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BUDGET MAINSTREAMING

Methodology for Climate Budget Tagging
of the Budget of North Macedonia

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Methodology for Climate Budget Tagging of the Budget of North Macedonia

Publisher:

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For the publisher:

Andreja Stojkovski, executive director

Author of the methodology:

prof. Dragan Tevdovski Ph.D., Senior Research Fellow at the PRESPA Institute – Skopje

Authors of the Assessment of Climate Mainstreaming of the Budget:

Jadranka Ivanova, Expert on Chapter 27 – Environment and climate change

Radica Koceva, Expert in Public Finance, Financial Planning and Management of Pre-Accession Assistance

Design:

Brigada dizajn, Skopje

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I. Purpose of the methodology

The purpose of this methodology is to enable civil society in the Republic of North Macedonia to identify and monitor the part of the state budget that refers to spending relevant to climate action.

In English, the methodology is called **Climate Budget Tagging**. So far, several guidelines have been prepared (UNDP 2019; Upadhya 2021; and Upadhya and Naumoski 2021) on how to introduce this methodology in the public finance system in North Macedonia, that is, how to implement it by budget users. However, until this moment there are no published reports by the relevant institutions on how much of the Central budget or the Government's budget is spending relevant to climate action.

Identifying the part of the budget that is relevant to climate change is the basis for implementing Climate Mainstreaming and Climate Proofing of the European Union (EU). Climate Mainstreaming sets ambitious goals for climate actions, so for example, the EU aims to contribute 25% of the budget in the period 2021-2027 to climate actions, and distributes them by sectors and projects. Climate proofing measures the impact of investments on climate change and determines the risks that investments can have on the environment and climate.¹

II. Subject of the analysis

So, for example, within the **section** the Ministry of Environment and Spatial Planning has several **programs**, among which is Environmental Protection. This program is divided into several **subprograms**: Water Management and Protection, Air Quality, Waste Management and others. Moreover, in each subprogram there are different **categories**, such as Salaries and allowances, Goods and services, Capital expenditures and others. Finally, each category has different **items**, for example, the Goods and Services items are Travel and Daily Expenses, Utilities, heating, communication and transportation, Materials and small inventory, Repairs and current maintenance and others.

The analysis at the level of subprograms will provide an opportunity to more precisely determine the significance of certain budget expenditures on climate change. And then they can simply be synthesized down to the program level.²

1 For more see :
Climate Action
Network (2019) .

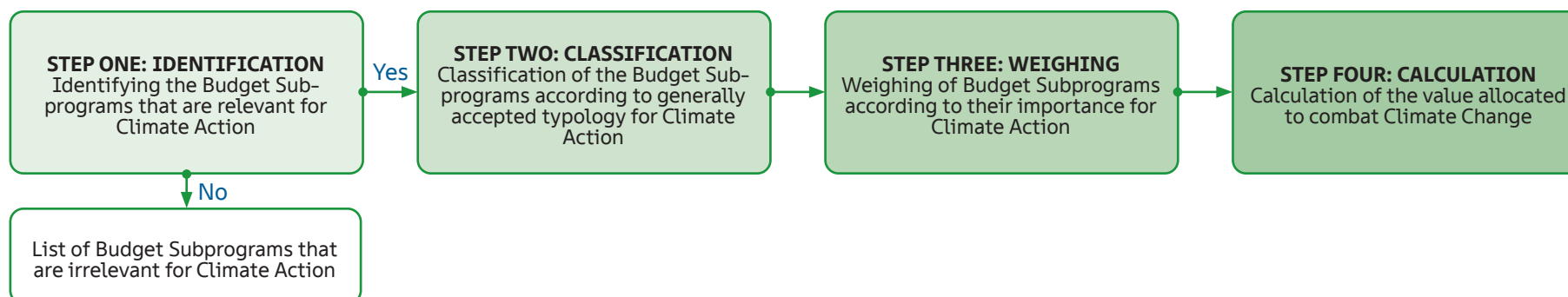
2 If even greater
precision is
required, this
methodology can
also be applied at
the budget item
level.

Figure 1: Excerpt from the Budget of the Republic of North Macedonia

Раздел Програма Потпрограма Категорија Ставка		БУЏЕТ 2022											
		Расходи на Основен буџет				Расходи од самофинансирачки активности		Расходи од заеми		Расходи од донации		Вкупно расходи	
		Буџет	Ребаланс	Буџет	Ребаланс	Буџет	Ребаланс	Буџет	Ребаланс	Буџет	Ребаланс	Буџет	Ребаланс
2	ЗАШТИТА НА ЖИВОТНАТА СРЕДИНА	631.211	698.217	0	50.000	6.000	6.000	369.000	299.000	16.500	16.500	1.022.711	1.059.717
23	УПРАВУВАЊЕ И ЗАШТИТА НА ВОДИ	176.440	206.140	0	0	0	0	0	0	0	0	176.440	206.140
40	ПЛАТИ И НАДОМЕСТОЦИ	14.700	14.700	0	0	0	0	0	0	0	0	14.700	14.700
401	Основни плати	11.000	11.000	0	0	0	0	0	0	0	0	11.000	11.000
402	Придоноси за социјално осигурување	3.700	3.700	0	0	0	0	0	0	0	0	3.700	3.700
42	СТОКИ И УСЛУГИ	1.740	1.440	0	0	0	0	0	0	0	0	1.740	1.440
420	Патни и дневни расходи	40	40	0	0	0	0	0	0	0	0	40	40
421	Комунални услуги, греење, комуникација и транспорт	200	200	0	0	0	0	0	0	0	0	200	200
423	Материјали и ситен инвентар	200	150	0	0	0	0	0	0	0	0	200	150
424	Поправки и тековно одржување	300	250	0	0	0	0	0	0	0	0	300	250
425	Договорни услуги	800	700	0	0	0	0	0	0	0	0	800	700
426	Други тековни расходи	200	100	0	0	0	0	0	0	0	0	200	100
48	КАПИТАЛНИ РАСХОДИ	160.000	190.000	0	0	0	0	0	0	0	0	160.000	190.000
482	Други градежни објекти	160.000	190.000	0	0	0	0	0	0	0	0	160.000	190.000
24	КВАЛИТЕТ НА ВОЗДУХ	58.530	48.560	0	0	6.000	6.000	0	0	0	0	64.530	54.560
42	СТОКИ И УСЛУГИ	9.950	11.080	0	0	3.600	3.600	0	0	0	0	13.550	14.680
420	Патни и дневни расходи	250	200	0	0	300	300	0	0	0	0	550	600
421	Комунални услуги, греење, комуникација и транспорт	1.500	6.500	0	0	1.000	1.000	0	0	0	0	2.500	7.500
423	Материјали и ситен инвентар	1.100	800	0	0	500	500	0	0	0	0	1.600	1.300
424	Поправки и тековно одржување	2.600	2.000	0	0	300	300	0	0	0	0	2.900	2.300
425	Договорни услуги	4.300	1.420	0	0	1.000	1.000	0	0	0	0	5.300	2.420
426	Други тековни расходи	200	100	0	0	500	500	0	0	0	0	700	600
48	КАПИТАЛНИ РАСХОДИ	48.580	37.480	0	0	2.400	2.400	0	0	0	0	50.980	39.880
480	Купување на опрема и машини	20.000	9.400	0	0	1.000	1.000	0	0	0	0	21.000	10.400
481	Градежни објекти	0	0	0	0	1.100	1.100	0	0	0	0	1.100	1.100
482	Други градежни објекти	1.880	1.380	0	0	0	0	0	0	0	0	1.880	1.380
485	Вложувања и нефинансиски	350	350	0	0	300	300	0	0	0	0	650	650

Source: Amending and supplementing the Budget of the Republic of North Macedonia for 2022 (Official Gazette No. 164/2022)

Figure 2: Steps of the methodology



III. Methodological steps

The methodology for identifying the budget subprograms that are relevant to climate change and assessing the value that is allocated from the budget for this purpose contains four steps (Figure 2).³ In the first step, it is determined for each budget subprogram, whether it is relevant to climate change. After excluding the non-relevant budget sub-programs, in the second step those relevant to climate change are classified according to a generally accepted typology. In the third step, each of the classified budget subprograms receives a weight depending on the significance it has for climate change. In the last step, the value allocated from the budget for combating climate change is calculated.

³ This methodology follows the guidelines given in UNDP (2019); Upadhy (2021); and Upadhy and Naumoski (2021).

1) First step - Identifying the Budget Subprograms that are relevant to Climate Action

In the first step, all programs and their subprograms of the budget or certain sections of the budget (depending on the scope of the research) are reviewed and for each subprogram it is determined separately whether it is relevant to climate change. The determination is made according to the generally accepted Rio markers for climate change of the OECD. A budget subprogram is considered relevant to climate change if it contributes to mitigation or adaptation to climate change. Tables 1A and 1B show the criteria for determination based on the Rio markers. It can be seen that they are based on the goals that they want to achieve.

Table 1A: Rio marker for climate change mitigation

DEFINITION	Activity (budget subprogram) is considered relevant for <u>mitigating climate change</u> if it contributes to the reduction or stabilization of <i>greenhouse gas</i> concentrations in the atmosphere at a level that will prevent dangerous pollution.
IDENTIFICATION CRITERIA	<ul style="list-style-type: none"> ✓ contributes to reducing climate change by reducing emissions of dangerous greenhouse gases, including gases regulated by the Montreal Protocol; or ✓ contributes to the protection and/or enhances the storage and reservoirs of greenhouse gases; or ✓ contributes to the achievement of the country's development goals related to climate change through institution building, capacity development, strengthening of regulation and policies, and research. ✓ improves the country's activities in fulfilling its obligations under the climate change convention.

Source: UNDP (2019)

Table 1B: Rio marker for climate change adaptation

DEFINITION	Activity (budget subprogram) is considered relevant for <u>adaptation to climate change</u> if it aims to reduce the vulnerability of the population or natural systems from the impact of climate change and climate risks, by providing greater capacity for adaptation and resilience. This group includes a large number of activities from information and knowledge creation, capacity building, planning and implementation of climate change adaptation activities.
IDENTIFICATION CRITERIA	<ul style="list-style-type: none"> ✓ the activity (budget subprogram) contains a defined objective for climate change adaptation and it is specified in its documentation; and ✓ the activity contains specific measures aimed at achieving the goal of climate change adaptation.

Source: UNDP (2019)

2) Second step – Classification of the Budget Subprograms according to generally accepted typology for Climate Change

In this step, only the budget subprograms that have been identified as relevant are considered and they are subject to classification according to a certain typology.

There are several relevant typologies of climate change budget spending. Two are most often used: (1) Standardized typology of UNDP and World Bank (Standardized UNDP/ World Bank CPEIR Typology) and (2) UNDP Methodological Guide (UNDP Methodological Guide-book). Upadhya (2021) using these typologies, and starting from the specificity of the programs in the Macedonian budget, proposes a typology for budget spending for climate change in the Republic of North Macedonia, which is presented in the tables. Tables 2A and 2B present the climate change mitigation typology. Tables 3A and 3B present the climate change adaptation typology.⁴

4 My view is that this typology is not sufficiently developed. One should consider using the Standardized UNDP and World Bank typology (Standardized UNDP/ World Bank CPEIR Typology).

Table 2A: The climate change mitigation typology: relevant sector areas

Number	Type	Relevant area
1.	Reduction of greenhouse gas emissions	Gradual reduction of coal; introduction of electric vehicles
2.	Improving existing or building new infrastructure	Reduction of losses of the electric and heat network, as well as interconnectors
3.	Energy efficiency measures in buildings	Residential/commercial/public buildings, heat pumps, heat supply, efficient lighting
4.	Energy efficiency measures in industry	
5.	Energy efficiency measures in transport	Railways, highways, improving mobility, changing the type of transport, renewing the vehicle fleet
6.	Renewable energy	Hydro plants, biomass plants, solar energy, biofuels, biological treatment of farms,
7.	Gasification	
8.	Circular economy	Reprocessing in industry; repainting and recycling, reducing leakages
9.	Waste management	Gas storage depots, composting, recycling, waste selection, mechanical and biological waste treatment
10.	Wastewater treatment and management	
11.	Reducing emissions in agriculture	Modifying the structure and nutrition practices, manure management, increasing the organic composition of the land, preventing field burning
12.	Protection and improvement of the storage of greenhouse gases	Sustainable forest management, forest fire prevention, afforestation, rehabilitation of areas affected by drought and desertification, land use change, erosion reduction measures, land restoration, avoiding land degradation

Source: Upadhy (2021)

Table 2B: The climate change mitigation typology: relevant horizontal areas

Number	Type	Relevant area
1.	Policy making and strategic planning	Creation of studies, evaluations, strategies, plans and programs, vulnerable groups
2.	Legislation and Regulation	Creation and improvement of laws, by-laws, rules and the like
3.	Monitoring, reporting, verification and transparency	In all areas
4.	Capacity building	Creation of studies, evaluations, strategies, plans and programs, vulnerable groups
5.	Transfer and promotion of technologies and knowledge	
6.	Training	Social programs, just transition
7.	Education	
8.	Public awareness	
9.	Communication	
10.	Research and Innovation	Technology for energy transition, measures for storage in the ground
11.	Banking and financial services	Loans and insurance
12.	Business and other services	Support of private investments
13.	Financial and fiscal measures	Taxes, fid in tariffs, premiums, co-financing, just transition, vulnerable groups

Source: Upadhya (2021)

Table 3A: The climate change adaptation typology: relevant sector areas

Number	Type	Relevant area
1.	Healthcare	Waste management standards
2.	Agriculture	Promoting resilient crops and water-saving irrigation methods
3.	Food	Pesticide Control, Seed Bank
4.	Animal husbandry	Veterinary protection, improved cattle feeding
5.	Forestry	Afforestation, mixed management practices in forestry, plant conservation, waterway management, road greening
6.	Biodiversity	Protection of the natural environment, protected zones
7.	Water and sewage	Improvement of water management, water infrastructure
8.	Space management	Spatial plans, rehabilitation of degraded land
9.	Accident prevention and preparation	Floods, droughts, heat waves and the like
10.	Solutions based on nature	Restoration of resources
11.	Tourism	Infrastructure
12.	Cultural treasure	
13.	Built-in infrastructure	
14.	Urban planning	Planning activities
15.	Urban resilience	Flood protection, awareness raising

Source: Upadhya (2021)

Table 3B: The climate change adaptation typology: relevant horizontal areas

Number	Type	Relevant area
1.	Policy making and strategic planning	Creation of studies, evaluations, strategies, plans and programs, vulnerable groups
2.	Legislation and Regulation	Creation and improvement of laws, by-laws, rules and the like
3.	Monitoring, reporting, verification and transparency	In all areas
4.	Capacity building	Human and institutional
5.	Transfer and promotion of technologies and knowledge	
6.	Training, education	
7.	Public awareness, communication	Media campaigns
8.	Research and Innovation	Meteorological and hydrological observations and forecasts, impact and vulnerability assessment, early warning systems
9.	Banking and financial services	Loans and insurance
10.	Business and other services	Support of private investments
11.	Financial and fiscal measures	Taxes, co-financing, just transition, vulnerable groups

Source: Upadhya (2021)

3) Third step - Weighing of Budget Subprograms according to their importance for Climate Action

Budget Subprograms are weighted according to the significance they have for mitigating or adapting to climate change.⁵ The methodology developed by the OECD uses weights from 0% to 100%. All activities (budget subprograms) are grouped into four levels. Table 4A shows the weighting criteria in each group.

Table 4A: OECD weights and criteria

Level	Weight value	Weighting criterion
High relevance	more than 74%	A clear basic objective for mitigating or adapting to climate change.
Medium relevance	between 50% and 74%	or (1) a secondary objective of building resilience to climate change or contributing to mitigation, or (2) a range of activities in which at least some aim to contribute to building resilience to climate change or contributing to mitigation.
Low relevance	between 25% and 49%	They have an indirect connection with adaptation and mitigation of climate change.
Marginal relevance	less than 25%	They have a very indirect and theoretical connection with climate resilience.

Source: UNDP (2019)

In order to avoid double counting, if the budget program has a contribution to both mitigating and adapting to climate change, its weight should be divided. So for example, if it has medium relevance and contributes to both mitigation and adaptation to climate change and it is considered that it should receive a total weight of 60%, it should be divided 30% to mitigation and 30% to adaptation to climate change. In this case, it would be wrong to assign 60% each to mitigation and adaptation, because then its total weight would be 120%.

This OECD approach would be most appropriate if it had developed quantitative models that would evaluate the weighting criteria. But because civil society does not have such models, it is most appropriate to use the simplified weighting approach proposed by Upadhy (2021). It contains three weights for the budget sub-programs: a weight of 100% to be given to those with high relevance to climate change; a weight of 50% to be given to those with medium relevance, and the total weight of 50% can be divided by 25% between mitigation or adaptation; a weight of 20% should be given to those with low relevance, and the total weight of 20% could be divided by 10% between mitigation or adaptation. This approach is shown in Table 4B.

5 Other approaches can be encountered in practice. For example, the European Union uses three weights: a weight of 100% for high relevance to climate change; a weight of 40% for medium relevance and 0% for no relevance to climate change.

Table 4B: Weights and criteria

Level	Weight value	Критериум за пондерирање
High relevance	100%	a clear basic objective for mitigating or adapting to climate change.
Medium relevance	50% (the total weighting of 50% can be divided by 25% between mitigation or adaptation)	or (1) a secondary objective of building resilience to climate change or contributing to mitigation, or (2) a range of activities in which at least some aim to contribute to building resilience to climate change or contributing to mitigation.
Low relevance	20% ((the total weight of 20% can be divided by 10% between mitigation or adaptation)	They have an indirect connection with climate change adaptation and mitigation.

Source: Upadhya (2021).

4) Fourth step – Calculation of the value allocated to combat Climate Change

In this last step, the value allocated to combat climate change is calculated. So for example, if the budget subprogram is 1,000,000 denars and it has received a weight of 50% for climate change, it means that 500,000 denars were related to climate change.

IV. An example of the application of the methodology

The application of this methodology will be presented on the **section** of the Ministry of Environment and Spatial Planning in the current state budget.⁶ This section has 4 **programs** : (1) Administration ; (2) Environmental protection ; (3) Spatial plans and (4) Environmental improvement . And each of them consists of subroutines. These are shown in table 5A.

⁶ Amendment and addition to the Budget of the Republic of North Macedonia for 2022, Official Gazette number 164/2022

Table 5A: Example, snippet of current budget

Program A subroutine	Total expenses (in thousand denars)
<u>Administration</u> Administration	<u>67,728</u> 67,728
<u>Environmental Protection</u> Water management and protection Air quality Waste water treatment Waste management Dojran Lake	<u>1,059,717</u> 206,140 54,560 513,141 145,876 140,000
<u>Spatial plans</u> Spatial plans	<u>48,835</u> 48,835
<u>Improvement of the environment</u> Improvement of the environment	<u>182,965</u> 182,965
MINISTRY OF ENVIRONMENT AND SPATIAL PLANNING	1,358,795

In the first step, for each of the individual budget subprograms, it is determined whether it is relevant to climate change based on the criteria from tables 1A and 1B.⁷

⁷ The allocation of subroutines in steps 1 and 2 should be checked by an expert in the field of climate change, as the author of this methodology is not an expert in the field of climate change.

Table 5B shows how the identification was made.

Table 5B: Step 1 - Identification

Program A subroutine	Relevant to climate change mitigation	Relevant for adapting to climate change	It is not relevant
<u>Administration</u> Administration	Yes, low	Yes, low	
<u>Environmental Protection</u> Water management and protection Air quality Waste water treatment Waste management Dojran Lake	Yes, medium Yes, high Yes, high Yes, high	Yes, medium Yes, medium	
<u>Spatial plans</u> Spatial plans		Yes, medium	
<u>Improvement of the environment</u> Improvement of the environment	Yes, high		

In the second step, only the subprograms identified as relevant to climate change should be used, and in this case all subprograms should be included. Table 5C shows their classification according to the previously shown typology.

Table 5C: Step 2 – Classifying relevant programs

Program A subroutine	Classification into some type of climate change mitigation	Classification into some type of adaptation to climate change
<u>Administration</u> Administration	Legislation and Regulation	Legislation and Regulation
<u>Environmental Protection</u> Water management and protection	Improving existing or building new infrastructure	Policy making and strategic planning
Air quality	Reduction of greenhouse gas emissions	
Waste water treatment	Improving existing or building new infrastructure	
Waste management	Waste management	
Dojran Lake		
<u>Spatial plans</u> Spatial plans		Space management
<u>Improvement of the environment</u> Improvement of the environment	Improving existing or building new infrastructure	

In the third step, the budget subprograms receive weights depending on the importance they have for climate change.

Table 5G: Step 3 – Weighting based on significance

Program A subroutine	Weighting for climate change mitigation	Ponder for adapting to climate change	Total climate change weighting
<u>Administration</u> Administration	10%	10%	20%
<u>Environmental Protection</u> Water management and protection	25%	25%	50%
Air quality	100%		100%
Waste water treatment	100%		100%
Waste management	100%		100%
Dojran Lake		50%	50%
<u>Spatial plans</u> Spatial plans		50%	50%
<u>Improvement of the environment</u> Improvement of the environment	100%		100%

In the last step, the budget value of the section allocated for climate change is calculated.

Table 5D: Step 4 – Calculating the value

<u>Program</u> A subroutine	Total expenses (in thousand denars)	Total climate change weighting	Climate change total
<u>Administration</u>	<u>67,728</u>		<u>13,456</u>
Administration	67,728	20%	13,456
<u>Environmental Protection</u>	<u>1,059,717</u>		<u>886,647</u>
Water management and protection	206,140	50%	103,070
Air quality	54,560	100%	54,560
Waste water treatment	513,141	100%	513,141
Waste management	145,876	100%	145,876
Dojran Lake	140,000	50%	70,000
<u>Spatial plans</u>	<u>48,835</u>		<u>24,417</u>
Spatial plans	48,835	50%	24,417
<u>Improvement of the environment</u>	<u>182,965</u>		<u>182,965</u>
Improvement of the environment	182,965	100%	182,965
MINISTRY OF ENVIRONMENT AND SPATIAL PLANNING	1,358,795		1,107,575

V. Comparison of the realization with the plan in the budget

The budget of the Republic of North Macedonia represents the spending plan for the current year. Due to the fact that there are often large deviations between what is planned in the budget and what is realized, it is very important that this methodology is also applied to the Final Account of the budget. It represents the implementation of the budget plan.

VI. Assessment and reporting

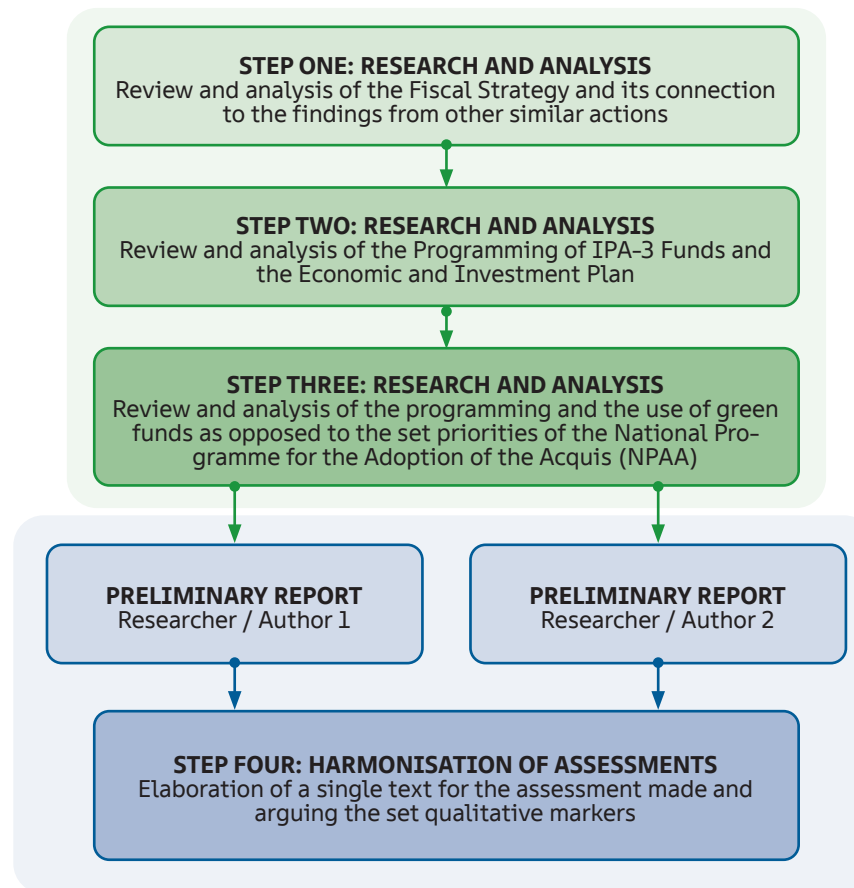
The assessment will draw its strength from the activities, expertise and involvement of civil society, as well as from the use of the instrument for transparency and access to public information. The assessment will be carried out by a team of experts. That is, two researchers and one coordinator. The team will collect data through office research and where needed through qualitative research, as well as through the use of the public information access tool to provide access to national financial planning and budget preparation documents.

The whole assessment and reporting process will be done in two stages. A previous phase where the team will review and analyze the Fiscal Strategy and its connection with the findings of other similar actions, as well as from the analysis of the programming process according to IPA III and the Economic and Investment Program, i.e. the programming and use of green funds versus determining priorities with NPAA. The previous phase will help both researchers to understand financial management and budget planning, as well as to understand the obligations that exist for the state from this parallel process.

The main phase, in which the two researchers, applying this methodology, will determine the parts of the budget that refer to dealing with climate change, as well as their relevance, that is, they will calculate the approximate value of the targeted funds. The main phase will help to produce a final assessment and report on the findings.

In doing so, the two researchers, as a result of the analysis and monitoring, will make two preliminary reports that assess the financial planning and budget direction. In the reports, each of the authors/researchers will make an assessment of how big an impact the budget framework will have or had on climate change and to what level it contributes to the goals of climate change reduction or climate adaptation.

From the two initial reports, the research coordinator will harmonize the assessments and create a single text for the explanation of the assessment made and the argumentation of the established qualitative markers, i.e. significant contribution, moderate contribution and insignificant contribution.



VII. References

Climate Action Network (2019) Climate Mainstreaming and Climate Proofing: The Horizontal Integration of Climate Action in the EU Budget – Assessment and Recommendations.

UNDP (2019) Criteria for Determination of Climate Change Related Programmes/Projects/Activities, and the most adequate methodology for Regular Collection of Data and Information on National/Local Resources allocated for climate change, Prepared within the Project “Macedonia’s Fourth National Communication and Third Biennial Update Report on Climate Change under the UNFCCC”.

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Annex

Analysis of the Budget of the Republic of North Macedonia for 2023 and assessment of the focus on dealing with and mitigating the impact of climate change in the planned expenditure items for several budget users

PRESPA Institute - Skopje
2022

I. Introduction

In this part of the publication, the readers will be able to read the analysis of the Budget of the Republic of North Macedonia for 2023, as well as the assessment of its Climate Mainstreaming in the planned expenditure items. The analysis includes three budget users and the programs and subprograms included in the Budget for 2023:

- ▶ Ministry of Environment and Physical Planning;
- ▶ Ministry of Economy; and
- ▶ Ministry of Transport and Communications.

1) Purpose of the analysis

The purpose of the analysis presented in this section is to identify the budget programs and sub-programs of the three ministries and to determine how much of the planned spending in 2023 is related to dealing with and mitigating climate change i.e., how much it encourages the reduction of emissions and contributes to climate change, or how much this spending would contribute to climate adaptation.

The analysis applies the Budget Mainstreaming Methodology explained earlier and should be a demonstrative exercise for assessing the planning part of the state budget and its climate mainstreaming. Whereas, for civil society organizations, the analysis should motivate them to take a stand and enable them to take action in relation to the creation of budget spending policies and their climate mainstreaming, that is, achieving a carbon neutral society. Considering that one of the goals of the Green Agenda is to achieve a carbon neutral society by 2050, the analysis of the impact of the budget on climate change necessarily covers both the goals of the Green Agenda and those of Sustainable Development. Finally, for the Ministry of Finance and the Government of the Republic of North Macedonia, the analysis should serve as an example and motive for climate mainstreaming of budget planning towards meeting the requirements of the Paris Agreement and the Green Agenda.

2) Approach in relation to the identified sample of budget users

The budget of the Republic of North Macedonia for 2023⁸, adopted in the Assembly on 23 December, 2022, foresees several programs and sub-programs that reflect the activities that the Government undertakes for the realization of strategic priorities and policies in various areas.

Spending related to most of the budget programs and subprograms has an impact on climate mitigation and adaptation programs. However, this analysis is based on a selected sample of programs and sub-programs from three budget users whose policies and measures are closest or most relevant to mitigating the impact of climate change. The table below shows the entire analysis, gives an assessment of the relevance of each of the sub-programs implemented by the budget users (**low, medium and high relevance**) in relation to the impacts

8 Budget of the Republic of North Macedonia for 2023 - <https://finance.gov.mk/wp-content/uploads/2022/12/%D0%91%D0%A3%D0%8F%D0%95%D0%A2-2023-%D0%A1%D0%BB-%D0%92%D0%B5%D1%81%D0%BD%D0%B8%D0%BA.pdf>

of climate change (**mitigation and adaptation**). After an assessment of the relevance of each of the subprograms, the authors provide an argumentation and explanation for the relevance, and determine a value or an appropriate weight based on which the total planned spending that would potentially have an impact on climate change adaptation and mitigation is calculated.

The analysis was made on the basis of the expenditure classification and the explanation given for the sub-programs from the development part of the Budget for 2023, and the spending of some sub-programs and specific government measures that will be financed is determined by Budget programs for certain areas that the budget beneficiary proposes to the Government for adoption.

For the analysis, the most relevant is the Program S - **Improvement of the environment**, which covers the implementation of projects in the field of protection and improvement of the environment, including sustainable development and all other sectors. However, the program does not directly indicate activities for mitigating and adapting to climate change. Climate change is only mentioned in relation to economic growth and development, which is expected to not continue contributing to climate change.⁹

For the program S - **Improvement of the environment**, total expenditures of MKD 484,970,000 are foreseen with two sub-programmes:

- S1 – **Improvement of the environment**, which is included in the budget of the Ministry of Environment and Spatial Planning; and
- S5 – **Green development**, which is included in the Government's budget.

Budget function 705 – **Protection of the environment** for 2023 is expected to have *total expenditures of 2,450,000,000 denars*. It is divided into 4 items:

- 7050 **Environmental protection;**
- 7051 **Waste management;**
- 7052 **Waste water management;** and
- 7053 **Reducing pollution.**

⁹ Ibid 8, page 37

II. Assessment

1) Ministry of Economy

In the description and main functions of the Ministry of Economy (ME), it is stated that the activities are aimed at “...ensuring energy stability and reliability, environmental protection and encouraging energy efficiency, construction of a gas pipeline system in the Republic of North Macedonia...”¹⁰.

10 Ibid 8, page 89

The strategic priorities of the Ministry of Economy for 2023 are more focused on economic goals and ensuring security in energy supply. The total budget for this user amounts to 1,158,696,000 denars. The spending of funds within this body will be done through seven programs (Table 1 in Appendix). Based on the evaluation and the corresponding weighting, the total amount of funds expected to have an impact on mitigating climate change is MKD 387,343,500, which represents 33% of the total budget of the Ministry of Economy.

According to the assessment of relevance, some of the programs indicate relevance in relation to climate change, such as **Program 2 – Utilization of natural resources**. However, the ministry’s strategic priorities do not specify specific goals and activities that directly contribute to mitigating and adapting to climate change.

From the budget programs of the Ministry of Economy, the following have been determined as relevant for this analysis:

- Program 2 – **Utilization of natural resources;**
- Program 3 – **Energy Development with its subprograms: 32 Energy Development and 3D Gasification;**
- Program 4 – **Agency for supporting entrepreneurship of the Republic of North Macedonia;**
- Program 5 – **Standardization and Accreditation;** and
- Program D – **Economic development, as less relevant programs.**

Taking into account the competences of this ministry, especially in the area of energy, energy efficiency, the use of natural resources (*the area of granting concessions for the use of natural resources*), the following can be concluded:

- ▶ The total amount of expenses that would potentially mitigate climate change of 33% of the total expenses of the Ministry of Economy for 2023 is still rather small.
- ▶ There is a lack of creativity in the design of programs and sub-programs and their alignment with the priorities of the Green Agenda. The same subprograms are copied from year to year, changes are found only in the amount of planned spending.
- ▶ There is a lack of strategic reference to measures intended for energy efficiency as a current topic within the energy crisis and measures that are directly related to mitigating climate change.

2) Ministry of Environment and Spatial Planning

The main function of the Ministry of Environment and Spatial Planning is the preservation and protection of the environment through the adoption of legal acts in the area in line with European legislation, as well as investing in the implementation of several projects in the area, including climate change.¹¹

11 Ibid 8, page 95

Clearly visible in the budget for 2023, the ministry will continue with the implementation of the projects the implementation of which has already started in the field of environmental protection and promotion and sustainable development that refer to the valorization and re-valorization of natural resources, the construction of water infrastructure projects (*sewages and networks for water supply, improvement of the water regime*), for noise monitoring, air quality, promotion of environmental protection policies, climate change and **development according to the concept of green economy**.

In the budget for 2023, several significant projects related to the reconstruction of water supply systems in Berovo, Bogdanci, Kriva Palanka, Krushevo, the village Tremnik, Delchevo (co-financed by the Swiss government), as well as the improvement of the fecal sewage infrastructure in the area of Strachinci, the village of Mustafino and the settlement of Arachinovo.

The total budget of the Ministry of Environment and Physical Planning amounts to MKD 1,873,040,000, and spending is planned through four (4) budget programs and nine (9) **sub-programs**.

In the context of this analysis, all budget programs and sub-programs through which budget expenditures of this budget user are foreseen are assessed as relevant for mitigating climate change, and the degree of their relevance is shown in more detail in the table in the Appendix.

Taking into account the competences of the Ministry of Environment and Physical Planning, as the main institution responsible for environmental protection, and especially climate change, the following can be concluded:

- ▶ The total expenditures planned within the Budget for 2023, for this budget user, compared to the budgets of other institutions, such as the Ministry of Transport and Communications, the Ministry of Agriculture, Forestry and Water Economy, etc. is still small and insufficient considering the importance of the areas that are part of the competences of the institution, although there is an increasing trend.
- ▶ The total amount of expenses that would potentially affect and mitigate climate change according to the calculations is 60% of the total budget of this user for 2023, which is still not enough (Table 2 in the Appendix).
- ▶ The budget of the Ministry of Environment and Physical Planning for 2023 does not reflect the Green Agenda adequately for the significance it has for the Candidate Countries and the Acceding Countries, as well as the measures related to the Green Agenda.
- ▶ There is still a lack of specific activities that would be aimed at mitigating climate change, and even more so, there is a lack of a special program in the ministry's budget that would be directly related to climate change and issues pertaining to it.
- ▶ The adoption of the Climate Change Strategy until 2050 is a good basis to design a sub-program and specific activities that will be directly aimed at climate change with the next budget.

- ▶ Considering that the Ministry of Environment and Physical Planning coordinates the Accession Negotiations for Cluster 4 - Green Agenda and Sustainable Connectivity, it is necessary to set a horizontal program for Green Development and Climate Change in the Government's budget, which will be allocated accordingly with several bodies that have competences and responsibilities from the Green Agenda and from the Paris Accord.
- ▶ The measures and activities related to climate change should be better reflected in the strategic goals of the Ministry of Environment and Physical Planning and should be linked to specific indicators.

3) Ministry of Transport and Communications

The main mission of the Ministry of Transport and Communications is the development of policies to ensure an accessible, reliable and sustainable national and international transport system, quality urban and construction infrastructure, as well as supervising the implementation of the laws for which the ministry is responsible¹².

12 Ibid 8, page 97

As priorities and goals for 2023, relevant for the analysis, the construction and/or reconstruction of water supply systems and/or sewage systems, implementation of the project for the construction of infrastructure at Corridor 8 (*Tetovo-Gostivar-Bukojchani* section, *Trbenishta-Struga-Qafasan* highway) and Corridor 10 (*Prilep-Bitola* section), continuation of the implementation of the project "**Water supply and sewage of the municipalities phase I, step 2**" financed with a loan from the KfW Bank and a donation from SECO and KfW, continuation of the water supply and drainage project of waste water financed by a loan from the European Investment Bank and continuation of the project for "**Gasification system of the Republic of North Macedonia**". At the same time, the implementation of projects for the rehabilitation of separate sections of railway tracks continues: modernization of the railway for Corridor 10, for Corridor 8, phase 1 *Kumanovo-Beljakovce* and the new line *Beljakovce-Kriva Palanka*.

The total budget of the Ministry of Transport and Communications amounts to MKD 19,933,757,000.

Moreover, the budget programs of this budget user that are relevant for this analysis are:

- Program – 2, **Traffic and communications** with sub-programme 20 **Traffic and communications**.
- Program – 3, **Urbanism and construction** with subprograms 3B **Water supply and sewage for municipalities**, 3G **Project for water supply and waste water drainage** and 3D **Gasification**.
- Program D - **Economic development**, which includes the sub-programme DA - **Investments in railway infrastructure**, which is particularly relevant for mitigating climate change.

Considering the competences of the Ministry of Transport and Communications, especially those related to the development of the railway infrastructure and gasification, the analysis cannot overlook the impact, albeit indirect, that these programs have on the mitigation of climate change. Hence, the following can be concluded:

- ▶ The total amount of expenses that would potentially affect climate change mitigation, which according to calculations is 24% of the total expenses of this budget user for 2023, is still insufficient (Table 3 in Appendix).
- ▶ However, the absolute amount of funds calculated according to the weighting methodology, which is estimated as relevant for mitigating climate change, amounts to MKD 4,832,945,450 and compared to the amount of spending in the budget of the Ministry of Environment and Physical Planning as an institution directly responsible for climate change, is significantly i.e., more than three times larger.
- ▶ In the next budgets, the Ministry of Transport and Communications should pay more attention to the activities related to the Sub-programme 30 - **Urbanism and Construction**, which for 2023 is rated as low in relevance, not because of anything else, but because of the fact that it does not foresee specific measures related to urban planning and adaptation to climate change.

III. Conclusions and recommendations

From the analysis, it can be concluded that in the planning of the Budget of the Republic of North Macedonia, a clear commitment to the implementation of activities for adaptation and mitigation of climate change and achieving the goals of the Paris Accord and the Green Agenda cannot be recognized.

Separate activities are included in the budgets of the three ministries that are the subject of this analysis, which, however, do not give the impression that they are guided by the goals set in the strategic documents in this area. For a more precise analysis of the budget, it is necessary to review the annual programs of each of the ministries. However, there is no creation of budget programs exclusively intended for dealing with climate change.

The Government envisages a program S - **Improvement of the environment**, but it is distributed only in the Ministry of Environment and Physical Planning, and a smaller part in the Government through the sub-program S5 - **Green Development**. Namely, although the budget in the section for the Government of the Republic of North Macedonia was not directly subject to analysis, the sub-program S5 - **Green Development** which was identified probably includes the activities of the *National Committee on Climate Change* established by the Government, as well as the *Vice President of the Government in charge for economic affairs, coordination of economic portfolios and investments* which is responsible for achieving the Sustainable Development Goals and is also designated as the national entity for the **Green Climate Fund** (GCF). This can be considered as a good example to envisage a Horizontal Program that will address green development and climate change and that should be included in the budget of several bodies, which would achieve a greater integration of environmental protection and climate policies, and a carbon neutral society.

During the analysis of the planned expenditures in the budgets of the three institutions, an overlap of responsibilities was determined, especially in the part of the sewage network and waste water treatment, at the Ministry of Environment and Physical Planning and the Ministry of Transport and Communications. Although this is not directly related to the subject of this analysis, such overlaps should be avoided due to an integrated approach in the management and financing of certain policies.

IV. Appendices

1) Table 1 – Budget user Ministry of Economy

			BUDGET 2023	Relevant to climate change mitigation	Ponder	Arguments in support of the applied weighting	Weighted value
10001 MINISTRYFORECONOMY			1.158.696				<i>The amounts are given in 000 denars</i>
1	ADMINISTRATION		414.993	Yes - low relevance	5%	Legislation and Regulation Only a part of the administration participates in the preparation of laws, monitoring the implementation of laws related to energy efficiency and thus contributes to mitigating climate change. From there, the relevance of the item is assumed salaries for employees towards mitigating climate change is low, and the assigned weight is 20%. Additionally, the weight has been reduced because most of the scope of activities of the Ministry of Economy indirectly affect the mitigation of climate change.	1.262,50
10	ADMINISTRATION		155.582				
11	INDUSTRIAL POLICY		33.730				
13	BUREAU OF METROLOGY		164.406				
14	DEVELOPMENT OF TOURISM		28.500				
15	INTERNAL MARKET		6.225				
16	INVESTMENTS AND SOCIAL RESPONSIBILITY		1.300				
19	ECONOMIC DIPLOMACY		25.250				
2	USE OF NATURAL RESOURCES		51.699				
20	USE OF NATURAL RESOURCES		17.455	Yes - low relevance	10%	Utilization of natural resources as a factor influencing global exploitation and disruption of natural eco-systems The impact of these two subprograms has been determined as low-relevant, and the assigned weight is 10%, because most of the expenditures are current - salaries, goods and services and contractual services, without any indication of the existence of a development component that would contribute to the mitigation of climate changes. At the same time, the use of natural resources without sustainability can have a negative impact on climate change. It is assumed that all environmental requirements are respected during the activities related to the use of natural resources.	1.745,50
21	GEOLOGICAL DEPARTMENT		34.244	Yes - low relevance	10%		
3	ENERGY DEVELOPMENT		482.149				
31	ENERGY AGENCY		10.299	Yes - moderately relevant	50%	The subprogram - Energy Agency This subprogram is rated as medium relevant, with a weighting of 50%, mainly because most of the expenses are for financing the Agency. The authors assume that the employees of the agency carry out activities related to energy efficiency and are the bearers of the creation of policies in this area. However, the budget does not plan specific actions to mitigate climate change, which is why this program remains only moderately relevant.	5.149,50
32	ENERGY DEVELOPMENT		267.590	Yes - moderately relevant	50%	Subprogram 32 is rated as medium relevant, and the assigned weight is 50%. The reason for this weighting and assessment is due to the fact that part of the funds are intended for subsidies and transfers for energy efficiency, which contributes to mitigating climate change.	133.795,00

			BUDGET 2023	Relevant to climate change mitigation	Ponder	Arguments in support of the applied weighting	Weighted value
3		ENERGY DEVELOPMENT	482.149				
	31	ENERGY AGENCY	10.299	Yes - moderately relevant	50%	The subprogram - Energy Agency This subprogram is rated as medium relevant, with a weighting of 50%, mainly because most of the expenses are for financing the Agency. The authors assume that the employees of the agency carry out activities related to energy efficiency and are the bearers of the creation of policies in this area. However, the budget does not plan specific actions to mitigate climate change, which is why this program remains only moderately relevant.	5.149,50
	32	ENERGY DEVELOPMENT	267.590	Yes - moderately relevant	50%	Subprogram 32 is rated as medium relevant, and the assigned weight is 50%. The reason for this weighting and assessment is due to the fact that part of the funds are intended for subsidies and transfers for energy efficiency, which contributes to mitigating climate change.	133.795,00
	3D	GASIFICATION	204.260	Yes- highly relevant	100%	Gasification, a source of sustainable energy as a measure to mitigate climate change The 3D subprogram includes activities for the construction of a National gas pipeline system in the Republic of North Macedonia, with the aim of supplying the economy, the public sector and households with cheap and ecological energy, and at the same time reducing the emissions of harmful gases in the atmosphere. With the greater use of gas as a fuel, the number of users who use other oil derivatives as energy is decreasing. Hence, the subprogram is assessed as highly relevant, and the assigned weight is 100%.	204.260,00
4		RSM ENTREPRENEURSHIP SUPPORT AGENCY	61.882				
	40	RSM ENTREPRENEURSHIP SUPPORT AGENCY	61.882	Yes - low relevance	10%	The assessment for this subprogram is that it is of low relevance, and the determined impact weight is 10%, mainly due to the small share in the total budget of this subprogram. Otherwise, the sub-program plans activities to support SMEs through a voucher system which, by stimulating innovative measures, can indirectly affect climate change mitigation.	6.188,20
5		STANDARDIZATION AND ACCREDITATION	78.473				
		STANDARDIZATION INSTITUTE	33.493	Yes - low relevance	20%	Establishing international standards - can help mitigate climate change by providing a basis for trust, integrity and effective governance in the quantification, measurement and verification of efforts to mitigate greenhouse gas emissions, as well as practical tools for developing energy efficiency. Hence, it could be concluded that the subroutine could have a high degree of relevance. However, due to the structure of the expenditure items, the sub-programme was assessed as low relevant and a weight of 20% was assigned.	6.698,60
	50						
	51	INSTITUTE OF ACCREDITATION	44.980	Irrelevant	0%	The sub-program intended for the Accreditation Institute has been assessed as irrelevant to climate change mitigation.	0,00

			BUDGET 2023	Relevant to climate change mitigation	Ponder	Arguments in support of the applied weighting	Weighted value
D		ECONOMIC DEVELOPMENT	62.000				
	DG	SME DEVELOPMENT SUPPORT	62.000	Yes - low relevance	10%	The sub-program is intended for the financing of SMEs - part of the activities for financing innovative ideas and entrepreneurship that would indirectly affect the mitigation of climate change. Hence, the assigned weightage is 10%.	6.200,00
M		INTEGRATION IN THE EU	7.500				
	MA	TRANSITION ASSISTANCE	7.500	Irrelevant	0%	Costs of participation in Union programs - Single Market Program 2021-2027 (Consumer Protection)	0,00
		TOTAL:					368.723,70

368.723,70

TOTAL:

Average impact weight

24%

Share of funds for mitigating climate change in the total budget of the MoE

32%

2) Table 2 – Budget user Ministry of Environment and Spatial Planning

			BUDGET 2023	Relevant to climate change mitigation	Ponder	Arguments in support of the applied weighting	Weighted value
			<i>The amounts are given in 000 denars</i>				
12101	MINISTRYFORANIMALENVIRONMENTAnd SPATIALPLANNING		1.873.040				
1	ADMINISTRATION		90.853				
	10	ADMINISTRATION	90.853	Yes - low relevance	10%	Legislation and Regulation Only part of the administration participates in the preparation of laws and monitoring their application. Hence, it is assumed that the relevance of employee wages to climate change mitigation is low, and the assigned weight is 20%. At the same time, it is assumed that the laws comply with the EU legislation in this area, which will enable the application of European standards for the protection of life and climate change in the country. From there, the weight is further reduced due to the assumption that not all employees with their engagement have a part in mitigating climate change.	9.085,30
2	PROTECTION OF THE ENVIRONMENT		1.332.772				
	23	WATER MANAGEMENT AND WATER PROTECTION	328.542	Yes - moderately relevant	50%	Water management and protection Part of the spending, that is, about 60% of this subprogram is intended for the infrastructure for water management. Looking through the explanations for the activities of the subprogram, the authors consider it to be moderately relevant and assign a weight of 50%.	164.271,00
	24	AIR QUALITY	51.660	Yes - highly relevant	90%	Monitoring, reporting, verification and transparency Within this subprogram, as much as 70% of total spending is capital expenditures for the purchase of air quality monitoring and monitoring equipment and subsidies for local self-government units to deal with pollution. Hence, this subprogram is highly relevant and the assigned weight is 90%.	46.494,00
	25	WASTE WATER TREATMENT	716.970	Yes - highly relevant	72%	Wastewater treatment and management About 90% of the total spending is capital expenditure intended for the construction of infrastructure for wastewater treatment. Because of that, as well as because of the description of the planned activities, the impact on climate change is assessed as medium relevant, and the assigned weight is 72%, applied only to the part that refers to capital expenditures. The relevance stems from the fact that the reduction of the emission of harmful substances in the waters will significantly contribute to the protection of the waters and aquatic biodiversity, as well as nature in general, which increases its capacity to absorb greenhouse gas emissions (sink) (eng. carbon sink).	516.218,40
	26	WASTE MANAGEMENT	188.100	Yes - highly relevant	72%	Waste management Most of the funds are intended for infrastructure and the purchase of equipment for waste management, ie 90% of the total subprogram. From there, the impact is assessed as highly relevant, and the assigned weight is 72%, which is applied to the part that refers to capital expenditures.	135.432,00

			BUDGET 2023	Relevant to climate change mitigation	Ponder	weight is 72%, which is applied to the part that refers to capital expenditures. Arguments in support of the applied weighting	Weighted value
	2B	DOJRAN LAKE	7.100	Yes - highly relevant	90%	Sub-programme 2B intended for the protection of the Dojran Lake hydrosystem is highly relevant for mitigating climate change, and the applied weighting is 90%.	6.390,00
	2E	COLLECTOR SYSTEM IN OHRID AND STRUGA	40.400	Yes - highly relevant	90%	Sub-programme 2E is intended for the repair of critical parts of the collector system in Ohrid and Struga. It is highly relevant for mitigating climate change, and the applied weight is 90%.	36.360,00
3		SPATIAL PLANS	64.445				
	30	SPATIAL PLANS	64.445	Yes - moderately relevant	10%	Most of this subprogram is current expenditures for goods and services and salaries and benefits for employees. From there, the determined weight is 20%. It is reduced due to the fact that not all employees, as well as all expenditures, are intended for dealing with climate change. After the final calculation, the determined weight is 10%.	6.444,50
S		ADVANCEMENT OF THE ENVIRONMENT	384.970				
	S1	ADVANCEMENT OF THE ENVIRONMENT	384.970	Yes- highly relevant	52%	About 65% of the total sub-program is for the construction of infrastructure for the improvement of the environment. If we apply the high relevance estimate to this amount, the final weight will be 52%.	200.184,40
							1.120.879,60

AVERAGE WEIGHT:

60%

1.120.879,60

0,59842801

3) Table 3 – Budget user Ministry of Transport and Communications

			BUDGET 2023	Relevant to climate change mitigation	Ponder	Arguments in support of the applied weighting	Weighted value
			<i>The amounts are given in 000 denars</i>				
13001	MINISTRY OF TRANSPORT AND COMMUNICATIONS		19.933.757				
1	ADMINISTRATION		184.909	Yes - low relevance	5%	Legislation and Regulation Only part of the administration participates in the preparation of laws and monitoring their application. Also, the laws are only indirectly related to climate change mitigation. Hence, the assumed relevance of employees' wages to mitigating climate change is low, and the determined weight is 20%. In addition, the weighting has been reduced because part of MTV's scope contributes to climate change, especially in terms of traffic emissions. Taking actions to reduce emissions from traffic can contribute to increasing this weight in the future.	9.245,45
10	ADMINISTRATION	162.209					
11	SUPPORTING THE IMPLEMENTATION OF THE ROMA DECADE AND STRATEGY	20.000					
1A	UPGRADE AND RECONSTRUCTION OF ADMINISTRATIVE BUILDING	2.700					
2	TRANSPORT AND COMMUNICATIONS		15.873.681				
	20	TRANSPORT AND COMMUNICATIONS	118.681	Yes - low relevance	20%	The activities within the framework of this Subprogram in relation to the establishment of legal norms related to traffic and communications and monitoring their fulfillment, has an indirect impact on mitigating climate change. However, its relevance is low and is weighted with 20%. It is assumed that the legislation will follow that of the EU, which prescribes special requirements for reducing traffic emissions and establishing smart systems for traffic and communication.	23.736,20
	2C	CONSTRUCTION OF SOCIAL APARTMENTS	140.000	Irrelevant	0%	Sub-programme 2B foresees the provision of humane living conditions, reaffirmation of the family in socially threatened families through the construction of housing units for social category of citizens. Hence, it is considered irrelevant.	0,00
	2K	TRADE AND TRANSPORT FACILITATION PROJECT	123.000	Irrelevant	0%	Sub-program 2K refers to the facilitation of trade and transport in the Western Balkans, the main objective of which is the promotion of deeper economic integration within the region, reduction of trade costs and increase of transport efficiency. From there, the program is considered irrelevant.	0,00
	2L	LOCAL ROADS PROJECT	492.000	Yes - low relevance	10%	Alternative traffic models, as a way to mitigate climate change The project, which is part of Subprogram 2L, in addition to enabling easier connections between municipalities, facilitating the mobility of the population, in a small part also foresees the construction of pedestrian and bicycle paths and is therefore rated as low relevance. At the same time, the determined weight is 10%. At the same time, the establishment of a good local road infrastructure will contribute to meeting the demands and needs of the population in local frameworks, which will reduce emissions from traffic.	49.200,00
	2M	INVESTMENTS IN ROAD INFRASTRUCTURE	15.000.000	Yes - low relevance	10%	Subprogram 2M refers to the project for the construction of the infrastructure Corridor 8 (Tetovo - Gostivar - Bukojchani section and the Trebenishta - Struga - Qafasan highway project) and Corridor 10d (Prilep - Bitola highway section). This program is weighted by 10% assuming that the new roads will increase the mobility of the population and will contribute to shortening the driving time, which will reduce traffic emissions.	1.500.000,00

			BUDGET 2023	Relevant to climate change mitigation	Ponder	Arguments in support of the applied weighting	Weighted value
3		URBANISM AND CONSTRUCTION	1.041.445				
	30	URBANISM AND CONSTRUCTION	390.448	Yes - low relevance	10%	The subprogram does not provide for measures that support the creation of urban areas that will be resistant to the impact of climate change. At the same time, it is assumed that the urban policy will impose requirements that new buildings fully comply with energy efficiency measures of buildings and in that direction will contribute indirectly to the mitigation of climate change, especially if you compare old buildings that do not have any energy performance. However, the subroutine is rated as low relevance.	39.044,80
	3B	WATER SUPPLY AND SEWAGE OF THE MUNICIPALITIES	197.000	Yes - moderately relevant	50%	Sub-programme 3B envisages the construction of a new network for water supply and waste water drainage. In this way, this subprogram will mitigate the impact of climate change through the construction of flexible systems that will reduce negative impacts on nature and ensure efficient use of water as a natural resource. The subprogram has a direct impact on reducing the harmful impact and improving nature's ability to absorb greenhouse gas emissions (carbon sink).	98.500,00
	3G	WATER SUPPLY AND WASTEWATER DISPOSAL PROJECT	349.000	Yes - moderately relevant	50%	Given that Subprogram 3G foresees activities that are a combination of construction and reconstruction of water supply and sewerage systems in rural areas, its relevance in terms of climate change mitigation is assessed as medium and weighted with 50%. Establishing systems for water supply and drainage of waste water contribute to the protection of natural ecosystems and values, thus increasing the capacity of nature to absorb greenhouse gas emissions.	174.500,00
	3D	GASIFICATION	104.997	Yes- highly relevant	100%	Gasification, a source of sustainable energy as a measure to mitigate climate change The 3D subprogram includes activities for the construction of a National Gas Pipeline System in the Republic of North Macedonia, with the aim of supplying the economy, the public sector and households with cheap and ecological energy, and at the same time reducing the emission of harmful gases into the atmosphere. With the greater use of gas as a fuel, the number of users who use other oil derivatives as energy is decreasing.	104.997,00

			BUDGET 2023	Relevant to climate change mitigation	Ponder	Arguments in support of the applied weighting	Weighted value
D		ECONOMIC DEVELOPMENT	2.833.722				
	YES	INVESTMENTS IN RAILWAY INFRASTRUCTURE	2.833.722	Yes - strongly relevant	100%	<p>Highly relevant - Railway infrastructure as one of the most energy-efficient modes of transport, which significantly reduces the emission of greenhouse gases into the atmosphere</p> <p>The DA subprogram provides activities for the maintenance and rehabilitation of the existing railway infrastructure and the construction of a new one (Corridor 8 towards Bulgaria). By increasing the railway network, the users of railway traffic will increase, which will simultaneously reduce the traffic that uses oil derivatives (gasoline, gas or oil) as fuel. In this way, greenhouse gas emissions in the atmosphere will be reduced. That is why the Subprogram is assessed as highly relevant in terms of mitigating climate change, and the impact weight is 100%.</p>	2.833.722,00
		Total:					4.832.945,45

TOTAL:

Average impact weight

42%

Share of funds for mitigating climate change in the total budget of MTV

24%

