



## DEVELOPMENT EMERGENCY MODALITY

### Joint Programme 2022 Annual Progress Report

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## Cover Page

**UNCT/MCO:** North Macedonia

**Reporting Period:** 1 January - 31 December 2022

**JP title:** Identifying Systemic Pathways for Responding to the Global Crisis on Food, Energy and Finance in North Macedonia

**Thematic SDG Areas:** Food systems transformation; Decent jobs & universal social protection; Climate action & energy transformation;

**PUNOS:** UNDP, FAO, UNICEF

**Stakeholder partner:** National Government; Civil Society Organizations; IFIs/DFIs; Private sector; Bilateral aid organizations;

**Gender Marker:** Gender-sensitive (for example, the JP acknowledged and aimed to address gender to enhance the policy/programme, such as undertaking gender analysis to ensure policies/programmes do no harm)

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## Annual Progress

### Overall JP self-assessment of 2022 progress:

Satisfactory (majority of annual expected results achieved; 1 to 3 months delay in implementation)

### Overall Progress

Initially planned for a period of 6 months, then extended to 8 months, the programme will be completed by 28 February 2023. The programme is implemented by UNDP, FAO and UNICEF. All outputs are on track of being achieved.

Undertaken interventions contributed to SDGs 2, 7 and 10, as well as to the North Macedonia SDCF Outcome 2 (Output 2.3) on supporting social protection system resilience to external shocks, and additionally to Outcomes 1 (Inclusive prosperity) and Outcome 3 (Healthy environment and DRR).

Thus far, the activities undertaken through the programme have resulted in:

- Improved diagnostics of the multi-dimensional crisis on the socio-economic milieu in North Macedonia, with a particular emphasis on the existing mechanisms set in place to mitigate and respond to the crisis as well as the actors that are involved in the process. Moreover, through consultations, engagement, and data collection with all relevant stakeholders, there is a better understanding of the dynamics of the crisis and the institutional response to it, as well as potential gaps where UN can provide policy recommendations and implementation support.
- improved understanding of the systemic challenges in terms of food security within the scope of the current crisis. An assessment of the quality and availability of timely, accurate and reliable near-real time data and information revealed that there is no mechanism in place for data collection, storing and sharing. Therefore, the country is not prepared for understanding the depth of the current crisis. A policy brief has therefore been developed to inform of availability of data needed for understanding food availability from private sector entities (input suppliers, producers, traders).
- It is therefore recommended to design and deploy an institutional modality for monitoring and responding to food crises, a recommendation that will be integrated into the first ever National Food Security Strategy, which development has been kicked-off

recently with FAO support. Draft outline of the strategy should be available by mid-2023.

- Stakeholder consultations that were carried out, including a rapid survey, revealed that food is available in the country at sufficient quantities to avoid a food crisis, at least at the time of the survey. Nevertheless, some indications point of a fall in domestic production in the current crop season (from a fall in agricultural input use), which may compromise domestic production in the short term, and signals the need to strengthen bilateral consultation with key food import suppliers, notably the Republic of Serbia.

Above mentioned findings indicate worsening of the progress towards reaching SDG 2 and provide policy recommendations to prepare the country for what are expected potential shocks coming in the second half of 2023. This contributes directly to SDG indicator 2.c, on better informed market players of food availability, improved market transparency and reduces price volatility.

- evidence generated on the impact of the food and energy crisis on poverty (with focus on child poverty). Analysis has shown that the economic shock disproportionately affects vulnerable households, including ones with multiple children and poorer families, due to their lower incomes per family member and larger share of consumption of food and energy in their households' budgets. In the analysis looks at public spending challenges, in a situation where the budget is affected with financial bottlenecks to respond to the crisis.

- The analysis of the impact of the crisis on poverty is based on micro-simulations of household income, as well the impact on consumption whereby the effects of the food and energy prices could be seen, i.e., their effect onto the household budget. The analysis utilizes micro-data from the Household Budget Survey to define scenarios for the unfolding of the crisis with regard to the prices of food and energy, as well as potential development in incomes,...

### **SDG Acceleration progress towards the SDGs, focusing on the main SDG targets**

Due to the nature of the joint programme - emergency response support implemented in short period of time, the JP did not accelerate SDGs progress, but rather focused on preventing further slowdown. Provided that all short-term and long-term recommendations are implemented, the JP will contribute to SDGs acceleration in the next few years.

Specifically, the analysis and recommendation will contribute to making domestic food markets more transparent, reducing speculation and panic buying, and ultimately help the country better respond to the current crisis on food, energy and finance and any potential crisis in future.

The policy advocacy efforts contribute to highlighting the need for immediate policy response with pro-children measures based on evidence, related to addressing multi-dimensional poverty, and further enhancing inclusive social protection.

The analysis and the recommendations also illustrate alternative sources of financing instruments outlining SDG investment areas, showcasing specific cases that have been used elsewhere, and are useful practices for countries.

### **Constraints that were encountered and any adjustments that were made to strengthen the relevance and effectiveness of the JP and the coherence and coordination of UN system support.**

The analyses of the effects of the crisis on poverty required access to micro-data from the last Household Budget Survey, and UNICEF faced significant challenges and delays to obtain such access to the State Statistical Office dataset. This challenge was temporarily bypassed by using micro-data from the 2017 Household Budget Survey, in order to build the simulation model. Needed data from the last Household Budget Survey will be plugged in the model soon. Yet, this delayed the analysis and timely completion of the analysis and production of the final report with the recommendations.

### **Next steps, scaling and sustainability [up to half a page]**

Until the end of the JP duration, UNICEF will insert the data from the last Household Budget Survey in the developed simulation model, in order to get accurate assessment of the impact of the crisis on poverty. Based on the results, policy guidance will be prescribed with some estimates on the potential fiscal cost amid the shrinking fiscal space, as well as proposals for adjusting the social protection response measures. UNICEF will also organize a series of consultations with key governmental institutions to present key findings and discuss and refine proposed policy recommendations.

At the end of February 2023, the project partners will organize another formal stakeholders debate to present the findings and coordinated policy recommendations. With this the final report with the systemic recommendations in all three areas – food, energy and financing – will be completed.

In parallel during the month of February, and after completion of the JP, UNCT, led by RC and the three JP participating entities, will develop a follow up implementation and advocacy plan. The plan will conceptualize UN support of the recommendations, by: 1) integrating relevant components in the ongoing or future activities, where possible; 2) developing concepts for future joint programmes and 3) joint coordinated engagement with the Government decision makers and international development partners.

Bilateral and joint meetings with Government partners, EU and other donors will also be organized to promote and advocate for the implementation of the recommendations.

## Strategic Partnerships and Communications

### Explain how diverse stakeholders were engaged with the JP

Bilateral meetings took place with all of the high-level Government partners (Deputy Prime Minister and relevant ministers) to discuss the work under the Joint Programme. They were also part of the UN annual conference to review the initial findings of the analysis and discuss solutions to the crisis. Key government stakeholders involved in the consultation and policy dialogue were the Ministry of Labour and Social Policy, the Ministry of Agriculture, Forestry and Water Economy, Ministry of Finance. In addition, the project team collaborated with local civil society organizations and business support organizations in developing the analyses and recommendations, while utilizing the expertise of topnotch international advisor to work with the Project team, local experts and Government officials on the analysis and compilation of the recommendations.

#### Key meetings and events organized

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JP steering committee/ programme board meeting	Strategic partners/ donors	Kick-off meeting event
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## Priority Cross-cutting Issues

### Cross-cutting results/issues

continues from previous question ...based on the prospects for deceleration of the growth and entering a recession, which may unfold into increasing unemployment, reduction of incomes in wages, which translates into overall reduction of household income.

- Improved understanding on the impact of the crises on the small and medium enterprises (SMEs) in North Macedonia, and how we can ensure to build a systemic response to make them more resilient to respond for future crisis. Both these analysis and reports are outcomes of the consultations, engagements and data collection that preceded the formulation of the diagnostics, analysis and recommendations embedded in these reports.
- Utilization of other analysis conducted in parallel, to inform this process, and to ensure that they are mutually informative and inclusive. These analysis touch upon the impact of the Ukraine crisis on the financing of municipalities in North Macedonia, as well as the impact on the energy and agriculture sector. Both aim to provide a holistic diagnosis as well as systemic policy pathway for the societal actors highlighted on how to respond to the food, energy, and finances in North Macedonia. The reports lay the foundation for addressing the fundamental vulnerabilities that were exacerbated with the crisis.
- The key recommendations from all above listed analysis have been communicated with the broader public including via a high-level policy dialogue at the end of 2022 (UN Annual Conference "A view beyond") with key decision makers and have become a core argument in the overall advocacy of the UN agencies. Some of them, like the proposal for introducing primary school feeding programme will be included in formula for allocating primary education grants from the central government to the municipalities, as well as in the National Action Plan on the Rights of the Child which is being developed under the auspices of the Ministry of Labour and Social Policy.

Answer to Q7:

The analyses undertaken under the joint programme aim at understanding the impact of the crisis, including to the most vulnerable categories to inform Government and UN activities next social protection actions. They are therefore led by the leaving no one behind principles.

The conducted analysis on the impact of the crisis on child poverty includes gender breakdown on the impact on girls and boys. In addition, the analysis focuses on the impact of the crisis on the most vulnerable households, and some of the proposed policy measures are aimed at households with three and more children, which traditionally face greater risk of poverty in the country. The analysis of the impact of the crisis on the municipalities includes analysis on the delivery of social services, which are mainly directed towards the groups left behind.

For example, one of the key findings of the analysis related to the vulnerabilities of the groups left behind indicates challenges in

food availability and accessibility for all. Among other recommendations, one is related to the establishment of a fully-fledged school feeding program which will strengthen the nutrition and food security of children and support the income of agriculture producers.

**How did the JP apply the Gender Marker**

The JP is Gender-sensitive (for example, the JP acknowledged and aimed to address gender to enhance the policy/programme, such as undertaking gender analysis to ensure policies/programmes do no harm). Evidence, data collection and analysis (e.g. gender assessments of programmes; policy briefs, costing for scale-up of social services);

**JP address the below cross-cutting issues and principles of leaving no one behind**

Human Rights	Persons with disabilities	Youth	Environmental and social standards
No	No	No	No

**Contribution to enhancing SDG Financing**

Drafted a bill, strategy, and/or approved a law increasing the fiscal space for the policy in focus	Produced financing, costing, diagnostic and feasibility analyses as a basis to invest or increase spending on the SDGs	Improved efficiency (cost savings) in the management of programmes/schemes	Improved effectiveness (value for money; i.e. social impact of \$1 spent) of spending	Drafted policies/regulatory frameworks or developed tools to incentivize private sector investment on the SDGs	Structured new financial instruments (public, private or blended) to leverage additional funding
No	No	No	No	No	No

**How and in which area your JP contributed to enhancing SDG financing**