

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 2024 and analyzed it in terms of its impact on promoting gender equality. So, these are ours:

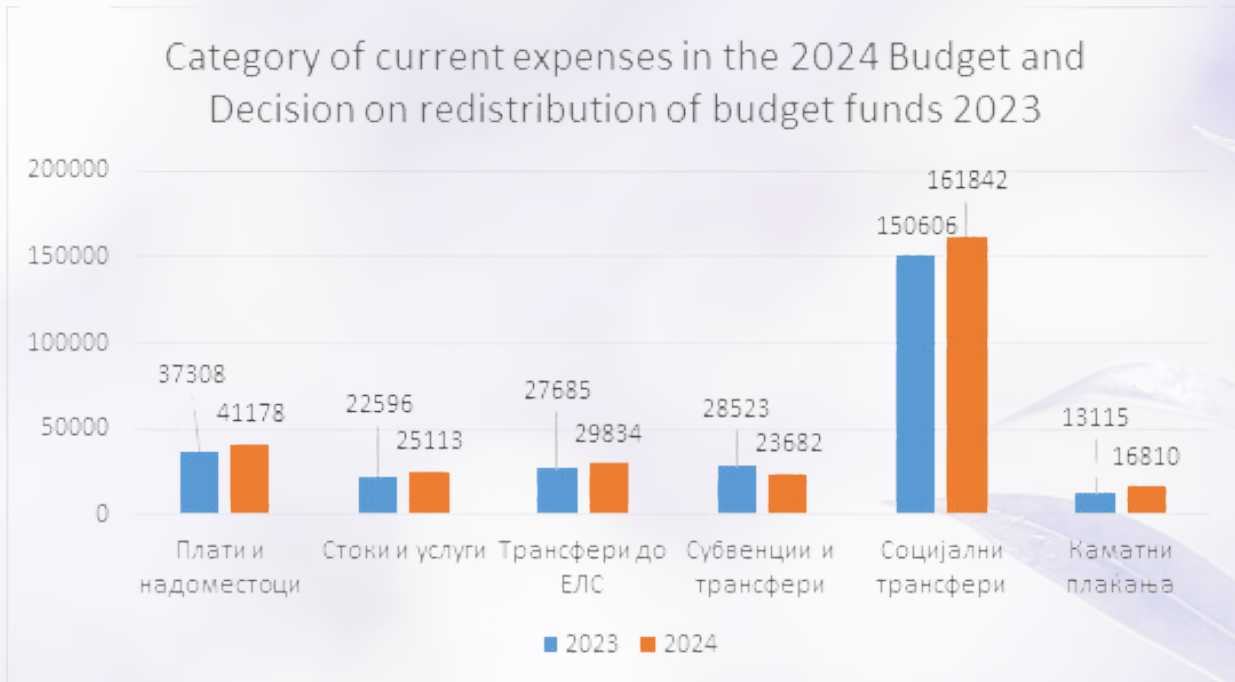
COMMENTS ON THE 2024 BUDGET FOR NORTH MACEDONIA FROM A GENDER PERSPECTIVE

General Overview

The total expenditures for 2024 that are planned to be realized are 343.638 million denars which represents an increase in the amount of 18.827 million denars or 5,80% more compared to the rebalanced Budget on 2023. Global inflation is expected to reduce from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024. Budget expenditure projections for the coming year are prepared on the basis of the following assumptions: economic recovery and accelerated growth, compliance of the revenue projection with the planned movements in the economy, continuation of fiscal consolidation processes, by reducing the level of the budget deficit, as well as continuation of the determination to implement a disciplined budget policy and strengthened monitoring of the use of budget funds, intensifying the convergence of the Republic of North Macedonia towards the EU through harmonized legal regulations, the priority for obligations arising from NATO membership, regular and smooth execution of all legal obligations, smooth implementation of election activities, support of the domestic economy, the private sector and citizens, increased and accelerated implementation of infrastructure projects, attraction of foreign investments and innovation of domestic companies and more. Private consumption, despite inflationary pressures and rising financing costs, increased by 2.1% on a real basis, with growth accelerating in the second and third quarters, supported by rising wages above the rising cost of living, rising remittances from abroad, growth in lending and government measures to support the economy and support the standard of living of the population.

The total revenues of the Budget of the Republic of North Macedonia for 2024 are planned at the level of 310.128 million denars and are 10% higher than in 2023, while the expenditures are planned at the level of 343.638 million denars or about 5.8% higher in relation to 2023. Projections for the revenues of the Budget for 2024 are based on the following assumptions: realization of revenues in the current year 2023, expectations for economic growth and improvement of the efficiency and effectiveness of the public revenue collection system. The current expenditures for 2024 are planned in the amount of 298.5 billion denars or 7% more compared to 2023, intended for regular payment of salaries to employees in the public sector, timely and regular payment of pensions, guaranteed minimum income and other social rights, payment of subsidies in agriculture, support of small and medium enterprises, support and subsidization of innovative activities, as well as allocation of funds for targeted support of vulnerable categories of citizens and the economy.

Chart 1: Current expenditures in Budget 2024



The Assembly of the Republic of North Macedonia made two decisions on the redistribution of funds between the budget beneficiaries of the central government and between the funds, published in the Official Gazette 207, dated 3.10. 2023 in official gazette no. 264 of 13.12.2023. These decisions do not mean a rebalancing of the budget, but an internal redistribution between budget beneficiaries.

The expenses for the payment of salaries are projected at the level of 41.2 billion denars and compared to 2023, they are planned at a higher level by about 10%, which reflects the full implementation of the provisions of the General Collective Agreement for employees in the public sector.

Transfers to LGUs are planned in the amount of 29.8 billion denars intended for financing the transferred competences of the municipalities and subsidies to the municipalities.

- In 2024, on the basis of a planned increase in the percentage of VAT revenues that are distributed to municipalities from 4.5% to 6% of the collected VAT in the previous year, an increase in the general subsidy to municipalities by 787 million denars has been ensured in comparison by 2023, with the aim of increasing the fiscal capacity of the municipalities. They will be distributed in three parts: basic part (4.5%), performance part (0.75%) and equalization part (0.75%). The performance section rewards municipalities that have a better realization of own revenues compared to planned own revenues and a higher collection of own revenues in the current year compared to the average of realized own revenues in the previous three years.

The equalization part is intended to overcome differences according to the fiscal capacity of municipalities due to limited capacity of resources, that is, municipalities that have lower income from personal income tax per inhabitant receive additional funds.

The current transfers and subsidies are planned at the level of 215.3 billion denars, i.e. more by about 4% compared to 2023 and refer to: Social transfers which are projected in the amount of 161.8 billion denars; Health care is planned at the level of about 45.7 billion denars, Agricultural subsidies provide support to the agricultural sector.

Subsidies for the private sector, intended to support small and medium-sized enterprises, increase competitiveness, innovative activity, technological development and research, new investments, support for exports and the conquest of new markets, support for the creation of new jobs, etc. Attention is also paid to gender-responsive budget policies, among others, through financial support for women's entrepreneurship, as well as support for women in the agricultural sector.

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 2024 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 2024 was a gender responsive 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 2024 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 2024

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 the Ministry of Labor and Social policy is the competent institution for the implementation of the Gender Equality Strategy, we analyzed the budget 2024 for the Ministry of Labor and Social Policy.

Namely, the total budget is planned in the amount of 58.764 million denars, which represents an increase of 5,969 million denars, that is, the planned funds for this budget user have increased by 11% compared to last year's budget. Program 80 for Gender Equality and Non-discrimination for 2023 in the Ministry of Labor and Social Policy amounted to 1,616,000, while for 2024 the same amount of 1,616,000 denars is foreseen. The planned expenses for this program are entirely from the basic budget, there are no planned expenses from self-financing activities, loans and donations. Taking into account that the same amount of expenses as 2023 is foreseen, we conclude that no increased volume of activities is foreseen.

The Strategy for Gender Equality (2022-2027) is the strategic document that establishes a comprehensive framework with activities to promote gender equality and advance the status of women. The strategy has structurally set expected results and performance indicators and it needs to be accompanied by financial implications for the realization of the set goals that are missing. Specifically, in the strategy, it is foreseen that the fiscal implications for the implementation of the strategy will be part of the operational plans of the line ministries in relation to the planned activities, through the processes of budget planning on an annual level. Additionally, support from international multilateral and bilateral donors and supporters is an important part of budget planning.

GRB initiatives

According to the Gender Responsive Budgeting Methodology for State Administration Bodies, line ministries and state institutions 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 statement. 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. By 2023, gender responsive budget initiatives have been implemented in 14 line ministries and three state agencies at the state level.

Taking into account that the period of the current budget initiatives is in the period of 2021-2023, it is necessary to adopt new budget initiatives programmed for the next three years (2024-2026). Data on new budget initiatives are not available in the period of adoption of the new budget for 2024, which is the subject of consideration.

One of the shortcomings of the budget is the inability to accurately identify the activities for which funds are provided for these initiatives in the programs/subprograms from the Budget and to adequately 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.

CONCLUSIONS & RECOMMENDATIONS

The budget for 2024 is the first budget that is based on the fiscal rules from the Law on Budgets and ensures the conduct of a healthy, predictable and sustainable fiscal policy aimed at reducing the budget deficit and public debt, encouraging economic activities, as well as targeted support to the most vulnerable categories of citizens and the economy. The policies that are part of the budget proposal for 2024 are in response to the prolonged uncertainty, the slowdown of the global economy and the risks to our economy. In the Budget, it is crucial that the structure changes and that capital expenditures are planned at a higher level than last year, which are also at a higher level than the budget deficit.

Bearing in mind that the focus of this analysis is the assessment of distributions and allocations from the perspective of a gender-responsive budget, it **does not contain clear, visible information about the gender dimension** of the budget that would enable a qualitative analysis of how this budget will reflect gender equality in different budget users, that is, where and how much funds are allocated to deal with which 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 2024 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.

In accordance with the Gender Responsive Budgeting Methodology for State Administration Bodies, Line Ministries and State Institutions, it is claimed that each central level budget user has a mandate to determine a gender analysis program. They must also formulate relevant gender indicators at the output level to monitor the impact of programs on both women and men. Unfortunately, not all organs of the state administration understand this aspect and we propose to transparently incorporate this activity during the formation of the budget for line ministries and institutions.

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. The lack of a specific budget of the adopted Gender Equality Strategy makes it impossible to monitor whether it is budgeted in the 2024 Budget.

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 2024 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 2024. The 2024 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 2024 does not provide clear, visible and publicly available information on public finance allocations for gender equality for 2024.





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