



Brussels, 23.10.2024
SWD(2024) 244 final

COMMISSION STAFF WORKING DOCUMENT

North Macedonia

Accompanying the document

Commission Implementing Decision

**approving the Reform Agendas and the multiannual work programme on the approval
under the Reform and Growth Facility for the Western Balkans**

{C(2024) 7375 final} - {SWD(2024) 241 final} - {SWD(2024) 242 final} -
{SWD(2024) 243 final} - {SWD(2024) 245 final}

COMMISSION STAFF WORKING DOCUMENT

Accompanying the document

Commission Implementing Decision

**approving the Reform Agendas and the multiannual work programme under the
Reform and Growth Facility for the Western Balkans**

North Macedonia

Table of contents

- EXECUTIVE SUMMARY 3**
- Introduction 5**
- Part 1: Assessment of the Reform Agenda..... 7**
 - 1.1 Assessment of the relevance and coherence of the Reform Agenda 7**
 - 1.1.1 Consistency with the Objectives of the Western Balkans Facility 7**
 - 1.1.2 Relevance with the general EU policy Framework 10**
 - 1.1.3 Fundamentals of enlargement including Rule of Law, the fight against organised crime, fundamental rights and fight against corruption 11**
 - 1.1.4 Climate and environmental objectives and "do no significant harm" 14**
 - 1.1.5 Digital transformation..... 16**
 - 1.1.6 Business environment and Private sector development 17**
 - 1.1.7 Education, training, employment and social objectives and leave no one behind 19**
 - 1.1.8 Gender equality 20**
 - 1.1.9 Indicative investments under the Western Balkans Investment Framework 20**
 - 1.2 Assessment of the reforms and investments and the linked qualitative and quantitative steps 22**
- Part 2: Assessment of horizontal aspects..... 27**
 - 2.1 Complementarity with IPA III..... 27**
 - 2.2 Monitoring, reporting and evaluation 28**
 - 2.3 Control and audit systems 29**
 - 2.4 Consultation process 31**
 - 2.5 Communication and visibility plan..... 31**

EXECUTIVE SUMMARY

With the entry into force of Regulation (EU) 2024/1449 on 25 May 2024, the legal basis of the Reform and Growth Facility for the Western Balkans is now established. The implementation of the Facility has started swiftly, with the preparation and the submission of the Reform Agendas by the beneficiaries, which has followed an intense preparation process validated also by extensive consultations at national level.

The Reform Agendas are the cornerstone of the Facility: they set an ambitious pattern for growth focusing on necessary socio-economic reforms coupled with fundamental reforms, including rule of law and targeted investments. They also represent the mechanism through which payments are decided, hence offering both a monitoring tool and effective policy dialogue instrument between North Macedonia and the Commission.

This Staff Working Document presents the assessment of the Commission of the Reform Agenda submitted by the Government of North Macedonia, performed in line with Article 14 of the Regulation, and with specific attention to the elements summarised below.

The Reform Agenda of North Macedonia is consistent with the general objectives and preconditions of the Regulation as well as in line with its specific objectives. It is designed to support the enlargement process by accelerating the alignment with Union values, laws, rules, standards, policies and practices ('acquis') through reforms in the framework of its future Union membership. It should accelerate economic integration and foster progressive integration into the Union and especially socio-economic convergence with the EU and the EU single market. In regard to the preconditions, North Macedonia has a multi-party parliamentary system, that holds free and fair elections, and the reforms foreseen in the Reform Agenda will contribute to reinforcing the independence of its judiciary as well as the rule of law, and thus further guaranteeing respect for all human rights obligations, including the rights of persons belonging to minorities.

The Reform Agenda of North Macedonia is also consistent with the EU policy framework, due to its strong focus on enlargement fundamentals, including the rule of law, anti-corruption, fight against organised crime and fundamental rights. It should also strongly contribute towards North Macedonia meeting the accession criteria, as it will increase the stability of institutions guaranteeing democracy, independent judiciary, the respect for the rule of law, and fundamental rights. It will also reinforce its functioning market economy and its ability to cope with competitive pressure and market forces within the EU. It will also enhance the ability of North Macedonia to take on the obligations of membership, and increase its capacity to effectively implement the rules, standards and policies of the EU acquis.

Notwithstanding the transformative potential of the Reform Agenda, it is important that the policy framework and results-based financing mechanism of the Facility are not interpreted as

a comprehensive response to the requirement of the accession process. The Facility has neither the financial leverage nor the policy scope necessary to address every obligation stemming from the accession process. The negotiating framework and the other non-financial and financial instruments deployed by the Commission to accompany North Macedonia towards membership remain valid and complementary to the Facility.

The Reform Agenda is complementary with IPA III with regards to its focus on the Fundamentals as well as public administration reform, energy, human capital, private sector development, for actions programmed during the 2021-2024 period, and several investments under the Western Balkans Investment Fund (WBIF), flagships of the European Investment Programme (EIP) in particular concerning transport, such as work on Corridor X and Corridor VIII.

While this Staff Working Document makes a formal assessment of the reforms, steps and related timeline proposed in the Reform Agenda, it does not constitute an endorsement of any unilateral statement contained in the narrative part of the document prepared and submitted by the Western Balkans beneficiary.

In conclusion, the Commission has assessed that the Reform Agenda submitted by North Macedonia is relevant, comprehensive and appropriate to fulfil the objectives of the Facility.

Introduction

Insufficient socio-economic convergence between the Western Balkans and the EU has been a long-standing issue, exacerbated by the economic impact of Russia's unprovoked and unjustified war of aggression against Ukraine and before that by the COVID-19 pandemic. The Western Balkans' level of economic convergence in terms of GDP per capita in purchasing power standards is at between 30% and 50% of the EU average and is not progressing fast enough. It is essential for the Western Balkans, for the European Union and for the accession process that this rate of convergence accelerates, since a higher level of convergence will greatly facilitate the integration of the Western Balkans into the EU.

To reduce that disparity, the Commission in its Communication of 8 November 2023, entitled 'New Growth Plan for the Western Balkans' set out a New Growth Plan for the Western Balkans based on four pillars: (a) increasing integration with the EU's Single Market; (b) boosting regional economic integration, based on EU rules and standards, by fully implementing the existing Common Regional Market Action Plan; (c) accelerating fundamental reforms, including on the fundamentals cluster, supporting the Western Balkans' path towards EU membership and deepening reforms aiming at accelerating growth in the region, promoting economic convergence and strengthening regional stability; and (d) establishing a new financing instrument: the Reform and Growth Facility ('the Facility') for the Western Balkans.

The implementation of the New Growth Plan for the Western Balkans requires increased funding under the dedicated new financing instrument, the Facility, to assist the region in implementing reforms for sustainable economic growth, regional integration and the Common Regional Market. With the entry into force of Regulation (EU) 2024/1449 on 25 May 2024, the legal basis of the Reform and Growth Facility for the Western Balkans is now established.

The implementation of the Facility builds on the 'Reform Agenda', a coherent and prioritised set of targeted reforms prepared by each beneficiary, in consultation with relevant stakeholders, including beneficiaries' parliaments, local and regional representative bodies and authorities, social partners and civil society organisations. The Agenda provides a framework for boosting inclusive sustainable socio-economic growth, clearly articulated and aligned with Union accession requirements and the fundamentals of the enlargement process.

The Reform Agendas will reward performance of the beneficiaries, as the disbursement of Union support will be conditional on measurable progress in the implementation of the reforms therein.

The payment conditions take the form of a set of qualitative and quantitative steps with a related timeline for disbursements linked to specific socio-economic reforms to stimulate growth, put beneficiaries on a sustainable convergence path and orientate them towards specific reforms related to fundamentals of the enlargement process including rule of law, fight against corruption and organised crime. Macro financial stability, sound public financial management, transparency and oversight of the budget are general conditions for payments that have to be fulfilled for the release of funds.

Payments will occur according to a fixed semi-annual schedule, based on duly justified requests for the release of funds submitted by the Beneficiaries and following the verification by the Commission of the achievement of the relevant payment conditions, of the principles for financing under the Reform Agendas, including the general conditions mentioned above as set out in Art. 12 and of the pre-conditions stipulated in Art. 5 of the Regulation. In case these conditions are not met, the Commission will suspend or deduct a corresponding amount from the payment.

In order to ensure uniform conditions for the implementation of the Regulation, implementing powers have been conferred on the Commission to approve the Reform Agendas. Those powers should be exercised in accordance with Regulation (EU) 182/2011 of the European Parliament and of the Council. The Commission will duly take into account Council decision 2010/427/EU and the role of the European External Action Service (EEAS), where appropriate, and in particular when monitoring the fulfilment of the relevant pre-conditions for Union support. The Commission implementing decision referred to in the Regulation should at the same time constitute a work programme within the meaning of Article 110(2) of the Financial Regulation in respect of the amount of non-repayable financial support under this Regulation.

This Staff Working Document provides the Commission's assessment of the relevance, comprehensiveness and appropriateness of the Reform Agendas submitted to the European Commission on 10 July 2024 by North Macedonia, in compliance with the provisions stipulated in Article 14 of Regulation (EU) 2024/1449.

The document is structured in two parts, the first being the analysis of the compliance of the Agenda with the objectives of the Facility, with the overall EU Policy Framework including the Economic Reform Programme (ERP), the Joint Policy Guidance and the Enlargement Policy framework, and with key policy sectors that have been selected for accelerated socio-economic growth. Part one contains also the detailed assessment of the key policy areas of the Reform Agendas, their reforms and most significant qualitative and quantitative steps. It elaborates on the general conditions for payments and provides a brief analysis of the indicative list of investments that North Macedonia has preliminarily selected for support from the Facility under the Western Balkans Investment Framework.

Part two provides an assessment of the general issues contributing to the preparation and future implementation of the Facility: its complementarity with the on-going and future activities supported under the Instrument for Pre-accession Assistance, the beneficiary's consultation process leading to the preparation of the Agenda, the monitoring, evaluation and control systems that should be set up and the communication and visibility measures.

Part 1: Assessment of the Reform Agenda

1.1 Assessment of the relevance and coherence of the Reform Agenda

1.1.1 Consistency with the Objectives of the Western Balkans Facility

North Macedonia's Reform Agenda is designed to address many of the key challenges posed to the country's socio-economic convergence with the EU. North Macedonia's GDP per capita is currently well below that of the EU average while it lags on most other economic and social indicators relative to the EU. The Reform Agenda identifies challenges such as low productivity growth, characterised by the prevalence of low added value branches throughout its economy, a complex legal and regulatory environment hindering the ease of doing business, limited access to finance for SMEs, slow innovation and technology adoption, gaps in digitalisation affecting both business operations and the public sector structural problems of the labour market, such as the skills mismatch between labour market requirements and educational qualifications. Moreover, a large informal economy, an ineffective and untransparent state aid regime, inefficient, unstructured and untransparent State-Owned Enterprises are factors undermining the competitiveness of local businesses and contributing to the productivity gap. Furthermore, high dependence on energy imports, continued reliance on highly polluting coal, high energy intensity, inefficient energy use, and an aging energy production system pose challenges to achieving sustainable economic growth, which would enhance the prospects for convergence. Decarbonising the economy through deployment of new renewable energy sources and improving energy efficiency to meet targets for greenhouse gas reductions set under the European Green Deal, are further outlined as challenges due to requiring large-scale investments and regulatory and legal adjustments. Moreover, there are fiscal risks related to overoptimistic macro-fiscal projections in medium term, weak monitoring of the State-Owned Enterprises and implementation of major infrastructure investments, including the Corridor 8/10d Motorway project.

In response to the challenges identified, the following overarching objective has been formulated in North Macedonia's Reform Agenda, stating that it aims to address structural changes and undertake reforms required to modernize the economy, in parallel with reforms that will foster good governance and enforce the fundamentals of enlargement with the overarching goal of accelerating the socio-economic convergence with the Union and unlock the potential benefits of progressive integration with the EU Single Market, even prior to accession. This stated objective aligns with the general objectives of the Regulation (EU) 2024/1449 (Article 3.1 of the Regulation), which emphasize that reforms should contribute to accelerating alignment with Union values, laws, rules, standards, policies, and practices ('acquis'), as well as accelerating regional economic integration, progressive integration into the Union single market, and socio-economic convergence of the beneficiary's economy with the Union. In doing so, the Reform Agenda places a strong emphasis on the link between socio-economic convergence and enforcing the fundamentals of enlargement, including strengthening the rule of law, fight against corruption, organised crime and fundamental rights, fortifying administrative capacity, and aligning with the EU *acquis*, the latter elements being integral to fostering socio-economic convergence in view of accession.

To effectively address the broader spectrum of identified challenges and contribute to both the general and specific objectives of the Regulation (EU) 2024/1449 (Articles 3.1 and 3.2), North

Macedonia's reform agenda outlines a series of specific objectives divided into five policy areas: 1) Good Governance/ Public Administration Reform (PAR) and Public Financial Management (PFM); 2) Energy/Green and Digital Transition; 3) Human Capital; 4) Business Environment; 5) Fundamentals/Rule of Law, including fight against corruption and organised crime.

Under the Good Governance policy area, the set of measures addresses identified weaknesses in PFM. Specific objectives are to strengthen internal financial controls, increase competition in public procurement, advance fiscal consolidation and restore fiscal space. Regarding PAR, specific aims are to optimise how state administrative bodies are organised and operate and reform the civil service with emphasis on staff retention and promotions based on merit. These stated objectives are in line with the specific objectives of the Regulation (EU) 2024/1449, in particular to Article 3.2 (e) and are aiming at reinforcing effectiveness of public administration and oversight over the distribution of funds.

Regarding Energy/Green Transition, the Reform Agenda properly addresses the identified weaknesses, through specific objectives such as joining the day ahead market, gradually adjusting energy tariffs, while introducing energy poverty measures, simplifying renewable energy permits or undertaking first steps in launching emissions trading schemes. These aims will contribute to accelerating the inclusive and sustainable green transition to climate neutrality by 2050 and relate specifically to Article 3.2 (f) and (j).

Focusing on Digital Transition, the objectives are to establish secure digital infrastructures across the country, digitalise public administration and extend the available electronic public services offered to the citizens, thus simplifying administrative procedures for all services. These measures will contribute to the modernisation of public administration and the strengthening of security in national services. These measures relate specifically to Article 3.2 (k) in regard to bridging the country's gap with the EU standards and acquis in the area of cyber security and electronic communications and creating a more effective public administration thus making citizens everyday life easier.

Within the Human Capital policy area, the aims are to reinforce the education system to address the skills mismatch, to establish VET centres, to increase participation in adult education and to establish quality assurance systems for higher education. These objectives will contribute to the modernisation of the education system and the rationalisation of the schools' network and relate specifically to Article 3.2 (m) and (a) in regard to boosting quality education, training, reskilling and upskilling at all levels of the education system and gender mainstreaming.

Under the Business Environment policy area, the specific objectives are to reduce informality in the economy, ease the way of doing business, promote innovation, improve access to finance for SMEs, enhance transparency and phase out state-aid schemes, improve the governance of SOEs, modernize customs, and ensure the deployment of intelligent transport systems. These aims will contribute to a modernized economy with emphasis on fostering SMEs growth and better integration in wider regional supply chains, and are directly related to Article 3.2 (l), (h), (i), (e), and (a), emphasizing boosting research and innovation, promoting SMEs, enabling regional economic integration by facilitating trade flows, and addressing state aid control and tax avoidance.

With respect to Fundamentals/Rule of Law, the goals are to improve electoral legislation, enhance the efficiency, transparency, accountability, and functioning of the judiciary, and deliver results in the fight against corruption and organised crime. These goals will contribute to align with Article 3.2 (a) in promoting an independent judiciary, strengthening the fight against all forms of corruption, including high-level corruption, combating organised crime and money laundering, and strengthening the functioning of democratic institutions.

In accordance with Articles 3.2(b) and 13.1(j) of the Regulation (EU) 2024/1449, by enhancing the convergence of North Macedonia with the EU and providing access to some of the benefits of EU membership in advance of accession, the implementation of the Reform Agenda will further enhance the understanding of the strong shared interests of the EU and North Macedonia, including in foreign and security policy. This will contribute to North Macedonia maintaining its 100% alignment with the EU Common Foreign and Security Policy (CFSP), which remains a strong signal of its strategic orientation.

Visa policy alignment with the EU remains an important priority for North Macedonia. The national visa regime is largely aligned with that of the EU. Recent positive developments include reintroducing on January 2023 visa requirement for nationals of Botswana and Cuba, not extending the decision to temporarily allow nationals of Azerbaijan to enter North Macedonia without a visa which expired in March 2023. As a result, North Macedonia is well advanced in this regard, being aligned to date with the EU's list of visa-required countries, except just for Türkiye, which remains visa-free for North Macedonia. Nevertheless, North Macedonia commits to maintain the high level of alignment in the foreseeable future and ensures that no additional visa-free regime will be reintroduced, whether full or temporary, if non-conformant.

To maintain the reliability of these efforts, North Macedonia commits through the Reform Agenda to complementary actions, aiming at the overall strengthening of the public administration and civil service, together with strengthening the process of screening visa-free arrivals. In particular, North Macedonia commits to introduce additional security measures to better screen visa-free third-country nationals arriving in the country, by June 2027. A list describing the measures has been communicated to North Macedonia.

In terms of strategic dependencies, the economy is marked by a heavy reliance on energy imports, with demand amplified by high energy intensity, and inefficient energy use. Following the COVID-19 pandemic and Russia's war of aggression in Ukraine, skyrocketing international energy prices have led to a widening energy trade deficit, reflecting the country's high dependence on energy imports. The Reform Agenda aims to address this, in line with Article 3.2. (f), to accelerate the transition of the beneficiary to a sustainable, climate-neutral economy in the view of reducing strategic dependence. Specific measures aim at improving energy efficiency or expanding the country's installed capacity for generating renewable energy (solar and wind).

Overall, it can be confirmed that the Reform Agenda represents a relevant, comprehensive, coherent and adequately balanced response to the objectives of the Regulation (EU) 2024/1449 and is expected to accelerate progress towards bridging the socio-economic gap between North Macedonia and the Union.

The Reform Agenda proposed represents a relevant, comprehensive, coherent and adequately balanced response to the objectives of the Regulation (EU) 2024/1449 in line with Art 14.4 (a).

The proposed reforms have also been screened against potential risks in compliance with the preconditions and payment conditions. No risks have been identified.

During the preparation and the negotiations of the Reform Agendas, the Commission systematically addressed the issue of potential double-funding, by checking the proposed steps and reforms against the financial support already provided or in the pipeline of new programmes under the Instrument for Pre-accession Assistance (IPA) and against the activities funded by other partners in the Region. The Commission will continue to monitor the complementarity of the two financing instruments also during the implementation of the Reform and Growth Facility.

1.1.2 Relevance with the general EU policy Framework

North Macedonia's Reform Agenda is consistent with the EU enlargement policy framework. It places a strong emphasis on key enlargement priorities, such as the fundamentals, notably the respect for the rule of law, the reform of the judiciary and the fight against corruption and organised crime. It will increase the stability of institutions guaranteeing democracy. It will improve the performance of North Macedonia's economy, enabling it to further enhance the functioning of its market economy and its ability to cope with competitive pressure and market forces within the EU when it completes its path towards EU accession, and its ability to take on the obligations of membership, and increase its capacity to effectively implement the rules, standards and policies of the EU *acquis* and improve its alignment with several parts of the EU *acquis*. Concrete examples of proposed measures that align with the EU *acquis* include, among many others, adopting the new law on Public Prosecution in accordance with EU standards, introducing an "early warning system" for firms in distress and a mechanism to guarantee the wages of workers in bankrupt companies, in line with the EU *acquis*, phasing out state aid schemes that do not comply with EU regulations, adopting and implementing a cybersecurity legislative framework fully aligned with EU cybersecurity standards, aligning with the EU *acquis* on ITS (Intelligent Transport Systems) for rail and road.

North Macedonia's Reform Agenda is relevant to the the Stabilisation and Association Agreements (SAA), consistency to the SAA on rule of law being ensured through reform measures aiming at consolidating the judiciary (SAA Article 74), combating organised crime and corruption (SAA Article 78), reinforcing the principles of market economy (SAA Article 2), ensuring North Macedonia's approximation with EU *acquis* in several areas (SAA title VI) and along with other measures under pillar 1 of the Growth Agenda facilitating the free movement of goods (SAA Article 15). The reforms complement the SAA by strengthening public procurement (SAA Article 72), enhancing cooperation with the EU on transport (SAA Article 98), energy and the environment (SAA Articles 99 and 103), education and training (SAA Article 91). Proposed reforms will also address the business environment for small medium enterprises (SAA Article 86), research and innovation (SAA Article 102), tax

collection rates (SAA Article 89), customs modernisation (Article 88), state aid (SAA Article 69), monopolies of state owned enterprises (SAA Article 39).

The Reform Agenda is consistent with the latest macroeconomic and fiscal policy framework and the structural reforms identified in the latest Economic Reform Programme (ERP 2023-2025) submitted to the Commission in the context of the Economic and Financial Dialogue with the EU and the related Joint Policy Guidance Conclusions. A key aspect covered by the ERP, fiscal consolidation for restoring of fiscal space, is tackled through proposed measure such as ensuring full compliance with the fiscal rules as set in the Organic Budget Law, and reduction of electricity subsidies, requirements North Macedonia will rigorously need to be adhered to, in order to ensure that fiscal deficit will be contained. Moreover, additional fiscal space will be created by the Reform and Growth Facility through the provided budget support, upon conditionality being met. Other proposed measures address key structural reform areas identified in the ERP, building on top of its proposed solutions in tackling the mismatch in the labour market, the informal economy, parafiscal charges simplification, a large infrastructure investment gap, and the need to progress with the green transition. In parallel, the Commission expects North Macedonia to continue working on eliminating tax exemptions, a measure proposed in the ERP and not covered by a specific step. Through its proposed measures the Reform Agenda proves to be fully consistent with the Economic and Investment Plan for the Western Balkans (notably through the emphasis made on good governance as a foundation for economic growth, investments in clean energy, investing in a digital future and boosting the private sector). It is also aligned with the Green Agenda for the Western Balkans, in particular the focus on diversification of renewable energy, and the emission trading scheme.

Furthermore, the Reform Agenda aligns with the country's strategic documents such as the National Strategy for Education 2018-2025 (proposed measures under human capital), SME Strategy 2018-2023, Strategy for Formalization of the Informal Economy, The Growth Acceleration Plan 2022-2026, Smart Specialization Strategy 2023-2027 (under business environment), and Strategy of Judicial Reform 2024-2028 (measures on the judiciary), among others.

1.1.3 Fundamentals of enlargement including Rule of Law, the fight against organised crime, fundamental rights and fight against corruption

As the Reform Agenda aims to close the socio-economic gap in anticipation of future membership, measures that strengthen the fundamentals of the enlargement process (the Copenhagen criteria) are essential to fostering economic growth. This is articulated in Articles 3.2(a) and 13.1(c) of the facility, which prioritizes it as objective requiring the proposed measures in the Reform Agenda to reinforce the fundamentals of the enlargement process, including the rule of law, fundamental rights, the fight against corruption and organised crime, and, among other aspects, the strengthening of public administration. The Commission recognizes that the submitted Reform Agenda effectively addresses this requirement, primarily within the Fundamentals/Rule of Law policy area, but also throughout other policy areas in the agenda, being in line with priorities of Chapter 23 and addressing main issues highlighted in

the Commission recommendations of the 2023 Enlargement package and 2023 Screening report on North Macedonia as well as recommendations of the TAIEX peer reviews, particularly on improving the functioning of the Judicial Council, conclusions of the Justice, Freedom and Security subcommittee, and recommendations of the Venice Commission.

Special attention is given to measures that will strengthen the judiciary. North Macedonia has undergone several judicial reforms and adopted in December 2023 a new justice strategy aiming to improve the independence, efficiency, and professionalism of the judiciary. However, concerns persist regarding judicial independence, the Judicial Council's functioning, and appointment decisions for public prosecutors and judges. Limited financial resources and a deficit of human resources could impact the quality and efficiency of justice. Measures for transparency have been taken, and codes of ethics exist for prosecutors and judges.

The implementation of the Reform Agenda would help the country to improve the independence, quality and integrity of the judiciary. Key measures are foreseen to improve the legislative framework, with a specific focus on aligning the legislation regarding the functioning of the Judicial Council and the Council for Public Prosecutors with the *acquis* and the European standards, including by taking into consideration the opinion of the Venice Commission. Furthermore, the integrity in the judiciary would be improved by stepping-up the implementation of the human resources management strategies in courts and public prosecutors' offices. These measures will ensure that the vacant positions for judges and prosecutors are filled on regular basis and the judiciary won't lack the appropriate human resources to administrate the justice in an efficient manner.

Another set of measures aims to improve the efficiency of the judiciary. The 2024 Rule of Law Report highlighted concerns about the declining clearance rates for first-instance criminal cases, dropping from 103% in 2021 to 94% in 2022. Similarly, the clearance rate for first-instance civil and commercial cases fell from 99% to 85%, leading to a 24.8% increase in the backlog of cases. To address this, the Reform Agenda includes implementing a fully functional automated case management information system in courts and the Public Prosecutors' Office, eliminating manual case distribution. This will not only streamline processes and improve performance measurement but also ensure impartial case assignments, reducing the risk of political or external interference. Consequently, it is expected to increase clearance rates and reduce disposition times. A concrete target has been set to address the problematic areas highlighted by the Rule of Law report. The authorities are expected to focus their efforts on raising clearance rates and reducing disposition times for civil, commercial, and criminal cases in both first and second instances to at least 100%, in line with the Methodology of CEPEJ, by June 2027.

Additionally, attention will be paid to the functioning of the independent management bodies of the judiciary, notably the Judicial Council. The authorities intend to implement an improved regulatory framework of the Judicial Council in particular regarding the disciplinary and appeal proceedings of judges. Judges and prosecutors subject to disciplinary proceedings must receive the guarantees of a fair trial and the right to challenge the decision and sanctions according to external assessment in line with EU standards. In this respect, the authorities commit to follow

the recommendations of the TAIEX peer review mission from December 2023. Finally, the financial independence of the judicial system has to be ensured and a new action plan for the prevention of corruption in the judiciary has to be adopted for the period 2026-2029.

In the field of anti-corruption the Reform Agenda is targeting long standing recommendations, mainly in the field of repression of corruption, such the needs to allocate additional resources to the Office of the Basic Public Prosecutor for Organised Crime and Corruption, notably specialised prosecutors, financial experts, and digital forensic analysts.

The legislative framework will have to be amended and a new Criminal Code and a new Code for criminal procedure will be adopted in line with the EU *acquis* and European standards. In particular the Criminal Code, will include the definition of abuse of functions, with sufficiently long statutes of limitations and effective, proportionate and dissuasive sanctioning. The Commission will closely examine whether these aspects are accounted for within the amendments. This measure aims to address the previous September 2023, amending of the Criminal Code. Changes weakened the legal framework and were criticized by the Commission. Namely, it negatively affected the prosecution of corruption, especially in high-level corruption cases. As of August 2024, the draft of the Criminal Code has been prepared and will be sent to the European Commission, with an indicative pledge for December 2024. Extensive consultations will take place and further recommendations made by the Commission will be considered.

Furthermore, the country commits to establish and maintain a solid track record of effective and efficient investigations, prosecutions, final judgements, including for high-level corruption cases. Extra assurance in this process is provided by the most recent statistical data tool available through the Commission's initiative for Organized Crime and Corruption Track Record platform (OCCTR), launched earlier this year with national data already made available, which ensures the use of a standardized methodology for calculating accurate baselines, based on the average performance from the previous three years for each of the reporting years. The platform enables proper tracking of performance during the implementation period of the facility and ensures data quality control. The same platform is used for assessing the track-record on organised crime as well as the performance of the Asset Recovery Office. Where necessary, the Commission will take into account relevant qualitative aspects when assessing the track record.

Complementary to actions foreseen in the Reform Agenda is IPA III action, "EU for Rule of Law and Anti-corruption" (043-662/1) where there are specific outputs on the prevention of corruption. Under the action, the State Commission for Prevention of Corruption (SCPC) has been receiving support in improving the control of assets and potential conflicts of interests. The Reform Agenda of North Macedonia helps the country step up the fight against organised crime. This is fully in line with the commitments taken under the enlargement process. The proposed measures reinforce the legal and institutional framework on the fight against organised crime.

Firstly, there are measures regarding Small Arms and Light Weapons that will ensure that North Macedonia amends the Law on weapons to harmonise with the EU classification of weapons.

Secondly, North Macedonia agrees to reinforce the fight against drug trafficking and measures to reduce drug demand and harm. For that North Macedonia will set up a functioning Early Warning System which is connected to the EU system. Moreover, it will adequately staff the national drug observatory. This measure will lead to the observatory having the necessary capacities to carry out its tasks as well as ensuring that North Macedonia has the necessary adequate legal and institutional framework to fight against drug trafficking and the spread of psychoactive substances.

Thirdly, North Macedonia undertakes to develop a track record in the fight against organised crime. The new e-platform developed by the European Commission will allow for a better data reporting. North Macedonia will increase the number of investigations, prosecutions and financial final convictions. Moreover, North Macedonia will increase the seizure, and final confiscations in cases of organised crime.

An additional area where North Macedonia will focus on is on the improvement of the asset recovery capacities. For this, North Macedonia will ensure that all vacancies on the Agency for Management of Confiscated Property are filled. This will allow to properly manage the assets and to maintain their value. Moreover, the Agency will have a proper case management software to manage the assets and also adequate storage space for physical assets. North Macedonia will also ensure that the Asset Recovery Office which traces assets in criminal procedures is fully operational and properly staffed.

The Reform Agenda, in line with Article 3.2 (a) of the Regulation (EU) 2024/1449 enhances and promotes fundamental rights aspects, particularly in ensuring gender equality and strengthening respect for the rights of persons belonging to minorities. In particular, the Reform Agenda aims to give special attention to vulnerable communities through employment and reskilling policies. Measures related to reskilling and retraining initiatives in the deindustrializing coal regions of Bitola and Oslovej, in accordance with the Just Transition policy framework, as well as broader upskilling and reskilling efforts under the Human Capital policy area, have the potential to foster inclusion and participation of minorities and vulnerable communities in economic growth.

1.1.4 Climate and environmental objectives and "do no significant harm"

The establishing Regulation for the Reform and Growth Facility states in Article 2.10 that “do no significant harm” means not supporting or carrying out economic activities that do significant harm to any environmental objective, where relevant, within the meaning of Article 17 of Regulation (EU) 2020/852 *on the establishment of a framework to facilitate sustainable investment*, known as the *Taxonomy Regulation*¹. What constitutes ‘significant harm’ is further defined in line with the six environmental objectives listed under Article 9 of the Taxonomy Regulation, which are 1) climate change mitigation, 2) climate change adaptation, 3) sustainable use and protection of water and marine resources, 4) circular economy, 5) pollution prevention and control, 6) protection and restoration of biodiversity & ecosystems. Only activities or assets assessed as not significantly harmful to any of the mentioned environmental objectives can be considered compliant with the “Do No Significant Harm” principle. During the implementation of the Reform and Growth Facility, North Macedonia will need to be guided

by this principle and shall support its application – for instance by conducting comprehensive Environmental Impact Assessments at the policy and strategy planning stages, and public consultations ahead of key development projects and investments – to ensure that reforms and investments do not cause significant harm to environmental objectives within the national environmental legal framework. Accordingly, measures proposed under the Reform Agenda of North Macedonia do not support or carry out economic activities that do significant harm to any environmental objective, where relevant, within the meaning of Article 17 of Regulation (EU) 2020/852.

Moreover, the Reform Agenda does not support activities or measures which are incompatible with the country's Energy and Climate Plan adopted in 2022 (an update being planned in 2024), its Nationally Determined Contribution under the Paris Agreement, and the ambition to reach climate-neutrality by 2050 at the latest or that promote investments in fossil fuels, or that cause significant adverse effects on the environment, the climate or biodiversity. Furthermore, the Reform Agenda envisages the implementation of climate and energy policies and measures as foreseen in the National Energy and Climate Plan, the enhanced Nationally Determined Contribution and the Long-term Strategy for Climate Action and its Action Plan, thereby fostering de-carbonisation.

The Reform Agenda intends to accelerate the transition of North Macedonia towards a sustainable, climate-neutral and climate resilient and inclusive economy by making progress on the twin transition of green and digital, including reducing strategic dependencies. In particular, it will implement measures aiming at fostering the deployment of renewable energy and will work towards carbon pricing (notably full implementation of Monitoring, Review, Verification and Accreditation MRVA in line with Energy Community obligations) with the aim of having an Emission Trading System in place by 2030 and undertake steps to implement energy performance in buildings. Reform steps are without prejudice to the legally binding deadlines established under the Energy Community Treaty and do not affect the applicability and enforceability of the latter.

In regard to the MRVA measure, complementarity to Carbon Border Adjusting Mechanism (CBAM) is ensured. As contracting party to the Energy Community, North Macedonia committed to ensuring that the rules governing the most fundamental building blocks of MRVA are in place by 2025 so that monitoring of emissions can start in 2026. Furthermore, this is also a requirement under the CBAM regulation, which will apply from 1 January 2026. To ensure compliance, the MRVA framework must be implemented and demonstrated through the approval of monitoring plans by the competent authorities for each operator covered.

The Reform Agenda, with green transition aspect, aims to reduce environmental impact by minimizing carbon emissions and conserving natural resources which are essential aspects of sustainable development. Moreover, in promoting green transition, the Reform Agendas in line with the Green Deal and the Green Agenda for the Western Balkans which emphasize the reduction of carbon emissions through increased use of renewable energy sources and improved energy efficiency.

1.1.5 Digital transformation

The Reform Agenda submitted by North Macedonia aligns with the requirements outlined in Recital 19 and Articles 3.2 (k) and (l) of the Regulation, which underscore the importance of promoting digital transformation and digital skills as drivers for sustainable development and inclusive growth and emphasizes the necessity to enhance innovation, research, and collaboration between academic institutions and industry to support digital transitions, thereby contributing to the facility's broader aim of promoting socio-economic convergence and minimizing discrepancies with the EU. Through these proposed measures, North Macedonia demonstrates its commitment to undergo digital transformation and facilitate the achievement of the Union's digital targets, in line with Europe's Digital Decade strategic framework. The proposed measures would enhance the country's development of digital skills, digital transformation of businesses, secure and sustainable digital infrastructures, as well as further expand digitalisation of public services. North Macedonia will set up a legal and strategic framework further aligning with the European *acquis* and policies, such as the Digital Agenda for the Western Balkans.

The Reform Agenda will establish the necessary legal and technical framework in the country that will allow the full rollout of electronic identity cards in the country in line with the eIDAS 2 regulation, notably the EU Digital Identity Wallet, making it available to citizens, residents, and businesses who want to identify themselves or provide confirmation of certain personal information. This way, the provision of public services will be further improved through digitalisation thus helping the authorities in reducing corruption in the country. A significant target of the Reform Agenda of North Macedonia is for the country to join the List of Trusted EU Third Countries for the validation of electronic signatures as advanced electronic in the EU as a first step towards pursuing mutual recognition of qualified trust services.

The Reform Agenda of North Macedonia aims at increasing the number of electronic public services offered by the national authorities by at least 50%, while currently the number of digital services offered through the governmental e-portal remains modest, 392, mainly consisting of services that are rarely requested and used. The goal is to simplify administrative and electronic procedures for all services that are available online thus improving the competitiveness of domestic businesses through a wider offering of public e-services.

The Reform Agenda of North Macedonia foresees the establishment of a comprehensive legal and institutional framework for cyber resilience. Strengthening the capacities of the relevant national institutions would ensure appropriate cyber security of the e-services of the government and businesses. The Reform Agenda foresees the adoption of a legal framework fully aligned with the EU NIS 2 Directive and update of the cyber security strategic framework. The Reform Agenda safeguards the adoption and implementation of the cyber security strategy and law, by ensuring that the competent institutions are sufficiently staffed and empowered, as well as equipped.

The Reform Agenda also aims to fortify North Macedonia's digital framework by ensuring secure and sustainable digital infrastructures. North Macedonia will align its legislation with the EU Gigabit Infrastructure Act and its law on electronic communications with the EU EECC

directive. In 2023, 77.88% of all households had access to fixed broadband internet, while nationwide broadband coverage with 30-100 Mbps stood at 88.80% and fixed very high-capacity network of 1Gbps download at 10,96%. Mobile broadband coverage increased to 99,85% (4G) and 76,23% (5G), while mobile broadband take-up reached 81,38%. Only 0,111% of all households had access to fast broadband internet of at least 1Gbps take-up. The Reform Agenda includes investment in deployment of the broadband infrastructure across the country aimed to decrease the digital divide between rural and urban settlements. The 2019-2023 national broadband operational plan defines country's targets for deployment of the broadband, mandating the public broadcasting enterprise to ensure construction of the optical infrastructure and provide access to the broadband networks in areas where there is insufficient commercial interest for investments by the operators. The Reform Agenda will contribute towards its realization by rolling out 5G network and services as per the national broadband strategy. The country will put in place measures, such as by adopting a bylaw on EU's 5G cybersecurity Toolbox in line with the EU acquis. to further secure 5G infrastructures roll-out, in compliance with the EU 5G cybersecurity toolbox.

The Reform Agenda pays special focus on digital transformation in the education, by integrating the European Framework for Digital Skills into the national curricula and by providing IT equipment and infrastructure. Targets for development of digital skills of all age groups throughout society will be set.

1.1.6 Business environment and Private sector development

The Reform Agenda submitted by North Macedonia fulfils the requirements set out in Recital 19 and in article 3.2 (l) of the Regulation which emphasise the role of innovation, research, and cooperation between academic institutions and industries to support green and digital transitions and promotion of local industries with a particular emphasis on locally based micro, small and medium-sized enterprises and start-ups. North Macedonia meets this obligation through proposed measures that support development of the innovation ecosystem and reforms that foster SMEs development focusing on enhancing the ease of doing business and access to finance for SMEs.

The latest European Innovation Scoreboard (2024) ranks North Macedonia as an "emerging innovator". The report notes weaknesses relating to R&D expenditure in the business sector, and government support for business R&D. Measures of the Reform Agenda foresee the development of the innovation eco-system through supporting the implementation of the Smart Specialisation Strategy adopted in December 2023. This includes the introduction in priority areas of this strategy (Smart agriculture and food with higher added value, Electro-mechanical industry - Industry 4.0, ICT) of a system for participation of local SMEs as well as companies benefiting from the services of newly established innovation or technology centres.

Reducing administrative burdens will simplify the licensing and doing business in North Macedonia. It will foster an attractive environment for SMEs to grow. The proposed measures ease the way of doing business by aiming to simplify a relevant number of administrative

procedures for operating a company, streamlining parafiscal charges to enhance predictability. Opening and closing of a company falls as well under this scope. While the country shows good performance in the establishment of companies, being able to be registered exclusively online within a single day, the winding of companies remains an issue, as a new Bankruptcy law is not yet adopted. The Reform Agenda fills in the gap and introduces measures for an “early warning system” and a mechanism to guarantee the wages of workers in bankrupt companies, in line with the EU *acquis*.

Access to finance remains a challenge for SMEs. While bank loans represent the most used source of financing for SMEs, other alternative forms of finance remain underutilised. In particular, credit guarantee schemes and leasing records have shown in past years a slow growth trajectory. Furthermore, the legal framework in the country does not allow the valorisation of intangible assets in company accounts to be used as collateral for lending purposes. The Reform Agenda proposes concrete measures to address such deficiencies.

Another requirement that North Macedonia manages to fulfil as set out in Recital 39 is to address through its reforms the well-functioning and effectiveness of state aid control, with the aim of ensuring fair conditions for all undertakings, ensuring a fair competition for all businesses. State aid schemes have the potential to distort market competition when undue advantage is given to certain companies, which can undermine the principles of a free and competitive market and negatively affect businesses. In addition, article 24.1 sets out the requirement, to prioritise such measures in the first years of the implementation of the facility. The Reform Agenda will enhance state aid regime transparency and efficiency. Measures foreseen include increasing expertise on state aid in courts by end of 2025, thus addressing a substantial knowledge gap and being in line with article 24.1 on frontloading measures related to state aid control. Other measures regard the establishment of a methodology to conduct *ex-officio* investigations, and following the operationalization of a state aid management information system, reassessing state aid schemes and phasing out those not aligned with the EU *acquis*.

Additionally, Recital 39 points to the requirement to enact measures that combat tax evasion, which distorts competition, decreases the quality of the business environment, leads to shortfalls in public revenue, and leaves some workers without social protection. The above mentioned measures directed to improving the business environment, contribute to encouraging formal economic activity and tackle informality. Moreover, The Reform Agenda fulfils this requirement through supporting the implementation of the recently adopted new strategy for formalisation of the informal economy 2023-2027, for instance by increasing the number of inspections by the Labour Inspectorate and monitors the performance in combating informality through close observation of relevant indicators.

The requirement to ensure an optimal use of public funds also extends to the oversight and governance of State-Owned Enterprises (SOEs). Fiscal risks might arise from growing an unsustainable debt of SOEs. Such public and unconditional support for SOEs have the potential to distort competition within specific markets. To address these issues, structural reforms via an improved corporate governance, restructuring plans for SOEs and increasing the competition in markets would bring tangible benefits for the competitiveness and the growth of the private sector. Several reforms are to be completed in the coming years as proposed in the Reform

Agenda, ensuring sound corporate governance and improving transparency, such as the creation of a register of SOEs which is publicly available, one of the earliest measures to be accomplished by mid-2025, in line with Recital 39 of the Regulation. In addition, this strategy also includes ambitious reforms such as the establishment of a restructuring plan for the SOE Post Office and the restructuring of the state-owned railways operator and infrastructure manager. Thus, there are three SOEs under review, with the two of them in the railways sector, being among the most indebted in the country. The Restructuring Plan will address issues of solvency and debt, extending beyond 2027 if needed. One key focus of the plan is tackling operational costs, identified as feasible to target. By 2027, the ambitious goal is for both railways SOEs to achieve zero losses in operational costs, meaning their revenues will finally cover operational expenses. The proposed indicator does not hinder capital expenditure (investments). These plans and the foreseen target for 2027 aim to restore the competitiveness of the SOEs with a reduction of unnecessary costs via more efficiency gains, better revenue collection, together with improved investment strategies. This would allow to reinforce their sustainability and reduce their economic dependency toward national budget support. The plans will be formulated with involvement from international development partners. In complementarity to the financial aspect, for 2027 there are clear target indicators foreseen for goods and passengers transported. Moreover, improved SOE governance procedures and transparency will be established by tying management compensation to financial performance and risk management, as well as publishing fiscal risk statements.

1.1.7 Education, training, employment and social objectives and leave no one behind

The human capital part of the Reform Agenda of North Macedonia aims to further strengthen policies addressing the mismatch of skills in the labour market, such as the National Education Strategy 2018-2025, the European Education Area objectives and the Western Balkans Agenda on Innovation, Research, Education, Culture, Youth and Sport and Innovation. Its focus is primarily on education, as support to the implementation of the employment and social policy is already covered by the Operational Programme 2024-2027, thus ensuring complementarity between different programmes.

The Reform Agenda of North Macedonia aims to reinforce the country's education system and increase the access to quality Vocational Education and Training (VET) by improving as well the work-based learning concept. The target is to increase the number of private companies involved in the dual education system thus reducing the gap in the labour market skills demand and to increase the number of students attending VET, who benefit from work-based learning in the newly reconstructed VET centres, building up on the results of a Sector Budget Support initiative ending in 2024. These measures will help to address disparities between education outcomes and needs in the labour market. These measures will contribute to improvement of the situation in the labour market, as it will directly target labour market mismatch and the school-to-work transition.

In addition, through the Reform Agenda, the country will apply new more efficient and rationalised financing methodologies in VET and primary education while complying with the Standards and Guidelines for Quality Assurance in the European Higher Education Area (ESG) 2015.

The Reform Agenda will contribute to the digital transformation of the education in North Macedonia thus resulting in improved digital skills across the country by revising the secondary school curricula integrating the European Digital Competences Framework and by training teachers continuously on digital and green skills. The Reform Agenda will also ensure that primary schools are equipped with Internet access and IT tools and act as ‘smart’ in their interactions with students and parents.

1.1.8 Gender equality

The Reform Agenda contributes to Gender Equality as a cross-cutting priority, in line with the principles and targets set out by the Gender Action Plan III (GAP III). Moreover, it aims to further intensify the efforts undertaken by the authorities towards gender equality in North Macedonia, building upon the current national strategy for Gender Equality, and its corresponding action plan for 2023-2024, in line with relevant national legislation. . In its 2023 annual report on North Macedonia, the Commission found that progress was made on promoting gender equality in the country especially with the adopted amendments to the Criminal Code, regulating criminal acts of gender-based violence, including stalking and hate crimes based on gender identity and gender differences. Further efforts are needed in mainstreaming gender equality in North Macedonia, including the adoption of the Law on gender equality.

Seeking to adopt a gender perspective across different areas of the reform agendas and in different steps, the Reform Agenda for North Macedonia foresees sex disaggregated indicators, notably in the human capital area. Specifically, the Reform Agenda seeks to ensure a fair representation of female participants in trainings, VET programmes, non-formal and informal learning by setting targets to reach substantial female participation.

More specifically on the targeted approach of the Reform Agenda, under the reform 3.1.2, North Macedonia is expected to develop 16 programmes for validation of non-formal and informal learning by June 2027, two of which will be for women (one will be focused on female entrepreneurship).

Finally, North Macedonia will measure the achievements of reforms by disaggregating data by sex.

1.1.9 Indicative investments under the Western Balkans Investment Framework

The Commission takes note of the list of indicative investment projects foreseen for possible co-financing through the Facility. To benefit from the leverage of Union financial support and attract additional investments, infrastructure investments supporting the Reform Agendas will

be implemented through the Western Balkan Investment Framework (WBIF) following positive opinion of its Operational Board.

For that reason, North Macedonia will have to submit detailed applications in response to dedicated calls for investment proposals to the Commission which will be assessed for their maturity, relevance and eligibility of co-financing under the Reform and Growth Facility, including compliance with its Article 4(7) of the Regulation that excludes support for measures, which are incompatible with North Macedonia Energy and Climate Plan, the Nationally Determined Contribution under the Paris Agreement, promote investment in fossil fuels, or that cause significant adverse effects on the environment, the climate or biodiversity.

For North Macedonia consideration before eventually submitting their final proposals to the WBIF, the Commission also recalls the obligation under Article 19(4) of the Regulation that at least 37% of the non-repayable financial support channelled through the WBIF shall account to climate

Trough its indicative list of WBIF investments, the Reform Agenda complies to the WBIF eligibility criteria and is in line with core priorities identified in EU policies related to investment projects, such as the Economic and Investment Plan for the Western Balkans, Green Agenda, Agenda for the Western Balkans on Research, Innovation, Education, Culture, Youth and Sport. The indicative investment pipeline was adopted by the Government, following the revision of the Single Sector Project Pipeline which was two folded a) to update the information of the pipeline of projects and b) to assist in the design of the indicative list of investments for the RGF. The investments tend to follow closely the foreseen reforms in the given sectors, where we see plans to improve the transport network of Corridors X and VIII, both rail and road, ensuring efficient connectivity on the ground, while implementing the necessary ITS soft measures. Implementation of climate and energy policies is a prominent element in the Reform Agenda, and this is clearly demonstrated with the type of investment projects listed and the need to improve the transmission networks, to invest in green and smart grid and battery storage technologies that will secure the transition to green energy. Energy efficiency investments are predominant in several reform policy areas, including human capital. Under the digitalization portfolio the most important project would be the establishment of the broadband network and infrastructure that sets the tone for all reforms and soft measures.

The implementation timeline for these projects spans from 2024 to 2032, reflecting their complexity and the extensive preparation required. It should be noted that the attached list is indicative, and most of the formulation of most investment projects proposals have not yet reached the desired level of maturity. Significant efforts would be needed to mature the investment projects in order to provide the necessary technical and infrastructure support on the ground for their implementation.

In regard to the complementarity of other sources of funding, as of August 2024, the tender for Corridor VIII, Section 3 towards the border with Bulgaria (Kriva Palanka – Deve Bair) is under evaluation. This section has reached full financial closure under IPA and WBIF, including loans from the EIB and EBRD, and is therefore not included in the indicative investment list in order

to avoid duplicate funding. Meanwhile, Sections 1 and 2 of Corridor VIII (Kumanovo – Beljakovce – Kriva Palanka), on the eastern side, are under implementation.

1.2 Assessment of the reforms and investments and the linked qualitative and quantitative steps

The reforms in the policy area **Good Governance, Public Administration Reform (PAR) and Public Finance Management (PFM)** are assessed as ambitious and appropriate to serve the scope of the new Growth Plan and in line with existing European strategies and policies.

The key structural reforms and accompanying steps proposed in the Governance section of the Reform Agenda reflect main priorities in the area of PFM and PAR and are fundamental for further progress in the implementation of reforms in these policy areas. The identified measures can be considered appropriate and ambitious, as well as sufficiently meaningful and clearly formulated in order to allow for the release of funds if successfully fulfilled.

In the area of the PFM, the Reform Agenda focusses on three key priorities, namely, strengthening public internal financial control; strengthening the public procurement system; and ensuring full implementation of the Organic Budget Law, including the planned reform measures in the area of public investment management. In particular, the Reform Agenda provides for the adoption by December 2024 and full implementation by December 2027 of the long delayed Public Internal Financial Control Law, which intends to strengthen managerial accountability, the institutional capacity of Internal Audit Units and contribute towards sound financial management. In the area of public procurement, competition remains limited, and irregularities and cases of corruption are frequent. The Reform Agenda addresses these challenges by committing to decreasing the use of auctions in tenders and increasing the use of the e-market system and of the MEAT criteria for award. The Organic Budget Law, which provides a legal foundation for several key public financial management reforms, was adopted in September 2022. The Reform Agenda focuses on its implementation and in particular, the adoption of at least 17 bylaws foreseen in the Law, and the subsequent full implementation of a number of specific reforms envisaged in the Law.

In the area of PAR, the Reform Agenda focuses on two fundamental reforms, namely, the reorganisation reform and the civil service reform. The adoption of the Law on Organisation and Operation of State Administrative Bodies and the harmonisation of 65 sectoral laws with the new Law are a precondition for the further implementation of the reorganisation reform. The completion of the reform should result in a streamlined institutional framework with clear mandates and no overlapping competencies; improved efficiency of the administration; and clarified lines of accountability and reporting.

The civil service reform encompasses several closely interlinked reform initiatives, namely: the elaboration of a comprehensive retention policy designed to make the public administration a

more attractive employer; ensuring that recruitments, promotions and dismissals are based on merit; harmonising the job classification system in order to ensure that the grade and the salary correspond to the level of responsibility; and establishing a single salary system for all public sector employees. These reforms together intend to improve human resources management, reduce turnover, make the system fairer and more transparent and increase trust in the public administration.

The proposed quantitative and qualitative steps, along with their defined payment conditions under policy area **Fundamentals/Rule of Law**, including the fight against corruption and organised crime, are assessed as appropriate and ambitious, aligning well with the overall enlargement process and priorities under Chapters 23 and 24.

The measure to amend electoral legislation in line with the recommendations of the OSCE/ODIHR and Venice Commission by June 2025 is evaluated as a necessary and constructive step towards improving electoral integrity.

For the goal of enhancing the efficiency, transparency, accountability, and functioning of the judiciary, the proposed measures are critically important. These include revising the processes of recruitment, selection, appointment, appraisal, promotion, transfer, and dismissal of judges and prosecutors, backed by adoption of new law on Public Prosecution and new law on the Council for Public Prosecutors in alignment with EU standards and Venice Commission recommendations; amendments to the law regulating salaries of judges and prosecutors; adequate financing of the judicial sector. Furthermore, full operationalisation of an automated case management system by 2026, will eliminate manual assignment of cases, and tracking of performance metrics such as increased clearance rate and decreased disposition time by 2027, is seen as a pivotal advancement. Additionally, consolidating the functioning of an independent Judicial Council through the adoption of a new law, in line with TAIEX peer review recommendations and the opinion of the Venice Commission, is crucial. The Commission considers that judges and prosecutors must receive all the guarantees of a fair trial and the right to challenge the decision in line with EU standard confirmed by December 2025. This stance underscores the importance placed on judicial independence and accountability.

The reforms in the area of repression of corruption, and the payment conditions are appropriate and ambitious, as they are intended to support continued progress in investigations, prosecutions and final convictions, including confiscations, and tackle the main legislative and regulatory bottlenecks through revision and alignment with European standards. In this respect, an important step concerns the adoption by December 2025 of a new Criminal Code and a new Code for criminal procedure, in line with the EU acquis and European standards, and it will include as regards the the definition of abuse of functions, statute of limitations and sanctioningdefinition of abuse of functions, with sufficiently long statutes of limitations and effective, proportionate and dissuasive sanctioning. Intended results also include additional resources allocated to the Office of the Basic Public Prosecutor for Organised Crime and Corruption, notably specialised prosecutors, financial experts, and digital forensic analysts.

The reforms in the area of fighting against organised crime are ambitious and realistic and promote a further improvement of this are by introducing a target-based approach to combating serious and organised crime, with a concrete action plan and strategy that will lead to improving the track record of investigations, prosecutions, final judgements, seizure, and final

confiscations in cases of organised crime, including in high-level cases. Special attention will be paid to strengthen capacities with regard to asset recovery and asset management. The country will therefore establish by December 2027 a fully operational Asset Recovery Office in charge of the identification and tracking of criminal assets, in line with the EU *acquis*.

The **Energy/Green Transition** part of the Reform Agenda of North Macedonia is designed to address market reforms, decarbonisation, renewable energy, first steps towards ETS adoption and energy efficiency, relevant reforms in the context of the energy market integration of North Macedonia with the EU and the other Western Balkan countries. The reforms are ambitious considering the timing foreseen and a step up from the implementation up to date. On Market reforms the intention is to implement the electricity integration roadmap in line with the country's commitment to the legally binding deadlines of the Energy Community Treaty, joining the day ahead market coupling with the EU and reduce the amount of electricity sold by ESM to the universal supplier at a regulated price. On Decarbonisation focus is placed on re-training and re-employing the ESM workforce in the current coal fired power plants in Bitola and Kicevo and implementation of the Just Transition Roadmap. Investments on renewables will be supported by the Reform Agenda through conditionality linked to further investments in solar and wind, contributing to the targets in the energy mix foreseen in the MK commitments. Full implementation of Monitoring, Review, Verification and Accreditation is foreseen in line with the Energy Community requirements. Energy efficiency measures will be undertaken, in particular the issuance of the Energy Performance Certification in Buildings, Renovation of Central Government Buildings and installation of individual metering in new buildings for district heating.

The reforms and respective steps proposed in the **Digital Transformation** part of the Reform Agenda of North Macedonia are ambitious to serve the scope of the new Growth Plan and in line with existing European strategies and policies. The Reform Agenda foresees the setting up a framework for cyber resilience through certain steps such as the adopt and implementation of cybersecurity legislative framework that is fully aligned with EU cybersecurity policy and *acquis* and the operationalisation of a fully staffed competent authority in charge of the Network and Information Security 2 Directive implementation. The Reform Agenda foresees that national and governmental Computer Emergency Response Teams will be operational thus further strengthening the national cyber capacities. The Reform Agenda plans to establish secure digital infrastructure network by ensuring country's compliance with the 5G cybersecurity toolbox and the Gigabit Infrastructure Act, by adopting a new Law on Electronic Communications aligned with the *acquis* and by rolling out of 5G network and services as per the national broadband strategy.

The Reform Agenda aims at ensuring a resilient public administration security system by assessing the feasibility of developing a Centralized Governmental digital infrastructure and a secure data and cloud centre with disaster recovery back-up systems in place. The level of ambition increases with the foreseen implementation of a Digital Identity Wallet and the plan for the country to join the EU Third Countries trusted list for the validation of electronic signatures as advanced electronic in the EU by having trust services available and ready to start

issuing qualified certificates. This requires the adoption of a new Law on Law on Electronic Document, Electronic Identification and Trust Services. The Digital part of the Reform Agenda will also strengthen regional collaboration as it foresees the signing and implementation of the Mutual Recognition Agreement (MRA) of Trust Services with other countries of the Western Balkans. Finally, the Reform Agenda aims at increasing the offer of e-public services by at least 50%, to simplify administrative and electronic procedures by enhancing the exchange of data between institutions, the provision of documents ex-officio and by limiting the number of requirements for each service. Overall, the digital part of the Reform Agenda is designed to improve the digital environment and to enhance administrative capacity and efficiency in North Macedonia. Digital reforms will also enhance cross border cooperation through the participation in the Balkan Digital Identity wallet and the implementation of Mutual Recognition Agreement (MRA) of Trust Services with other Western Balkan countries.

The reforms and respective steps proposed in the **Human Capital** part of the Reform Agenda of North Macedonia are ambitious and appropriate to serve the scope of the new Growth Plan and in line with the plans of the Ministry of Education. The Reform Agenda foresees the reinforcement of the education system to address the skills mismatch by revising the curricula, in the VET and basic education with a focus on digital skills and increasing the number of students and private companies involved in VET. This will be achieved with the establishment of additional VET centres across the country and the development of programmes for validation of formal and non-formal learnings. Teachers are going to be trained on digital and green skills so that the revised secondary school curricula can integrate the Digital Competence Framework. Schools will be equipped with IT infrastructure, internet and on-line interactivity while the Reform Agenda also ensures that almost every school in North Macedonia will have at least one qualified career guidance professional. Rationalisation of the school network will be accompanied by the implementation of a new formula ensuring appropriate funding for the primary and secondary education.

With regard to vulnerable groups, the Reform Agenda will contribute to the enjoyment of the rights of persons belonging to minorities, as authorities will have to ensure equal opportunities and report on disaggregated data. Focus is given also in the Higher Education, as the Higher Education Institutions will work towards full compliance with the Standards and Guidelines for Quality Assurance in the European Higher Education Area (ESG) 2015, thus establishing fully functional quality assurance systems. Overall, the human capital part of the Reform Agenda aims at streamlining and modernising the national education system, thus further boosting the size and quality of the workforce in North Macedonia. By strengthening access to adult training opportunities and better tapping into the knowledge of investors and businesses, North Macedonia could substantially boost the skills of adults and enterprises.

In regard to the policy area **Business Environment**, the proposed quantitative and qualitative steps, coupled with their specified payment conditions, are considered suitable and ambitious and clearly formulated for the scope of the Reform Agenda. A key reform addresses the informal economy by increasing the quality and quantity of inspections. The intended outcomes include reducing the informal economy to 26% of GDP and significantly decreasing informal

employment by 40% by 2027. These measures are closely linked with promoting formality by improving the ease of doing business, which falls under the broader objective of fostering SME growth. Among the proposed steps, several tackle parafiscal charges, such as optimizing 28 charges as per an EU-backed assessment, creating a parafiscal digital register of charges, and establishing a centralized methodology to control multiple authorities imposing charges without oversight. Another proposed measure follows to reduce the number of stages, times of procedure, and required documentation by half for at least 50 of the 100 relevant administrative procedures identified in operating a business. On bankruptcy mitigation, and in line with EU best practices, an early warning system for distressed companies will be established, and payment of employees' outstanding claims by distressed employers will be ensured.

Another key aspect for fostering SMEs growth is access to finance. Proposed steps that will enhance access are amending laws to include intangible assets as loan collateral, expanding state guarantee schemes, and legislation to be amended to make leasing more attractive to businesses. These improvements are much needed as SMEs struggle to gain access due to collateral requirements, credit guarantee schemes are underutilized, and there is potential for increased uptake of leasing. A crucial objective under this policy area is making state aid more efficient and transparent. This will be supported by ensuring the self-sustainability and independence of the Competition Protection Commission. It is required to cover 100% of its expenses by 2027 through acquiring its own resources to fund its activities, conducting ex-officio investigations, and phasing out schemes not aligned with the EU acquis on state aid.

Reforms on transport will be improved by the deployment of e-freight and Intelligent Transport Systems, with outputs that will lead to alignment with EU rules electronic freight information and steps towards implementing EU-compliant traffic information services, which will improve trade flows within the region and with the EU. In particular, by implementing e-customs, a reduction of time in transit as well as improved export and import control procedures (time reduction, increase in declarations for digitalized procedures) can occur. Deployment of ITS (Intelligent Transport System for road and rail) and deployment of e-freight will lead to reduced travel time and accidents, enhancing passenger safety.

Measures on SOEs tackle setting up a SOEs registry for transparency purposes and better oversight. Additional measures aim to improve SOE governance procedures and transparency and will be established by tying management compensation to financial performance and risk management, as well as publishing fiscal risk statements. One of the most ambitious measures in the restructuring plan addresses SOEs with long-standing financial difficulties. This will be a crucial step in turning around their challenging financial situations and bringing them back on a sustainable path. This regards the SOE Post Office and the restructuring of the state-owned railways operator and infrastructure manager. Thus, there are three SOEs under review, with the two of them in the railways sector, being among the most indebted in the country. The restructuring plan will address issues of solvency and debt, extending beyond 2027 if needed. One key focus of the plan is tackling operational costs, which has been identified as a feasible target. By 2027, the ambitious goal is for both railways SOEs to achieve zero losses in operational costs, meaning their revenues will finally cover operational expenses. The proposed indicator does not hinder capital expenditure (investments). These plans and the foreseen target

for 2027 aim to restore the competitiveness of the SOEs with a reduction of unnecessary costs via more efficiency gains, better revenue collection, together with improved investment strategies. This would allow to reinforce their sustainability and reduce their economic dependency toward the national budget support. The plans will be formulated with involvement from international development partners. In complementarity to the financial aspect, for 2027 there are clear target indicators foreseen for goods and passengers transported.

Overall, the Reform Agenda of North Macedonia has a high level of ambition. Payment conditions proposed by the country are considered appropriate and ambitious, as well as sufficiently meaningful and clearly formulated to allow for the corresponding release of funds in case of their fulfilment.

Part 2: Assessment of horizontal aspects

2.1 Complementarity with IPA III

The IPA III bilateral support for the years 2021–2024 has been programmed and committed (EUR 301.5 million) and is largely contracted and under full implementation. The Commission acknowledges that in designing its Reform Agenda, North Macedonia has ensured that the proposed measures are complementary, meaning they do not duplicate existing efforts, are additional, and are coherent in their policy approach to IPA III support, in accordance with the principles outlined in Article 4.3 of the facility.

This complementarity is particularly evident in policy areas such as Fundamentals (in particular to IPA III actions such as *EU for Rule of Law*, *EU against organised crime*, *in support of trade*), public administration reform (*EU for Modern Public Administration*), energy (*EU for Environmental Standards and Clean Air*), human capital (*EU for Improved Health, Social Protection and Gender Equality*), private sector development (EU for Economic Cohesion). A clear depiction of synergy is evident with the Reform Agenda's measure to implement the Energy Efficiency Directives, which is complementary to previous IPA assistance focused on providing legal and policy guidance for amending and adopting the national secondary legislation to fully transpose the Energy Efficiency Directive 2018/2002/EU and introduce energy efficiency targets. The institutional building element that is being provided to the relevant institutions with this IPA assistance, will enable for more focused implementation of the steps foreseen in the Reform Agenda directly related to Energy Efficiency and fulfilment of the targets set.

Moreover, the proposed list of investments in the Reform Agenda is mindful about the known strategic investments in the country and complements several IPA III investment grants already channelled through the Western Balkans Investment Fund (WBIF), flagships of the European Investment Programme (EIP) such as *Rehabilitation and reconstruction of bridges along main railway Corridor X* and *Rehabilitation of current 3 motorway sections along the intersection of Corridor VIII and Corridor X (Skopje-Petrovec; Skopje-Miladinovci and Miladinovci – Petrovec)*.

With regard to programming of remaining IPA III support in the years 2025-27 the described system by the beneficiary is sufficient to ensure full complementarity and additionality to IPA

III support. Avoidance of any overlapping with the measures foreseen in North Macedonia's Reform Agenda falls under the responsibility of the National IPA Coordinator (NIPAC), which is also the national Aid Coordinator, tasked with the monitoring of EU assistance, including funds allocated to WBIF, as well as all foreign aid in the country in close coordination with the existing structures in line ministries.

NIPAC commits to further control for complementarity, coherence, and the avoidance of duplication in the IPA programming stage for the remaining years. During the IPA implementation phase, a structured approach has been adopted to avoid the risk of double funding on a project-by-project basis. This includes a tailored checklist to assess such risks, containing criteria such as the number of irregularity instances already registered for a given beneficiary, grading the risk from Low to High and requiring all beneficiaries of funded operations and mainstream projects (grants and loans alike) to provide, at least annually depending on the risk grade, confirmation that no other funds have been requested or received to finance the same or part of the same operations. This process will continue throughout the entire duration of the implementation of the facility.

Similarly, NIPAC will check with parties involved in the implementation of Reform Agenda measures to avoid any duplication, thereby extending its competency in monitoring EU assistance to the new facility. Lastly, significant efforts in ensuring donor coordination with other development partners will ensure complementarities on the ground.

For future IPA programming it is already planned to strengthen PFM through actions directed at implementation of the PFM Reform Program 2024-2027 aiming at enforcing the implementation of the Organic Budget Law with fiscal rules; enhancing IT capacity for PFM purposes; improve medium-term budget and fiscal frameworks and Public Investment Management strengthen Public Internal Financial Control and External Audit system; and, improve competition and Best Value for Money in Public Procurement.

During the preparation and the negotiations of the Reform Agendas, the Commission systematically addressed the issue of potential double-funding, by checking the proposed steps and reforms against the financial support already provided or in the pipeline of new programmes under the Instrument for Pre-accession Assistance (IPA) and against the activities funded by other partners in the Region. The Commission will continue to monitor the complementarity of the two financing instruments also during the implementation of the Reform and Growth Facility.

2.2 Monitoring, reporting and evaluation

The arrangements proposed in the Reform Agenda are adequate to ensure effective implementation, monitoring and reporting of the agreed reforms and related steps.

North Macedonia commits to establishing a system to monitor and report on the implementation of the Reform Agenda. North Macedonia will provide regular information, based on requirements of the Commission related to reporting on the achievements, progress in meeting the reform objectives, the internal control system, budget implementation and WBIF investments. The country will introduce arrangements to ensure monitoring reports on a semi-annual basis before submitting a payment request.

There has to be systemic and inter-institutional arrangements that can be assessed at this stage. The concept must take into account their existing capacities for strategic planning, monitoring and evaluation, and oversight mechanisms for implementation of the reforms. It has to also specify the number of staff involved and whether proper communication lines are established. The authorities must clarify whether monitoring structures will be established. The Government makes a link with the Performance Assessment Framework (PAF) established for monitoring IPA sector achievements. However, creation of a Monitoring Committee following the IPA logic is not required with the Growth Plan Facility and Reform Agenda.

In regard to the reliability of reporting data provided by the declaration of assurance, the Commission will perform a systems review no later than 2025 and when needed throughout the life-time of the facility. The RGF Coordinator will be assisted and advised by the internal auditor in reviewing of envisaged regular implementation report's content and the submitted information, including performance of on the spot checks. Within the preparation of semi-annual report, the Internal auditors would assist the Coordinator in preparation of Declaration of Assurance confirming that the data in the report are accurate, verified, reliable, and accurately reflect the level of achievement of the listed steps, and that the established internal control system and measures taken to improve it confirm its content.

The baselines and verification sources for all reforms and their individual steps, provided by the Beneficiary in Annex 1 to the Reform Agenda, constitute key elements in the monitoring, reporting and evaluation process. While adequate information has been provided for the majority of the reform steps, some few of the proposed verification sources and baselines are at this time either not comprehensive enough or not fully adequate to be used for evaluating whether the step has been achieved in its entirety. In such cases, North Macedonia will be required to present to the Commission and agree on additional verification sources or baseline information by 31 October 2024.

Apart from the proper organisational structures of the control system, the deployment of adequate competences and human resources will be needed for a successful and timely implementation of the Reform Agenda.

2.3 Control and audit systems

In its Reform Agenda, North Macedonia describes its legal framework and systems related to public internal financial control (PIFC), external audit and anti-fraud structures for the protection of the EU's financial interests. The system of public internal financial control is established in accordance with the Law on Public Internal Financial Control, covering both financial management and control and internal audit. The Central Harmonisation Unit (CHU) in the Ministry of Finance ensures harmonisation of approaches and oversees implementation of common standards across the public administration. It also issues annual reports for the government, which adopts conclusions for further improvement of the internal control and audit systems. The national legislation ensures the independence of the State Audit Institution, which implements audits in line with the international standards, but faces capacity issues. The national anti-fraud legislation is largely harmonised with the EU Directive 2017/1371 on the

fight against fraud to the Union's financial interests by means of criminal law, but institutional capacities require further strengthening.

While the legal framework on internal control is broadly harmonised with international standards, implementation needs to be further reinforced. Capacities for internal control and in particular internal audit needs to be strengthened in all institutions involved control systems. Delays in adoption of key legislation underpinning these reforms present a challenge and North Macedonia now needs to push these reforms forward.

The new PIFC Law is in the parliamentary procedure for over three years. Adoption of this reinforced legislation by December 2024 is planned in the Reform Agenda and will provide the basis to address the key outstanding internal control and audit issues, including improvement of managerial accountability in the public sector.

The Reform Agenda also includes further development of the public investment management systems will need to be further developed, including a system to consolidate information and monitor risks associated to implementation of projects. The Government is planning to adopt a Public Investment Management Decree to regulate the entire project cycle management. Also, the Reform Agenda foresees the implementation of the Integrated Financial Management Information System (IFMIS) as key to strengthen internal controls. The Reform Agenda further foresees that the number of financial inspectors need to be increased.

Whilst corruption still presents a major risk in North Macedonia, mitigating measures are being taken by the Government and the independent justice and rule of law bodies. The anti-fraud coordination service (AFCOS) network, the backbone of the system for protecting EU's financial interests in North Macedonia, is operational but will require further strengthening. In addition, the institutions managing EU funds implement a financial management and control system accredited by the Commission, which is under the scrutiny of the Audit Authority for EU funds and Commission services. The Strategy for Transparency of the Government of the Republic of North Macedonia 2023-2026 was adopted in December 2023.

The Reform Agenda has frontloaded the Chapter 32 related reforms on internal control and audit with the adoption of the new Law on Public Internal Financial Control by December 2024 and bylaws to the Organic Budget Law to be adopted afterwards. Given that the law covers the public sector budget users and requires additional methodological guidance and support, the full implementation is foreseen by 2027. The Reform Agenda also outlines various reform steps aimed at fight against corruption, with implementation of some reform steps in this area to be finalised as of December 2025.

IPA support to strengthen budget planning, execution and internal control functions has recently come to an end. The ongoing support to public financial management reform addresses development of internal control through development of the government financial management information system. The upcoming IPA support to the public financial management reform programme 2024-27 will provide support also in the area of internal control and audit, including external audit, and will be tailored to complement the steps foreseen in the Reform Agenda. The capacity-building needs for the protection of the EU's financial interests will be also further addressed.

The Commission has a longstanding cooperation with North Macedonia to develop the internal control and audit systems and ensure protection of the financial interests of the Union in line with the international standards, including with the support of EU funds. In the light of the description, under Chapter 16 of the Reform Agenda, of the arrangements under Article 13(1)(l) of the Regulation (EU) 2024/1449, as complemented by the reforms supported by IPA funds in the context of the enlargement negotiations, the Commission considers that the necessary strategic, legal and methodological framework in place is in line with the requirements under Article 14(4)(i) of the Regulation. The Commission further considers that the established national structures for programming of assistance, including Commission ex ante verification, ensures that there is no double funding from the Facility and other Union programmes.

To improve systems further, North Macedonia should prioritise reforms related to the accession negotiation Chapter 32 on financial control in the first years of the implementation of the Facility. The Commission will support this process by undertaking a systems review of the functioning of the internal control in the context of the Facility no later than 2025. North Macedonia will be expected to address the recommendations through an action plan. The Commission will regularly monitor the adequacy of the control and audit systems as part of the assessment of the general conditions for payments, each time North Macedonia submits a request for the release of funds, including the timely implementation of the action plan.

In conclusion, the described systems together with the proposed reforms and complementary measures under IPA can be considered adequate to ensure protection of the financial interests of the Union in line with Article 23(1) of the Regulation (EU) 2024/1449.

2.4 Consultation process

North Macedonia indicates that to ensure inclusiveness, the draft Reform Agenda has been consulted as required with all national relevant stakeholders, including civil society, academia, chambers of commerce and the (former) opposition. In the context of coordination with the external stakeholders, the Commission presented on several occasions the Growth Plan and Reform Agenda to the EU MS, IFIs, UN Agencies, Non-Member States and other development partners present in the country, including a presentation of overall policy targets and potential investments. Following the approval of the Reform Agenda, national authorities in coordination with the Commission must ensure complementarities with the ongoing foreign assistance in the country. It is fundamental that all financial assistance generated in and benefitting to North Macedonia contributes significantly to its convergence path towards the EU accession and participation in the EU Single Market prior to its full membership in the Union.

2.5 Communication and visibility plan

The Commission invited North Macedonia to describe an outline of the intended national communication strategy aimed at ensuring public awareness of the EU funding and how it plans

to communicate on the Reform and Growth facility. The submitted outline fulfils the minimum requirements.

Beyond this outline, North Macedonia shall provide a fully-fledged communication and visibility plan (as per Art. 13, 1(n) of the Regulation (EU) 2024/1449 by 31 October 2024, for agreement with the Commission. The preparation of the plan must be closely coordinated with the EU Delegation/EU Office.

Communication and visibility plan shall focus on how the EU-related reforms will enable North Macedonia to progress with EU integration, on the benefits that the reforms and investments will bring to the citizens, on explaining the functioning of the Facility as well as on ensuring visibility of EU financing.

The communication and visibility plan shall be comprehensive and shall describe the objectives, chain of command and internal division of responsibilities, coordination with the EU Delegation/EU Office and WBIF, key messages, target audiences, communication channels, planned budget, and monitoring and evaluation.

The Beneficiary is requested to regularly report on implementation of the communication and visibility plan as part of their request to the Commission for the release of funding. This report will be part of the regular assessments.