

<b>The step under review</b>	Adoption of at least 17 bylaws foreseen in the Organic Budget Law, including establishing of the registry of public entities (Art 4), revision of the budget classification (art 5) and reduction of the number of primary (“parent”) budget users by at least 40% in the administrative classification and Public Investment Management Decree (art 20)
<b>Baseline</b>	0 (2024)
<b>Deadline of the step</b>	December 2024 (February 2025)
<b>Actual results</b>	<p><b>1. Fiscal Policy Statement</b> for the 2024-2028 period is presented for the first time by the Government of the Republic of North Macedonia on September 24, 2024, in accordance with Article 12 of the Budget Law ("Official Gazette of the Republic of North Macedonia" No. 203/2022, 76/2024, and 272/2024), within the legal deadline of 100 days from its election. The statement outlines the goals, directions, and principles for the fiscal strategy during the Government's mandate, as well as the policies through which public finances (tax, budget, and public debt management policies) will be implemented. The Fiscal Policy Statement for the 2024-2028 period is published on the Ministry of Finance’s website.</p> <p><b>2. Register of Public Entities</b> was first established in accordance with the Rulebook on the format, content, establishment, and maintenance of the register of public entities on December 30, 2024, based on Article 4, paragraph 5 of the Budget Law ("Official Gazette of the Republic of North Macedonia" No. 203/2022, 76/2024, and 272/2024), and it comes into force on the date of its adoption. This Register will be accessible to the public and will record all legal entities directly or indirectly established by the state or municipalities, ensuring comprehensiveness and transparency for all public entities, regardless of whether they are at the central or local level. The public entities registered in the Register of Public Entities include budget users, public enterprises, and companies with dominant or full ownership by the state or municipalities, nonprofit institutions controlled and financed by the state or municipalities, and the National Bank of the Republic of North Macedonia. The Register of Public Entities is maintained in electronic form and will be continuously updated. All new public entities established directly or indirectly by the state or municipalities must be recorded in the Register of Public Entities based on a submitted request.</p> <p><b>3. Organizational Classification</b> is prescribed by the Minister of Finance in accordance with Article 5, paragraph 3 of the Budget Law ("Official Gazette of the Republic of North Macedonia" No. 203/2022, 76/2024, and 272/2024) on December 30, 2024. According to the Organizational Classification, budget users are classified into a hierarchical organizational structure of interconnected and mutually coordinated entities</p>

(primary budget users, segment, and budget users) in order to define the responsibilities of the entities for planning and managing public funds and employees in order to achieve the set goals. It will begin to be implemented on January 1, 2026. According to the adopted classification, the number of primary users is reduced to 27, down from the previous 100 budget users, which were independent with separate budgets presented in a separate part of the State Budget.

**4. Economic Classification** is prescribed by the Minister of Finance in accordance with Article 5, paragraph 3 of the Budget Law ("Official Gazette of the Republic of North Macedonia" No. 203/2022, 76/2024, and 272/2024) on December 30, 2024. The Economic Classification classifies revenues and other inflows according to their nature, and expenditures and other outflows according to their economic purpose, into classes, groups, subgroups, sections, and basic accounts. It will begin to be implemented on January 1, 2026. The new economic classification comprehensively defines all types of revenues and expenditures, which will improve the process of planning, analytical monitoring, and execution of the budget at both the central and local levels, considering the best practices and international experiences.

**5. Functional Classification** is prescribed by the Minister of Finance in accordance with Article 5, paragraph 3 of the Budget Law ("Official Gazette of the Republic of North Macedonia" No. 203/2022, 76/2024, and 272/2024) on December 30, 2024. The Functional Classification classifies the expenditures and other outflows of the Budget into 10 functional areas based on their general and specific functional objectives, in accordance with the international classification adopted by the United Nations. It will begin to be implemented on January 1, 2026. This classification enables systematic monitoring of expenditures.

**6. Program Classification** is prescribed by the Minister of Finance in accordance with Article 5, paragraph 3 of the Budget Law ("Official Gazette of the Republic of North Macedonia" No. 203/2022, 76/2024, and 272/2024) on December 30, 2024. The Rulebook on Program Classification prescribes the basic components for program budgeting, according to which the state and municipal budgets will be presented at the level of policies, programs, subprograms, and projects or activities defined by planning documents, while simultaneously grouping together all public services and activities with a common goal and outcome within the organizational structure. Additionally, at the level of the primary budget users, the program structure will be presented within the separate part of the budget according to the responsibilities of the primary budget beneficiary, and it will begin to be implemented on January 1, 2026.

**7. Classification by Sources of Financing** is prescribed by the Minister of Finance in accordance with Article 5, paragraph 3 of the Budget Law ("Official Gazette of the Republic of North Macedonia" No. 203/2022, 76/2024, and 272/2024) on December 30, 2024. This classification classifies revenues and other inflows into groups based on the specific types and purposes of expenditures and other outflows, or according to the financing basis, divided into three levels/classes: central government, social funds, and municipalities, which are further divided into groups: basic budget, borrowing,

donations, self-financing, self-contribution, universities, as well as deposit accounts. It will begin to be implemented on January 1, 2026.

**8. Rulebook on the form and content of the template for assessment of the medium-term fiscal implications** is prescribed by the Minister of Finance in accordance with Article 8, paragraph 7 of the Budget Law ("Official Gazette of the Republic of North Macedonia" No. 203/2022, 76/2024, and 272/2024) on December 30, 2024, and comes into force immediately upon its adoption. This rulebook prescribes the format and content of the Template for assessing medium-term fiscal implications for the current and the following five years. This template is completed by public entities when proposing regulations and acts to the Government for review and adoption, provided they have fiscal implications on the budget.

**9. Rulebook on the form and content of the gender-responsive budget statement** is prescribed by the Minister of Social Policy, Demography, and Youth, with the consent of the Minister of Finance, in accordance with Article 8, paragraph 7 of the Budget Law ("Official Gazette of the Republic of North Macedonia" No. 203/2022, 76/2024, and 272/2024) on February 3, 2025, and comes into force immediately upon its adoption. This template, as a tool for monitoring gender disparities, is completed by public entities when proposing regulations and acts to the Government.

**10. Guidelines for the preparation of macroeconomic and fiscal projections and the coordination process between organizational units and institutions involved in macroeconomic and fiscal planning** is prescribed by the Minister of Finance in accordance with Article 15, paragraph 4 of the Budget Law ("Official Gazette of the Republic of North Macedonia" No. 203/2022, 76/2024, and 272/2024) on December 30, 2024, and comes into force immediately upon its adoption. This instruction prescribes the method for preparing macroeconomic and fiscal projections and the coordination process between organizational units and institutions involved in macroeconomic and fiscal planning. Macroeconomic and fiscal projections are included in the Fiscal Strategy for the current and the following five fiscal years, and are developed in accordance with the Plan which contains deadlines for preparing the Fiscal Strategy for the relevant fiscal year. The Ministry of Finance – the Budget and Funds Department, in order to obtain data for the preparation of the fiscal strategy, sends a circular letter to the departments within the Ministry of Finance and to institutions according to the Instruction.

**11. Form and content of the misdemeanor payment order** is prescribed by the Minister of Finance in accordance with Article 114, paragraph 5 of the Budget Law ("Official Gazette of the Republic of North Macedonia" No. 203/2022, 76/2024, and 272/2024) on December 30, 2024, and will come into force on January 1, 2026. This rulebook is used in cases where a misdemeanor has been committed and when initiating a misdemeanor procedure.

**12. The Fiscal Strategy as a medium-term document** is prepared by the Ministry of Finance in accordance with Articles 16, 17, and 18 of the Budget Law ("Official Gazette of the Republic of North Macedonia" No. 203/2022, 76/2024, and 272/2024), and the

legal provisions for the preparation of the document have been applied since January 1, 2023. The Fiscal Strategy represents a document of the Government of the Republic of North Macedonia, which presents the assumptions for macroeconomic projections and the directions of fiscal policy for the current and the following five years. The last approved fiscal strategy serves as the basis for preparing other documents related to fiscal policy, including documents submitted to EU institutions. The Ministry of Finance prepares the fiscal strategy according to the Plan with timelines and submits it to the Government of the Republic of North Macedonia, taking into account the strategic priorities of the Government and the proposals of the primary budgetary users. The Fiscal Strategy 2025-2029 is substantially enhanced both qualitatively and quantitatively with an increased amount of data and information, covering the following key segments: macroeconomic policy, fiscal policy (main categories of revenues, tax expenditures, and expenditures) analyzed at the level of central government, local government, state-owned companies, public debt, macro-fiscal risk analysis, as well as comparative data. The main goal of the Fiscal Strategy is fiscal consolidation and achieving fiscal rules.

**13. Rulebook on the manner and deadlines for submitting information provided by municipalities, other budgetary users and other public entities managing the financial assets of the state or the municipalities, legal entities in which the state or the municipalities have a direct or indirect equity investments and others legal entities, for the needs of the Registry of shares, stakes and equity participation in legal entities of the state and the municipalities** is prescribed by the Minister of Finance in accordance with Article 78 paragraph (2) of the Budget Law ("Official Gazette of the Republic of North Macedonia" No. 203/22 , 76/24 and 272/24) and 272/2024) on December 30, 2024, and will come into force on January 1, 2026. This rulebook defines the manner and deadlines for submitting information for the purposes of the Register of Shares, Stakes, and Capital Participation. The information should be provided by municipalities, other budgetary users, and public entities managing the financial assets of the state or municipalities, as well as legal entities in which the state or municipalities have direct or indirect equity investments, and other relevant legal entities. The information must be submitted electronically, signed by an authorized person, within 30 days after the end of the calendar year or from the date of the change. Additionally, upon request from the Ministry of Finance, information may also be obtained from the Central Register, the Central Securities Depository, and other entities that hold such data.

**14. Rulebook on the manner of opening the foreign exchange accounts of the budget users** is prescribed by the Minister of Finance in accordance with Article 69 paragraph (9) of the Budget Law ("Official Gazette of the Republic of North Macedonia" No. 203/22, 76/24 and 272/24) and will come into force on January 1, 2026. This rulebook regulates the procedure for opening foreign exchange accounts by budget users in the Republic of North Macedonia. To open an account, budget users must submit a request to the Ministry of Finance for approval, along with the required documentation. Upon receiving approval, the accounts are opened with the National Bank of the Republic of North Macedonia.

**15. Rulebook on the manner of issuing the approval for the proposals for concluding financial leasing agreements to the budget users of the state budget or the municipal budget** is prescribed by the Minister of Finance in accordance with Article 90 paragraph (3) of the Budget Law ("Official Gazette of the Republic of North Macedonia" No. 203/22, 76/24 and 272/24) and will come into force on January 1, 2026. This rulebook prescribes the procedure for issuing approval for proposals to conclude financial leasing agreements by budget users of the state or municipal budget. To obtain approval, applicants must submit a benefits analysis, an assessment of fiscal implications, repayment sources, and proof of available funds. The Ministry of Finance grants approval based on the submitted documentation and planned budget funds.

**16. Guidelines on the manner of Planning the Liquidity of the Budget.** The state budget includes total revenues and inflows and expenditures and outflows and represents a basic document for budget execution. It represents a basic framework for monitoring the dynamics of implementation, which is structurally composed of budget users with responsibilities for continuous budget execution. The Guidelines on the manner of Planning the Liquidity of the Budget represent continuity and complementation of the current practice of budget execution, as well as modernization of new effective practices by budget users. The new organizational structure of budget users introduces a main budget user with responsibility and obligation for managing budget users under their jurisdiction, which will lead to more efficient budget management. The aim of the Guidelines is to have efficient budget planning and management by budget users as well.

**17. Guidelines on the manner of managing the liquidity of the Treasury Single Account System.** This guideline aims to ensure that the Ministry of Finance, in accordance with its legal obligations, manages liquidity continuously throughout the year. The liquidity management of the TSA system is carried out throughout the year by projecting cash flows based on an assessment of the dynamics of revenue collection and expenditure execution in order to maximize the return from managing the liquidity of the Treasury Single Account, in accordance with the principles of security, liquidity and profitability.

**18. Rulebook on the manner of undertaking commitments in the Budget of the current year and in the budgets for the following years and the manner of availability of spending rights in the Budget before the start of the public procurement procedure.** Budget users, within the framework of the adopted budget and foreseen budget items, may undertake commitments for the current year as well as for the following years for multi-annual commitments and in accordance with the public procurement plan. Budget users, with insight into their budget and budget items, will enter and make changes according to needs. All of this will be maximally digitized to maximize the efficiency of processes through the Integrated Information System for Public Finance Management and the use of a special form for this purpose, the Form for Financial Elements FEO.

	<p><b>19. Draft Public Investment Management Decree</b> (art 20). The Draft Decree prescribes the manner, content, procedure and criteria for defining, preparing, reviewing, assessing and prioritizing new public investment projects, as well as the processes of implementation, monitoring and reporting and ex – post review. The objective of the Decree is to establish standardized procedures for preparing, assessing and prioritizing public investment projects and creating a single priority list of public investment projects. Draft Public Investment Management Decree is in the final stage of adoption by the Government. Its adoption has been postponed due to the need of more thorough inter-governmental consultations.</p>
<p><b>Evidence provided</b></p>	<ol style="list-style-type: none"> <li>1. Fiscal Policy Statement - <a href="https://finance.gov.mk/wp-content/uploads/2025/02/FISCAL-POLICY-STATEMENT-FOR-THE-PERIOD-2024-2028.pdf">https://finance.gov.mk/wp-content/uploads/2025/02/FISCAL-POLICY-STATEMENT-FOR-THE-PERIOD-2024-2028.pdf</a></li> <li>2. Register of Public Entities - <a href="https://finance.gov.mk/wp-content/uploads/2025/02/REGISTER-OF-PUBLIC-ENTITIES.xlsx">https://finance.gov.mk/wp-content/uploads/2025/02/REGISTER-OF-PUBLIC-ENTITIES.xlsx</a> - <a href="https://finance.gov.mk/wp-content/uploads/2025/02/RULEBOOK.pdf">https://finance.gov.mk/wp-content/uploads/2025/02/RULEBOOK.pdf</a></li> <li>3. Organizational Classification - <a href="https://finance.gov.mk/wp-content/uploads/2025/02/Rulebook-on-Organizational-Classification.pdf">https://finance.gov.mk/wp-content/uploads/2025/02/Rulebook-on-Organizational-Classification.pdf</a> - <a href="https://finance.gov.mk/wp-content/uploads/2025/02/Organizational-classification.pdf">https://finance.gov.mk/wp-content/uploads/2025/02/Organizational-classification.pdf</a></li> <li>4. Economic Classification - <a href="https://finance.gov.mk/wp-content/uploads/2025/02/RULEBOOK-ON-ECONOMIC-CLASSIFICATION.pdf">https://finance.gov.mk/wp-content/uploads/2025/02/RULEBOOK-ON-ECONOMIC-CLASSIFICATION.pdf</a> - <a href="https://finance.gov.mk/wp-content/uploads/2025/02/Economic-revenues.pdf">https://finance.gov.mk/wp-content/uploads/2025/02/Economic-revenues.pdf</a> - <a href="https://finance.gov.mk/wp-content/uploads/2025/02/Economic-expenditure.pdf">https://finance.gov.mk/wp-content/uploads/2025/02/Economic-expenditure.pdf</a></li> <li>5. Functional Classification - <a href="Att-2-OECD-Class-Definitions-Functional-classification.pdf">Att-2-OECD-Class-Definitions-Functional-classification.pdf</a> - <a href="https://finance.gov.mk/wp-content/uploads/2025/02/Rulebook-on-Functional-Classification.pdf">https://finance.gov.mk/wp-content/uploads/2025/02/Rulebook-on-Functional-Classification.pdf</a></li> <li>6. Program Classification - <a href="https://finance.gov.mk/wp-content/uploads/2025/02/Program-Classification-Rulebook.pdf">https://finance.gov.mk/wp-content/uploads/2025/02/Program-Classification-Rulebook.pdf</a></li> <li>7. Classification by Sources of Financing - <a href="https://finance.gov.mk/wp-content/uploads/2025/02/Rulebook-on-Budget-Classification-by-Sources-of-Financing.pdf">https://finance.gov.mk/wp-content/uploads/2025/02/Rulebook-on-Budget-Classification-by-Sources-of-Financing.pdf</a></li> <li>8. Rulebook on the form and content of the template for assessment of the medium-term fiscal implications - <a href="https://finance.gov.mk/wp-content/uploads/2025/02/Rulebook-on-assessing-fiscal-implications.pdf">https://finance.gov.mk/wp-content/uploads/2025/02/Rulebook-on-assessing-fiscal-implications.pdf</a></li> <li>9. Rulebook on the format and content of the gender-responsive budget statement - <a href="https://finance.gov.mk/wp-content/uploads/2025/02/Gender-responsive-budget-statement.pdf">https://finance.gov.mk/wp-content/uploads/2025/02/Gender-responsive-budget-statement.pdf</a></li> </ol>

10. Guidelines for the preparation of macroeconomic and fiscal projections and the coordination process between organizational units and institutions involved in macroeconomic and fiscal planning - <https://finance.gov.mk/wp-content/uploads/2025/02/Guidelines-on-the-method-of-preparing-macro-fiscal-projections.pdf>
11. Form and content of the misdemeanor payment order - <https://finance.gov.mk/wp-content/uploads/2025/02/Misdemeanor-payment-order.pdf>
12. Fiscal Strategy - <https://finance.gov.mk/wp-content/uploads/2025/03/2025-2029-Fiscal-Strategy-of-the-MK.pdf>
13. Rulebook on the manner and deadlines for submitting information provided by municipalities, other budgetary users and other public entities managing the financial assets of the state or the municipalities, legal entities in which the state or the municipalities have a direct or indirect equity investments and others legal entities, for the needs of the Registry of shares, stakes and equity participation in legal entities of the state and the municipalities (4767, pg.12) - <https://www.slvesnik.com.mk/Issues/74c71826579f4863a327830e2fb7ac36.pdf>
14. Rulebook on the manner of opening the foreign exchange accounts of the budget users (4768, pg.12) - <https://www.slvesnik.com.mk/Issues/74c71826579f4863a327830e2fb7ac36.pdf>
15. Rulebook on the manner of issuing the approval for the proposals for concluding financial leasing agreements to the budget users of the state budget or the municipal budget (4769, pg.13) - <https://www.slvesnik.com.mk/Issues/74c71826579f4863a327830e2fb7ac36.pdf>
16. Guideline on manner of Budget liquidity planning  
<https://finance.gov.mk/wp-content/uploads/2025/02/28e08ed95f77419c9ebc39c5faa197d0.pdf>
17. Guideline on manner of managing with liquidity of Treasury single account  
<https://finance.gov.mk/wp-content/uploads/2025/02/46a578e94ee04f1680bde4a56e98b3da.pdf>
18. Rulebook on the manner of entering into commitments in the Budget for the current year and in the budgets for the following years and the manner of availability of spending rights in the Budget entering into public procurement procedure  
<https://finance.gov.mk/wp-content/uploads/2025/02/923491f008b64121aff03fa71a2a266.pdf>

<p><b>Checks performed in the verification of the step and related findings</b></p>	<p>The new Budget Law, during its adoption process, was aligned with the latest trends, recommendations from international institutions, and directives of the European Union.</p> <p>The full implementation of the law is planned to take effect from January 1, 2026, in accordance with the Law amending the Budget Law (“Official Gazette of the Republic of North Macedonia” no. 272/2024).</p> <p>The application of the new Budget Law is linked to the preparation of the by-laws, most of which were adopted and published by the end of 2024, while some were adopted until the end of February 2025. These by-laws were prepared in collaboration with experts from the EU-Twinning Project – Strengthening Budget Planning, Execution and Internal Control Functions, the US Treasury, and the World Bank. After alignment with the Secretariat for Legislation, the by-laws were adopted and published in the Official Gazette of North Macedonia.</p> <p>19.Budget Law amendments:  <a href="https://finance.gov.mk/wp-content/uploads/2025/02/LAW-ON-AMENDMENTS-AND-SUPPLEMENTS-TO-THE-BUDGET-LAW.pdf">https://finance.gov.mk/wp-content/uploads/2025/02/LAW-ON-AMENDMENTS-AND-SUPPLEMENTS-TO-THE-BUDGET-LAW.pdf</a></p>
<p><b>Clear conclusion on the achievement of the step</b></p>	<p><i>Partially achieved</i></p>