



# INTEGRATED SDG INSIGHTS NORTH MACEDONIA

This report provides analysis and insights in preparation for the SDG Summit and the foundation for effective policy implementation in the second half of the 2030 Agenda.



# HOW TO READ THIS REPORT



Integrated SDG Insights provides an overview of a country's economic growth trajectory, highlighting potential conflicts between growth, environmental concerns, and societal well-being (referred to as the **SDG Moment**).



It builds from the foundation of national SDG progress through the lens of the 5Ps and uses machine learning to analyse national development ambition with an SDG lens (**SDG Trends & Priorities**).



Combined, these insights are mapped against SDG interlinkages to define policy choices that accelerate SDG progress, tailored to national context (**SDG Interlinkages**).



These policy choices are made against fiscal constraints and opportunities for stimulus to ensure choices translate to development impact and leave no one behind (**Finance & Stimulus**).

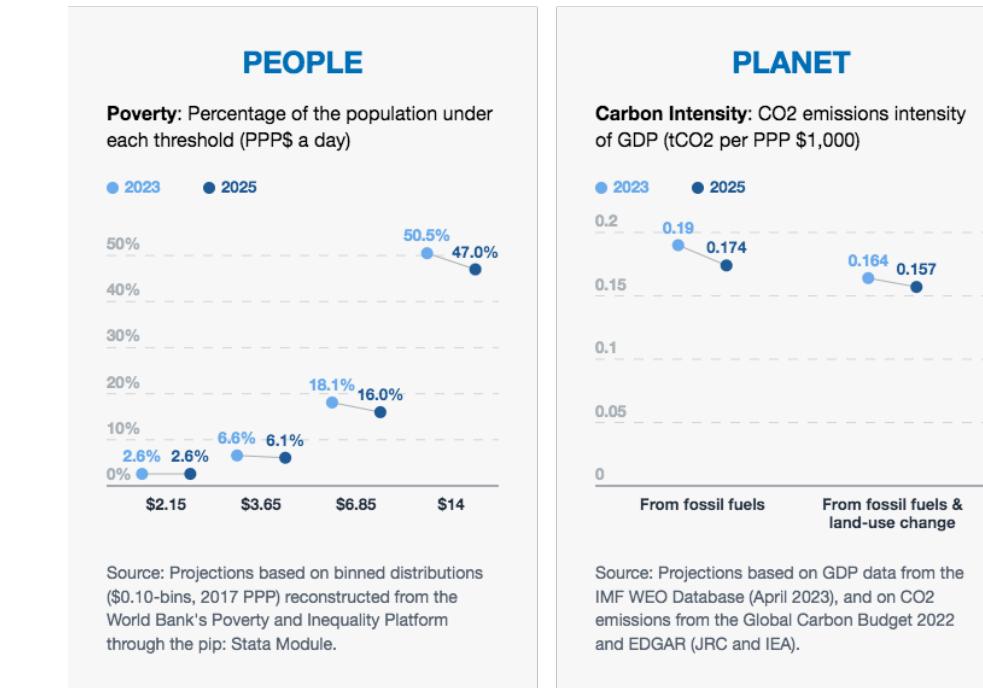
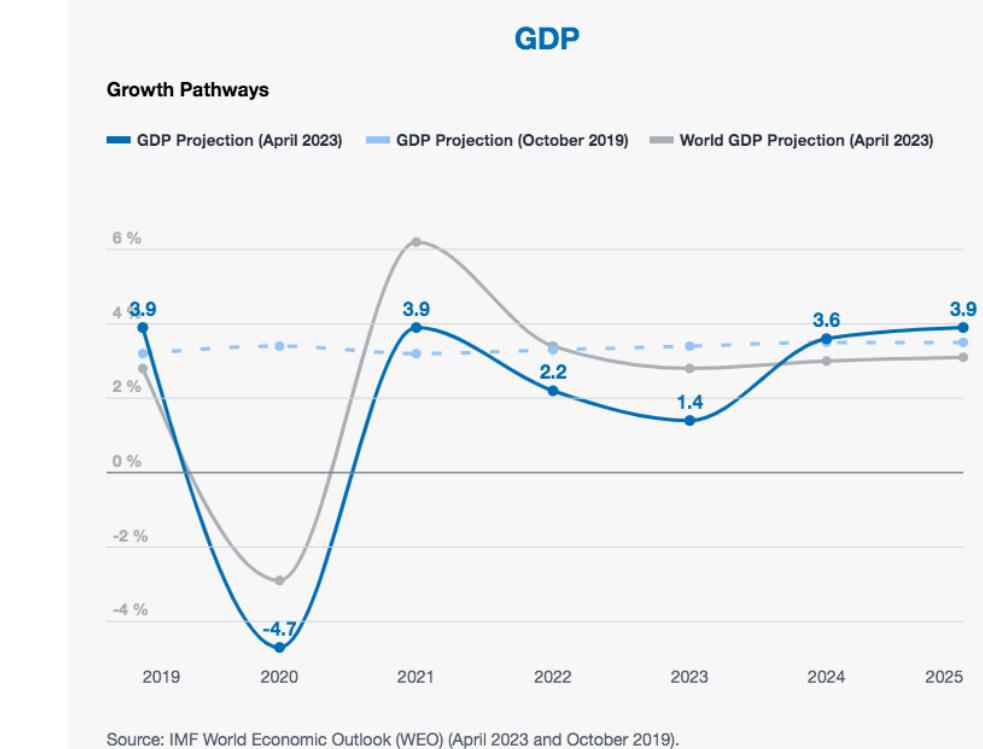
# SDG MOMENT: NORTH MACEDONIA

While economic growth is a key element in achieving the SDGs, many countries are intent on moving beyond growth as a yardstick for progress. In the short run, growth enables the SDGs; but in the long run, the SDGs aim to transform the pattern of growth itself.

Next year North Macedonia's economic growth is projected to surpass both the global rate and the country's growth trajectory forecast before the pandemic. Accordingly, the country's commitments to achieving the SDGs are focused on mitigating the effects of the recent slowdown on the most vulnerable households and on increasing people's well-being.

This economic expansion is expected to exert a moderately positive influence in reducing poverty, though there are still some distributional challenges to accelerate progress when using more stringent thresholds. On the other hand, the economic cycle would be somewhat less dependent on carbon emissions as the country's fossil emissions intensity of GDP is projected to decrease at an annual rate of 4% under current conditions.<sup>2</sup>

<sup>2</sup> CO2 emissions intensity of GDP is computed as tonnes of CO2 per \$1,000 (2017 PPP).



# SDG TRENDS

Understanding how performs against the SDG targets provides a baseline landscape against which to build integrated SDG pathways. SDG progress tracking follows UN Stats standards and methodology, and is aligned with country profiles.



Data source: Global database of SDG indicators compiled by UN Stat, collected by custodian agencies from national sources. All the time series data for all the SDG indicators are collected using UNStats API.

Methodology for assessing SDG target progress: Combine the latest available methodology from technical note by UNStats and information provided by Custodian Agencies (i.e. FAO, UN Women).

North Macedonia conducted the Population Census in 2021. Data to be released in September 2023

#### Trends in detail:

<https://data.undp.org/sdg-push-diagnostic/MKD/sdg-trends>

#### National Platform:

<http://stat.gov.mk/>

# SDG PRIORITIES

North Macedonia's national priorities are analysed using machine learning to reveal the most prominent SDGs referenced in national policy documents. This analysis uses a custom-built model for SDG classification. It considers 100k+ terms, including phrases and expressions.

The last Voluntary National Review that the country completed was in 2020 [\[link here\]](#)



#### Key documents for analysis:

1. National Strategy for Nature Protection 2027
2. National Energy Strategy 2040
3. Regional Development Strategy 2031
4. Enhanced Nationally Determined Contribution,
5. Water Strategy for the Republic of Macedonia 2010
6. National Programme for adopting EU law 2021-2025
7. Education Strategy 2025
8. National Development Strategy diagnostics, Macedonian Academy of Arts and Sciences.
9. Decision for determining the strategic priorities of the Government of North Macedonia for 2024
10. Plan for accelerated economic growth

#### Priorities in detail:

<https://data.undp.org/sdg-push-diagnostic/MKD/current-priorities>

# Synergy of EU Accession and the SDGs

- North Macedonia was granted European Union (EU) candidate status in December 2005, and accession negotiations opened in March 2022
- In 2020 UNDP supported document MKD2030 under the auspices of the President which provided a framework for integrated policymaking for EU accession and achieving the SDGs
  - About 65 percent of the SDG targets (109 of 169 targets), have a strong link with the chapters of the Acquis Communautaire
  - However, that means 60 targets – or 35% of the total – are not addressed through this process
  - These targets are mostly clustered in SDG 17 – Partnership for the goals, SDG 10 – Reduced inequalities, and SDG 4 – Quality education
- Four reform packages were identified
  - Improve governance (rule of law and democracy)
  - Strengthen economic governance and trade integration
  - Upgrade human capital
  - Foster green growth



# SDG INTERLINKAGES

SDG interlinkages reveal how actions directed towards one SDG can impact others. Uncovering and understanding these interactions can help North Macedonia to achieve the 2030 Agenda for Sustainable Development and to navigate trade-offs.

Based on a global framework for interlinkages, North Macedonia's SDG progress is colour-coded at the target level.

Building from national priorities, the following pathways reflect policy investments with the most potential to accelerate the SDGs for North Macedonia:

- Target 4.4: Skills for employment
- Target 8.3: Promote development-oriented policies
- Target 9.4: Upgrade infrastructure and retrofit industries to make them sustainable
- Target 12.2: Achieve the sustainable management and efficient use of natural resources
- Targets 16.6: Develop effective, accountable and transparent institutions at all levels
- 16.7: Ensure responsive, inclusive, participatory and representative decision-making at all levels



## ACCELERATION PATHWAYS



# SDG INTERLINKAGES

## 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

Investments in human capital are a crucial accelerator for the whole EU and SDG agenda for North Macedonia. Ensuring relevant skills (4.4) for youth is a key in the age of rapid economic and social changes. In the Programme for International Student Assessment (PISA) (2018) North Macedonia lagged the Organisation for Economic Co-operation and Development averages in reading literacy (393 vs 487), maths (394 vs 489) and science (413 vs 489).

Investments in secondary education (4.1) and competitive skills (4.3) could help young people to set out on a future path that ensures employment (8.6) and contributes to accelerating economic convergence with the EU (8.1). Addressing the gender gap in employment – through education and women's empowerment (5.5) – could be a potential SDG accelerator with a broad impact.

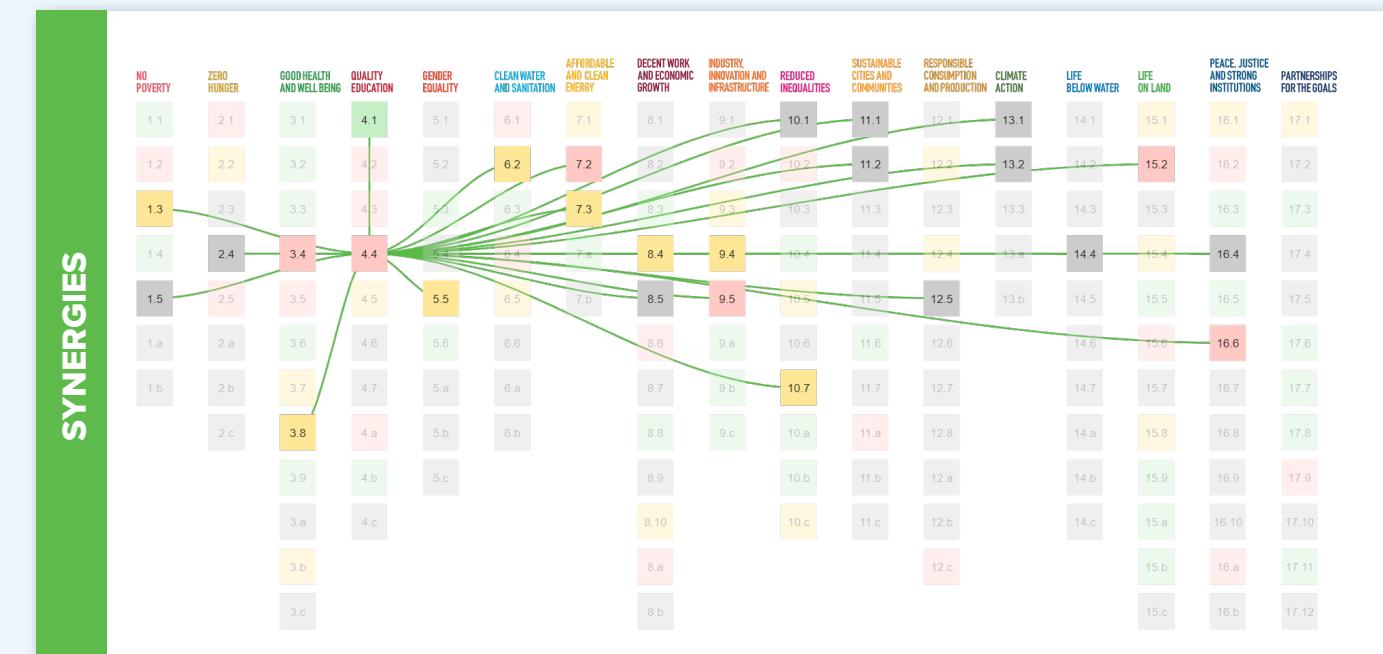
Addressing evident differences (10.1) in education (see PISA 2018) by expanding options for boys and girls and enhancing young women's and girls' access to STEM and ICT education will contribute to women's empowerment (5.5, 5.b). Sustainable urbanization, including transportation services (11.1, 11.2), and targeted inclusion policies for disadvantaged groups (Targets 1.3, 10.3) will contribute to improving equality of opportunities.

● ON TRACK

● FOR REVIEW

● OFF TRACK

● TRENDS NA



Explore the interlinkages at:

<https://data.undp.org/sdg-push-diagnostic/MKD/synergies-and-tradeoffs>

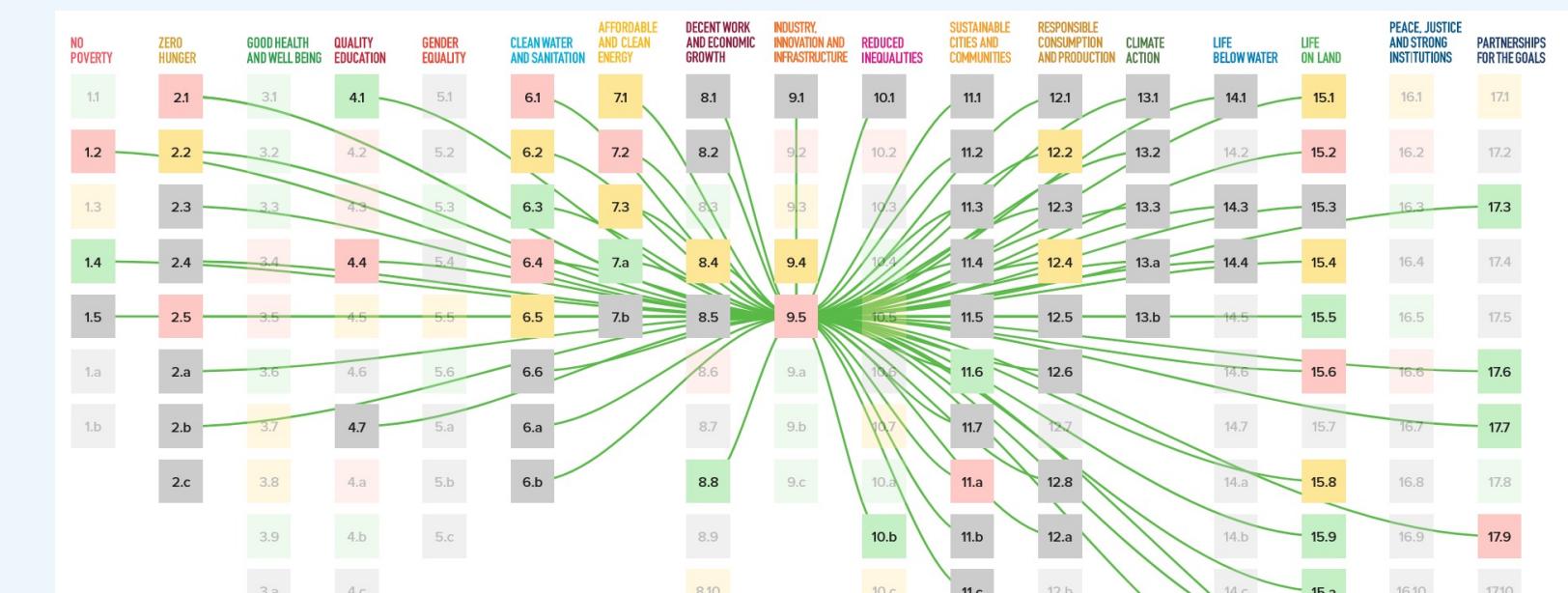
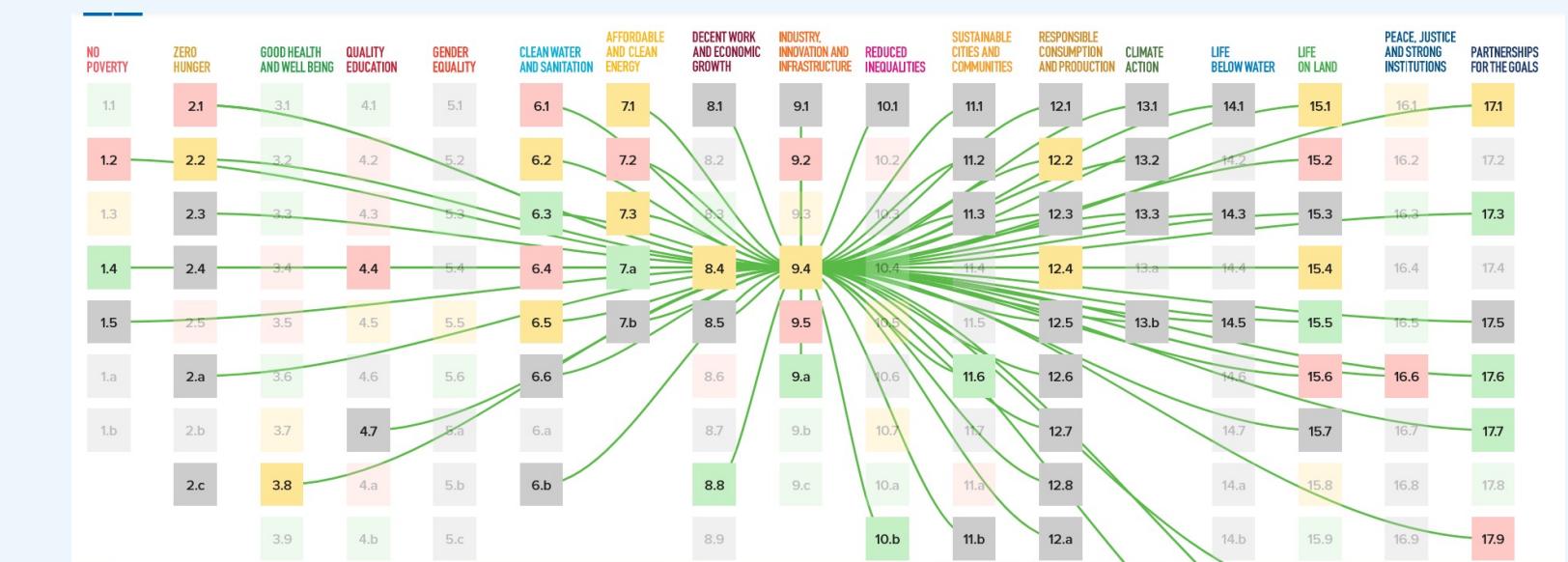
# SDG INTERLINKAGES

**9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, and entry point Target 9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors, encouraging innovation and substantially increasing the number of R&D workers**

Entry point Target 9.4 involves 72 synergies and 8 trade-offs and entry point Target 9.5 has 78 synergies and one trade-off. Target 9.4 concerns the transition to green (clean) and blue (efficient) technologies, thereby reducing the environmental impact of business operations.

These targets have a broad acceleration effect through improved resource efficiency (Targets 8.4, 8.5), responsible consumption and production (Targets 12.1-12.8), energy efficiency (Targets 7.3, 7.a, 7.b), improved water efficiency and quality (Targets 6.2, 6.3, 6.4, 6.5, 6.6), inclusion of youth and support of entrepreneurship (Target 8.4), climate action (Targets 13.1, 13.2, 13.3, 13.b), no poverty (Targets 1.2, 1.4, 1.5) and no hunger (Targets 2.1-2.4).

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Explore the interlinkages at:

<https://data.undp.org/sdg-push-diagnostic/MKD/synergies-and-tradeoffs>

# SDG INTERLINKAGES

## 12.2: By 2030, achieve the sustainable management and efficient use of natural resources

The policies for accelerated growth would not be relevant if they were not delivering inclusive and sustainable growth. Target 12.2, focusing on sustainable use of natural resources, lies at the heart of the green economy.

It involves 59 synergies and 5 trade-offs and is closely linked with the following elements:

- Sustainable and inclusive agricultural practices (Targets 2.1., 2.3, 2.4, 2.5)
- Clean water and sanitation (Targets 6.1-6.6)
- Energy transition (Targets 7.2, 7.3),
- Sustainable infrastructure, cities and communities (Targets 9.4, 9.5, 11.3, 11.4, 11.6)
- Inclusive economy (Targets 1.2, 1.4, 1.5, 2.3, 4.7, 5.5, 10.2)
- Women's empowerment, linked to women's participation in decision-making (Target 5.5) and access to and control over natural resources (Targets 1.4, 2.3, 5.a).

The goal of the green economy is decoupling economic growth from environmental degradation while ensuring climate resilience (Targets 13, 14, 15).

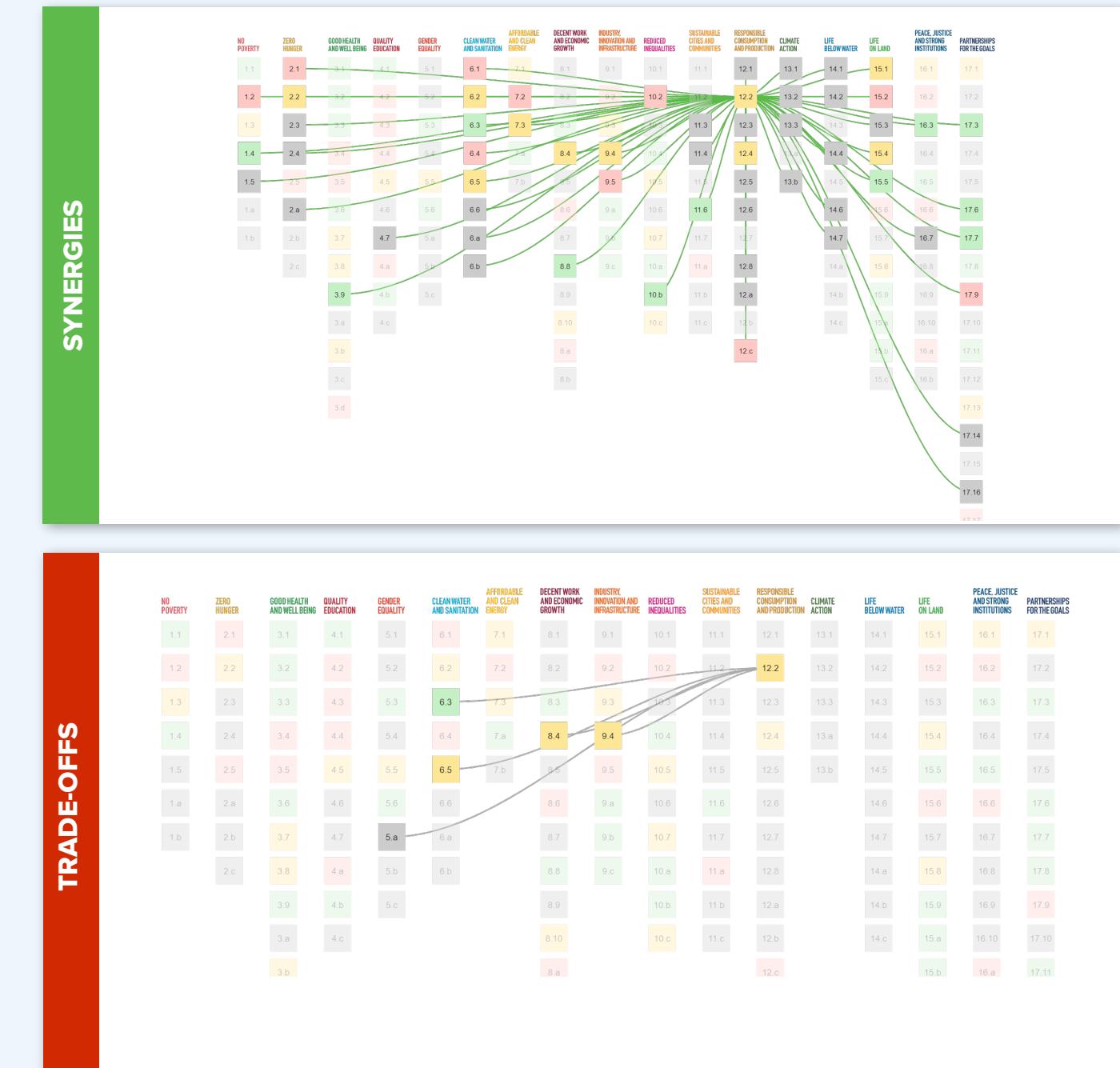
Building a green economy requires short term trade-offs with the pressing needs of accelerated growth. It requires a just transition, namely providing transitory social protection measures to those affected by the transition (Target 1.3), building skills for the future (Target 4.7) and business investments in sustainable infrastructure (Targets 9.1, 9.4, 9.5) using blended and innovative finance (Target 17.3)

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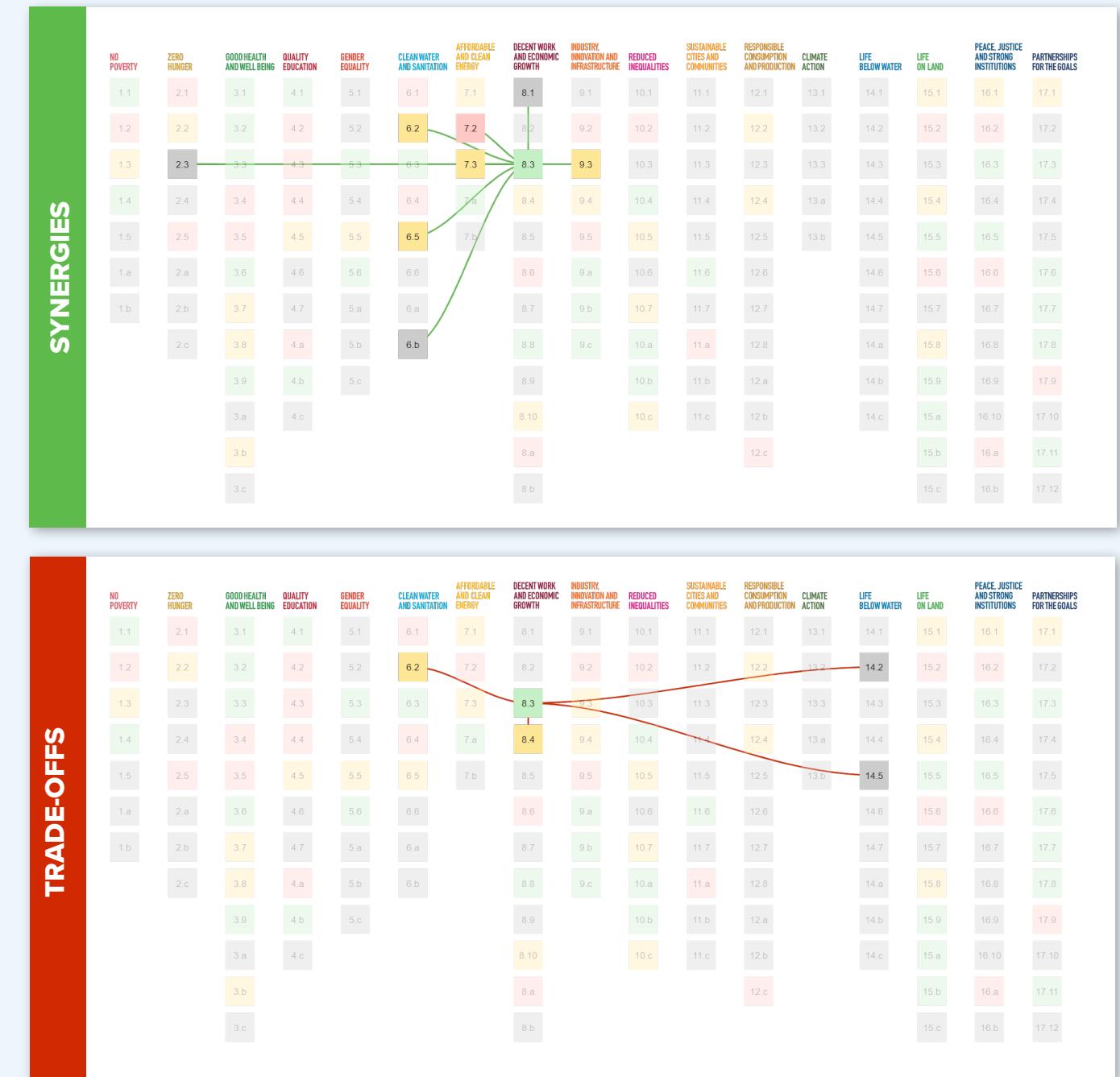
# SDG INTERLINKAGES

**Entry point target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services**

The policies for accelerated, inclusive and sustainable growth of North Macedonia's economy (Target 8.3) aim at converging with the EU. These policies are fully compatible with the SDGs and can serve as powerful catalysts for growth and SDG achievement. They are aimed at achieving faster economic growth (Target 8.1) through trade facilitation (Targets 8.a, 17.10, 17.11) and based on increased agricultural (Target 2.3) and industrial productivity (Targets 9.2, 9.3). Policies for sustainable growth also include those aiming at recognizing unpaid care and providing public care infrastructures and services (Target 5.4), enhancing women's participation in decision-making and women's empowerment (Target 5.5), including through STEM and ICT education (Target 5.b), and ensuring them equal rights to access and control resources (Target 5.a). Digitalization, which lies at the heart of these policies, requires developing quality, reliable, sustainable and resilient infrastructure, including ICT (Targets 9.1, 9.c).

Economic growth policies should resolve trade-offs with the quality of economic growth. Ensuring worker rights (Target 8.8), in particular freedom of association, are closely linked to the realization of the acceleration pathway (Targets 16.6 and 16.7) as without respect for freedom of association there can be no properly functioning institutions and inclusive decision-making in the world of work. Global resource efficiency (Target 8.4), increasing energy efficiency (Targets 7.2, 7.3), and ultimately decoupling economic growth from environmental degradation while ensuring climate resilience.

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Explore the interlinkages at:

<https://data.undp.org/sdg-push-diagnostic/MKD/synergies-and-tradeoffs>

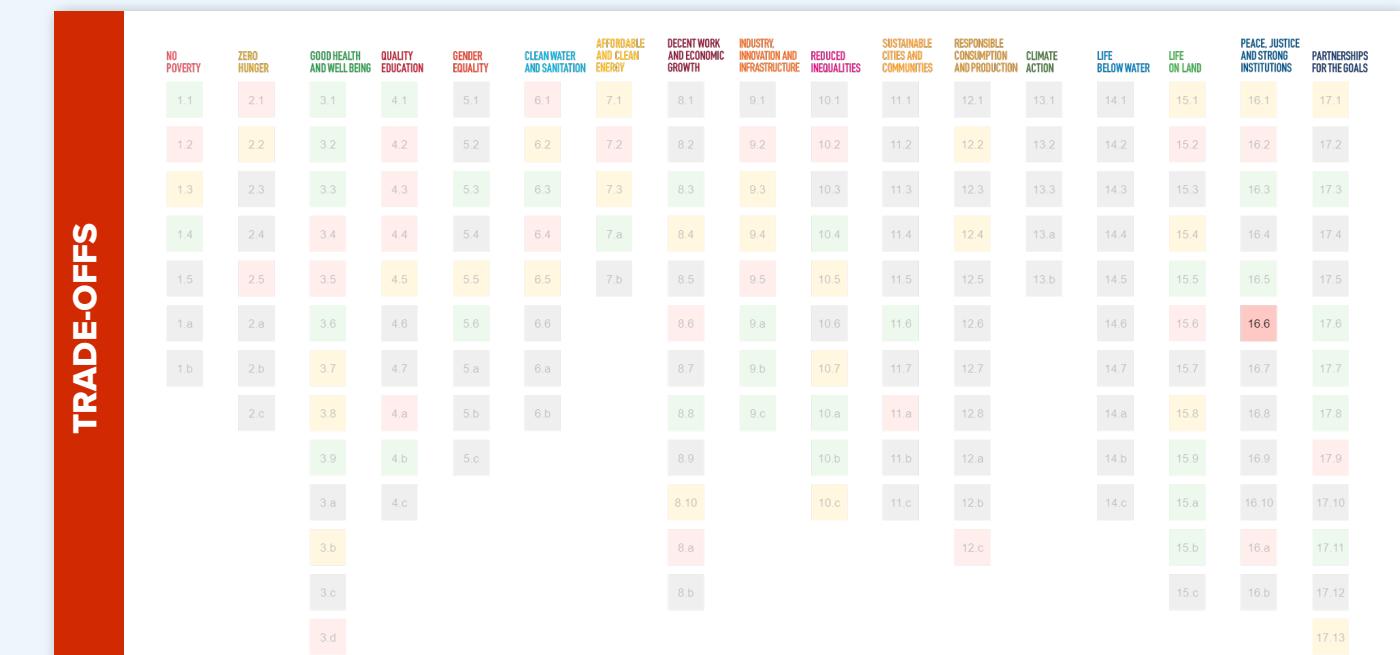
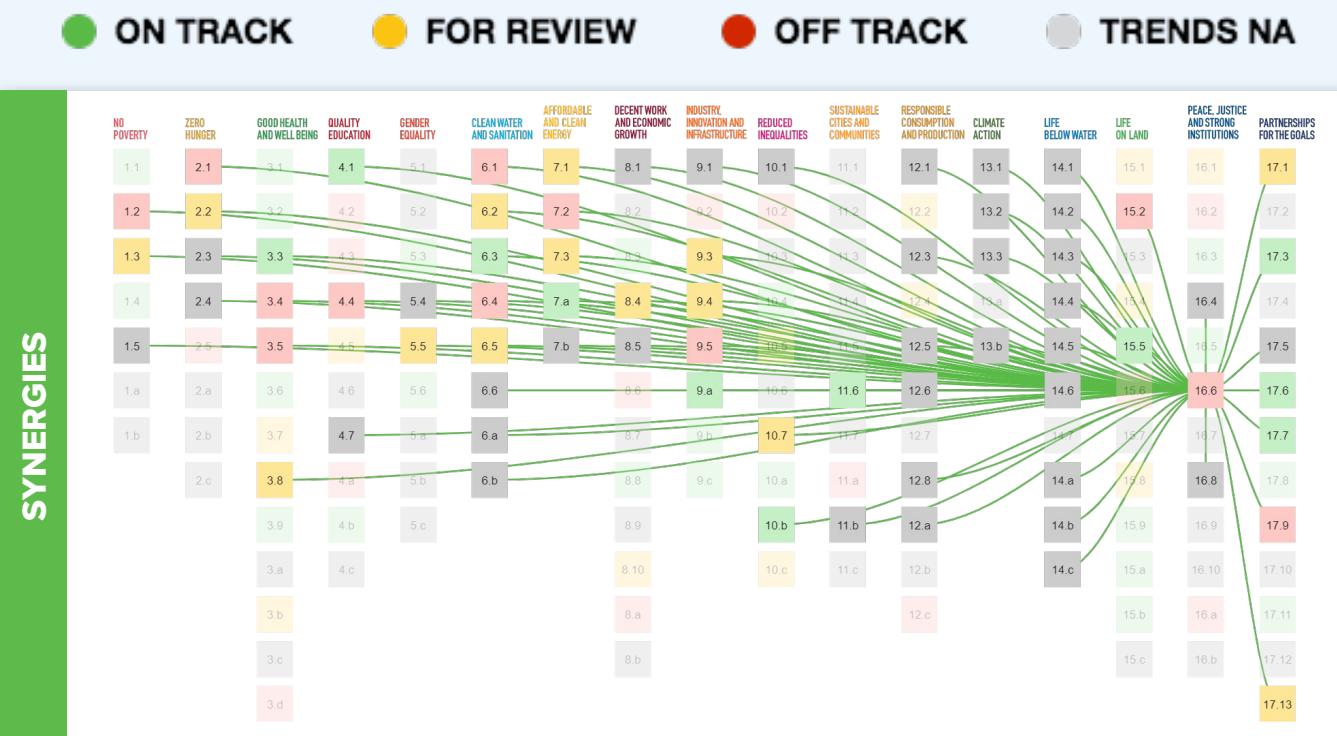
# SDG INTERLINKAGES

**16.6: Build effective institutions and Target 16.7: Ensure responsive, inclusive, participatory and representative decision making at all levels**

Policies for achieving the SDGs require strong (Target 16.6) and inclusive (Target 16.7) institutions. Not surprising, SDG 16 is at the centre of both the SDGs and the *acquis communautaire* (the common body of EU law that must be adopted before accession), especially chapters 23 (the judiciary and fundamental rights) and 24 (justice, freedom and security). These two chapters are seen as the backbone of the whole EU negotiation process.

**Target 16.6 has 72 synergies and 0 trade-offs.**

Targets 16.6, 16.7 have broad acceleration effects through improving inequality of opportunities and thus economic inclusion (Targets 10.1-10.7) through implementation of specific policies aimed at women's empowerment (Targets 5.4, 5.5) and participation in decision-making (Target 5.5). These are accompanied by policies aimed at reducing and redistributing unpaid care work (Target 5.4), reducing territorial inequalities (Target 11.2), reducing any adverse environmental impact (Target 11.6), promotion and protection of the human rights of ethnic minorities and of the most vulnerable groups, such as Roma, children and LGBTIQ (Targets 10.3, 1.5).



#### ***Explore the interlinkages at***

<https://data.undp.org/sdg-push-diagnostic/MKD/synergies-and-tradeoffs>

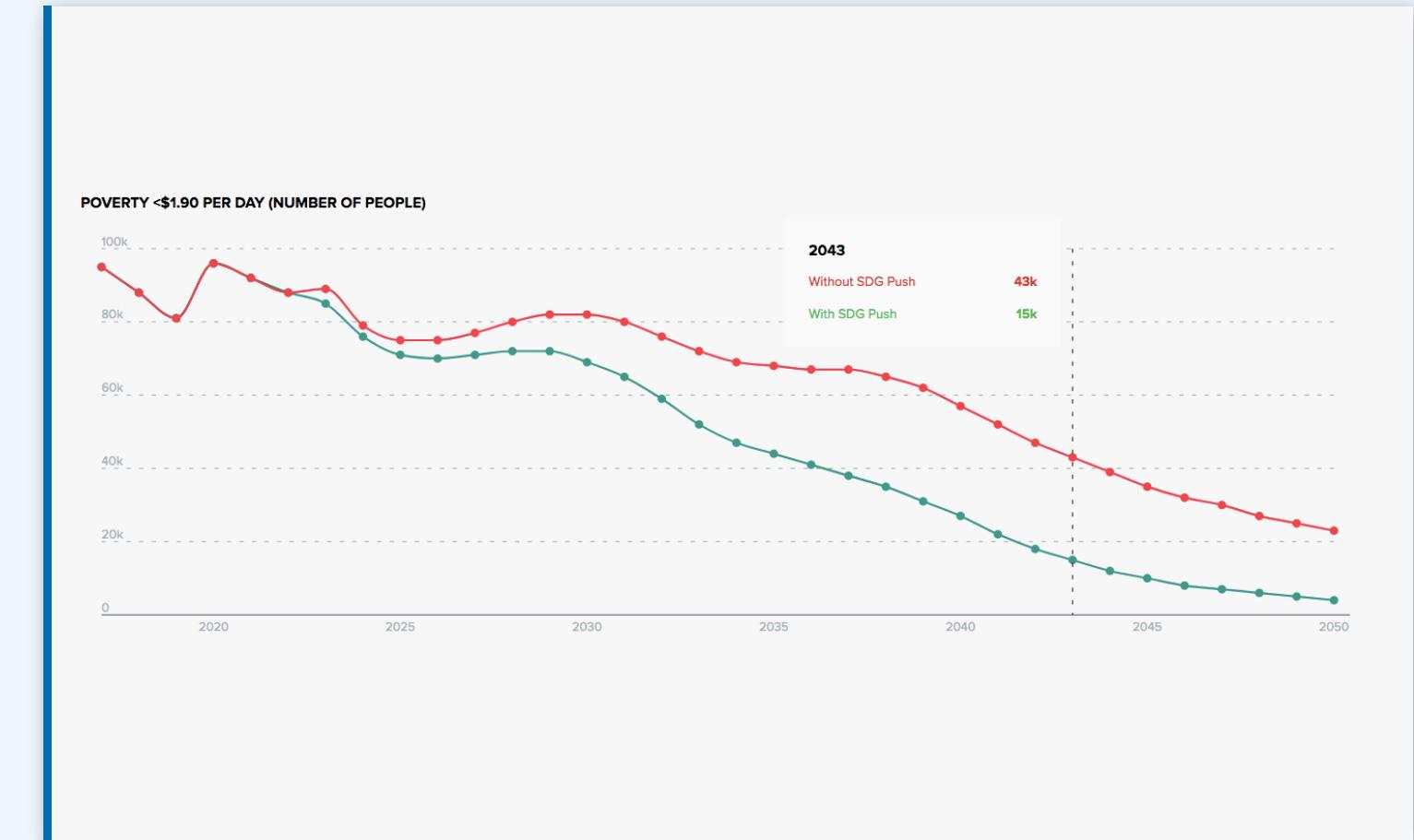
# FUTURES SCENARIOS

Achieving the SDGs is possible.

The ‘SDG Push’ is a futures scenario based on 48 integrated accelerators in the areas of Governance, Social Protection, the Green Economy and Digital Disruption. It uses national data to explore the impact on human development by 2030 and by 2050 across key SDG indicators.

Incorporating ‘SDG Push’ accelerators into development interventions in North Macedonia can reduce the number of people living in poverty over time.

People living in poverty	By 2030	By 2050
Without the SDG Push	82,000	23,000
With the SDG Push	69,000	4,000



Explore SDG Futures Scenarios at:

<https://data.undp.org/sdg-push-diagnostic/MKD/future-scenarios>

# FINANCE & STIMULUS

Many countries are facing reduced fiscal space, high debt levels, rising interest rates and downgrades on credit ratings. Fiscal and financial constraints tend to slow or even reverse SDG progress.

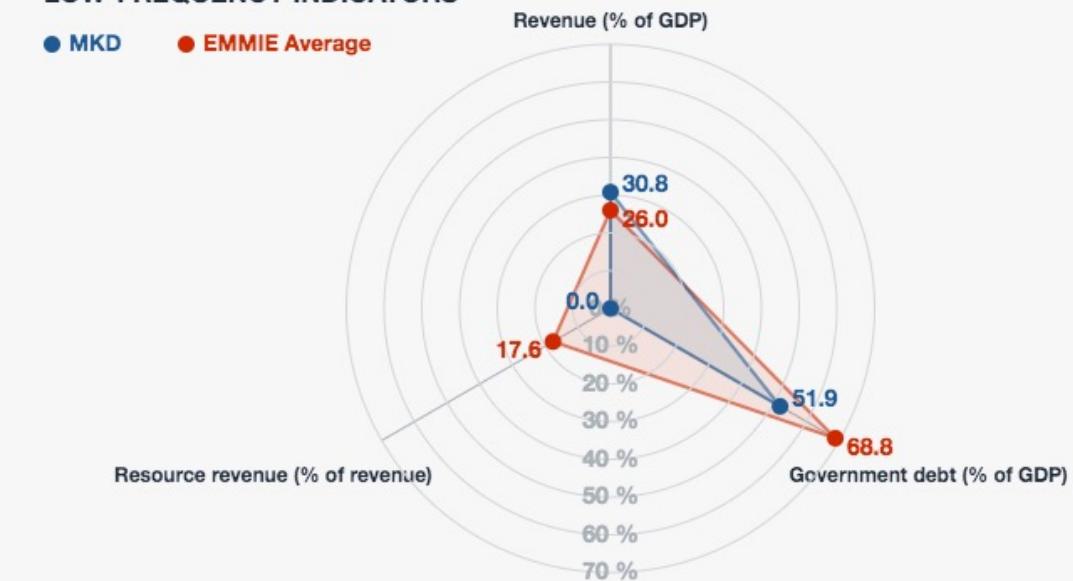
The radar diagram shows low frequency data points linked to government revenue and debt as a proportion of GDP and the natural resource share of total revenue. The financial indicator graph shows external debt servicing relative to revenue.

North Macedonia's gross government debt, projected at 51.9% of GDP in 2023 is 16.9 percentage points (pp) below the emerging market and middle-income economies (EMMIE) group of 68.8%. The country is expected to collect 30.8% of GDP in revenue this year, thus nearly a fifth more than the EMMIE group with 26%.

North Macedonia's external debt servicing relative to revenue is projected to be as high as 22.6% this year, thus nearly double the average EMMIE country's 12.3%.

## LOW-FREQUENCY INDICATORS

● MKD ● EMMIE Average



## FINANCIAL INDICATORS

● MKD ● EMMIE Average

Total external debt servicing (% of revenue)



**Notes:** External debt covers public and publicly guaranteed debt. The EMMIE average of resource revenue (% of revenue) includes the 60 countries that reported data for that indicator.

**Sources:** UNU-WIDER GRD (resource revenue, data from 2021), IMF WEO April 2023 (debt and revenue, forecasts for 2023), IDS (external debt, data from 2023).

# SDG STIMULUS

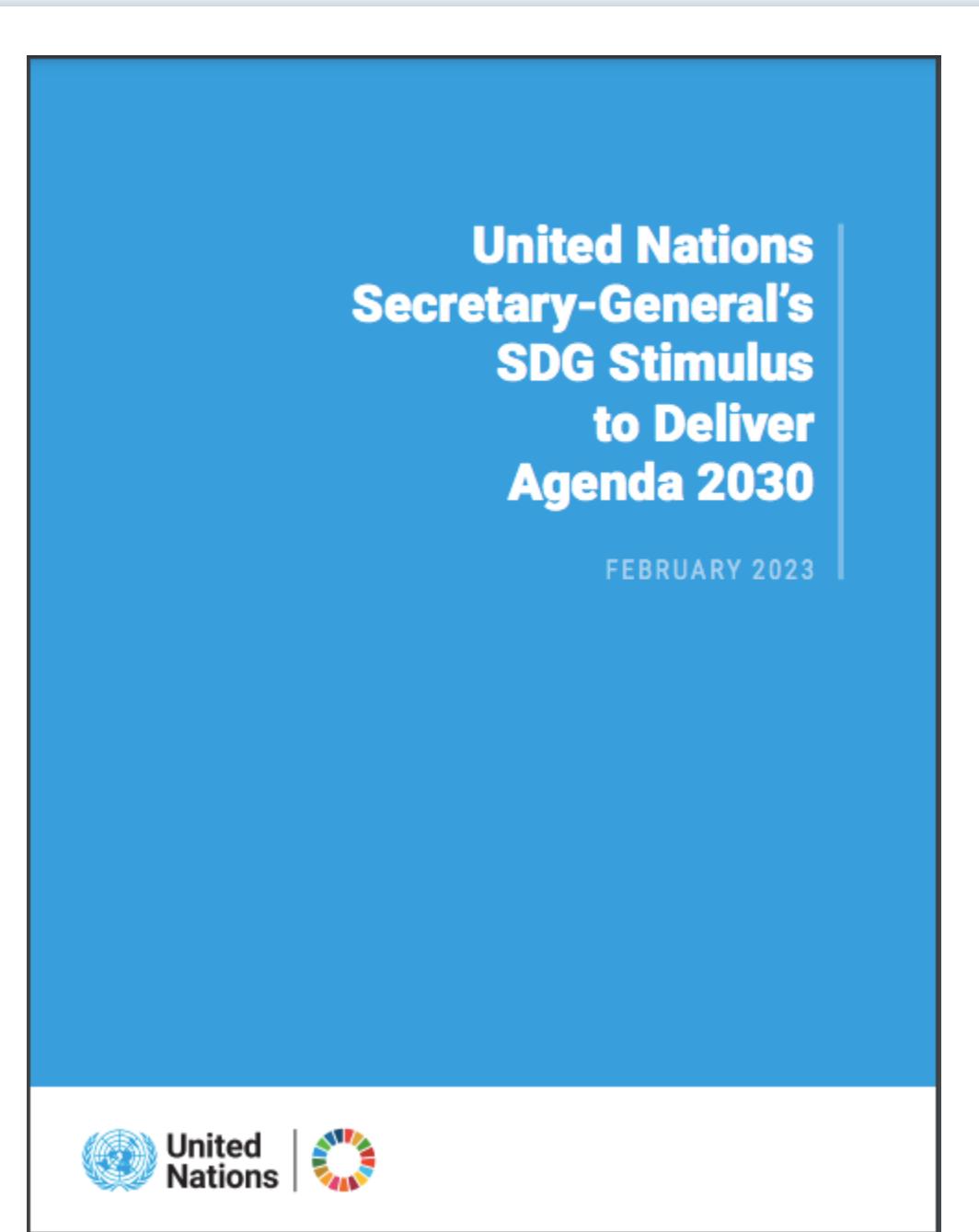
The UN Secretary General's SDG Stimulus Plan lays out a blueprint for action within the existing financial architecture. It includes:

- Providing liquidity to support recovery in the near term
- Enhancing debt relief for vulnerable countries
- Expanding development financing by MDBs
- Aligning financial flows with the SDGs and the Paris Agreement, according to country-level priorities and needs, for example through the roll-out of the UN Integrated National Financing Framework (INFFs).

Given the projected fiscal and financial constraints faced by North Macedonia, possible funding options for the investments derived from the identified interlinkages are associated with the creation of an SDG-conducive business environment and with the scaling up of SDG investment through the following actions:

- Tax reforms (e.g. carbon tax, tax on sugary drinks, progressive income taxation, tax incentives and disincentives)
- SDG tagging and SDG prioritization of budget expenditure and public investment
- Climate finance (green bonds, green loans, green public-private partnerships (PPPs))
- Blended finance with much greater involvement of the private sector (guarantees, innovative PPPs, greening the foreign direct investments, support for ecopreneurship and social entrepreneurship, grant co-financing of SDG investment projects, crowdfunding)
- Improved access to SDG-related finance by reforming banking regulations and promoting innovative financial products and services
- SDG investment-related use of remittances and philanthropy financing

Some of the options noted, include regional approaches to financing.  
**INTEGRATED SDG INSIGHTS - NORTH MACEDONIA**



# METHODOLOGY

Click [here](#) to view the Methodological Note for the Integrated SDG Insights



## SDG MOMENT

### Methodology

Assesses challenges and opportunities in national growth trajectories with insights on environmental sustainability and inclusiveness.

### Data Sources

Future trajectories to 2025 are based on IMF-WEO GDP projections, distributions of per capita income or consumption from the World Bank, and CO<sub>2</sub> emissions from the Global Carbon Budget 2022 and EDGAR (JRC and IEA).



## TRENDS & PRIORITIES

### Methodology

SDG trends tracks progress from 2015 to date for the 231 indicators. National priorities are analysed using machine learning to reveal the most prominent SDGs referenced in national policy documents.

### Data Source

Trends utilizes official [UN statistics](#) to assess [SDG progress](#), supplemented with national data when available. Priorities uses a custom-built model for SDG classification. The policy documents analyses are provided by Governments.



## INTERLINKAGES

### Methodology

Global target-level interlinkages are drawn from the [KnowSDGs Platform by European Commission](#). SDG interlinkages were retrieved through a structured literature review in Scopus and Google Scholar to tap both grey literature and peer-reviewed publications as a source of information.

### Data Source

The exercise globally considered a total of 454 documents published from 2015 to August 2022. ([Miola et al., 2019](#) updated in [2021-2022](#))



## FINANCE & STIMULUS

### Methodology

Provides insight into indicators of fiscal and financial stress with options (INFF) for stimulus and other means to accelerate progress.

### Data Source

Most recent resource data from UNU-WIDER GRD (between 2018 and 2021), debt and revenue from IMF WEO (between 2020 and forecasts for 2023), external debt from IDS (2023), yields from Haver Analytics (8 June 2023), credit ratings from S&P, Moodys and FITCH (2023), and DSA ratings from World Bank/IMF (31 May 2023).