

1) Fiche to be used for each step:

The step under review	Implementation of New financing methodology in primary education applied when preparing as of the national budget of 2026
Baseline	<i>Baseline (2024) is 0.</i>
Deadline of the step	by December 2025
Actual results	<p>The basis of the new funding formula in primary education stems from the need to improve the quality of education in the country. Namely, with the adoption of the new Concept for Primary Education (2020), prepared with the participation of key stakeholders, the authorities strive to improve the quality of primary education, a reform which of course is ultimately tied to and with the financing (Annex 1).</p> <p>In November 2024, following contributions from teachers and the professional community, amendments were made to the Concept for Primary Education. (Annex 3).</p> <p>The new methodology was developed for the application of the new formula. The adoption and implementation of the new financing model was postponed due to the energy crisis, the several-fold increase in the salaries of employees in primary schools, etc.</p> <p>On August 10, 2023, the General Collegium of State Secretaries postponed the new methodology for the distribution of block grants by municipalities, as part of the inter-sectoral consultation procedure and the need for harmonisation with the comments of the Secretariat for Legislation and the guidance of the Ministry of Finance, regarding the planning of the fiscal implications.</p> <p>Then, the following period was marked by intensive preparations of the new funding methodology. Future steps for revising the formula were agreed upon in cooperation with technical assistance from UNICEF engaged through the PEIP project (World Bank Loan No. 9182-mk)</p> <p>The Ministry of Education and Science coordinated the inclusion the Association of the Units of the Local Self-Government (ZELS), the Ministry of Finance, the Cabinet of the Prime Minister and the Committee for the Development of Municipal Funding.</p> <p>As a parallel process, an Analysis for Primary Education Teachers (December 2024) was developed, that determined the next steps needed for improving the planning and management system. (Annex 4).</p> <p>After clarification of all aspects in the new funding formula, on May 30, 2025, the revised funding formula was prepared, which was followed by consultative meetings with ZELS, the Ministry of Finance, the Cabinet of the Prime Minister and the Committee for the Development of Municipal Funding. In course of July 2025, the text of the New Decree on the Methodology for Determining the Criteria for the</p>

	<p>Distribution of the Block Grant for Primary Education by Municipality for 2026 was consulted and harmonized between the competent institutions.</p> <p>Then, on its ninety-seventh session, held on July 29, 2025, the Government adopted the Decree on the Methodology for Determining Criteria for the Distribution of Block Grants for Primary Education by Municipality for 2026, which was published in the Official Gazette No. 159 from 04.08.2025. (Annex 7).</p> <p>Out of the 2026 Budget, 18,581,901,000 denars have been allocated for the block grant for primary education for 2026, meeting the measure from the Reform Agenda that projected 17,300,000,000 denars for this purpose.</p> <p>The Law on the Budget for 2026 and the Law on Budget Execution were adopted and published in the Official Gazette No. 253 of December 17, 2025, officially providing the funds for the new formula and the state assuming the obligation for its implementation.</p> <p>In November 2025, in order to fully further calculate the components of the new formula, the Ministry of Education and Science, concluded an Agreement for "Establishment of an integrated electronic system for administrative work of schools and the electronic diary, concluded between the Ministry of Education and Science and the firm ASEE LLC for the Module for Financing Primary Education by Municipality.(Annex 13)</p>
<p>Evidence provided</p>	<p><i>Evidence provided:</i></p> <p><i>Annex 1: Concept Note on Primary Education¹</i></p> <p><i>Annex 2: Decision on the postponed implementation of the Curriculum for Nine-Year Primary Education for the 2024/2025 academic year, number 12-6240/3 of 08.07.2024</i></p> <p><i>Annex 3: Amendments to the Concept Note of Primary Education (November 2024)²</i></p> <p><i>Annex 4: Analysis for teachers in primary education (December 2024);</i></p> <ul style="list-style-type: none"> - Annex 4a. List of output parameters for access to education and learning; - Annex 4b. Calculation of block grants for primary education according to the proposed formula 2026-2030 <p><i>Annex 5: Government information on a new formula for financing primary education July 29, 2025</i></p> <p><i>Annex 6: Intersectoral consultation on the Draft decision for Primary Education</i></p> <p><i>Annex 7: Decree on the Methodology for Determining Criteria for the Distribution of Block Grants for Primary Education by Municipality for 2026 ("Official Gazette" No. 159 from 04.08.2025)</i></p>

¹ <https://portal.mdt.gov.mk/post-body-files/usvoena-koncepcija-za-osnovno-obrazovanie-file-LjIV.pdf> Koncept 2020

² <https://bro.gov.mk/wp-content/uploads/2024/11/%D0%98%D0%B7%D0%BC%D0%B5%D0%BD%D0%B8-%D0%B8-%D0%B4%D0%BE%D0%BF%D0%BE%D0%BB%D0%BD%D1%83%D0%B2%D0%B0%D1%9A%D0%B0-%D0%BD%D0%B0-%D0%9A%D0%BE%D0%BD%D1%86%D0%B5%D0%BF%D1%86%D0%B8%D1%98%D0%B0%D1%82%D0%B0-%D0%B7%D0%B0-%D0%BE%D1%81%D0%BD%D0%BE%D0%B2%D0%BD%D0%BE-%D0%BE%D0%B1%D1%80%D0%B0%D0%B7%D0%BE%D0%B2%D0%B0%D0%BD%D0%B8%D0%B5.pdf>

	<p>Annex 7.1 Translation of the Decree on the Methodology for Determining Criteria for the Distribution of Block Grants for Primary Education by Municipality for 2026 (“Official Gazette” No. 159 from 04.08.2025)</p> <p>Annex 8: Letter with Budget Proposal with Budget Circular to the Ministry of Finance, dated 29.08.2025</p> <p>Annex 9: New Norms and Standards for School Premises, Equipment and Teaching Aids for Primary Schools in the Republic of North Macedonia Adopted³</p> <p>Annex 10: Law on the Budget for 2026 and the Law on Budget Execution (“Official Gazette” No. 253 from 17.12.2025)</p> <p>Annex 11: List of Trainings for the Municipal Administration and Training Held with Employees of the Ministry of Education and Science/Primary Education Sector</p> <p>Annex 12: Technical and methodological manual for filling out the Excel tool for calculating block grants in primary education</p> <p>Annex 13: Protocol for handover of a software module</p>
<p>Checks performed in the verification of the step and related findings</p>	<p>The Ministry of Education and Science received technical support for the development of the New Financing Formula for Primary Education in cooperation with UNICEF, engaged through the World Bank Loan Agreement No. 9182-mk, section 4 Sector Management and Monitoring and Evaluation, 4.1 Improving Evidence-Based Sector Management and Results Delivery Agreement for Improving Cost Efficiency in Primary and Secondary Education - between the Government of the Republic of North Macedonia and UNICEF, in 2024 and 2025.</p> <p>An Analysis for teachers in primary education (Annex 4) was conducted, and the document also served as basis for revising the financing formula in primary education. The formula was finalised, after a wide consultative process with ZELS, the Cabinet of the Prime Minister, the Committee for the Development of Municipal Funding, and was adopted by the Government (Annex 6).</p> <p>Decree on the Methodology for Determining Criteria for the Distribution of Block Grants for Primary Education by Municipality for 2026 was published in the Official Gazette on August 4 (Annex 7), and finally the Law on the Budget for 2026 was adopted by the Assembly, and published in the Official Gazette (Annex 10).</p> <p>Meanwhile, in September 2025 Norms and Standards for School Premises, Equipment and Teaching Aids for Primary Schools in the Republic of North Macedonia (Annex 9), were revised and adopted.</p> <p>As a parallel process, in order to successfully implement the new financing formula, employees of the Ministry of Education and Science were trained. Meanwhile, training on the application of the new financing formula is ongoing for the municipal administration. (Annex 11).</p> <p>Also, in order to fully further calculate the components of the new formula, the Ministry of Education and Science, in November 2025 concluded an Agreement for</p>

³ <https://portal.mdt.gov.mk/post-body-files/standardi-file-aAbm.pdf>

	"Establishment of an integrated electronic system for administrative work of schools and the electronic diary, concluded between the Ministry of Education and Science and ASEE LLC for the Module for Financing Primary Education by Municipality.(Annex 13).
Compliance with general principles and DNSH principle	The implementation of the steps is following the general principles outlined in Article 4 and 11(4) of Regulation (EU) 2024/1449 and Article 3 of the Facility Agreement. The implementation of the does not contravene with the Do No Significant Harm (DNSH) principle in accordance with Article 17 of Regulation (EU) 2020/852. It is of an analytical and policy-design nature and does not involve construction works, physical investments, or activities that could cause significant harm to any of the six environmental objectives. The measure therefore has no expected negative environmental impact.
Double funding	MoES was working on the process of new funding model for long period and activities were planed under the Ministry's PEIP project financed under the World Bank Loan No. 9182-mk and is guaranteeing the aspect of NO Double funding. The new formula for financing primary education was developed with the Ministry's PEIP project financed under the World Bank Loan No. 9182-mk and subcontracted assistance of UNICEF. The Ministry of Education and Science received support in the area of: Analysis of policy considerations for primary school's optimization, with legal analysis and proposed optimization scenarios, developing options for new allocation formula for primary education transfers, preparing guidelines for the municipalities and school allocation of funds based on the new formula, develop calculator based on the new formula. (Annex 12) Technical and methodological manual for filling out the Excel tool for calculating block grants in primary education and Annex 13 Protocol for handover of a software module).
Clear conclusion on the achievement of the step	Fully achieved