



***Budget process
in the
Republic of North Macedonia***

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Budget of the RNM

(1 year budget)

▶ The Budget of RNM is consists of:

- general,
- special *and*
- development part.

▶ Budget classifications:

- Organizational
- Economic
- Functional (COFOG)
- Program

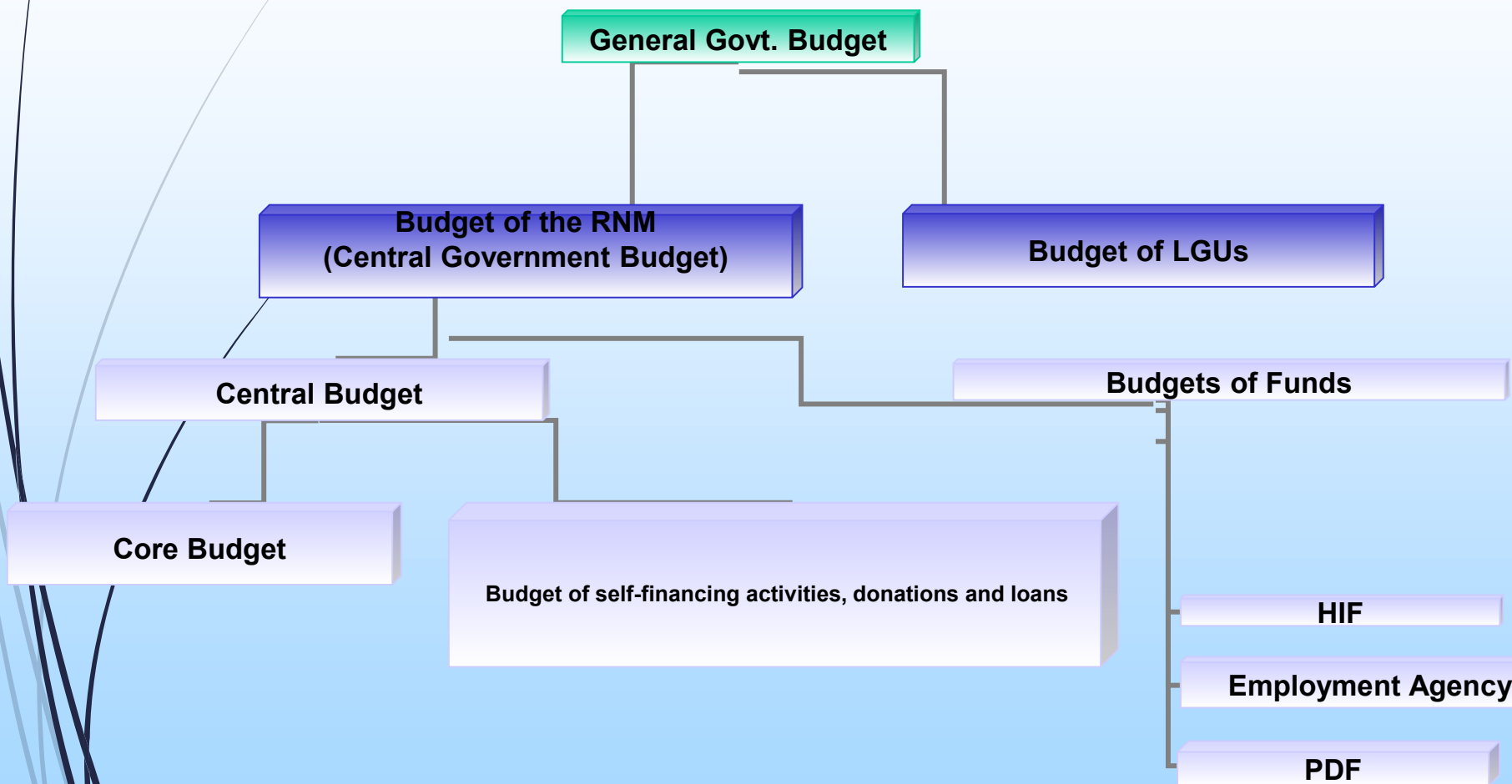


General, special and development part

- ▶ The general part consists of the total revenues and other inflows and the total expenditures and other outflows of the budget for the fiscal year, as well as global projection of the revenues, inflows, expenditures and outflows for the next two years and other data.
- ▶ The special part consists of a plan of appropriations of the budget users and the funds by programs, sub-programs and items for the fiscal year.
- ▶ The development part consists of the budget users' development program plans by budget programs and sub-programs; years when they will be implemented (3 years) and sources of financing

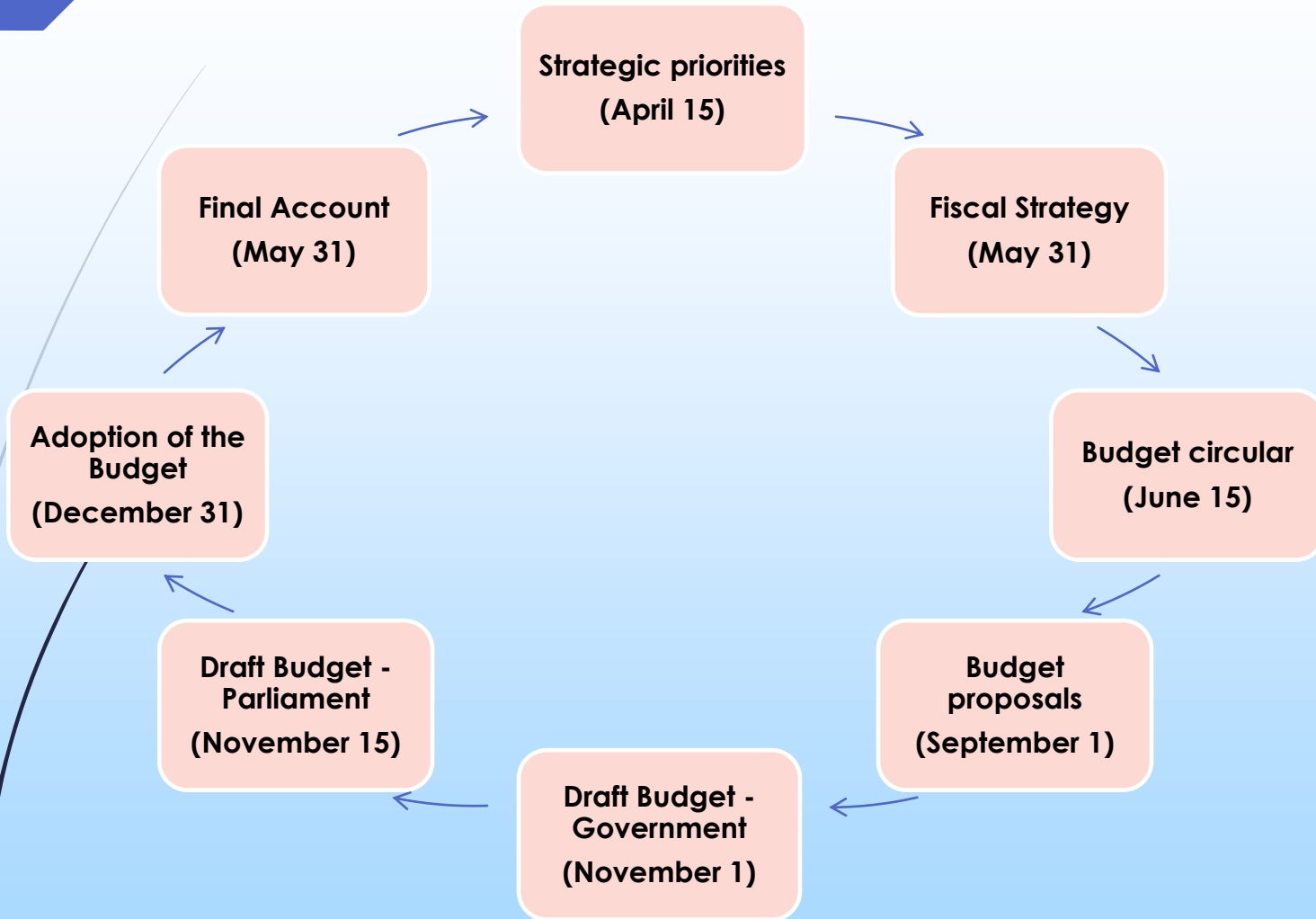
GENERAL GOVERNMENT BUDGET STRUCTURE

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Preparation of the Budget

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The basis for planning of the Budget

- Strategic priorities of the Government of the RNM
- Fiscal Strategy
- Draft strategic plans of budget users and budget policy
- Priorities of municipalities

Strategic priorities

- Government of the RNM shall determine the strategic priorities as a sum of goals and initiatives for the next year by April 15 of the current year at the latest
- Budget users of the central government and the Funds shall include the strategic priorities in their budgets through government programs and sub-programs
- Budget users shall prepare three-year strategic plans, covering activities for realization of the strategic priorities of the Government, as well as the goals and priorities of the budget user for that period

Baseline scenario and New initiatives (by April 1)

- **Baseline scenario** - expenditures and revenues with “business-as-usual” of existing legislation, existing commitments, and existing tasks.
- **New initiatives**- Public procurement of new project, Significant change of timing of projects or other commitments, Changes in legislation e.g. concerning the social benefits and other transfers
- **Fiscal space** means the room for maneuver between the budget balance and debt based on baseline scenario of revenues and expenditures, and what is the limitation for balance and debt according to the numerical fiscal targets.

Fiscal Strategy

The Ministry of Finance shall prepare a medium term (three-year) Fiscal strategy, with following data:

- Basic economic assumptions and guidelines for preparing the Draft Budget of the RNM (Macroeconomic framework for the current year and projections of the basic indicators for the next two years)
- Estimate of the amount of revenues, expenditures and financing of the Budget of the RNM for the current fiscal year including preliminary projections for the next two years
- Other necessary data

Reforms

- Change the time table in order to begin with the process earlier in the year
- Improving medium term (revenues and expenditures) projections and planning
- Preparing new Organic Budget Law

New Budget Law

New Budget Law will contribute to:

- Improvement of the program budgeting
- Strengthening the medium-term budget planning
- Decreasing the number of first line budget users
- Budget transparency

Thanks for your attention!

