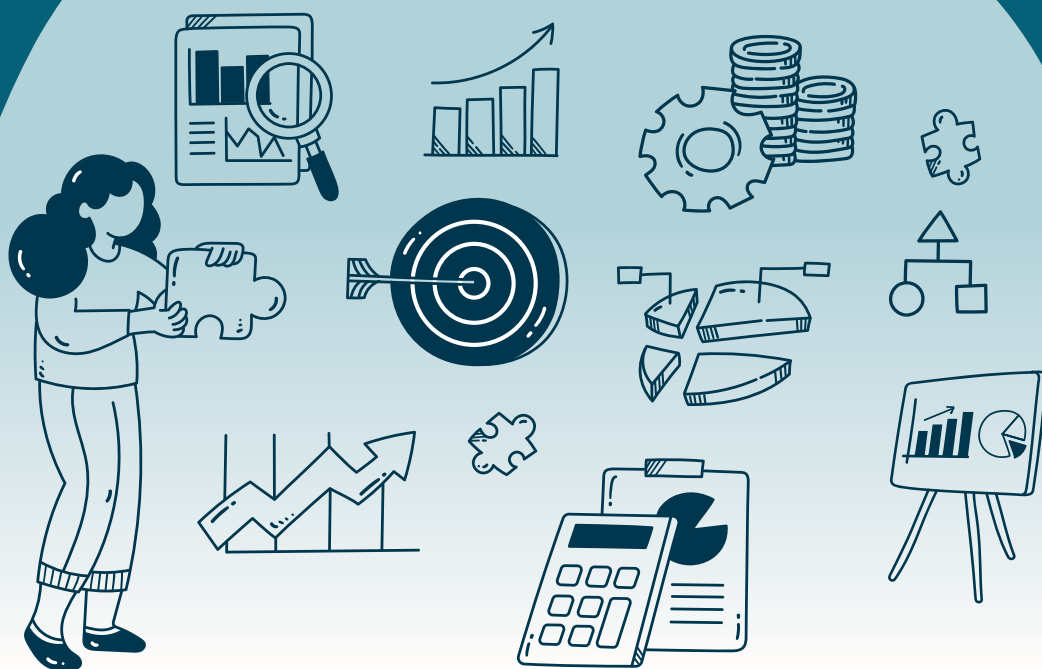


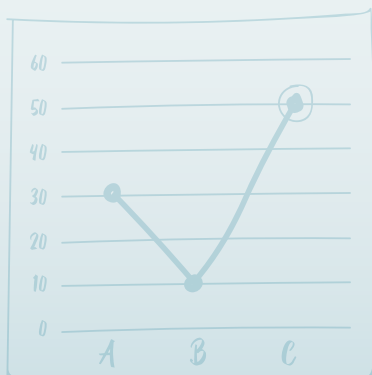
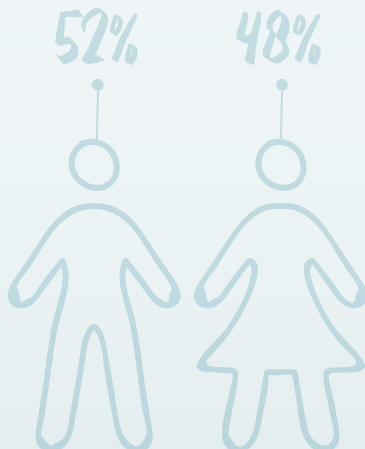
# Gender Gap Analysis on Public Financial Management

in North Macedonia





# GENDER GAP ANALYSIS ON PUBLIC FINANCIAL MANAGEMENT IN NORTH MACEDONIA



## GENDER GAP ANALYSIS ON PUBLIC FINANCIAL MANAGEMENT IN NORTH MACEDONIA

**Publisher:**

UN Women, Blvd. Blazhe Koneski 7/10, Skopje, North Macedonia

**Author:**

Azra Becirovic

**Design:**

Nita Hadjihamza Gashi

**Number of pages:** 32

Skopje, 2025



The development and publication of this analysis were supported as part of the UN Women's programme "Promoting Gender Responsive Governance in the Republic of North Macedonia" funded by Sweden.

The views expressed in this publication are those of the authors and do not necessarily represent the views of UN Women, the United Nations, or any of its affiliated organizations, or Sweden as a donor.

# Contents



---

<b>CHAPTER 1: Introduction</b>	<b>4</b>
<hr/>	
<b>CHAPTER 2: Review of international regulations and documents on gender mainstreaming in public financial management and good practices</b>	<b>6</b>
<hr/>	
2.1. European Union's commitments and current priorities in gender mainstreaming in public financial management	<b>6</b>
<hr/>	
2.2. EU Framework for gender mainstreaming in public financial management	<b>8</b>
<hr/>	
<b>CHAPTER 3: Gender Equality Framework in North Macedonia</b>	<b>13</b>
<hr/>	
<b>CHAPTER 4: Gender Mainstreaming in Public Financial Management in North Macedonia</b>	<b>15</b>
<hr/>	
<b>CHAPTER 5: Recommendations</b>	<b>29</b>
<hr/>	
<b>ANNEX 1: List of conducted meetings/interviews</b>	<b>31</b>
<hr/>	

## CHAPTER 1

# INTRODUCTION

Considering the recent developments in the EU accession process of North Macedonia, it is important to reiterate the importance of gender equality, as one of the fundamental values of the European Union:

"The promotion of equality between women and men is a task for the Union, in all its activities, required by the Treaties."

Furthermore, the European Union is a global leader in gender equality, where 14 of the top 20 countries worldwide on gender equality are EU Member States. This is achieved with advanced legislative framework and practices, including gender mainstreaming in different policy areas.<sup>1</sup>

North Macedonia was identified as a potential candidate for EU membership during the Thessaloniki European Council summit in 2003, along with other Western Balkans countries. Its Stabilisation and Association Agreement, the first in the region, is in force since 2004. The country applied for EU membership in March 2004 and the Council decided in December 2005 to grant it the candidate status. In May 2019, the Commission reiterated its recommendation to open accession negotiations with North Macedonia. In March 2020, the members of the European Council endorsed the General Affairs Council's decision to open accession negotiations with North Macedonia. The draft negotiating framework was presented to the Member States in July 2020. In July 2022, the Intergovernmental Conference on accession negotiations was held with North Macedonia and the Commission started the screening process.<sup>2</sup>

Public finance is one of the three areas included in the North Macedonia's "fundamentals first" principle in the EU integration process, which also includes reforming public administration and economic governance. Under the thematic priority for good governance, the objective is to "strengthen the public finance system, promoting transparency, accountability, fiscal discipline and efficiency in the collection, management and use of public resources."<sup>3</sup>

<sup>1</sup> A Union of Equality: Gender Equality Strategy 2020-2025, Brussels, 5.3.2020 COM(2020) 152 final.

<sup>2</sup> [North Macedonia \(europa.eu\)](#)

<sup>3</sup> Secretariat for European Affairs. IPA III Strategic Response.

Gender mainstreaming in public financial management refers to integration of gender perspective throughout the budget cycle – gender budgeting. There are specific tools and mechanisms that EU is arguing for, among the Member States and further,<sup>4</sup> as well as advanced practices that support this goal.

Based on a comprehensive review of legal and strategic documentation, recent international and national publications and semi-structured interviews with relevant stakeholders, representatives from government institutions, civil society organizations and international organizations who are contributing to the Sector Working Group on Public Financial Management,<sup>5</sup> this analysis aims to identify gaps in gender mainstreaming in public financial management in North Macedonia, in relation to EU framework and good practices, including an assessment of the current state of gender mainstreaming in PFM and recommendations for further advancement that should be relevant for the work of Sector Working Group on Public Financial Management and Ministry for European Affairs, as well as other key stakeholders.



<sup>4</sup> A Union of Equality: Gender Equality Strategy 2020-2025, Brussels, 5.3.2020 COM(2020) 152 final

<sup>5</sup> The list of meetings conducted is available in the Annex.

## CHAPTER 2

# REVIEW OF INTERNATIONAL REGULATIONS

# AND DOCUMENTS ON GENDER

# MAINSTREAMING IN PUBLIC FINANCIAL

# MANAGEMENT AND GOOD PRACTICES

## 2.1. European Union's commitments and current priorities in gender mainstreaming in public financial management

European Union's commitments and current priorities in advancing gender equality are presented in its Gender Equality Strategy 2020-2025. The document provides insight into different means EU is employing to advance gender equality, including mainstreaming gender in public administration, state budgeting and financial management.

**It is underlined that; "the core challenges affecting the EU today – including the green and digital transitions and demographic change – all have a gender dimension.** The inclusion of a gender perspective in all EU policies and processes is essential to reach the goal of gender equality."

Furthermore, the following areas of public financial management are particularly referred to in the Strategy:

- Gender-responsive budgeting
- Gender in tax policy, particular importance given to personal income taxation
- Gender mainstreaming in EU financial framework
- Gender-responsive public procurement
- How to measure expenditure related to gender equality at programme level (particularly, in the 2021-2027 MFF).

Within its goals in external action, the EU has committed that “**at least 85% of all new external actions** will have gender equality and women’s and girls’ empowerment as a significant objective or as a principal objective by 2025.”

In this perspective, the design of all external EU-funded programmes will apply three minimum standards:

1. conducting and using updated gender analyses to inform decision-making on future action and integrating these into all relevant dialogues, policies, strategies, programmes and operations;
2. applying gender-sensitive and sex-disaggregated indicators and statistics to monitoring and evaluation;
3. giving robust reasons, based on the findings of the gender analysis, to substantiate any action deemed not to contribute to gender equality.

Source: EU Gender Action Plan III: An Ambitious Agenda For Gender Equality And Women’s Empowerment In EU External Action [SWD(2020) 284 final] Brussels, 25.11.2020 JOIN(2020) 17 final.



Moreover, EU action should contribute to, among other in “supporting universal social protection systems, and recognizing, reducing and redistributing unpaid care and domestic work by providing more support for gender-responsive budgeting” as well as “enhancing women’s capacity as political leaders in governments and parliaments through training, women’s caucuses, and promoting gender-responsive legislative processes and budgeting and promoting young leaders programmes.”

Specifically, in North Macedonia,<sup>6</sup> public financial management is recognized as area of high relevance for the implementation of the Gender Action Plan:

“The overall purpose of the Country-Level Implementation Plan is to ensure support for North Macedonia for the effective implementation of national and international legal frameworks on gender equality and women’s rights, mainstreaming gender equality into EU integration and IPA pre-accession assistance, and strengthening institutional mechanisms for gender equality in line with EU standards.

It is based on two approaches:

- (i) increased gender participation through EU interventions, supporting women, women’s associations, and other related stakeholders; and
- (ii) gender mainstreaming in policymaking and budgeting.

## 2.2. EU Framework for gender mainstreaming in public financial management

EU’s gender equality outcomes are in line with the 2030 Agenda and the Sustainable Development Goals, particularly SDG 5: Achieve gender equality and empower all women and girls. European Institute for Gender Equality provides an overview of tools and practices of EU Member States in different dimensions: they developed a Gender Equality Index to track progress towards gender equality of individual countries, comparisons and the aggregated results for the EU as a whole in six dimensions: work, money, knowledge, time, power and health, with additional tracking violence against women and intersecting inequalities. The latest results<sup>7</sup> show the average score for the European Union is 68.6 (0 to 100, where 100 would mean full equality between women and men is achieved).

The Gender Equality index was also prepared for North Macedonia and related information is discussed in the following chapter.

Furthermore, understanding that public policies, services and interventions should aim at dealing with existing gender inequalities, EIGE has created a platform on gender mainstreaming with step-by-step guidance, to support EU institutions and EU member states’ government institutions with the integration of a gender perspective in their work.

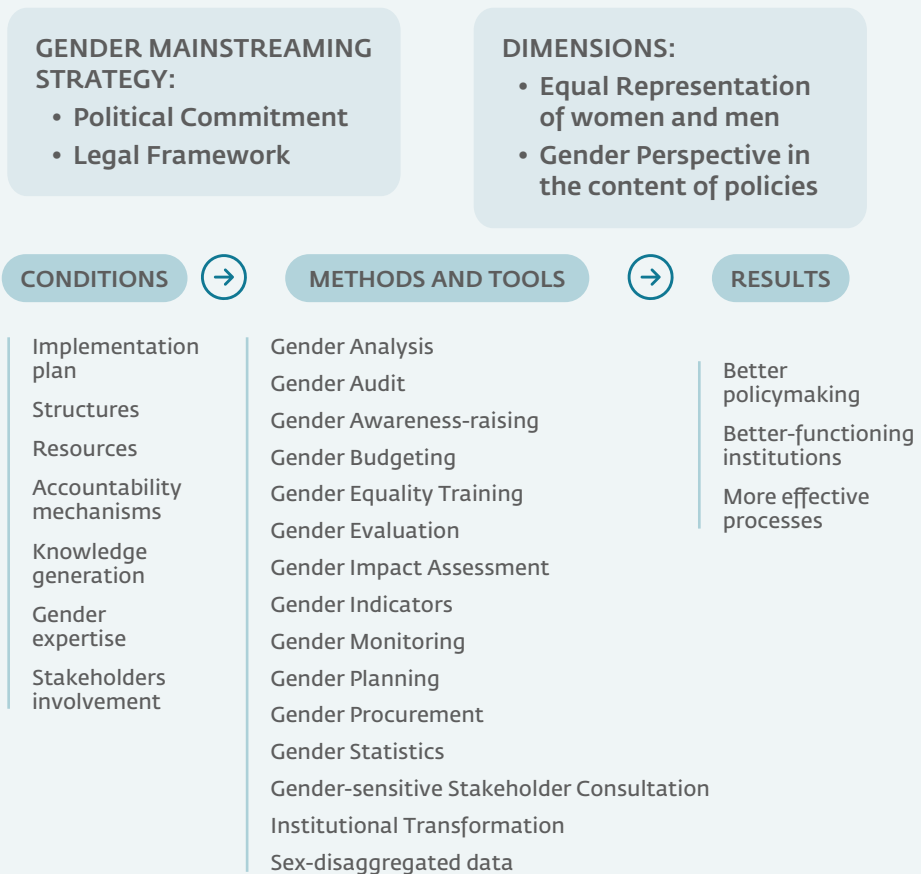
<sup>6</sup> Delegation of the European Union to the Republic of North Macedonia (2022) Gender Action Plan III – 2021-2025 Country Level Implementation Plan – CLIP for the Republic of North Macedonia.

<sup>7</sup> [Gender Equality Index | European Institute for Gender Equality \(europa.eu\)](https://eige.europa.eu/gender-equality-index)

Gender mainstreaming is regarded as “applying a gender equality perspective in each phase of the policymaking cycle as well as all areas within policies and processes such as procurement or budgeting”.

They approach gender mainstreaming within different dimensions, understanding that it requires both integrating a gender perspective to the content of the different policies, and addressing the issue of representation of women and men in the given policy area, where both dimensions – gender representation and gender-responsive content - need to be taken into consideration in all phases of the policymaking process. The overview of dimensions and what they entail is presented in the Figure 1 below:

**FIGURE 1: Dimensions of gender mainstreaming**



Source: EIGE. What is gender mainstreaming | European Institute for Gender Equality (europa.eu)

The most important tools used in gender mainstreaming in public financial management are presented in Table 1:

**TABLE 1: The key tools used in gender mainstreaming in public financial management**

<b>1) TO DEFINE NECESSARY AREAS OF POLICY INTERVENTION</b>	
<b>GENDER STATISTICS</b>	<p>Gender statistics aim to 'reflect differences and inequalities in the situation of women and men in all areas of life'. In providing evidence of gender equalities and gender gaps in key areas they help to make gender inequalities visible, which can in turn inform policymaking to address identified gender gaps. They help to identify data that is relevant to women's and men's lives and to key areas of policymaking.</p> <p><i>More information available at <a href="#">Gender statistics and indicators   EIGE (europa.eu)</a></i></p>
<b>GENDER ANALYSIS</b>	<p>Gender analysis provides the necessary data and information to integrate a gender perspective into policies, programmes and projects. As a starting point for gender mainstreaming, gender analysis identifies the differences between and among women and men in terms of their relative position in society and the distribution of resources, opportunities, constraints and power in a given context. In this way, conducting a gender analysis allows for the development of interventions that address gender inequalities and meet the different needs of women and men.</p> <p><i>More information available at <a href="#">Gender analysis   EIGE (europa.eu)</a></i></p>
<b>GENDER IMPACT ASSESSMENT</b>	<p>Gender Impact Assessment is an ex-ante evaluation, analysis or assessment of a law, policy or programme that makes it possible to estimate in a preventative way the likelihood of a given decision to have positive, negative or neutral consequences for the state of equality between women and men. The central question of the GIA is: Does a law, policy or programme reduce, maintain or increase the gender inequalities between women and men?</p> <p><i>More information available at <a href="#">Gender impact assessment   EIGE (europa.eu)</a></i></p> <p>The implementation of a gender impact assessment in the European Union is not homogenous. Although gender impact assessment has been developed both at the European level (European Commission) and in many Member States, it is not an institutionalized method.</p>

GENDER AUDIT

A gender audit is a tool to assess and check the institutionalization of gender equality into organizations, including in their policies, programmes, projects and/or provision of services, structures, proceedings and budgets.

A gender audit usually includes two dimensions:

**An internal audit.** This dimension refers to how much an organization fosters gender equality internally within its organizational, managerial structure and internal work, and whether these contribute to gender equality in the organization. An internal gender audit monitors and assesses the relative progress made in gender mainstreaming, contributes to capacity building and collective organizational ownership for gender equality initiatives, and sharpens organizational learning on gender [7]. (Read more on EIGE's Toolkit on Gender Institutional Transformation).

**An external audit.** This dimension aims to assess to what extent an organization mainstreams gender in its policies, programmes, projects and services in terms of content, delivery and evaluation. External gender audits evaluate to what extent gender integration fosters the inclusion of, and benefits to, women and men involved in or affected by the organization's policies, programmes, projects or services provided.

*More information available at [Gender Audit | EIGE \(europa.eu\)](#)*



2) TO PLAN FOR POLICY INTERVENTION IMPLEMENTATION	
<b>GENDER BUDGETING</b>	<p>The Council of Europe defines gender budgeting as a 'gender based assessment of budgets incorporating a gender perspective at all levels of the budgetary process and restructuring revenues and expenditures in order to promote gender equality'.</p> <p>Gender budgeting has a firm basis in the EU commitment to gender mainstreaming expressed in the Treaty on the Functioning of the European Union [3]. The European Parliament and the Council of the European Union have repeatedly called on the Member States to develop and implement gender budgeting.</p> <p>At EU level, the European Parliament is ultimately responsible for the EU budget and the European Commission Directorate-General for Budget for its execution. EU Member States' parliaments and public administrations are responsible for their national and subnational budget cycles.</p> <p><i>More information available at <a href="#">Gender budgeting   European Institute for Gender Equality (europa.eu)</a></i></p>
<b>Gender Procurement</b>	<p>Gender-Responsive Public Procurement (GRPP) is procurement that promotes gender equality through the goods, services or works being purchased. This means that buyers and suppliers examine the impact of all contracted activities on women's and men's needs, interests and concerns, and design and deliver contracts in a way that reduces inequalities. It does not necessarily entail higher costs, but does require knowledge and capacity.</p> <p>Socially responsible public procurement (SRPP), which GRPP is part of, is supported by the EU legal framework for public procurement ([5]).</p> <p><i>More information available at <a href="#">Gender procurement   EIGE (europa.eu)</a></i></p>
<b>GENDER INDICATORS</b>	<p>Gender indicators are the measure(s) upon which data is collected. In the EU, relevant gender indicators have been devised to show gender gaps in access to resources and opportunities in areas such as education, employment, decision making and gender-based violence. Indicators can be used to show relative positions or positive or negative change. They are also important to show progress over time, for example, changes in women's participation in the labour market.</p> <p><i>More information available at <a href="#">Gender statistics and indicators   EIGE (europa.eu)</a></i></p>

Source: EIGE, extracted by the author.

Numerous examples of practices in EU Member States, in addition to practical toolkits, are collected by EIGE and available for guiding the gender mainstreaming in different areas in other countries.

## CHAPTER 3

# GENDER EQUALITY FRAMEWORK IN NORTH MACEDONIA

This section refers to gender equality framework in North Macedonia and presents an overview and assessment of the relevant strategic documents, laws and regulations in the area of public financial management with regard to gender mainstreaming.

North Macedonia has a solid national framework for gender equality. The first Law on Equal Opportunities for Women and Men adopted in 2006<sup>8</sup>, was amended in 2012,<sup>9</sup> with provisions on mainstreaming gender into policies and budgets at central and local level of governance. Institutionally, mechanisms for gender equality are with the Ministry of Social Policy, Demographics and Youth.

The more recent analyses warned that reforms are needed with regard to the gender institutional mechanisms and further alignment with the international and European legal standards and directives<sup>10</sup>

in 2019, the Ministry of Social Policy, Demographics and Youth initiated the process of drafting a new Law on Gender Equality. The draft Law is prepared and pending approval.

The new Strategy for Gender Equality for the period 2022-2027 is adopted.<sup>11</sup> The document builds on the Strategy for Gender Equality for the period 2013-2020 and defines activities within three goals:

1. Establish an effective and efficient system for promoting gender equality at central and local level (specific objectives focus on the institutional mechanisms at central and local level);
2. Improve the position of women in all areas of public and private life (specific objectives refer to the areas of labour market, agriculture, political participation, health care, education, peace, culture and sports); and
3. Combat gender stereotypes and build a culture of non-violence and non-discrimination based on sex, gender and gender identity (specific objectives refer to combating gender-based violence and gender stereotypes and sexism).

Notably, Gender Equality Strategy 2022-2026 includes specifications for gender-responsive budgeting.

---

<sup>8</sup> *North Macedonia | UN Women – Europe and Central Asia*

<sup>9</sup> Official Gazette of the Republic of Macedonia, No. 6/12; No. 150/15.

<sup>10</sup> Reactor, 2020.

<sup>11</sup> Official Gazette of the RNM, No. 170/2022.

An important remark in relation to the gender quality framework is that, although on the normative level it is quite advanced, the results are unsatisfactory due to limited financial resources linked to implementation of activities defined in strategic framework, as well as the absence or inadequate assessment of the fiscal implications.<sup>12</sup> This is an important argument for more investment into gender mainstreaming tools in public financial management. The EIGE's Gender Equality Index score for North Macedonia for 2022 is 64.5 points out of a maximum of 100, indicating an increase of 2.5 points compared to the previous measurement in 2019. However, this progress is rather slow, and if it continues at this pace, it will take approximately 57 years to achieve gender equality in all domains measured by the Index. Gender Equality Index provides insight into which areas are seeing improvement over time, but also where are the largest gaps between North Macedonia and the EU, indicating policy areas that are the most in need for gender mainstreaming, which, most likely, calls for gender-responsive budgeting practices including gender analyses, and restructuring of programmes and spending with the aim to promote gender equality.



<sup>12</sup> *Gender Equality Index for North Macedonia (2022).pdf (europa.eu)*

CHAPTER 4

# GENDER MAINSTREAMING IN PUBLIC FINANCIAL MANAGEMENT IN NORTH MACEDONIA

This section includes the review of laws and regulations and strategic documents in the areas of public financial management. The reference to whether there is evidence of gender mainstreaming in the specific area is made as well as to which extent and recommended course of action is presented.

The findings and conclusions are grouped by the thematic area of PFM which correspond with the Pillars in PFM Reform Programme, with the exception of public internal financial control and local finances.

The document sets the agenda in eight thematic areas of PFM (eight pillars), namely:

- **PILLAR I** - Economic Analysis, Macroeconomic and Fiscal Framework
- **PILLAR II** - Revenue Mobilization
- **PILLAR III** - Planning and Budget
- **PILLAR IV** - Public procurement
- **PILLAR V** - Integrated Public Finances
- **PILLAR VI** - Public Internal Financial Control
- **PILLAR VII** - External Control and Parliamentary Oversight
- **PILLAR VIII** - PFM at Local Level

Overall, the gender aspect is directly referred to in two pillars: integrated public finances and external control and parliamentary oversight.

## 4.1. Macroeconomic and Fiscal Framework

The section in the PFM Reform Programme includes areas of economic analysis and macroeconomic forecasting, as well as debt management. The areas are analysed separately and recommendations with regard to gender mainstreaming specified.

### 4.1.1. Economic analysis and macroeconomic forecasting

The main priorities within this area of PFM seem to be capacity building with the aim to produce economic analyses with increased scope and economic policy impact assessment. The activities are referring to the Ministry of Finance and the general macroeconomic framework and indicators. From gender mainstreaming perspective, it would be plausible that gender indicators are introduced and integrated into analyses and targets for the upcoming period, as well as that comprehensive gender analyses are conducted in different policy areas. This contribution however might need to come from line ministries, as they refer to sectoral policies: employment, education, health, etc.

The same benefits would be seen in impact assessment conducted, and specifically in relation to preparation of Economic Reform Programme (ERP). The methodology of ERP calls for assessment of gender impact in policy proposals, and this requirement is often met only formally.

### 4.1.2. Debt Management

Revised 2023-2025 Public Debt Management Strategy of the Republic of North Macedonia (with 2027 prospects) has no reference to gender mainstreaming. On the other hand, development of new financial instruments is envisaged within development of government securities market, including Development Bonds, Green Bonds, Project Bonds, Development Bonds for the Citizens. Gender bonds are regarded a subcategory of development bonds or social and project bonds, as presented in the Figure 2 below:<sup>13</sup>

**FIGURE 2:** Gender bonds classification



<sup>13</sup> Bonds to Bridge the Gender Gap: A Practitioner's Guide to Using Sustainable Debt for Gender Equality ([ifc.org](https://www.ifc.org))

Unlike the issuance of e.g. green bonds, which are already quite successfully financed climate and environmentally relevant projects in developed countries (including the EU), the practice of issuing gender bonds is in its infancy. Globally we see a rise in gender bonds issuance practices,<sup>14,15</sup> but its potential has not been fully recognized.<sup>16,17</sup>

The Debt Management System in North Macedonia, according to available assessments, has strong reporting and statistics,<sup>18</sup> so the common concern of adequate reporting on spending of funds collected via issuance of gender bonds should not be present.

With this in mind, in the PFM Reform Programme “Smart Public Finances” 2022 – 2025, under the Priority. Strengthening debt management, Measure 3. Introducing new debt instruments, Activity 1. Issuing new financing instruments, a recommended action in terms of gender mainstreaming is to assess the possibility of introducing gender bonds among the new financial instruments.

There is however no specific EU guidance on gender bonds, such as, for example, for green bonds.



<sup>14</sup> *Gender Bonds: From Incidental to Center Stage* | Asian Development Bank ([adb.org](http://adb.org)).

<sup>15</sup> *The Growing Trend of Gender Bonds in 2022* ([dechert.com](http://dechert.com))

<sup>16</sup> Daily Trust. UN Women: Which will be the first nation to issue a gender bond? Anita Bhatia, 17 June 2021.

<sup>17</sup> PassBlue. Gender bonds haven't been a big hit globally, but a Japanese Bank might change that. Catherine Morisson, December 2021.

<sup>18</sup> PEFA Secretariat (2022) Republic of North Macedonia Public Expenditure and Financial Accountability (PEFA) Performance Assessment Report, March 18, 2022.

## 4.2. Public Revenues

North Macedonia's current priorities in the area of revenue mobilization are stated in the Pillar II of the PFM Reform Programme 2022 – 2025 and the Tax System Reform Strategy (2021-2025).<sup>19</sup>

The main objective in tax and customs policy is to improve the stability, efficiency and quality of the overall revenue system in the country in order to ensure sustainable and sound public finance management. The envisaged measures include improving revenue legislation framework and harmonization with the EU acquis.

Specifically, one of the planned activities is a gap analysis of national legislative provisions (laws and bylaws and methodology) compared to the latest EU legislation and best practices, in the area of tax and customs legislation; which should result in progress made towards fulfilment of the EU accession criteria (steady progress in the respective Chapters 16 and 29).

This specifically relates to the findings from European Commission 2020 Progress Report on Chapter 16:

“As for indirect taxation, the Law on Value Added Tax (VAT) still contains certain exemptions which are not in line with the EU acquis. Regarding direct taxation, most of the reforms to personal taxation introduced in 2019 are now suspended. From 1st January 2020 and for the next 3 years, all types of personal income (with the sole exception of games of chance winnings) are again taxed at the rate of 10% rather than subject to progressive rates of 10-18% as foreseen previously. Interest on savings and capital gains on securities are once again exempt.”

**The upcoming discussions in North Macedonia on how to redesign tax system, especially personal income taxation, could benefit from gender impact assessment of the proposed policy proposals.**

Namely, there is substantial research on gender and taxation that shows how tax provisions can have different impact on women and men and increase gender gaps, or in fact support gender equality goals.<sup>20</sup>

<sup>19</sup> Стратегија за реформа на даночниот систем (2021-2025) (adopted by government).

<sup>20</sup> E.g. OECD Research on Gender and Taxation.

For example, an analysis on gender and taxation in North Macedonia, the paper on the local property taxation<sup>21</sup> indicates that women are discriminated in inheritance of property, which is not due to legal framework but rather tradition – overall, the estimations are that only 27% property owners are women. They are consequently differently affected by property taxation. This paper includes a survey among tax payers and differentiates results by gender, which could be valuable information on further improvements of the system: one interesting fact is that women have higher tax morale, i.e. the willingness and compliance with obligation to pay taxes.

In the PFM Reform Programme, the recommendations from several international organizations are listed that refer to strengthening analytical capacities and impact assessment in tax policy (OECD, World Bank), which could include the gender impact assessment.

Moreover, EU is committed to ensuring that social and economic policies, taxation and social protection systems do not perpetuate structural gender inequalities based on traditional gender roles in the realms of work and private life.<sup>22</sup> It is important to note that the Commission is tasked with development of a guidance for Member States on how national tax and benefits systems can impact financial incentives or disincentives for second earners, which are predominantly women.

An important step in this area is that North Macedonia is developing reporting on tax expenditures,<sup>23</sup> which could also be an opportunity for assessing gender impact of special regimes - usage of tax credits, allowances, deductions, etc., including in relation to alternative spending programmes and their contribution to gender quality goals.

### 4.3. Budget planning

Budget planning is considered the key stage of budget cycle for appropriate integration of gender aspect – gender budgeting.

In North Macedonia, gender-responsive budgeting initiatives have been present for over a decade, even though the legal requirements are not included in the 2009 Budget Law, which is still applicable. The initiatives had a stronghold in the 2012 Law on Equal Opportunities for Women and Men, which introduced an obligation for central (article 11) and local (article 14) governments to incorporate the principle of equal opportunities of women and men in the strategic plans and budgets, as well as to monitor the effects and impact of their programmes on women and men.

---

<sup>21</sup> Gender and Taxation Policy discussion paper (2021) Selected municipalities in North Macedonia & property tax. Center for Economic Analyses.

<sup>22</sup> A Union of Equality: Gender Equality Strategy 2020-2025, Brussels, 5.3.2020 COM(2020) 152 final.

<sup>23</sup> IMF Country Reports 22/048: Republic of North Macedonia, Selected Issues.

Having in mind that the initiatives have been practiced in line-item budgeting system, North Macedonia has made significant efforts to implement gender-responsive budgeting (GRB), including the following:<sup>24</sup>

- 2012 Government Strategy for Introducing GRB;
- Gender sensitive budget circular in 2013: changes in the budget circular issued by the Ministry of Finance obliging pilot line ministries to develop Gender Budget Statements for selected sectoral programmes;
- 2014 Methodology on GRB for central budget users. The Methodology on GRB served as the key instrument and a guide for integration of gender perspective in sectoral programmes and budgets of state institutions;
- In 2019 gender-specific provisions and guidelines for central level budget users were included in the Government's Strategic Planning Methodology;
- The recent National Strategy on Gender Equality (2022–2026) incorporates GRB as a key tool for mainstreaming gender in the policymaking and budgeting processes across the strategic priority areas;
- The Citizen's Budget was amended in 2021 to include the information on the budgetary allocations made by line ministries for specific gender-responsive interventions/measures in selected sectoral programmes.

The 2022 Organic Budget Law, whose primary goal is introduction of programme-based budgeting with full implementation expected by 2025, brings substantial improvements of the legal framework for gender budgeting. The provisions cover inclusion of gender equality as one of the budgetary principles, submission of gender budget statements, integration of gender-responsive indicators in budget planning and reporting for both central and local governments and obligation to publish an annual gender budget initiative. The provisions are summarized below:

- principle of gender equality as one of the budgetary objectives and principles (Article 3) which implies gender-responsive budgeting, that is, consideration of gender equality in the planning and execution of budget;
- Within the provision on fiscal and other implications when proposing regulations and acts (Article 8), when new regulations or acts are proposed that have implications in promoting gender equality, a gender budget statement must be submitted. The form and content of the gender budget statement is to be prescribed by the Minister of Social Policy, Demographics and Youth, in agreement with the Minister of Finance.
- The proposed financial plan contains gender-responsive indicators and identifying at least one gender target where possible (Article 31)
- The budget documentation also includes summary review of gender budget statements of budget beneficiaries (Article 35)

---

<sup>24</sup> North Macedonia | UN Women – Europe and Central Asia

- The Final Account of the State or Municipality Budget (Article 93) includes the report on the achieved goals and results, as well as the gender-responsive indicators, an assessment of the performance in achieving the goals and an explanation of the reasons for the deviation from the set goals.
- Budget users need to publish on their websites, among other reports, an annual gender budget initiative (Article 96).

The success of the implementation of these provisions is dependent on the quality of subsequent bylaws and the adequate design of the supporting IT system, IFMIS.

In the PFM Reform Programme “Smart Public Finances” 2022 – 2025, Pillar III refers to planning and budget. Measure 2. Improved Budget planning and developing measurable performance indicators is of particular importance for gender mainstreaming, including the activities 1 and 2: Preparing and implementing bylaws and several types of classifications - administrative/organizational, economic, programme, functional classifications, as well as classification of sources of financing; and developing and monitoring of performance indicators in the implementation of budget policies.

These activities should, in line with the OBL provisions, include gender mainstreamed bylaws and development of gender performance indicators, as well as a classification of a gender-responsive programme/allocation.

The practices developed in EU Member States could serve as a guidance in further development of gender budgeting tools and methods, particularly the gender budget statement, as one of the key GRB tools. In this regard, the overview presented in IMF’s Gender Budgeting Index,<sup>25</sup> which includes scores for the level of advancement of each relevant tool of gender budgeting, including EU countries, might be particularly useful to identify the most relevant practices for further research. For example, gender budget statements practices score high in France, Austria and Spain. Fiscal data disaggregated by sex seems to be the most advanced in Italy, followed with good practices in France, Austria and Spain. It is however important to note that only the most advanced EU countries that are members of G20, plus Austria and Spain, are included in this overview, while good practices in gender budgeting might exist in other Member States as well.

With this in mind, EIGE’s collection of good practices in gender mainstreaming and gender budgeting in particular is a good reference point.<sup>26</sup> For example, implementation of a gender impact assessment, which seems to be related to the objective of the Article 8 of the 2022 OBL, is discussed with examples from the EU level and Member States, while acknowledging that it is not an institutionalized method.<sup>27</sup>

<sup>25</sup> IMF Working Paper WP21/269. Gender Budgeting in G20 Countries.

<sup>26</sup> [https://eige.europa.eu/gender-mainstreaming/toolkits/gender-budgeting/gender-budgeting-eu-funds-practical-tools-and-examples?language\\_content\\_entity=en](https://eige.europa.eu/gender-mainstreaming/toolkits/gender-budgeting/gender-budgeting-eu-funds-practical-tools-and-examples?language_content_entity=en).

<sup>27</sup> *Examples from the European Union | European Institute for Gender Equality (europa.eu)*

## 4.4. Public Procurement

European Union considers gender-responsive public procurement as an important tool for implementation of gender-responsive budgeting, having in mind that a substantial share of public funds is disbursed via public tenders.

“The Commission’s guidance on socially responsible public procurement will fight discrimination and promote gender equality in public tenders.”<sup>28</sup>

This section reviews the adequacy of the current legislative framework and practices in North Macedonia for introduction of gender sensitive public procurement.

The available reports show that the public procurement system in North Macedonia is quite advanced.

For example, in SIGMA report<sup>29</sup>, public procurement is assessed on the principles explicitly referring to compliance with EU standards and adoption of EU acquis (Principle 13) ensuring that “operations comply with basic principles of equal treatment, non-discrimination, proportionality and transparency, while ensuring the most efficient use of public funds and making the best use of modern procurement techniques and methods.” The high scores in this area are due to the 2019 Public Procurement Law (PPL) that transposes the current European Union public procurement directives, existence of an advanced Electronic System for Public Procurement (ESPP), non-mandatory e-auctions and the lowest price not being the only criterion for awarding contracts (in practice, however, this remains the predominant approach). Contracting authorities have an obligation to publish on the ESPP not only the notices and tender documents but also the public procurement annual plans and data about the fulfilment of the contracts. The SIGMA report is nevertheless critical of the practical implications of the new legislative framework and procedural advancements, but it is important to take into account that this report was produced a short period after these changes were adopted.

The 2022 PEFA assessment<sup>30</sup> resulted in high scores in all dimensions of public procurement, including procurement monitoring, procurement methods, public access to procurement information and procurement complaints management.

<sup>28</sup> A Union of Equality: Gender Equality Strategy 2020-2025.

<sup>29</sup> SIGMA Monitoring Report, The Principles of Public Administration, Republic of North Macedonia November 2021

<sup>30</sup> *North Macedonia 2022 | Public Expenditure and Financial Accountability (PEFA)*.

On the other hand, civil society<sup>31</sup> warns that:

- “The institutions must work on stimulating competition because it is the only guarantee for cost-effective public spending. This necessitates a more thorough market research for the purpose of **setting adequate eligibility criteria** for bidding companies and for the purpose of defining requirements in technical specifications...»
- Lowest price was used as criterion for selection of the most favourable bid in high 94% of tender procedures implemented in 2022, just as the previous year.
- An old and long-standing issue of content among companies is still present and concerns adjustment of criteria for tender participation to favour certain bidders, as indicated by 45% of companies and representing an increase from last year, when this share stood at 35%.”

In the PFM Reform Programme “Smart Public Finances” 2022 – 2025, priorities within the area of public procurement are presented in Pillar IV. Under Priority 1. Public procurement policy, measure 1. deals with strengthening the institutional capacity, including the activity 1. Adopting an overall Strategy for improvement of the public procurement system in Republic of North Macedonia for the period 2022-2026.

This Activity is finalized, and strategy adopted.<sup>32</sup> One of priority areas in the Strategy is *Environmentally and socially responsible public procurement: Fostering innovation in procurement.*

Arguing that “public procurement has a direct impact on the national economy, and the state can affect the demand for environmental products and services or develops the innovation market. They can also promote good environmental management by integrating conditions related to environmental aspects in public procurement procedures.” the strategy is aiming “to continue promoting and improving sustainable procurement.”

The 2019 Law on Public Procurement complies with the EU Directives on the “use of sustainable procurement criteria, given the environmental and social aspects of public procurement, fostering innovation in public procurement and easier access to SMEs, as well as allowing the use of the cost criterion for the entire life cycle.”

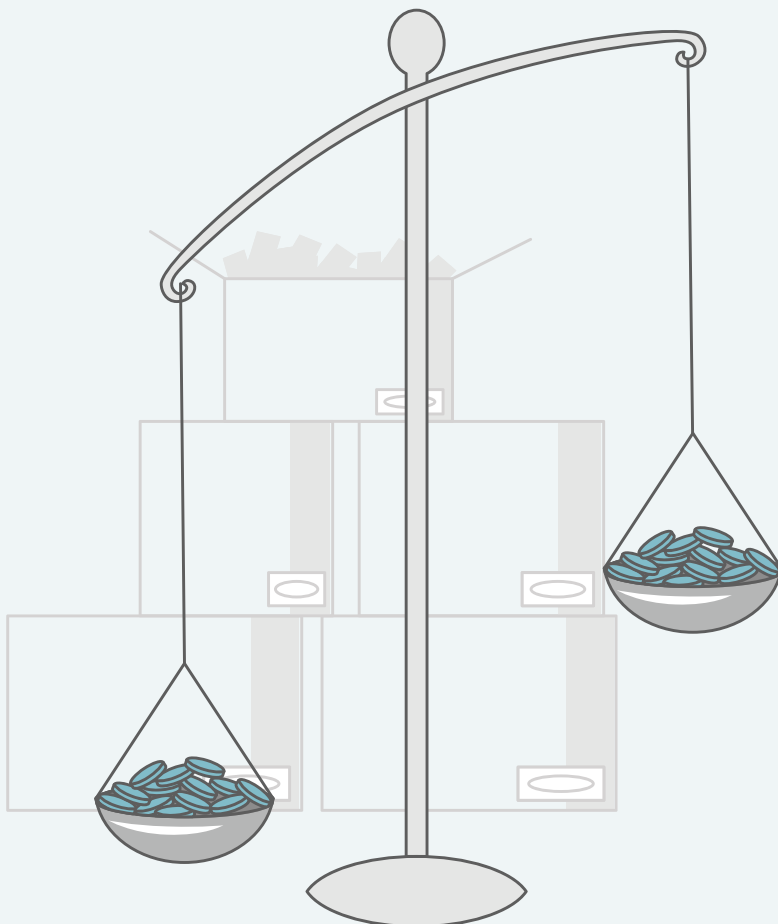
Specifically, the Law prescribes the possibility of procuring goods, services and works with technical specifications and/or quality-based criteria that include environmental requirements, cost reduction and energy efficiency, as well the possibility for the contracting authority to reject the offer if it finds that it has an unusually low price, as it is not in line with the applicable obligations to protect the environment, social policy and labour protection arising from the regulations in Republic of North Macedonia, collective agreements and international treaties and conventions ratified in the Republic of North Macedonia.

<sup>31</sup> CCC (2023) 38 Monitoring of public procurement report (January-December 2022).

<sup>32</sup> *Microsoft Word - Strategija za unapreduvanje na javnite nabavki\_final (bjn.gov.mk).*

With regard to strengthening environmental management, energy efficiency, innovation, social demands and SMEs' access to the public procurement system for the period 2022-2026, the measures envisaged by the strategy to achieve the objectives set and the planned results are:

- preparation of manuals for contracting authorities with instructions for the implementation of strategic procurement (green, social, and innovative);
- distinguishing statistical indicators for monitoring strategic procurement and their integration into the ESJN;
- preparation of guidelines for SMEs and
- providing training for SMEs in order to improve their capacities in public procurement.



Gender mainstreaming in public procurement in North Macedonia has not been considered as of yet, but these provisions indicate that there are no formal obstacles for gender sensitive public procurement and that it is in fact complementary with the priorities set in the Strategy.

Nevertheless, challenges might arise in implementation of stated measures. These types of criteria, i.e. social clauses are extremely difficult to implement in public procurement procedures. Especially due to low level of trust in public institutions, the authorities prefer to rely on purely objective, economic criteria, i.e. the same difficulties would exist in relation to green public procurement initiatives. In practice, small and medium enterprises comprise the majority of companies who win public tenders, but there was no analysis on what the share of women-owned businesses is, as of yet – the Bureau's understanding is that direct reference or preference to women owned businesses would be discriminatory within the selection criteria in public tenders. There has been no analysis on whether public procurement procedures consider different needs of women and men for which the equipment, goods and services are being procured, such as police equipment, protection at work, etc. but this should be generally taken into account. Further research is recommended to confirm if there are any aspects of procedures for procured goods and services that are increasing inequalities.

Within EU, examples of best practices are found in Spain, and Basque province, Belgium, France, Germany and Austria.<sup>33</sup> Mainstreaming gender in public procurement is discussed by the World Bank as well,<sup>34</sup> providing examples from non-EU countries, Albania, Chile, Kenya, US.

---

<sup>33</sup> EIGE. Gender-responsive public procurement in the EU.

<sup>34</sup> *Mainstreaming gender in public procurement* ([worldbank.org](http://worldbank.org)).

## 4.5. Digitalization of PFM

Development of the new IT solution for implementation of 2022 Organic Budget Law is currently considered the first priority in PFM reforms.

Within the PFM Reform Programme “Smart Public Finances” 2022-2025, Pillar V - Integrated Public Finances specifies measures and activities related to development of IFMIS:

Under the Priority 1. Implementation of an Integrated Financial Management Information System (IFMIS) to Support the implementation of Public Financial Management Reforms and Organic Budget Law,

Measure 1. IFMIS is fully operational to support the implementation of OBL reforms

Activity 1. Development of IFMIS as an integrated centralized web-based system supporting decentralized operations,

it is crucial that the new system enables tracking gender sensitive budget allocations, i.e. gender budget tagging, throughout the budget cycle, from planning to reporting and monitoring. This aspect is already included in the planned activities, together with climate tagging. Additionally, it is recommended that the tagging criteria is developed as simple and straightforward, as this activity should not overburden already complex system of introduction of programme-based budgeting.

## 4.6. External Audit

The extent to which gender mainstreaming is currently recognized and integrated in public financial management in North Macedonia and its development in upcoming period is best judged by the content of Public Financial Management Reform Programme “Smart Finances”. The document sets the agenda in eight thematic areas of PFM (eight pillars), with gender aspect integrated in two pillars: integrated public finances and external control and parliamentary oversight.

The first area, integrated public finances, refers to implementation of an Integrated Financial Management Information System (IFMIS) related to implementation of PFM reforms and 2022 Organic Budget Law, which should result in annual budget that includes climate and gender tagging, prepared and executed through new IFMIS, by 2026.

The second area, external control and parliamentary oversight, assumes, among others, the following deliverables:

- Audit Practice Guide for Auditing Gender Equality;
- Carrying out audits on certain topics of importance for the responsible management and use of public funds (audit of EU funds, audits of sustainable development goals, audits of financial statements prepared on an accrual basis, audits of values for money (Value for Money), audits of LSGUs, audit of gender equality, etc.);
- Conducted trainings (study visits, conferences, seminars, workshops) on certain topics of importance for responsible management and use of public funds (audit of EU funds, prevention and detection of corruption, audits of sustainable development goals, audits of financial reports prepared on an accrual basis, audits for Value for Money, audits of LSGUs, audits of gender equality, etc.).

These activities are mostly carried out: the State Audit Office has issued the Audit Practice Guide for Auditing Gender Equality<sup>35</sup> in 2022. According to IDI (INTOSAI) this puts the State Audit Office of North Macedonia into a group of only 7% of Supreme Audit Institutions (SAI) globally that do have a comprehensive guide on auditing gender equality.

SAO has carried out different audits with importance for gender mainstreaming, such as:

- Gender sensitive audit – e.g. “Even regional development with a particular focus on demographics”<sup>36</sup>
- Gender audit, e.g. “Effectiveness of the measures of the Government of the Republic of North Macedonia for gender equality and appropriate gender budget initiatives”<sup>37</sup>

Annual Reports on performed audits and operation of the State Audit Office, provide more detailed information on these activities, including the support received from international organizations in implementation.

SAO conducted a regional parallel performance audit with SAIs from Kosovo and Albania, with focus on SDG 5 – Gender Equality and Empowerment of Women from Rural Areas through Their Inclusion in the Labour Market.<sup>38,39</sup> The Office's management and employees are participating in numerous international events and trainings, including on gender mainstreaming and gender audits, which contributes to both their visibility and capacity building.

---

<sup>35</sup> Available at: [SAO\\_Upatstvo-za-Revizija\\_MK-web.pdf \(dzt.mk\)](#)

<sup>36</sup> [Рамномерен регионален развој со посебен акцент на демографијата | Државен Завод за Ревизија \(dzt.mk\)](#)

<sup>37</sup> [RU\\_Efektivnost\\_Vladini\\_merki\\_rodova\\_ednakvost.pdf.pdf \(dzt.mk\)](#)

<sup>38</sup> As per the information received in the meeting with SAO Auditor General and the SWG member.

<sup>39</sup> [Dogovor\\_sorabotka\\_kooperativna\\_revizija\\_uspesnost.pdf \(dzt.mk\)](#)

Furthermore, SAO is starting a new project and plans to develop methodological tools and procedures related to gender audits.

The provisions of 2022 organic Budget Law on gender mainstreaming, particularly on gender budget statement and gender performance indicators, will benefit the quality of audit reports in the future.

Within the priority area of external control and parliamentary oversight in the PFM Reform Programme, the following recommendation is identified:

Activities related to strengthening institutional capacities for reviewing audit reports by the Assembly should refer to gender audits specifically. Namely, *Priority 2. Parliamentary oversight* includes a measure on strengthening institutional capacities for reviewing audit reports by the Assembly. An activity (Activity 2) assumes that a Training Plan for the Members of Parliament and Administration in the Assembly of the Republic of North Macedonia is prepared, in order to facilitate the understanding of the audit reports and preparation for a debate on the audit reports. A related activity (Activity 3.) assumes that trainings in accordance with the Training Plan are conducted. Both activities should include a specific reference to gender audits, to ensure that benefits from increased efforts of the SAO to provide comprehensive reports and develop innovative practices in this area are transmitted to other areas of PFM, including budget planning and adoption by the Assembly.

ANNEX 5

**RECOMMENDATIONS**

**5.1. Specific recommendations in PFM thematic areas**

The recommendations discussed in each of the reviewed areas of PFM are listed in the Table 2 below.

**TABLE 2.** List of specific recommendations for gender mainstreaming in thematic areas of PFM in North Macedonia

	<b>Recommendation</b>	<b>Thematic area of PFM</b>	<b>Responsible stakeholder(s)</b>
1	Development of gender analyses approach/methodology	Economic and policy analysis	MoF, line ministries
2	Development of gender impact assessment of policies, including tax policy	Economic analysis and macroeconomic forecasting; Revenue Mobilization	MoF, line ministries
3	Introduction of gender bonds in new financial instruments	Debt Management	MoF
4	Development of gender budget statement and gender indicators in line with practices in EU countries (related to implementation of the 2022 OBL)	Budget Planning	MoF, MSPDY
5	Introduction of gender-responsive public procurement	Public Procurement	Bureau for Public Procurement
6	Development of simple and straightforward criteria for gender budget tagging	Integrated public finances	MoF
7	Strengthening institutional capacities for reviewing gender audit reports	External control and parliamentary oversight	Assembly, supported by SAO

## 5.2. General Recommendations

The recommendations arising from the general review of the PFM system and recent practices in relation to the EU and North Macedonia's strategic goals are listed here.

**Capacity building in design and implementation of tools for gender mainstreaming in public financial management.** The implementation of tools for gender mainstreaming in public financial management discussed throughout this document would not be adequate without significant investment in capacities of civil servants included in these activities. In relation to the PFM Reform Programme "Smart Public Finances" 2022 – 2025, in Pillar V - Integrated Public Finances, under the Priority 3. Public Finance Academy establishment is envisaged, including the development and implementation of a curriculum and the supporting activities, preparation of methodological tools for implementation of the activities of the Public Finance Academy and preparation of an Annual Work Programme, it is recommended that gender-responsive budgeting topics are included in the curriculum. Particularly, the investments should be in analytical capacities to conduct gender analyses and gender impact assessments and develop stronger databases on gender statistics and indicators, which will support implementation of the new Organic Budget Law.

**Gender mainstreaming efforts in public financial management can benefit from international assessments, comparative studies and recommendations in relation to recognized good practices.** For example, PEFA Secretariat launched early in 2020 a supplementary framework for assessing gender-responsive public financial management (GRPFM), which is envisaged to be conducted on a voluntary basis as part of a regular PEFA assessment. It would have been plausible if GRPFM assessment was conducted in the 2021 assessment in North Macedonia, in line with the EU Gender Action Plan I EU Gender Action Plan III An Ambitious Agenda for Gender Equality and Women's Empowerment in EU External Action, that states:

"The European Commission will also step up its support for gender-responsive budgeting via programmes to support public finance management. It will ensure that new public expenditure and financial accountability (PEFA) assessment reports include the module on gender responsiveness."

ANNEX 1

## LIST OF CONDUCTED MEETINGS/INTERVIEWS

NAME	POSITION
Ivona Paunovic Bisevac	UN Women North Macedonia
Viktor Mitevski	ZMAI, President, SWG on PFM member
Vesna Cvetanova	Head of Economic Policy and Development Department, Ministry of Finance, SWG on PFM member
Maksim Acevski	SAO Auditor General
Elena Dogazanska	State Audit Office, SWG on PFM member
Bojan Pogacar	IMF Regional PFM Adviser
Vesna Garvanlieva	Center for Economic Analysis
Aleksandar Argirovski	Public Procurement Bureau
Nihad Nakas	PFM Consultant
Aleksandra Zogleva	Ministry for European Affairs
Davor Mihajloski	Ministry for European Affairs







**UN Women North Macedonia**

Blvd. Blazhe Koneski 7/10, Skopje, North Macedonia

<https://eca.unwomen.org/en/where-we-are/north-macedonia>

[www.facebook.com/unwomenskopje](http://www.facebook.com/unwomenskopje)

---

UN Women exists to advance women's rights, gender equality and the empowerment of all women and girls. As the lead UN entity on gender equality, we shift laws, institutions, social behaviours and services to close the gender gap and build an equal world for all women and girls. We keep the rights of women and girls at the centre of global progress – always, everywhere. Because gender equality is not just what we do. It is who we are.