

Since its establishment in 2004, the Center for Research and Policy Making has been working on budgeting, good governance in public finances and gender-responsive budgeting. As members of the International Budget Partnership as well as an organization that prepares Open Budget Index and leads the Gender Budget Watchdog Network, we reviewed the proposal for the Budget 2023 and analyzed it in terms of its impact on promoting gender equality. So, these are ours:

## COMMENTS ON THE 2023 BUDGET FROM A GENDER PERSPECTIVE

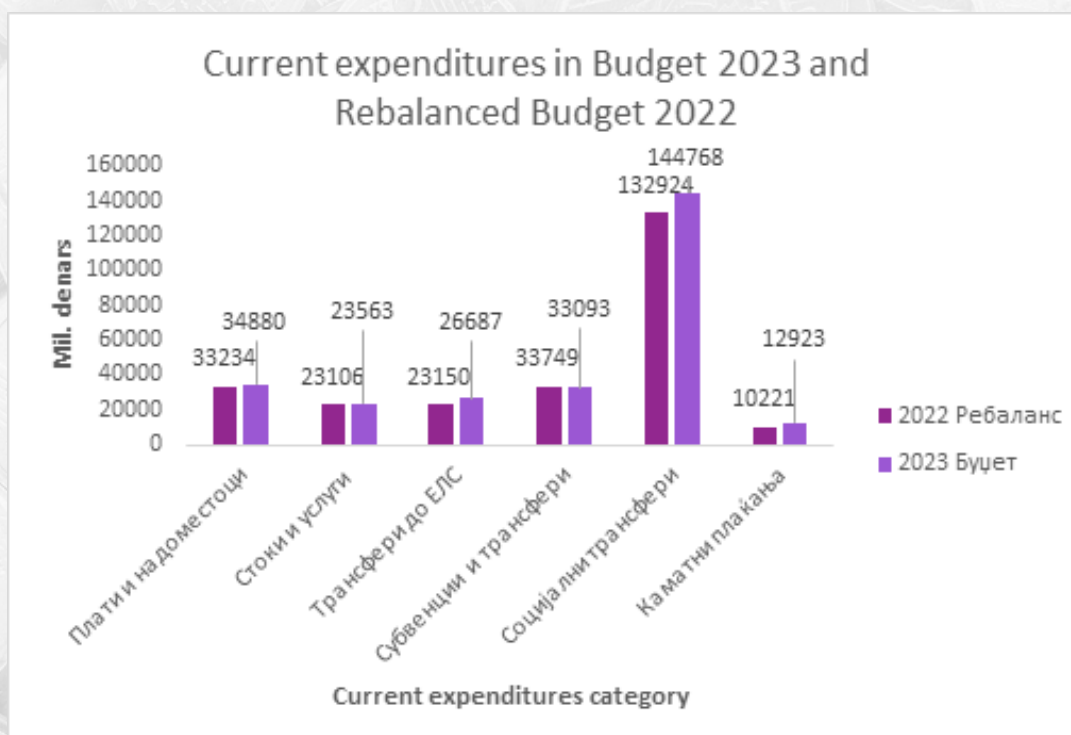
### GENERAL OVERVIEW

The total expenditures for 2023 that are planned to be realized are 324,810 million denars, which represents an increase in the amount of 36,137 million denars or 12.6% more compared to the rebalanced Budget on 2022. However, taking into account the inflation rate and the increase of the living costs and energy prices, it is certain that the increase in the budget will not lead to an improvement and coverage of policies and beneficiaries.

The crisis of the past years, firstly Covid 19, followed by the crisis in supply and latter the crisis in energy since the war in Ukraine, affected the economy in the respective year and it is certain that with this increase in the budget it will not be possible to amortize the impacts of the crisis and thus beneficiaries will be mostly impacted.

The first expenditure category - current costs is planned to be realized in the amount of 275,914 million denars, which represents an increased by 7.6% in the amount of 19,529 million denars compared to the budget planning for 2022. From the analysis of the individual budget units, it is evident that the increase in the units of wages and compensations, goods and services and subsidies and transfers are with a smaller increase rate than the inflation rate. It practically means that in 2023 it will not be possible to obtain the same volume of goods and services as in 2022 and therefore with the respective salaries less purchasing power is expected, which represents a direct impact on users.

Chart 1: Current expenditures in Budget 2023



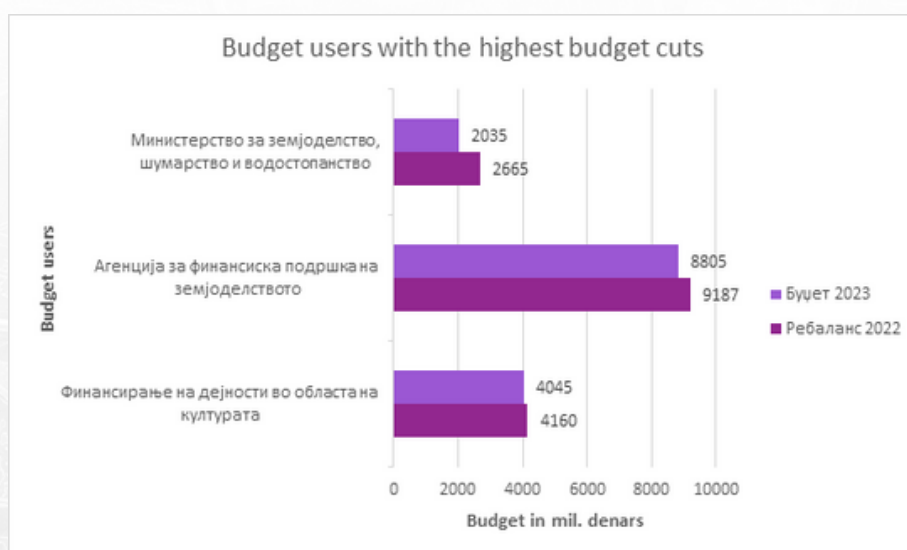
An increase in the amount of 1,646 million denars is planned for wages and benefits in the amount of 34,880 million denars. A total of 23,563 million denars is planned for goods and services, for which an increase of 457 million denars has been noted compared to the last budget document.

The transfers that are planned for LGUs for the new fiscal year should amount to 26,687 million denars which presents an increase of 3,537 million denars compared to the last budget planning for 2022.

For subsidies and transfers in 2023, there is a decrease of 656 million denars compared to the planning for 2022 in an amount of 33,093 million denars. The part of subsidies and transfers should include allocation of budget funds for the energy crisis situations and stimulation of production for electric energy, agricultural subsidies for domestic plant and animal production as well as amortization of price pressure of essential food products. Funds are provided also for the private sector for small and medium enterprises, for innovative activities, technological development and research, and new investments to support exports.

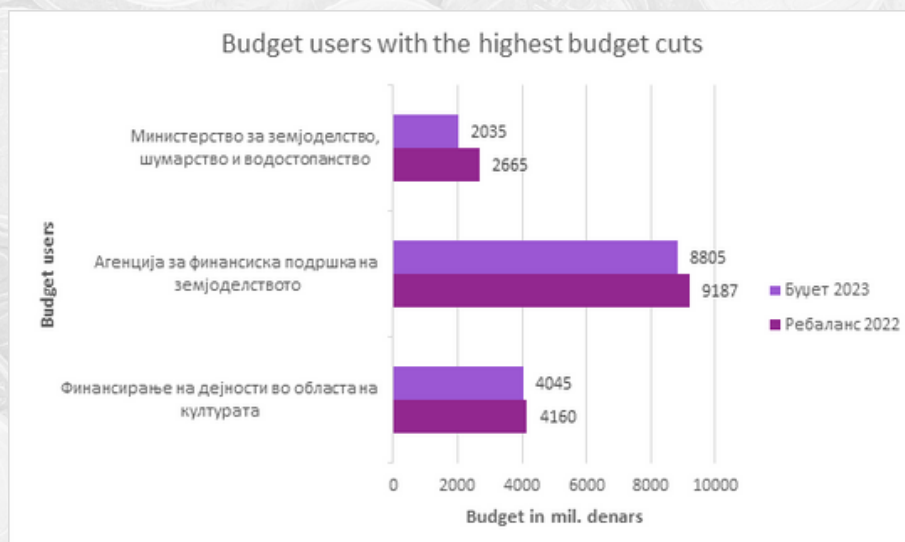
The biggest reductions is noted in the sectors of culture, agriculture, forestry and water management.

**Chart 2: Budget programs with the highest budget cuts in 2023**



From the presented sectors with the highest cutoffs, the largest ones are planned for the Ministry of Agriculture, Water Management and Forestry by 23.7%, the Agency for Financial Support of Agriculture and Rural Development by 4.2% and the financing of activities in the field of culture by 2.8% compared to the rebalancing of the budget in 2022.

**Graph 3: Budget program with the largest amount reduction in 2023**



Speaking about the programs, there is also a significant decrease in the planned funds for the program *Measures to reduce poverty* by 2,135 million denars, i.e. there is a drop down of 37.5%. This program includes employment measures for individuals who face difficulties to enter the labor market, employment of children with no partners or parental care as well as on the project to support wages by subsidizing contributions. The decrease is mostly due to the cutoff in the subprogramme Subsidization of support wages by subsidizing contributions, which is planned to be decreased by MKD 2,009 million, i.e. a drop down of 57.3%.

The second program in a row with the largest absolute decrease is the Environmental program for 1068 million denars, i.e. a drop down of 68.8% or in an amount of 485 million denars. The drop was due to the green development subprogram, which was reduced by 1270 million denars.

The regional development program with the only sub-program Balanced regional development has been projected in the amount of 776 million denars and with a drop down of 13.5%, i.e. it has been decreased by 122 million denars.

## **GENDER BUDGET**

According to the SDG indicator 5c1, the budget document should contain clear, transparent and reader friendly information about the funds allocated for gender equality. This information should be visible on the website of the Ministry of Finance and the announcements that present the budget document. However, the budget for 2023 does not contain clear, transparently published and easily understandable information about the funds allocated for gender equality.

This omission is significant especially since we assume that the Ministry of Finance has this information due to the fact that the budget circular that was sent to budget users in order to collect the fiscal requests for the next year was a gender sensitive document.

## **GENDER EQUALITY INDICATORS**

For the inclusion of gender equality indicators in the budget, it is necessary to link the budget with the goals, programs and performance indicators. At this stage, the Budget for 2023 itself does not include gender related indicators and they cannot be linked to the strategic plans because most of them are still unpublished.

It is extremely important that the Strategic Plans are published alongside with or before the Budget so that the policies financed by the budget can be evaluated. Using tags such as gender neutral, gender responsive and gender transformative budget program based on indicators and the analysis of the impact of the planned measures that are financed can also facilitate the readability, transparency and accountability of the budget aiming at enhancing gender equality.

## **INADEQUATE BUDGET TO IMPLEMENT GENDER TARGETS IN 2023**

The Government's gender goals are included in the Gender Equality Strategy, which was recently adopted by the Parliament. What makes a budget gender responsive are the respective allocations for the realization of the Government's gender goals. Since that Ministry of Labor and Social Policy is the competent institution for the implementation of the Gender Equality Strategy, we analyzed the budget 2023 for the Ministry of Labor and Social Policy.

Namely, the total budget is planned in the amount of 50,361 million denars, which represents a decrease of 920 million denars, that is, the planned funds for this budget user are reduced by 1.7% compared to last year's budget. In relation to the initially / originally adopted budget for 2022, the funds at the Ministry of Labor and Social Policy have increased by MKD 2,764 million or by 5.6%. The decrease in funds, compared to the rebalance of the budget for 2022, is due to the reduction of funds in the program P Measures to deal with the Covid-19 crisis in the amount of 1,383 million denars or 54.7%. Within this program, the decrease is due to the reduction of funds for the subprogram B5 support wages by subsidizing the contributions for 2,009 million denars less. This results in a reduction of social benefits by MKD 734 million.

Program 8 for Gender Equality and Non-Discrimination for 2022 in the Ministry of Labor and Social Policy was 1,516,000, while for 2023 it is 1,616,000 denars. Considering the fact that the implementation of the new Gender Equality Strategy is budgeted for the first time in this document, the increase of MKD 100,000 is too small for the implementation of the planned activities. Furthermore, taking into account the inflation rate, it can be concluded that the planned increased budget compared to last year corresponds to the inflation rate. Hence, we conclude that the program does not foresee an increased volume of activities, but reflects the inflation rate, whereas the implementation of the Gender Equality Strategy is not budgeted at all.

## GRB INITIATIVES

According to the national Gender Responsive Budgeting Methodology, the ministries publish a clear statement on the gender equality related objectives of a particular program, which they include in the budget document. We name this statement a gender budget initiative. Gender-responsive budget initiatives in the Republic of Macedonia began to be implemented in 2009 by the Ministry of Labor and Social Policy. Since 2015, all budget users at the central level have an obligation to select a program for gender analysis and develop respective gender related indicators at an output level to monitor the impact of the specific programs on women and men. Institutions select programs and plan funds aimed at promoting gender equality in several areas where significant gender gaps have been detected. The implementation of the programs is for a three years period.

Therefore, the 2023 Budget should include the gender budget statements that were developed in 2021 for the following selected programs from the listed institutions:

**Table 1: GRB initiatives**

<b>Institution</b>	<b>Sectoral program</b>
Ministry of Defense	Greater involvement of women in the military profession; greater gender equality and gender-sensitivity in the profession;
Ministry of foreign affairs	Equal participation of women and men in diplomacy
Ministry of education and science	Promotion of gender component in the education system and reduction of gender stereotypes
Ministry of economy	Increased participation of women in the programs for business development and increase of competitiveness
Agency for support of entrepreneurship	Increasing participation in the counseling voucher system and mentoring support of small and medium-sized enterprises run by women
Ministry of finance	Increasing the number of women who have solved their housing issue
Ministry of environment and spatial planning	Gender mainstreaming in investment and care for the environment
Agency for sport and youth	Sports hope – Greater involvement of girls and women in sports
Ministry of justice	Promotion of gender equality in procedures for mediated damage compensation
Ministry of culture	Gender-sensitive data bases production in the culture and stimulating greater gender equality in culture
Ministry of information society and administration	Increasing knowledge and awareness among public servants on gender equality
Ministry of Labor and social policy	Creation of new jobs through active measures
Ministry of health	Early detection of malignant diseases among women

One of the shortcomings of the budget is the inability to identify where the funds for these initiatives are foreseen in the programs/subprograms of the 2023 Budget and to properly monitor their implementation and the results achieved.

Therefore, the Budget as a document should be accompanied by the collection of gender budget initiatives, which will show how much of the planned funds are included in which program and subprogram of the budget.

## **GBWN'S GRB INITIATIVES**

During 2022, GBWN submitted several GRB initiatives followed by advocacy among institutions to include them in the 2023 Budget. The funds were related on: inclusion of contraceptive drugs on the positive list of the Health Insurance Fund; support for SOS lines; construction of shelters for victims of domestic violence.

## **CONTRACEPTIVES**

In the narrative part of the Budget for 2023, it is not noted that funds are provided for the inclusion of contraceptive drugs on the positive list of the Health Insurance Fund (HIF) or in the programs of the Ministry of Health. Namely, the program for Health activity and insurance, in which funds are planned for the positive list of drugs, as well as all other drugs, has increased from 38,208,000,000 to 42,064,000,000 (that is by 10%). It is necessary to infuse contraceptives on the positive list not only for certain specific groups, but for all women of childbearing years. The estimate of financial resources that should be covered by the HIF if contraceptives enter the positive list in order to increase their use as much as the European average would be between 72,817,708 MKD - 81,572,522 MKD.

## **SOS LINES**

The support for SOS lines is foreseen in subprogram 46 Deinstitutionalization and social services with total budget for 2022 in an amount of 345,026,000 MKD. For 2023, the budget is 686,888 MKD and presents significant increase. Narratively, it is not described for what purpose the funds were increased, and hence it cannot be concluded whether there are funds for expanding the services of SOS lines. So far, the users have received a total of MKD 805,000 from this budget. According to the calculation made for optimal number of SOS lines that will function 24/7 and will be available in minority languages, the annual estimated budget is 6,074,000 MKD. In addition to this budget, 422,000 denars are needed for training the lines operators as well as public campaign aiming at higher use of these lines.

## **SHELTER CENTERS FOR VICTIMS OF DOMESTIC VIOLENCE**

The construction of these shelters should be foreseen and budgeted in the following subprogram:

### ***4A CONSTRUCTION, EQUIPMENT AND MAINTENANCE OF SOCIAL PROTECTION FACILITIES AND ELDERLY HOMES***

The description and objectives of this subprogram include capital investments in facilities for non-institutional social protection (centers for social work and day care centers) and facilities for institutional social protection (care institutions for socially endangered categories of citizens). The sub-program for the current and future years includes reconstruction, renovation, construction and equipping of the existing social protection facilities, as well as elderly homes.

In the budget of this subprogram, 25,660,000 MKD are foreseen, but it is not indicated exactly for which centers are planned. Compared to last year, the budget of this subprogram has decreased for MKD 28,027,000. From that aspect, it is not certain that funds are provided for the construction of such shelters in accordance with the Istanbul Convention.

## CONCLUSION

It is a general finding that current external global influences such as the energy crisis, high inflation and general supply problems have a major impact on budgets, especially in Europe. This is also applicable for the budget of the Republic of Macedonia, that is, that these external influences are strongly reflected on many budget users and target groups. From that aspect, the assessment is that the budget, except for some categories, fails to compensate the impact of the crisis and provide the same level of budget support as in the years before the crisis. It is expected considering the fact that these are crisis times, especially in Europe. However, what is missing for the budget is to offer an analysis and explanation of the degree and intensity of the changes with which certain categories will be affected, as well as to offer arguments for a fair distribution of funds to mitigate the effects of the crisis among budget users according to budget priorities.

Since the focus of this analysis is an assessment of distributions and allocations from the perspective of a gender-responsive budget, the assessment showed that it does not contain clear, visible information about the gender dimension of the budget, which will enable a qualitative analysis how this budget will impact gender equality among different budget users, that is, where and how much funds are allocated to deal with given challenges.

Namely, the principles of a gender-responsive budget in accordance to international practices for financial responsibility and gender-responsive financial responsibility, as well as in accordance with the UN Sustainable development goals assume explicitly included indicators for gender equality. The 2023 Budget does not provide indicators and analysis on the potentially different needs of women and men, including different needs by age, ethnicity, lifestyle or geographic location. Additionally, there are no exclusive budget programs and/or sub-programs that can be directly linked to these categories and the already designed gender responsive budget initiatives.

Although gender responsive budget initiatives and activities for gender responsive budgeting are stipulated in the new organic Law on Budgets and the Law on Budget Execution, they are not annexed. The Law on Budgets stipulates delayed application, but the conditions for presenting the gender budget initiatives have been met and it is unclear why they are not included in the overall procedure. In general, the budget does not mention the needs of men/women, girls/boys, nor can policies be evaluated according to these parameters.

Although there is a program/subprogram in the Ministry of Labor and Social Policy on gender equality and non-discrimination, observed from this budget format it is not transparent and it is not possible to determine which goals it covers and which results should be achieved. On the other hand, the lack of budget for the adopted Gender Equality Strategy makes its monitoring impossible.

The practice established via the gender budget initiatives and their inclusion in the strategic plans should serve as a bypass solution to a fully program budgeting where all activities will be presented whitening the programs. However, the lack of published strategic plans and explicit programs that correspond with the budget initiatives contributes to the impossibility of determining the purpose of the allocated funds and goals, i.e. indicators of their use.

Hence, we can conclude that the Budget 2023 is not a gender sensitive budget. Although the country has a gender policy, the funds corresponding to its implementation are not visible in the budget (if any) and are insufficient considering the insignificant increase in the MLSP budget for 2023. The 2023 budget does not include the gender budget initiatives, including the ex-ante analysis that they contain, nor the indicators for monitoring on their realization. Thus, the Budget 2023 does not provide clear, visible and publicly available information on public finance allocations for gender equality for 2023.