibly and impartially, maintaining confidentiality of data and information which is entrusted to him/her by the Commission.*

*(4) In the event that it becomes known that there is a conflict of interest, a member of the commission/operational assessment team shall be obliged to immediately inform the other members of the commission/team and to be excluded from the assessment/selection procedure. In case that a conflict of interest is identified, a substitute member of the commission/operational team will be appointed.*

