

**ANNUAL REPORT ON THE IMPLEMENTATION  
of the Instrument for Pre-accession Assistance submitted  
by the National IPA Coordinator**

(in accordance with Article 59 of the Financial Framework Partnership Agreement)

*Prepared by*

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## Abbreviations

AAP	Annual Action Programme
AAAR	Annual Audit Activity Report
ADA	Austrian Development Agency
AD	Action Document
AFCOS	Anti-Fraud Coordination Service
ALMPMS	Active Labour Market Policy Measures
APRFAPI	Agency for Protection of the Right to Free Access to Public Information
ARD	Agriculture and Rural Development
BA	Bilateral Agreement
BCDR	Business Continuity and Disaster Recovery
CAF	Common Assessment Framework
CAP	Country Action Programme
CBC	Cross-Border Cooperation
CEF	Centre of Excellence in Finance
CFCD	Central Finance and Contracts Department
CILC	Centre for International Legal Cooperation
CIPFA	Chartered Institute of Public Finance and Accountancy
CMC	Crisis Management Centre
CPPD	Commission for Prevention and Protection against Discrimination
CSF	Civil Society Facility
CSO	Civil Society Organization
CPRFAPI	Central Public Procurement and Financial Accountability Institute
DM	Direct Management
DMS	Document Management System
EBRD	European Bank for Reconstruction and Development
ECAA	European Common Aviation Area
EC	European Commission
ECTHR	European Court of Human Rights
EEDF	Energy Efficiency and Diversification Fund
EE	Energy Efficiency
EENA	European Emergency Number Association
EESP	Employment, Education, and Social Policy
EIB	European Investment Bank
ESA	Employee Security Agency
EU	European Union
EUD	European Union Delegation
EUIF	EU Integration Facility
FA	Financing Agreement
FAO	Food and Agriculture Organization of the United Nations
FAD	Fiscal Affairs Department
FADN	Farm Accountancy Data Network
FIDIC	International Federation of Consulting Engineers
FVA	Food and Veterinary Agency
GB	Grant Beneficiary
GCF	Green Climate Fund
GEF	Global Environment Facility

GHG	Greenhouse Gas
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Corporation for International Cooperation)
GDP	Gross Domestic Product
HRBA	Human Rights-Based Approach
IAEA	International Atomic Energy Agency
ICMPD	International Centre for Migration Policy Development
ICT	Information and Communication Technology
IFES	International Foundation for Electoral Systems
IFI	International Financial Institution
IFMIS	Integrated Financial Management Information System
ILO	International Labour Organization
IMBC	Indirect Management with Beneficiary Country
IMF	International Monetary Fund
IMF-FAD	International Monetary Fund - Fiscal Affairs Department
IMEE	Indirect Management with Entrusted Entities
IMBC	Indirect Management with Beneficiary Countries
IOM	International Organization for Migration
IPA	Instrument for Pre-Accession Assistance
IPARD	Instrument for Pre-accession Assistance for Rural Development
ICT	Information and Communication Technology
ISO	International Organization for Standardization
JMC	Joint Monitoring Committee
JTS	Joint Technical Secretariat
KfW	Kreditanstalt für Wiederaufbau (German Development Bank)
LFAPI	Law on Free Access to Public Information
LOSAB	Law on Organisation and Operation of the State Administrative Bodies
MA	Managing Authority
MAAP	Multi-Annual Action Programme
MAFWE	Ministry for Agriculture, Forestry and Water Economy
MC	Monitoring Committee
MFA	Ministry of Foreign Affairs
MoPA	Ministry of Public Administration
MKD	Macedonian Denar (currency of North Macedonia)
MPA	Ministry of Public Administration
MDT	Ministry of Digital Transformation
MLSP	Ministry of Labour and Social Policy
MoE	Ministry of Economy
MoEPP	Ministry of Environment and Physical Planning
MoES	Ministry of Education and Science
MoF	Ministry of Finance
MoI	Ministry of Interior
MoJ	Ministry of Justice
MoLSG	Ministry of Local Self-Government
MoTC	Ministry of Transport and Communications
NAO	National Authorizing Officer
NARDS	National Agriculture and Rural Development Strategy
NDI	National Democratic Institute
NECP	National Energy and Climate Plan
NEET	Not in Education, Employment, or Training

NESC	National Economic-Social Council
NIPAC	National IPA Coordinator
NKE	(Not provided in text, assumed context based on usage)
NTS	National Transport Strategy
OAGN	Office of the Auditor General of Norway
OIS	Operational Identification Sheet
OLAF	European Anti-Fraud Office
OO	Ombudsman Office
OP	Operational Programme
OS	Operating Structure
OSCE	Organization for Security and Co-operation in Europe
PAR	Public Administration Reform
PEF	Public Expenditure Framework
PEFA	Public Expenditure and Financial Accountability Framework
PESR	Public Enterprise for State Roads
PEMRI	Public Enterprise Macedonian Railways Infrastructure
PFM	Public Financial Management
PIFC	Public Internal Financial Control
PIMA	Public Investment Management Assessment
PIU	Project Implementation Unit
PPB	Public Procurement Bureau
PPO	Public Prosecutor Office
PRO	Public Revenue Office
RE	Renewable Energy
RECP	Regional Environmental Centres for Central and Eastern Europe
RESPA	Regional School of Public Administration
RSM	Republic of North Macedonia
SAC	State Appeals Commission
SAO	State Audit Office
SCPC	State Commission for Prevention of Corruption
SDC	Swiss Agency for Development and Cooperation
MEA	Ministry for European Affairs
SECO	Swiss State Secretariat for Economic Affairs
SEETO	South East Europe Transport Observatory
SIDA	Swedish International Development Cooperation Agency
SIGMA	Support for Improvement in Governance and Management (a joint initiative of the OECD and the EU)
SMS	Short Message Service
SIM	Special Investigative Measures
SME	Small and Medium-sized Enterprises
SMC	Sector Monitoring Committee
SSO	State Statistical Office
SWG	Sectoral Working Groups
TA	Technical Assistance
TCT	Transport Community Treaty
TD	Tender Documentation
TETRA	Terrestrial Trunked Radio (a professional mobile radio and two-way transceiver specification)
TEN-T	Trans-European Transport Network
ToR	Terms of Reference
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund

UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
UNOPS	United Nations Office for Project Services
UNHCR	United Nations High Commissioner for Refugees
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
USAID	United States Agency for International Development
VET	Vocational Education and Training
VNFIL	Validation of Non-formal and Informal Learning
WB	World Bank
WBIF	Western Balkans Investment Framework
WFD	Westminster Foundation for Democracy
WLA	Workload Analysis
WHO	World Health Organization

## I. EXECUTIVE SUMMARY IMPLEMENTATION OF IPA ASSISTANCE PER IPA III WINDOW/THEMATIC PRIORITY AND IPA II SECTOR

### 1.1. Progress in reaching objectives of the overarching IPA strategic documents

#### *Rule of Law and Fundamental Rights*

Under Window 1 EU assistance through approved IPA II and IPA III annual programmes amounts to 98 million EUR<sup>1</sup> until the end of reporting period. Support from IPA 2014 onwards was focusing on strengthening justice system, rule of law and anti-corruption, improving investigation capacities of the law enforcement and fight against organised crime, improving border and migration management. With the programming cycle 2025-2027 and planned action *EU for Rule of Law 2026-2027*, support will reach 113 million EUD in the sector. The draft action fiche *EU for Rule of Law 2026-2027* is complementary with the reforms planned under Growth Facility and it is focusing on children's rights, judicial integrity, corruption prevention, judicial reforms, automated case management, and combating corruption and organized crime. The aim is to enhance the rule of law by strengthening judicial capacities and implementing key reforms, contributing to EU core values and expediting North Macedonia's EU membership efforts.

Support in **Judiciary Sector** is aligned with the ongoing reforms outlined in the Justice Sector Strategy and Action Plan. This comprehensive strategy, comprising of 130 measures across various departments and strategic objectives, addresses normative and institutional shortcomings, with a particular focus on reducing executive interference and partisanship. Key factors for its successful implementation include reform coordination, an active role for the Justice Sector Reform Council, and effective monitoring through specific action plan indicators. In the Justice Sector, the Action 2020 *EU for Rule of Law* focuses on enhancing the independence, accountability, quality, and effectiveness of the justice system. Progress has been made across various components, including strengthening the Judicial Council and courts, amending the Law on the Judicial Council and drafting a Judicial Communication Strategy. The Council of Public Prosecutors and the Public Prosecution Office have advanced in reviewing legal frameworks and disciplinary systems, alongside efforts to improve transparency. Cybersecurity training for IT specialists across courts and prosecution offices, upgrades to case management systems, and strategic IT recommendations for the judiciary's ICT Council have further supported reforms. The Academy for Judges and Public Prosecutors is also expanding its training programs, particularly in IT-related areas. The Ministry of Justice and the Council for Monitoring the Implementation of Judicial Reform have finalized the *Developmental Strategy for Judiciary 2024–2028*, adopted in December 2023. This strategy, aligned with the *National Development Strategy 2023–2043* and EU policies, prioritizes fiscal sustainability, transparency, and accountability. The Bar Association's involvement in drafting the Judicial Strategy underscores a collaborative approach to strengthening the institutional framework.

In enhancing enforcement against corruption, key developments include strategic support for the State Commission for Prevention of Corruption (SCPC). This involves drafting methodologies for personal data protection, incident response, and software access management. The first SCPC staff survey was conducted alongside basic communication training, while collaborations were established for high-level academic programs and training initiatives. Efforts have also focused on improving the control and verification of asset declarations by public officials and members of Parliament, with a detailed plan developed in collaboration with SCPC. A comprehensive report on the current status and future priorities for interoperability is nearing completion. Plans are underway to enhance enforcement and awareness of lobbying laws, as well as to facilitate ICT solutions for submissions and transparency. Additionally, an assessment of the e-procurement system and its control measures has been completed, with further discussions and recommendations in progress. This includes exploring Slovenia's e-Supervisor system and its upgraded version. The Ombudsman Office and the Commission for Prevention and Protection against Discrimination have strengthened their capabilities through specialized training, public consultations, and thematic reports and forums on human rights and

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<sup>1</sup> Without Union programmes, multicountry programmes and EU Integration Facility allocations for the related sector.

discrimination as well as developed quality management system. Effort was given to integrate a Human Rights-Based Approach into administration and prevent gender-based violence.

The 2021 Action *EU for Rule of Law and Anti-Corruption* aims to enhance judicial efficiency and combat corruption. Reform efforts launched include drafting a dedicated law for the Constitutional Court and assessing the legal framework for protecting freedoms and rights. These efforts involve stakeholder consultations, report drafting, and an analysis of the Court's procedures to strengthen constitutional rights protection. Work on the Constitutional Court's strategic planning and public relations are focusing on a communication strategy and transparency initiatives. Performance management and constitutional justice quality are also being improved through an assessment of the *Case Management System* and the development of a dedicated training system for Court staff and judges. However, contracts for the digitalization of judicial and anti-corruption institutions and technical documentation for new *Academy for Judges and Public Prosecutors* premises have yet to be initiated. Additionally, no progress has been reported on raising public intolerance to corruption.

The IPA has played a key role in supporting reforms within the **Home Affairs Sector**, providing essential backing for the sector's strategic framework. This framework includes strategies to combat money laundering, terrorism financing, financial crime, corruption, conflicts of interest, human trafficking, illegal migration, terrorism, and violent extremism, as well as policies on border management and migration. All strategies, covering the period 2021–2027, are either ongoing, approved, or awaiting adoption.

The 2016 Action *Migration and Asylum, Border Management, and the Fight Against Terrorism and Organized Crime* has strengthened national capacities in border control, migration management, and countering terrorism and organized crime. The construction and ISO 17025 accreditation of a new forensic laboratory, along with the ministry's issuance of a Use Permit, will enhance investigative capabilities. Additionally, the upgrade and implementation of the *Tetra system* and the operational *System E 112* have significantly improved emergency response services. Fully operational 24/7 nationwide and a member of the *European Emergency Number Association (EENA)*, the system aligns national practices with EU standards. Its effectiveness is reflected in the 2023 call statistics, demonstrating a high volume of genuine emergency calls and improved service reliability.

The 2020 Action *EU Support for Rule of Law 2.0* is enhancing modern investigative methods to combat corruption, terrorism, and organized crime. The *Public Prosecutor's Office*, *Customs Administration*, *Financial Police*, and *anti-drug units* have received specialized training in complex criminal and financial investigations, with a focus on financial probes in organized crime cases, drug and darknet investigations, and money laundering prevention. Progress includes developing a *National Strategy for Organized Crime*, strengthening collaboration against migrant smuggling, and advancing anti-corruption efforts through targeted investigations and strategic planning. Counterterrorism measures are also progressing with expert consultations. Intelligence-led police operations and analytical tools are being refined for serious crime detection, alongside the development of cybercrime strategies. Special investigative procedures are being improved to align with fundamental rights, while international best practices are shared through collaboration. A review of the *National Coordination Centre's* capabilities aims to enhance its crime suppression efforts. Additionally, a legal framework review for *Asset Management and Property Confiscation* resulted in the adoption of six key sub-legal instruments by November 2023, with ICT system gap assessments set to begin in mid-March 2024.

The 2021 Action *EU Against Organised Crime, in Support of Trade* is in its preliminary stages, focusing on enhancing the prevention and control of organized crime.

Financial Agreement for the annual programme 2024 signed in December 2024. Action Document *EU for Rights and Security* related to this sector, prepared by the Ministry of Interior and the Ministry for European Affairs aims to strengthen human rights and security in North Macedonia, promoting gender equality, addressing violence, and ensuring legal housing rights for Roma communities. Activities include providing specialized services for violence victims, combating discrimination, and enhancing law enforcement capacities to tackle security challenges. These activities are expected to begin in 2025.



## Democracy and Governance

Until the end of the reporting period, EU assistance in Window 2 amounts to 53.8 million EUR<sup>2</sup> through approved IPA II and IPA III annual and multiannual programmes. Support from IPA 2017 onwards was focusing on support to public administration reforms, statistics and municipalities. With the programming cycle 2025-2027 and planned action *EU for Good Governance 2026-2027*, support will reach 70.8 million EUD in the sector. The draft action fiche *EU for Good Governance 2026-2027* was prepared by Ministry of Public Administration and Ministry of Digital Transportation. The proposed interventions are designed to complement and support the ongoing national Reform Agenda, ensuring alignment with key strategic goals and facilitating coherent policy implementation. The action is focusing on enhancing institutional capacity of North Macedonia administration i.e. build capacities of public administration by improving the system for human resource management and promotion of integrity accountability and transparency in public administration in line with the EU's aim to modernise public institutions, making them more responsive, inclusive and capable of meeting the good governance objectives. Also, action is supporting digital transformation i.e. strengthen public services delivery through digital solutions and skills enhancement, enable digitalisation of administrative processes and improve digital and media ecosystem for enhanced regulation enforcement thus creating more efficient, transparent and accountable public services and modernisation of public administration.

The Government approved the *Public Administration Reform (PAR) Strategy 2018-2022* in February 2018, which served as an umbrella strategy for reforms, with annual progress reports prepared and adopted. An independent evaluation in 2021 informed the development of the *new PAR Strategy 2023-2030*, which was adopted in June 2023. On the public financial management (PFM) side, the *PFM Reform Programme 2022-2025* and *2022 Action Plan* were adopted in June 2022, based on PEFA and SIGMA assessments to identify priorities. Semi-annual and annual progress reports are prepared by the PFM Sector Working Group, approved by the PFM Council and Government, and published. A mid-term review is planned for late 2023 to potentially extend the Programme to 2027, aligning it with IPA III funding. The PFM SWG is currently preparing a new *PFM Reform Programme 2024-2027*, expected to be drafted by January 2024. These strategies and progress reporting aim to strategically guide reforms in PAR and PFM, supported by IPA funding.

The PAR Subsector has made significant advancements under the 2017 Action *EU Support for PAR & Statistics*, aimed at optimizing the institutional framework and improving public service delivery. The programme, focused on strengthening ethics, integrity, transparency, and accountability, has shown improvements in 96 out of 336 SIGMA indicators, particularly in service delivery, where the average indicator value has risen from 2.8 in 2017 to 3.3. Efforts to streamline the institutional framework have led to the initiation of reorganizations within three ministerial systems, enhancing public service delivery and aligning with EU standards. This includes the adoption of the *Law on Network and Information System Security* and the *Law on Professional Development of Administrative Servants*, as well as the establishment of two new agencies aimed at boosting public servant skills and advancing digital transformation in public services. However, challenges persist due to the pending adoption of the new *Law on the Organization and Operation of State Administrative Bodies (LOSAB)*, which affects the establishment and accountability of new entities.

Progress has been made in strengthening transparency, integrity, and ethics in public institutions, with target support provided to the State Commission for the Prevention of Corruption (SCPC) and the Agency for Protection of the Right to Free Access to Public Information (APRFAPI). Efforts to improve implementation included hybrid focus groups designed to address challenges in the application of the transparency law, which resulted in an analysis and recommendations for legal improvements. These recommendations aim to further enhance the accessibility and effectiveness of transparency laws. Additionally, training, awareness-raising activities, and digitalization support played a crucial role in enhancing APRFAPI's operations. This led to the development of a new website and the launch of two electronic portals for information requesters and holders, improving service delivery and accessibility. The project also focuses on advancing e-Government, currently in its early stages. Among the ongoing digital initiatives is the eSIR platform, which is designed to improve the delivery and quality of public

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<sup>2</sup> Without Union programmes, multicountry programmes and allocations for EU Integration Facility for the related sector.

services, contributing to the digital transformation of government processes. This multi-faceted approach to strengthening public sector transparency, integrity, and efficiency represents significant progress toward aligning with EU standards and improving governance practices across the public administration.

On the statistical front, alignment with EU standards has reached 65.3%, demonstrating significant progress in meeting EU requirements. Key achievements include the successful compilation of GDP indicators and the EDP notification table, along with the implementation of IT tools that adhere to standardized guidelines. The State Statistical Office (SSO) has made notable strides in enhancing its capacity to produce EU-compliant statistics. One of the milestones in this regard is the publication of Tourism Satellite Accounts, a crucial step in aligning with EU statistical practices. The SSO's regular engagement in this activity further underscores its strengthened capabilities in the production and dissemination of statistics that comply with EU standards, thereby contributing to more robust and transparent data management within the country.

The IPA 2020 Action *EU for Municipalities – EU4M* aims to pilot smart solutions for community challenges in partnership with EU local authorities, featuring eight grant projects with costs between 425,000 to 909,000 EUR and a 1,000,000 EUR Technical Assistance project over 36 months. Initially facing challenges in procurement, monitoring, and management, progress has been made with all projects underway, two performing exceptionally. The Technical Assistance is enhancing training in procurement, project management, and legal aspects for staff across all municipalities, with future activities focused on fostering inter-municipal cooperation and improving various sectors like waste management and digitalization, emphasizing sustainable development and institutional capacity building.

The AD 2022 *EU for Modern Public Administration* aims to enhance citizens' confidence in public administration. However, as of now, the implementation of specific objectives and outputs related to the reorganization, modernization, transparency, and digital transformation of the public administration has not commenced.

In the PFM Subsector, under the IPA 2018 AD *EU Support to Public Finance Management*, progress has been made across several key areas, contributing to the overall improvement of PFM. The first important achievement is the improvement in the budget system, guided by the adoption of a new Organic Budget Law. This has laid the foundation for a performance-based budgeting system, incorporating key performance indicators for enhanced efficiency and effectiveness in public expenditures. The law, which will be fully implemented by 2025, has already begun to show its impact through a projected decrease in budget deficits as a percentage of GDP, indicating a positive trend towards fiscal consolidation. The establishment of a Fiscal Council marks another critical step towards ensuring independent analysis and fostering fiscal discipline, while enhanced fiscal transparency and accountability are being achieved through improved reporting mechanisms and the integration of the Integrated Financial Management Information System (IFMIS).

In the realm of revenue collection, progress has been made with the completion of projects aimed at strengthening customs control capacities, including the procurement of advanced inspection equipment and vehicles for the Customs Administration.

Progress has also been made in enhancing the legal compliance, efficiency, and transparency of the public procurement system. The completion of the e-Marketplace and e-Catalogues platform, alongside the adoption of the New Law on Public Procurement and corresponding bylaws, marks a pivotal step towards aligning with EU directives. The introduction of administrative control as a new function, comprehensive training programs, and the upgrade of the Electronic System for Public Procurement with new functionalities, including a module for integrity and anti-corruption measures, have been instrumental. Additionally, the operationalization of the electronic market platform for small-value procurement and the digitization of the complaint filing process significantly contribute to the system's transparency and accessibility, fostering greater trust in the State Appeals Commission's operations.

The new PIFC Law is pending adoption by the Parliament. The Draft Law on Public Financial Control System in the Public Sector outlines a modern framework for an effective control system, including novel approaches to managerial accountability and internal audit establishment. Progress has been made

in preparing bylaws and methodological tools for the law's efficient implementation, alongside efforts to ensure continuous education for public sector internal auditors through the newly established Public Finance Academy.

Finally, the external audit function has been enhanced through a Twinning project that has improved legal frameworks, operational independence, and the overall efficiency of the State Audit Office (SAO). Key accomplishments include the drafting of a new Law on the State Audit and proposals for constitutional amendments to solidify the SAO's independence, the adoption of a new strategic development plan for 2023-2027, and the enhancement of transparency and stakeholder engagement through improved reporting and a new Code of Ethics. Additionally, the project has supported auditor expertise through new methodological guidelines aligned with international standards, the execution of 15 pilot audits, and the exchange of best practices with European counterparts. A Memorandum of Cooperation with the Assembly of the RNM and enhancements in IT audit and system security further underscore the project's substantial contributions to the SAO's efficiency and impact.

### *Environment and Climate Action*

IPA plays a crucial role in supporting the implementation of key strategic documents in the Environment and Climate Action sector in North Macedonia. This includes strategies spanning nature protection, biodiversity, sustainable development, water management, waste management, climate change communication, and long-term climate action from 2010 to 2050. These strategies, some completed and others ongoing or under development, have been pivotal in guiding the country's environmental and climate initiatives, with IPA contributions facilitating progress and addressing challenges in their execution. Until the end of the reporting period, EU assistance in Window 2, Thematic Priority 1 - Environment and Climate Change amounts to 226.6 million EUR<sup>3</sup> through approved IPA II and IPA III annual and multiannual programmes.

The implementation of reforms under the IPA funded 2014-2020 Sector Operational Programme (SOP) on Environment and Climate Action, reflects a nuanced picture of progress and areas requiring further attention. Notably, the program has seen progress in the approximation of environmental and climate action legislation, aligning with EU standards and improving the institutional capacity for environmental management. However, challenges persist, particularly in the Environmental Statistics Framework and legislative measures, where targets have not been fully met. Action 1 of the OP has demonstrated positive momentum through contracts aimed at enhancing pollution control, waste management, and biodiversity conservation, indicating a strategic approach towards sustainable environmental governance. Action 2 reveals a concerning stagnation in the development of critical environmental infrastructure such as landfills and wastewater treatment, highlighting a pressing need for accelerated efforts to meet future objectives. New initiatives under IPA III are in their initial phase, with no substantial progress to report in the current period.

Related to programming of the Operational Programmes (OP) under IPA III for the period 2024-2027 that was started in 2023, OP on Environment, OP on Transport and OP on Human Capital have been finalised and adopted in July 2024. Along with the revised OPs, nine Operation Identification Sheets (OIS) was prepared to outline specific initiatives under the OPs for the first year of implementation and submitted to the Commission. One OIS was related to OP on Environment, dedicated to improving the management and implementation of the OP itself through technical assistance, enhancing the management of EU financial assistance, and developing human capital in line with EU best practices. Commission's feedback on OISs was not received until the end of 2024.

The overall objective of the OP on Environment is to advance the Green Agenda in North Macedonia by enhancing wastewater management to reduce untreated discharges and align with EU environmental standards, including GHG emission reduction. This involves constructing compliant wastewater infrastructure, equipping Public Communal Enterprises for new plants, and upgrading waste management systems in the East and Northeast regions to boost recycling and environmental protection. Additionally, efforts are focused on preparing North Macedonia for EU accession negotiations under Chapter 22 through improved management, implementation, and control of EU financial assistance,

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<sup>3</sup> Without Union programmes, multicountry programmes and allocations for EU Integration Facility for related sector.

emphasizing human capital development and adherence to EU requirements and best practices. The OP on Environment amounts to 89.3 million EUR for the period 2024-2027, with EU contribution of 70 million EUR.

### **Energy**

The IPA has significantly contributed to the energy sector in North Macedonia, supporting the implementation of the National Energy Strategy up to 2040, the National Energy and Climate Plan (NECP) for 2021-2030, and the National Energy Action Plan for 2022-2023. IPA contribution to the sector reflects the country's commitment to updating its energy policies in line with ambitious 2030 targets for greenhouse gas reduction, energy efficiency, and renewable energy, as mandated by the Energy Community Ministerial Council in December 2022.

In October 2022, in response to the crises in energy and pricing, the Commission adopted an Implementing Decision which facilitated the introduction of the 2023 Energy Support Package. Subsequently, the National Action Plan for Energy 2022-2023 and the State and Resilience Building Contract for North Macedonia were developed, introducing measures to provide direct financial support and energy allowances for vulnerable populations. The Financing Agreement (FA) was signed in January 2023 value of EUR 80 million. So far EUR 72 million are disbursed.

The project "Supporting Energy Reforms" is providing support to enhancement of the strategic energy framework, fostering an efficient energy policy, aligning national legislation with the EU Energy acquis, and strengthening institutional capacities. Progress includes the development of a Rulebook on Renewable Energy Equipment Specification, recommendations for the Repower EU plan, a gap analysis of the Energy Efficiency Directive, and institutional reviews aimed at boosting operational efficiency.

In December 2024 Financial Agreement was signed for the annual IPA 2024 programme. Activities related to this sector are planned in the scope of IPA III Action Document 2024 EU for Economic Cohesion under **Output 2: Strengthened strategic, institutional, and operational capacity for effective energy policy in response to the climate change**. This Action is addressing the climate change challenges by supporting structural reforms in energy and energy transition from fossil fuels towards clean energy in line with the Green Agenda for the Western Balkans. This involves aligning the national energy policy with the EU objectives and the undertaken international commitments; streamlining the institutional framework; enhancing the competencies of the authorities at the national, regional and local levels and building their capacities to implement measures in support of the green and just transition; upscaling the education and awareness on sustainable energy issues on the central and local level; and promoting the renewable energy and prosumers concept. The Action will also improve the analysis of the green energy transition and support future EU investments. The first activities are expected during 2025.

### **Transport**

IPA plays a pivotal role in supporting the implementation of the National Transport Strategy (NTS) 2018-2030 for North Macedonia's transport sector. NTS is geared towards harmonizing with the Transport Community Treaty (TCT) and the EU transport acquis, with an overarching aim of merging the national transport market seamlessly into the European Union's, even before EU accession. A critical short-term objective within this strategy is the reduction of greenhouse gas (GHG) emissions from the transport sector, aligning with the ambitions of the European Green Deal to mitigate pollution and encourage sustainable growth. Until the end of the reporting period, EU assistance in Window 2 related to transport sector amounts to 226.6 million EUR<sup>4</sup> through approved IPA II and IPA III annual and multiannual programmes.

The Sector Operational Programme (SOP) for Transport for 2014-2020 is focused on enhancing the transport infrastructure in North Macedonia, with developments across rail and road sectors for better cohesion with EU member states and regional neighbours. In rail transport, progress was made on the Kriva Palanka - Bulgaria border section, with tender documentation prepared and published after consultations with key IFIs, ensuring alignment with international standards. The road transport saw

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<sup>4</sup> Without Union programmes, multicountry programmes and allocations for EU Integration Facility for the related sector.

substantial completion of the Gradsko-Drenovo section on Corridor X-d, despite delays, and continued efforts on the State Road A2 Kumanovo – Stracin section. Some projects are facing administrative challenges leading to reallocations or adjustments. Horizontal assistance aimed to support sector governance and reforms encountered varied progress, with some projects advancing smoothly while others faced procedural challenges, reflecting the complexity of implementing such a comprehensive transport improvement agenda.

Related to programming of the Operational Programme under IPA III for the period 2024-2027 that started in 2023, OP on Environment, OP on Transport and OP on Human Capital have been finalised and adopted in July 2024. Along with the revised OPs, nine Operation Identification Sheets (OIS) was prepared to outline specific initiatives under the OPs for the first year of implementation and submitted to the Commission. Three OISs were related to OP on Transport. Commission's feedback on OISs was not received until the end of 2024. The OP on Transport's first area of support focuses on enhancing the railway infrastructure by improving specific sections of Corridor X for increased safety, efficiency, and climate resilience in line with EU standards, as well as enhancing the capacities of national railway authorities. The second area targets road transport, aiming to improve safety and connectivity on sections of TEN-T corridors X, Xd, and VIII, prepare selected road projects for financing in line with EU requirements, and align national road safety and management policies with EU regulations. The third area supports the country's EU accession readiness by advancing the management of EU funds and human capital development. The OP on Transport amounts to 93.3 million EUR for the period 2024-2027, with EU contribution of 50 million EUR.

### ***Employment, Education and Social Policies (EESP)***

The National Employment Strategy, adopted in November 2021, set forth objectives aimed at enhancing education quality, job creation through economic and enterprise development, and making labour market policies more inclusive. Progress was furthered by the review and development of new action plans in late 2023. The National Strategy for the Rights of Persons with Disabilities for 2023-2030 was adopted, accompanied by an action plan, marking a commitment to improving the lives of disabled individuals. Additionally, the implementation of Education Strategy 2018-2025 with the Action Plan is ongoing.

IPA played a crucial role in supporting strategic planning across priority areas, notably in monitoring the Youth Guarantee Implementation Plan and the National Strategy on Deinstitutionalization, as well as aiding the development of a policy framework for social enterprises. Notably, the first National Strategy for Social Enterprises was adopted in August 2021, showcasing a move towards sustainable economic development models.

The 2017 Action *EU Support for Education, Employment and Social Policy* initiative has made progress in addressing unemployment, enhancing labour market inclusivity, particularly for youth and women, and upgrading the quality of education and training. In 2022, North Macedonia saw advancements in addressing unemployment and labour market participation, particularly among young people and women, alongside efforts to modernize its social protection system. The unemployment rate dropped to 12.8%, although youth labour force participation slightly declined, attributed to lower activity rates among young women and men. Continuous policy efforts, as outlined in the National Employment Strategy 2027, and increasing budgetary commitments for employment programs have been key. The National Economic-Social Council's capacity has been strengthened through training, enhancing its role in policy deliberation, while advancements in data-exchange tools and training for over 70 staff have improved service delivery and policy making. Despite growth in trade union membership, the union density rate has declined due to the faster increase in overall employment. The program has expanded public pre-school access, aiding government efforts and resulting in new kindergartens in Tetovo and Tearce, set to serve over 320 children in the Polog region. Additionally, it supported the Ministry of Labour and Social Policy in updating the Child Protection Law and related regulations, benefiting over 2600 pre-school education practitioners and enhancing support for disadvantaged families through 15 kindergartens. The initiative supported 4,298 unemployed individuals, with a focus on women, youth, and Roma communities, but employment outcomes were lower than expected, highlighting systemic issues. It introduced new collaborative approaches between employment and social services and piloted programs for educational completion and labour market integration. Additionally, it advanced the



National Informal Economy Strategy by drafting legislation for simplified work engagement and preparing for the introduction of Workplace IDs in the construction sector, alongside recognizing family-friendly private companies. The Action significantly enhanced social services by supporting the deinstitutionalization strategy with 20 new supported living services for 100 individuals from Demir Kapija, leading to their resettlement and ongoing financing by the Ministry of Labour and Social Policy. It also updated legal frameworks for social services, increased licensed providers to 118, and expanded service users to 2,500. Moreover, the Action bolstered social enterprise support in Skopje through training, investment readiness, and grants, and drafted a Law on Social Enterprises to formalize and enhance this sector's support.

EUIF 2018 Action enhanced employee insolvency protections, resulting in drafted legislation, updated ESA IT systems, and trained 60 individuals, alongside a new guarantee mechanism roadmap. Progress has been made in mainstreaming non-discrimination in legislation, leading to amendments in five laws, training for 118 professionals, and guidelines for law harmonization with anti-discrimination standards.

Under the *EU for Inclusion AD 2019*, progress have been made towards enhancing social, educational, and economic inclusion for vulnerable groups in line with key strategic frameworks such as the National Deinstitutionalization Strategy 'Timjanik' 2018-2027, the National Strategy for Roma Integration 2022-2030, and the Strategy for the Rights of Persons with Disabilities. The Ministry of Labour and Social Policy has progressively increased budget allocations for deinstitutionalization, benefiting 300 individuals through supported housing, although 108 individuals with disabilities remain in residential care. Despite a lack of specific information on improved housing, education, and economic opportunities for the Roma and those in deep poverty, efforts to enhance educational facility accessibility for persons with disabilities are underway. Additionally, 2023 saw the resettlement of all 20 users into supported housing by the Ministry of Labour and Social Policy and the Institute, with new caregivers hired and further plans for capacity building and resource allocation for new community-based services, expected to materialize in 2024 amidst implementation delays.

The Sector Reform Performance Contract 2019 *EU for Youth* has contributed to the reduction of youth unemployment and NEET rates, with the employment rate for young individuals reaching 33%, surpassing the set target. The Youth Guarantee scheme, a pivotal element of the program, has seen over 35,000 young people enrol, with more than a third finding employment or engaging in active employment measures within four months. The program's success is underpinned by the Government's commitment, evidenced by the adoption of a new Youth Guarantee Implementation Plan for 2023-2026, which is currently being executed with plans for further support under the 2024-2027 OP on Human Capital. The program has also enhanced the offer of accredited VET programs, aligned competencies of VET staff with development plans, fostered policy dialogue on sector reforms, and improved the monitoring system for sector reforms, particularly the Youth Guarantee, aligning it with EC methodologies. Capacity building within the Ministries of Labour and Social Policy and Education and Science has been a focus, alongside efforts to raise awareness about EESP sector reforms among stakeholders and the public.

*Operational Programme on Human Capital* under IPA III for the period 2024-2027 has been adopted in July 2024. Four OISs were developed for the first year of implementation and submitted along with the OPs in November 2023. Commission's feedback on OISs was not received until the end of 2024. The Programme aims to promote equal opportunities, employment access, and quality social protection. The specific objectives are to enhance the employment and employability of the labour force, focusing on youth, women, and vulnerable groups, and to improve social inclusion and the quality of social services provided, particularly for vulnerable groups. The OP on Human Capital amounts to 49.7 million EUR for the period 2024-2027, with EU contribution of 40 million EUR.

Educational reforms in North Macedonia have shown varied progress across different areas. In international assessments like PISA 2022, there's an improvement in student achievements in science, mathematics, and reading, though scores remain below OECD averages. The country has successfully reduced early leavers from education and training. However, the completion rate in compulsory education shows no change, indicating a need for further intervention. The new Education Management Information System is nearing completion, aimed to enhance governance and data management. The National Qualifications Framework reform has progressed with a focus on inclusivity, quality

assurance, and alignment with international standards, supported by various methodologies and training. In vocational education and training (VET), the establishment of Regional VET Centres and the implementation of the Validation of Non-formal and Informal Learning (VNFIL) system mark significant steps towards improving quality and accessibility. The alignment with EQAVET standards and the development of strategic frameworks for post-secondary education indicate an inclusive approach to reform. Efforts to enhance accessibility for individuals with disabilities have led to improvements in numerous educational facilities across the country. Additionally, the enrolment in VET schools has seen a slight increase, reflecting a positive trend in vocational education uptake.

New action fiche *EU for Modern Education and Skills 2025* which is under maturity assessment by Commission, builds on ongoing IPA assistance and policy dialogue while addressing gaps not previously covered by EU support. The Actions objective is to support the development of individuals' capacities to their full potential, while the outcome focuses on improving completion of inclusive and equitable quality education and training. Reforms collectively aim to enhance the quality of education, promote inclusivity, and align national curricula with international standards, ultimately leading to better student outcomes and contributing to the broader socio-economic development of North Macedonia.

In the Health Subsector, the National Health Strategy 2021-2030, part of the Sector National Strategic Framework, was developed with financial support from the European Union under the IPA II and is being implemented. This strategy, along with the National Mental Health Strategy 2018-2025 and the National Strategy on AMR Control with Action Plan 2019-2023, are key ongoing strategic documents for the health sector, established to guide health reform until their respective end dates. Progress in the health sector's strategic framework, supported by IPA II and III, indicates a concerted effort to enhance North Macedonia's healthcare system and its response to health threats, as outlined in key strategic and Programme documents.

The *Strengthening of the health system and rapid response to communicable diseases* performance award 2020 has improved North Macedonia's healthcare infrastructure and emergency response capabilities. Achievements include the installation of three MRI systems and five CT scanners across various hospitals, enhancing diagnostic accuracy and treatment effectiveness. Deployment of seven emergency medical vehicles will further improve emergency care standards. Additionally, the *Support for implementation of the Health Strategy 2021-2030* EUIF 2020 initiative has successfully completed an assessment for developing a comprehensive psychiatric service for children and adolescents and is progressing in areas like hospital needs evaluation, palliative care frameworks, hospital classification, health financing strategies, and public health program assessments. The *Support to the transplant system* project aims to upgrade the transplantation system, aligning it with EU standards and improving operational procedures and staff training. The EC grant *EU4Health* (IPA 2020) has facilitated the procurement of 700,000 COVID-19 vaccine doses and essential medical supplies for an efficient vaccination campaign, significantly contributing to public health protection and crisis management capacity in North Macedonia.

With the IPA III 2022 Action Document *EU for Improved Health and Social Protection and Gender*, objectives were set to improve occupational safety, health standards, gender equality, and access to social services.

### ***Competitiveness and Innovation***

EU-funded initiatives have been instrumental in enhancing competitiveness and innovation in North Macedonia, targeting SME development, economic resilience, and alignment with EU standards. The 2016 action focused on bolstering SMEs' financial and operational capabilities. In 2019, efforts were directed towards establishing a competitive, knowledge-based economy, emphasizing economic convergence with the EU, and supporting start-ups and SMEs in less developed areas. The 2020 initiative addressed COVID-19's impacts, aiming to fortify micro- and small enterprises' resilience, augment safety nets for individuals, and enhance public services. The 2021 Action concentrated on greening, recovery, and modernization to advance the economy's competitiveness. Progress was recorded in the *EU Supports Competitive and Fair Markets* AD 2019, with North Macedonia advancing in its alignment with the EU *acquis* in key areas such as the free movement of goods and services, company law, and consumer protection. This included strategic policy alignment, legislative reviews,

business process simplification, and enhancements in market regulation and metrology capacity, aligning with EU directives. The "Corporate Social Responsibility and Business Angels - Driving Force for Private Sector Development" project, although in its nascent stages and without specific outcomes to report yet, is designed to further SME competitiveness through a supportive ecosystem for business angels, venture investors, and CSR practices with a focus on inclusivity and gender equality.

The IPA 2024 Action *EU for Economic Cohesion* encompasses critical domains outlined in Window 3 and Window 4. The primary objective of this extensive endeavour is to advance North Macedonia towards a private sector that is both innovative and competitive, while simultaneously ensuring a transition to clean and efficient energy sources and resilient food systems. It aims to accelerate business environment reforms in North Macedonia in conjunction with the country's accession to the Single Market by capitalising on synergies in the areas of agriculture, energy transition, innovation, and private sector expansion. This encompasses the improvement of legal, administrative, and operational structures, placing emphasis on the freedom to provide services, right of establishment, market surveillance, consumer protection, and the efficacy of intellectual property policies. By supporting technological and practical innovations in the private sector and agriculture, influencing the green and digital transition, and advancing gender equality, the Action aims to strengthen North Macedonia's innovation policy. It promotes the development of technology transfer offices and centres of excellence in accordance with the Smart Specialisation Strategy (S3) and facilitates engagement in Union Programmes that foster business innovations.

### ***Agriculture and Rural Development (ARD)***

In the ARD sector support has been pivotal in shaping sectoral strategies, boosting institutional capacities, and enhancing budgeting processes. Key developments include the adoption of the National Agriculture and Rural Development Strategy (NARDS) for 2021-2027, drafting of a new agriculture law, updating the Farm Accountancy Data Network (FADN) rulebook, and implementing new food safety and phytosanitary policies. Ongoing strategic efforts are focused on animal health, fisheries, aquaculture, and rural development for 2021-2027, with a special emphasis on agricultural land consolidation and upcoming phytosanitary strategies. In 2019, functional reviews and capacity building initiatives were directed at key ARD agencies, addressing issues like staff retention and workload distribution. The Integrated Administration and Control System (IACS), operational since 2011, is undergoing enhancements to improve its effectiveness and interoperability.

The 2019 Action *EU supports Rural Development and Competitive Sustainable Agriculture* has made progress in enhancing North Macedonia's agricultural productivity and sustainable forest use. Progress has been made in modernizing agricultural advisory services, highlighted by the enactment of the new Advisory System for Agriculture and Rural Development Law on December 11, 2023. Further progress included the structured drafting of by-laws and certification of 91 advisors in 2024. The development of an IT system for monitoring and evaluation represents a crucial step forward, alongside the completion of an advisory services assessment report and the approval of an e-catalogue of services. In the field of modernization in agriculture, two grants have been initiated, focusing on innovative practices among farmers and cooperatives. In the land consolidation field, support under IPA is focused on improvement of the policy framework for land consolidation, with ongoing development of a policy note following a thorough review of national policies. Three small-scale irrigation systems have been implemented, enhancing the agricultural infrastructure. Progress includes the near completion of the Tearce village irrigation system and the operational status of the Pishica village system, verified by a Provisional Acceptance Certificate. Progress also includes the drafting and stakeholder agreement on the new Law on Forests and the transformation of the Public Enterprise "National Forests" into a State Forest Company LLC. The completion of tender procedures for the National Forest Inventory marks a significant step towards improved forest management practices.

Progress on implementation of reforms in food safety, animal, and plant health is marked with improvements in food safety standards, legislation, and control systems. The achievement of eradicating two diseases, as per FVA reports, indicates effective disease control measures and strengthens the food safety system. The project to construct a rendering plant, although in its initial stages, is set to safely dispose of 8,500 tons of animal by-products annually, addressing a critical need in animal health risk management. Efforts to align phytosanitary legislation with the EU acquis, especially Regulation (EU)



2017/625, are crucial for international compliance and plant health standards. The increase in approved plant protection products to 473 in 2023, from 400 in 2018, and the revision of draft laws on seeds, seedlings, and plant protection products indicate progress towards EU market integration. Furthermore, the development of communication strategies and the implementation of Laboratory Information Management Systems in the State Phytosanitary Laboratory, along with the preparation of Standard Operating Procedures for sampling, aligns with the progress indicator of 89 accredited methods for 2023, aiming for a target of 169.

The 2021 Action, under "EU for Green Economy," is focused on improving the role of farmers in the supply chain, promoting sustainable agriculture, and integrating environmentally friendly practices in the agricultural sector, contributing to a greener economy. Although in early stages, these efforts indicate a strong commitment to environmental sustainability in agriculture.

In the reporting period (last quarter), Financial Agreement was signed for the annual IPA 2024 programme. Activities related to this sector are planned in the scope of IPA III Action Document 2024 *EU for Economic Cohesion* under *Output 3: Enabled national policies for sustainable food system towards EU objectives for green agriculture*. Interventions aim to promote of fair, healthy and environmentally friendly food systems; enhance the veterinary system; and to improve the phytosanitary system. The action will improve the alignment of national regulations with the EU acquis for organic production, geographical indication, veterinary system, environmentally friendly food production, animal health and official controls, plant health and plant protection products. It will also strengthen the capacity for effective and efficient management of these areas in accordance with the upgraded regulatory framework. A significant portion of the action involves the digitalization of the control system, animal health and food safety monitoring, fishery traceability, and catch certification records. The first activities are expected during 2025.

## **1.2. Main achievements and challenges in programming and implementation**

The development of IPA III Strategic Response and related programmes is overseen by sectoral working groups (SWGs), headed by line ministers, and assisted by the NIPAC - Ministry for European Affairs (MEA). In October 2024, following launch of the programming for 2025-2027, IPA III Strategic Response developed included Windows 1, 2 and 4 to reflect Commission's outline of priorities for programming 2025-2027.

The financing decision for **IPA annual action plan 2021** was made in December 2021, and the corresponding Financing Agreement was finalised in November 2022. This agreement encompassed the following Action Documents (ADs) in the amount of 90.45 million EUR EU contribution:

- EU Rule of Law and Anti-Corruption
- EU against organised crime, in support of trade
- European Integration Facility
- EU Environmental Standards and Clean Air
- EU for Prespa
- EU for Green Economy

The financing decision for **IPA annual action plan 2022** was made in December 2022, and the corresponding Financing Agreement was signed in December 2023. This agreement encompassed the following ADs with EU contribution in the amount of 72.5 million EUR:

- EU for Improved Border and Migration Management
- EU for Modern Public Administration
- EU Integration Facility
- EU for Modern Wastewater Systems
- EU for Improved Health, Social Protection and Gender Equality

In October 2022, in response to the crises in energy and pricing, the Commission adopted an Implementing Decision on the financing annual action plan contributing to the Western Balkans **Energy Support Package for 2023**. This decision postponed the maturity assessment of annual actions planned under the IPA 2023 programme. Subsequently, the National Action Plan for Energy and Price

Crises 2022-2023 and the State and Resilience Building Contract for North Macedonia were developed, introducing measures to provide direct financial support and energy allowances for vulnerable populations. The Financing Agreement was signed in January 2023 in the value of EUR 80 million.

The financing decision for **IPA annual action plan 2024** was made in December 2022, and the corresponding Financing Agreement was finalised in December 2024. This agreement encompassed the following ADs in the amount of EUR 58.6 million EU contribution:

- EU for Health.
- EU for Economic Cohesion
- EU for Rights and Security
- EU Integration Facility

The **IPA multiannual operational programmes 2024-2027** were adopted in July 2024 by Commission encompassing the following programmes in the amount of EUR 160 million EU contribution:

- OP on Environment
- OP on Transport
- OP on Human Capital

Along with the OPs, nine OIS for the first year of implementation were submitted to Commission. Feedback and approval are expected in 2025. In addition, **programming cycles 2025-2027** started in July 2024. During September and October, action fiches were prepared and submitted to Commission for relevance assessment i.e. EU for Modern Education and Skills 2025, EU Integration Facility 2025-2027, EU for Rule of Law 2026-2027 and EU for Good Governance 2026-2027. Relevance assessment comments have been received in December 2024. In the next reporting period, maturity assessment of the interventions planned for 2025 is expected to be finalised and programme adopted. Total value of the programme 2025-2027 for North Macedonia is estimated to EUR 67 million EUR EU contribution.

The current **overview of the IPA assistance in North Macedonia** is presented in the two tables below. Status of the **IPA II** allocations and absorption<sup>5</sup> in December 2024 is as follows:

Implementing modality	Contracting Authority	Allocated EU funds	Contracted EU funds	Contracting %	Paid EU funds	Payment %
<b>IMBC (including Union Programmes and IPARD II<sup>6</sup>)</b>	Relevant national authorities	353,475,411	194,805,859.31	55%	156,969,508	44%
<b>Direct management</b>	EUD	237,553,683	228,923,171	96%	205,313,803	86%
<b>Indirect with pillar assessed entity (international organisations)</b>	EUD	42,000,000	35,881,300	85%	33,881,300	81%
	<b>Total</b>	<b>633,029,093</b>	<b>459,610,330</b>	<b>73%</b>	<b>396,164,611</b>	<b>63%</b>

Status of the **IPA III** allocation and absorption<sup>7</sup> in December 2024 is as follows:

Implementing modality	Contracting Authority	Allocated EU funds <sup>8</sup>	Contracted EU funds	Contracting %	Paid EU funds	Payment %
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<sup>5</sup> All figures are in euros without IPA II allocations for territorial and cross border cooperation programs.

<sup>6</sup> IPARD II allocation is EUR 60 million.

<sup>7</sup> All figures are in euros without IPA III allocations for territorial and cross border cooperation programs

<sup>8</sup> In addition, EUR 150,000 is planned for contingency.

<b>IMBC (including IPARD III<sup>9</sup>)</b>	Relevant national authorities	283,500,000	16,254,988 <sup>10</sup>	5.73%	0	0%
<b>Direct management (including Union Programmes and multi-country programmes and individual measures)</b>	EUD	265,802,820	133,275,486	50.14%	90,488,712	34%
<b>Indirect with pillar assessed entity (international organisations)</b>	EUD	54,580,000	39,882,500	73.07%	17,621,626	32%
	<b>Total</b>	<b>603,882,820</b>	<b>189,412,974</b>	<b>31.37%</b>	<b>108,110,337</b>	<b>18%</b>

### *Implementation of Annual and Multi-Annual Action Programmes Under IMBC*

North Macedonia has adopted indirect management of IPA funds since the inception of the IPA I, achieving conferral of management for Components III, IV, and V between July and December 2009, and for Component I in December 2010. Under IPA II, the country implemented two annual programmes for 2014 and 2017, focusing on sectors Justice and Home Affairs, and Education, Employment, and Social Policy, respectively. Additionally, multiannual programme for 2014-2020 addressed Environment and Climate Action and Transport, subject to indirect management. The first financing agreement for the 2014 Country Action Programme was signed in December 2015 and completed in the previous reporting period.

Looking ahead to IPA III, North Macedonia is implementing one Annual Action Programme for 2022 on Environment and three multiannual Operational Programmes for 2024-2027, targeting Environment, Transport, and Human Capital. The financing agreement for the IPA 2022 was signed on 21st December 2023 while operational programmes are adopted in July 2024 by Commission Implementing Decision. Finalisation of entrustment procedures will enable signing of the Financing Agreement which is expected in 2025.

Financially, allocated for 2014-2020 IPA programmes under indirect management amounted to 258.5 million EUR<sup>11</sup> and with the national contribution it reaches 302.4 million EUR. Until the end of 2024, CFCD contracted 63 contracts in the value of 129.05 million EUR (EU contribution 99.9 million EUR) out of which 33 are finalised, 1 terminated and 29 are still ongoing. Out of available IPA funds, contracting rate until the end of 2024 is around 38,64% and disbursement rate is 28.36%. In total 85.90 million EUR (EU contribution 73.32 million EUR) has been disbursed to the contractors. More detail information is provided in the Section V of the Report.

Challenges in the implementation and low fund absorption have been attributed to the scarcity of mature infrastructure projects and difficulties in procurement processes, leading to decommitments, particularly in the OPs. The functioning of management and control system relies heavily on adequately staffing of IPA structures. By the end of 2024, these structures saw a 7% turnover rate, with 9 departures and 11 hires. Most affected institutions with the turnover rate are MS, CFCD, MoEPP and MoTC with the high percentage above from 8% up to 13%.

<sup>9</sup> IPARD III allocation is EUR 97 million.

<sup>10</sup> Only IPARD funds were contracted until the end of 2024.

<sup>11</sup> Without Union programmes.

It can be summarised that for the overall IPA structure occupancy rate is 80% which represents a gap of 32 employees less in the national administration in 2024 dealing with IPA management than required as per WLA. However, on the level of each programme under IMBC it significantly differs. Overall, in 2024 the turnover rate was 7% which is in the targeted 5%-10% which is declined 12 % in comparison to 2023. Nevertheless, necessity for systematic and continuous capacity building activities as well as development and integration of staff retention policy measures remains.

The general overview of the management and control system functioning can be marked with huge delays in the process of implementation of the projects under the area of environment and rail infrastructure leading to significant risk of current and future decommitment of IPA funds. The turnover of staff and capacities also remains the main problem during 2024 as of the lack of long-term motivation and retention policy. In 2024 in total 9 audit missions related to functioning management and control system have been implemented by the Audit Authority for IPA and Commission's audit team. Until the end of 2024, there are 54 open audit findings. In the next reporting period is expected finalisation of entrustment procedure for IPA III 2024-2027 operation programmes. DG ENEST's audit verification mission is expected in March 2025.

In terms of irregularities, North Macedonia has taken steps to enhance fraud investigation and reporting mechanisms in line with IPA regulations. The AFCOS in the Ministry of Finance has been active in coordinating anti-fraud efforts. In 2024, 8 irregularities were reported for IPA II programs, mainly related to projects in environment sector.

The Management Information System (MIS) remains functional and is continuously updated to meet user needs and address audit recommendations. Despite work overload and data dependency issues, regular updates are ensured through effective communication within the IPA structure. Nevertheless, in the upcoming period further strengthening of the administration capacity will be continued to ensure higher quality of the input data and thus reports that system is generating.

#### ***Implementation of EU Integration Facility and TAIEX support***

Under the EU Integration Facility (EUIF) from 2014 to 2024, support is provided to various sectors in their alignment with EU standards and practice. This assistance spans completed contracts and ongoing projects, advancing agricultural practices, enhancing public finance control, fostering innovation, and strengthening governance structures and legislative frameworks. Additionally, investments have been made in health and environmental sustainability, transport infrastructure, rule of law, and multisector aid. These focused investments support initiatives ranging from improving agricultural land use management and animal health to modernizing financial management systems and transport planning capabilities. They also underscore the commitment to enhancing the rule of law, supporting justice sector reforms, and advancing EU integration through various educational and infrastructure projects.

Under IPA II four EUIF Action Documents were approved under IPA annual programmes 2014, 2015, 2018 and 2020 with the total IPA II allocation of 29.825 million EUR. Under IPA III currently three EUIF Action Documents were approved under IPA annual programmes 2021, 2022 and 2024 with total allocation of 27.5 million EUR. During 2024, programming cycle 2025-2027 was launched by the EC. Action Fiche EUIF 2025-2027 has been prepared and passed EC relevance assessment in December 2024. It is expected that in the next reporting period the action will be approved through the Commission's implementing decision when total IPA III allocation for EUIF will reach 57.5 million EUR.

For more detail overview related to Union programmes please see *Section 2.6.1 and 2.6.2 and Annex 5 of the Report*.

In 2024, 56 TAIEX events have been organised to support various sectors: rule of law, migration and security (17.3 %); green and digital transitions, connectivity (16.29%); internal market; and farm to fork, agriculture and food security. Events were delivered in a form of peer review mission, expert missions and workshops.

For more detail overview related to TAIEX support please see *Annex 7 of the Report*.

#### ***Implementation of Civil Society programmes under direct management***

Under a series of **Civil Society Organization (CSO) action programmes** from 2014 to 2020, managed directly, total of EUR 24.3 million have been allocated. Of this, EUR 20.96 million has been contracted, achieving an 86.27% contracting rate, and EUR18.39 million has been paid out, reflecting an 87.72% payment rate of the contracted funds. The programmes encompass 87 contracts over the mentioned period, with an additional 12 contracts in 2021 valued at EUR 1.3 million, indicating a sustained and diverse engagement with civil society organizations.

CSO programmes under the IPA II focused on enhancing democratic participation, advocating for civil society, and addressing various societal issues through grants and services. The programmes covered diverse areas including health, gender equality, youth engagement, environmental advocacy, legal aid, transparency in public finance, and media freedom. Notably, initiatives like "Youth-inclusive Local Communities," "Youth - Agents of Change," and "Youth activism for greener municipalities" emphasized youth empowerment and inclusion, reflecting a strategic investment in the younger generation's capacity to contribute to societal advancement. Projects such as "Empowering patients for a healthier society," "Access to justice for all," and "Joint efforts for Gender Equal Society" aimed at enhancing healthcare access, legal aid, and gender equality, showcasing a commitment to addressing fundamental human rights and societal needs.

### **1.3. Complementarity with multi-country actions and other donor support**

#### *Interreg Cross-border Cooperation Programmes with Member States and Transnational and Interregional Cooperation Programmes*

North Macedonia is participating in two Interreg cross-border cooperation (CBC) programmes with Bulgaria and Greece, and in five transnational and interregional cooperation programmes: Balkan Mediterranean 2014-2020, ADRION 2021-2027, Euro-MED 2021-2027, URBACT IV 2021-2027 and Interreg Europe 2021-2027.

The CBC programmes and those with Member States are implemented under shared management, with expenditure verification by externally engaged first level controllers (FLC) from the MoLSG. For IPA ADRION, Euro-MED, URBACT and Interreg Europe, the MEA takes on this role (For CBC programmes NIPAC has delegated the coordination role to MLSG, while has kept the coordination role for transnational and inter – regional territorial cooperation programmes). The Interreg IPA Programme with Bulgaria for 2014-2020, which emphasized climate change mitigation and SME competitiveness, successfully contracted 78 projects, utilizing over 90% of its EUR19.4 million fund. The 2021-2027 programme with Bulgaria has a EUR 31.15 million budget, supporting strategic projects like a new Border Crossing Point and enhancing SME capacity. For the 2021-2027 period with Greece, the Programme aims to bolster territorial cohesion and has a budget of EUR33.31 million, covering multiple priority axes.

The Balkan Mediterranean Programme, now concluded, involved five countries and funded 38 transnational projects, addressing entrepreneurship, innovation, and environmental concerns. The Euro-MED Programme, having recently included North Macedonia, signed a financing agreement in 2023 but has not yet published calls for proposals. In 2022, North Macedonia joined the Interreg URBACT IV Programme 2021-2027, and in 2023, a Financing Agreement was signed with the European Commission and France's Managing Authority, leading to the approval of two projects from Tetovo and Kochani municipalities in the first call for Action Planning Networks, focusing on social inclusion and local economic development, with a total value of 115,840.25 EUR, and a call for Innovation Transfer Networks planned for 2024. In 2022, North Macedonia became a partner in the Interreg IPA ADRION Programme 2021-2027, and in 2023, a financing agreement was signed with the European Commission and Italy's Regione Emilia-Romagna, making programme funds available; within the first call for proposals, 34 projects involving 40 project partners from North Macedonia were among those approved for financing by the Programme. Republic of North Macedonia became a partner country in INTERREG programme for Interregional cooperation Interreg Europe 2021-2027 in 2023 and the Financing Agreement is expected to be signed in 2025. Potential beneficiaries from North Macedonia had a chance to apply on the 3<sup>rd</sup> Call for project proposals implemented in the period 20 March 2024 – 7 June 2024 under which 3 partners from North Macedonia were approved to join to already approved projects under the previous calls and 16 partners approved as partners in 15 new projects.



For more detail overview related to territorial and cross border cooperation programmes under shared management please see *Section 2.6.1 and 2.6.2 and Annex 5 of the Report*.

### ***CBC Programmes Between IPA Beneficiaries***

The IPA II and III Cross-Border Cooperation (CBC) programmes between North Macedonia and Albania, funded by the European Union, aim to foster socio-economic development and regional integration. The IPA II programme, running from 2014-2020 with a budget of 11.9 million EUR, focused on enhancing tourism, business competitiveness, and environmental protection across targeted regions in both countries. With 20 projects funded under its three Calls for Proposals, it achieved significant utilization of available grants. Transitioning into IPA III for the 2021-2027 period, the programme seeks to build an environmentally friendly cross-border region with a sustainable tourism sector, maintaining thematic priorities on environmental protection, cultural heritage, and governance capacity building. Despite delays in the financing agreement, the first Joint Monitoring Committee (JMC) meeting has established a foundation for implementation, continuing the collaborative momentum towards regional development and integration.

The IPA II CBC Programme between Kosovo and North Macedonia, active from 2016 until its completion on December 5, 2023, successfully funded 18 projects with a total EU contribution of 6.133.594 EUR, focusing on business development, tourism, cultural and natural heritage, and environmental protection. Despite a lesser emphasis on business competitiveness, the programme strategically prioritized local authority-led projects for sustainable community impact. Throughout 2023, ongoing implementation and support were provided through multiple monitoring visits, training sessions, and bilateral meetings, paving the way for the transition to the IPA III programme. The IPA III, starting December 7, 2023, with an 8.4 million EUR EU allocation, focuses on competitiveness, environmental protection, and technical assistance. Initial steps for IPA III include establishing operational structures, with the first Joint Monitoring Committee meetings and the inaugural Call for Proposals slated for early 2024, marking a continued commitment to cross-border cooperation and regional development.

The IPA II Cross Border Cooperation (CBC) programme between Serbia and North Macedonia, initiated at the end of 2016 with a budget of 3.5 million EUR for 2016-2020, is concluding its allocations from 2018 to 2020. The 2nd Call for Proposals, valued at 1.89 million EUR, attracted 25 applications, leading to 9 projects being funded with a total of 1.78 million EUR. These projects, started in 2023, encompass a range of initiatives on both sides of the border, with comprehensive monitoring and evaluations conducted throughout the year. Transitioning to IPA III for 2021-2027, the programme's foundation was solidified with the European Commission's financial decision in June 2022 and the first Financial Agreement activated in June 2023. The inaugural Joint Monitoring Committee meeting in October 2023 and the extension of the Technical Assistance Grant Contract signify the ongoing commitment and strategic planning for enhanced Serbia-North Macedonia cross-border collaboration.

For more detail overview related to related to cross border cooperation programmes between IPA beneficiaries please see *Section 2.6.3 and Annex 5 of the Report*.

### ***Union Programmes***

From 2007 to 2013, under IPA I, the country engaged in 11 Union Programmes, executing 688 projects worth 41.03 million EUR, with an entry cost of 14.48 million EUR. During IPA II (2014-2020), North Macedonia continued its participation in 11 programs, with an entry ticket allocation of 41.88 million EUR, demonstrating stable participation and funding. The data shows a strong commitment, with most funds contracted and paid, although there was a drop in the contracted amount in 2020. With IPA III (2021-2027), allocations for Union programmes are under multi-country IPA. The country is taking part in 11 programmes, adjusting to new and consolidated efforts for simplification and introducing initiatives like Space, Digital Europe, and the EU Anti-Fraud Programme. The most active participation was under Erasmus programme with 137 projects in the value of up to 6.5 million EUR.

For more detail overview related to Union programmes please see *Section IV and Annex 3 of the Report*.

### ***Western Balkan Investment Framework***

Since 2009, North Macedonia has seen substantial support from the Western Balkans Investment Framework (WBIF), facilitating around EUR 3 billion in public sector investments. The country benefited from 48 grants totalling EUR 486.5 million, primarily composed of EUR 466.3 million in EU IPA grant support, complemented by EUR 20.2 million from other donors, covering technical assistance and investment co-financing.

The **WBIF transport sector** projects are predominantly focused on the Orient/East-Med Corridor, aiming to enhance regional connectivity through the construction and modernization of key transport infrastructure. Projects in implementation include the construction of Rail Corridor VIII sections between Kumanovo and Kriva Palanka, the road interconnection between North Macedonia and Kosovo, and the Kriva Palanka – Deve Bair section road interconnection with Bulgaria, all set for completion between 2023 and 2025. Additionally, the Tabanovce Joint Border Station rail interconnection with Serbia is under tender preparation, due for completion by September 2024. Other significant initiatives in the preparation phase target the modernisation of railway lines and road sections, such as the Skopje - Kicevo railway and the Bukojcani – Kicevo subsection, aiming for completion by 2026.

The **WBIF energy sector** projects span a range of initiatives aimed at enhancing the country's energy infrastructure and interconnectivity with neighbouring nations. Completed projects include the Bogdanci Wind Park Phase 1, the North Macedonia - Serbia 400 kV power interconnection, and the Oslomej 1 Solar Photovoltaic Power Plant, highlighting successful efforts in renewable energy development and cross-border electricity transmission. The Albania – North Macedonia power interconnection is currently under implementation. Projects in the preparation phase, such as the Cebren Hydropower Plant, North Macedonia – Kosovo Gas Interconnection Pipeline, and several others focusing on strengthening the transmission network and gas interconnectivity, indicate a strategic approach towards diversifying energy sources and enhancing energy security. The Bogdanci Wind Park Phase 2 and the Rehabilitation of Six Hydropower Plants Phase 3, both aiming for completion by 2025, reflect ongoing commitments to renewable energy and infrastructure modernization. Additionally, North Macedonia participates in several regional energy initiatives alongside other Western Balkan countries, focusing on energy efficiency, sustainable hydropower, and the exploration of renewable energy potential. These regional projects, such as the REEP Plus and the establishment of a Regional Energy Efficiency Programme, underscore a collaborative approach to addressing the energy challenges and opportunities in the Western Balkans, with various studies and programmes completed or underway to support these goals.

In the **environmental sector under the WBIF**, projects are primarily focused on improving water and waste management infrastructure. The Water and Sewerage Programme, which aimed at enhancing water infrastructure, was in the implementation phase with an estimated completion by the end of 2021. Another significant initiative, the Skopje Wastewater Treatment Plant, is also under implementation, with a projected completion by the end of 2025. Furthermore, two regional waste management systems are in preparation, covering various regions including Vardar, Southeast, Polog, Pelagonija, and Southwest, expected to be completed between 2025 and 2026.

In the realm of **private sector development under the WBIF**, initiatives span across multiple Western Balkan countries, including North Macedonia, focusing on fostering enterprise development, and enhancing the capacity for Public-Private Partnerships (PPPs). The WB EDIF stands as a pivotal project in implementation phase, aimed at stimulating private sector growth and innovation across the region.

**WBIF social sector projects** are concentrated on improving infrastructure within penitentiary and healthcare institutions, as well as educational facilities. The “Reconstruction of Penitentiary Institutions” project focuses on modernizing prison infrastructure to enhance conditions and meet international standards. Concurrently, the "Rehabilitation of Healthcare Provider Institutions" is undergoing two phases of implementation, with Phase 1 completed by June 2021 and Phase 2 expected to conclude by December 2023, indicating a phased approach to upgrading healthcare facilities across the country. Additionally, the initiative to construct physical education facilities in primary schools and the rehabilitation of both primary and secondary schools, through Phases 1 & 2, completed by December 2022, underscores a commitment to enhancing the educational environment for students.

The "Balkans Digital Highway" project, involving Albania, Kosovo, North Macedonia, and Montenegro, is focused on enhancing **digital infrastructure** across these countries. With an estimated completion date set for 28 December 2028, the project underscores a long-term commitment to advancing digital infrastructure, facilitating improved access to digital services, and fostering greater regional integration in the digital domain among the participating Western Balkan countries.

### *The Civil Society Facility and Media Programme 2021-2023*

The Civil Society Facility and Media Programme (CSF) 2021-2023, under the IPA III, is actively supporting a range of projects aimed at enhancing democratic participation and civil society in North Macedonia. The programme includes both ongoing and provisional projects with focus on environmental governance, women's leadership, social entrepreneurship, legal aid, and so on. A total of 35 contracts are currently in progress, while 7 are in the provisional stage and have not yet been fully initiated.

Within the CSF 2021-2023 for North Macedonia, there are three projects, each with funding exceeding EUR 1 million. These include the "Inclusion of Foreigners in WB – Access to Social and Economic Rights (FOSTER)" and "Civil Society for Good Governance and Anti-Corruption in Southeast Europe: Capacity Building for Evidence-Based Advocacy, Policy Impact and Citizen Engagement (SELDI.net)", and the "EU Support to the Civil Society Resource Centre – Phase 2" project.

For the projects within the CSF 2021-2023 falling between EUR 100,000 and 1 million, there is a diverse array of initiatives designed to address various aspects of civil society and democratic engagement in North Macedonia. These projects cover a broad spectrum of focus areas including environmental governance, women's empowerment, youth engagement, and capacity building for civil society organisations.

Projects with planned amounts below 100,000 EUR, while fewer and smaller in scale, play a crucial role in targeting specific community needs and piloting innovative approaches to civil society engagement. These initiatives are essential for grassroots mobilisation and local community empowerment, providing a foundation for broader societal impact and contributing to the overall vibrancy and resilience of civil society.

### *Special Measures*

A series of special measures under the IPA are focusing on enhancing migration management, border security, and regional cooperation in the Western Balkans. Initiatives span from 2015 to 2021, with repeated emphasis on strengthening the capacity to manage migration flows, reforming security systems, and improving border management, particularly in response to the European migration crisis. The recurring focus on these areas underscores the persistent and evolving challenges in migration management and the need for sustained support and cooperation within the Western Balkans and with the EU.

### *Complementarity With Other Donors*

In the **Justice Sector**, various programmes funded by other donors are being implemented, complementing the IPA's efforts. The British Embassy is supporting multiple initiatives focusing on rule of law, combating organized crime and corruption, gender equality, governance standards, and prison management, with implementation periods stretching up to 2025. The Embassy of the Netherlands is contributing towards projects enhancing the judiciary's role, transparency, and accountability, supporting judicial education, and promoting media freedom, with activities planned until 2025. UNHCR and UNODC are addressing statelessness and border control with substantial funding, while GIZ, in collaboration with the Ministry of Foreign Affairs of Norway and the European Commission, is tackling illicit financial flows and serious crimes. The Council of Europe is providing support to combat economic crime, improve legal aid, protect media freedom, and address hatred and intolerance, with projects running until 2026.

In the **Home Affairs Sector**, IOM, with UN partners, is focusing on evidence-based migration policy and governance, while OSCE projects aim to reduce weapon proliferation risks and develop hybrid education systems within the Ministry of Internal Affairs. Danish-funded IOM projects are strengthening migration management, border controls, and combating transnational crimes. DCAF is



advancing democratic reforms in the security sector, and UNODC initiatives target capacity building at airports and ports to intercept illicit activities. France, with EU support, is deploying liaison officers to tackle irregular migration and organized crime. ICMPD is bolstering the International Law Enforcement Coordination Units Network to enhance cross-border cooperation against transnational crimes. Additionally, an OSCE project is dedicated to combating gender-based violence in Southeastern Europe, aiming to strengthen criminal justice responses. These Programmes collectively address critical areas in migration governance, security sector reform, and crime prevention.

In the **PAR Sector**, programmes funded by SIGMA and IFES/USAID are underway, complementing IPA initiatives. SIGMA's support focuses on the development and optimization of laws governing state administrative bodies, administrative servants, public sector employees, and top management service, aimed at enhancing the organizational and operational efficiency of the public administration in 2023. Concurrently, IFES/USAID is bolstering the State Commission for the Prevention of Corruption with a multifaceted approach that includes the preparation and revision of the National Strategy for the Prevention of Corruption and Conflict of Interest 2021-2025, capacity building for integrity and corruption risk assessments, and the development of e-courses for the Commission's Training Centre. This support extends to software maintenance and updates, emphasizing the strengthening of preventive measures against corruption and promoting integrity within central government institutions and state bodies throughout 2023. The "Building Municipal Capacities for Project Implementation - Phase 2" project aims to strengthen local authorities' abilities to prepare high-quality infrastructure projects and access financing through its Technical Documentation Fund (TDF). After supporting 65 projects in Phase 1, ongoing Phase 2 activities focus on building grantees' capacities and integrating cross-cutting priorities into regional development planning.

In the **PFM Sector**, numerous programmes supported by international donors and organizations are enhancing the PFM reforms, complementing the IPA's efforts. The IMF-FAD, in collaboration with the EU and SECO, is focusing on PIMA follow-up activities until December 2023. UNDP, CEF, CIPFA, the Office of the Auditor General of Norway, the Turkish Court of Accounts, WFD, NDI, UN Women, IFES, SIGMA, and the World Bank are all providing support for institutional capacity development of the State Audit Office (SAO), professional development, and inclusion of gender perspectives in audits. These collaborations involve joint activities, training, and the development of professional skills among SAO employees, aimed at promoting high-quality public finance management and increasing public trust through better governance. Additionally, the World Bank, with a EUR 20 million loan, is administering the EC-World Bank Partnership Programme for building effective, transparent, and accountable PFM institutions, with a closing date of 30 June 2025.

In complement to IPA support, various donors are enhancing North Macedonia's **environmental** efforts across multiple sectors. In the NATURA sector, GEF, SECO, and others are contributing towards biodiversity conservation, sustainable land management, and protected area management, with projects spanning from 2016 to 2028. The WATER sector sees significant support from SECO, SDC, WBIF, EIB, UNDP, and others, focusing on wastewater treatment plants, water supply systems, flood resilience, and groundwater management, with timelines extending from 2016 to 2034. Additionally, the AIR Quality sector benefits from SIDA, IAEA initiatives aimed at enhancing air pollution monitoring and management. In the WASTE sector, EBRD is financing an project to establish a regional waste management system across five regions, initiated in January 2023, showcasing a broad and synergistic approach to environmental management and climate action facilitated by international collaboration.

The **energy sector** also benefits from complementary initiatives to the IPA. USAID is involved in renewable energy investment promotion, market legal reforms, gas sector development, and regulatory support. The EBRD manages two facilities: one for the Western Balkans focusing on energy efficiency (EE) and small-scale renewable energy (RE) since 2018, and a Green Financing Facility specifically for North Macedonia with a budget of approximately 30 million USD, initiated in 2023 for EE and RE investments in SMEs. The World Bank has allocated 25 million EUR for a Public Sector Energy Efficiency Project to establish an EE Fund and for energy audits and refurbishment of municipal buildings. These programmes support the enhancement of energy efficiency and renewable energy in line with EU energy directives.

In the **EESP Sector**, a range of programmes supported by various donors, including the Swiss Agency for Development and Cooperation, UNDP/UNOPS, Sweden, Austria, Poland, ADA/ILO, UNHCR, UNICEF, EU/ILO, SDC/ UN Women, USAID, GIZ-GCF SHCD, EUDGNEAR, WHO/WHE/CDC, WHO HQ, and UNFPA, are being implemented to complement IPA efforts. These programmes cover a broad spectrum of initiatives aimed at strengthening coordination, creating employment opportunities, supporting self-employment, socio-economic empowerment of vulnerable groups, health system strengthening, social enterprise support, inclusive labour market development, social protection, child welfare, gender equality, youth engagement, media literacy and sustainable human capital development. Additionally, IFI-funded projects by the World Bank and KFD focus on social service improvement, social insurance administration, skills development and innovation, school infrastructure enhancement, and energy-efficient rehabilitation of student dormitories.

In the **Agriculture and Rural Development Sector**, various international donors are supporting projects that complement IPA initiatives, focusing on strengthening capacities in agricultural policy, market systems, pest control, disaster risk reduction, land consolidation, animal health, digital transformation, climate resilience, sustainable forest management, and food safety. These efforts are led by organizations like FAO, with regional projects addressing issues from COVID-19 response to climate change adaptation and supported by loans and grants from KfW and the World Bank for irrigation systems and agricultural modernization. The projects, running through various periods up to 2026, aim to enhance the sector's resilience, sustainability, and efficiency, contributing to the overall development of agriculture and rural areas in North Macedonia and the broader region.

#### **1.4. Main achievements with communication and visibility activities**

In 2023, a series of EU-funded projects under the IPA have effectively utilized communication and visibility strategies to engage stakeholders, ensure transparency, and highlight the impact of EU assistance.

The *EU Support for Rule of Law 2.0* project, relaunched with a high-profile event featuring key government officials, utilized diverse communication channels, including social media, press releases, and a bilingual newsletter, to foster public awareness and stakeholder engagement. The inauguration of the new Department of Forensic Investigations and the visit to the state-of-the-art Business Continuity and Disaster Recovery Data Centre in Prilep were among the standout events, demonstrating advancements in forensic capabilities and technological resilience.

The "Support to State Reorganization" project facilitated a significant event with over 80 participants, including top EU and government representatives, receiving extensive media coverage. Similarly, the "EU for Municipalities" programme has achieved widespread visibility and recognition among local administrations, thanks to its effective use of media communication and a network of focal point persons.

Visibility efforts for the "Strengthening Budget Planning, Execution, Internal Control Functions" Twinning project included the production and dissemination of communication materials, regular stakeholder engagement, and public events to showcase project outcomes. The coordination conference and promotional activities further highlighted the EU's support for fiscal reforms.

Educational initiatives, such as the project aimed at raising pre-school care and education quality, directly engaged teachers, parents, and children, fostering community involvement and enhancing educational standards.

The labour market activation project for vulnerable groups and the support to social enterprises, including the notable premiere of "Seeds of Hope," effectively reached diverse audiences, promoting social entrepreneurship and employment opportunities.

The launch of the "Support to Transplantation System" project, symbolized by a tree planting ceremony on Organ Donation Day, highlighted the EU's commitment to healthcare improvements, celebrating the lifesaving impact of organ donations.

The Ministry of Environment and Physical Planning (MoEPP) effectively heightened the visibility of IPA projects through diverse promotional activities and consistent online publications from February

to December 2023. Twinning Projects, "Further strengthening the capacities for effective implementation of the acquis in the field of industrial pollution" and "Support in the implementation of waste management legislation and Extended Producer Responsibility (EPR) scheme", kick-off events in June 2023 underscored this effort, engaging a broad spectrum of stakeholders and providing in-depth insights into the projects' objectives, facilitating enhanced communication and collaboration.

In 2023, efforts were made in enhancing communication and visibility through public consultations on energy efficiency and EPC decrees, and a Technical Working Group meeting to discuss data collection for a central government building renovation plan.

The rehabilitation of the Kumanovo – Stracin section, awareness campaigns for labour law novelties, and the promotion of gender equality in the workplace were successfully communicated to the public, demonstrating tangible improvements in infrastructure and working conditions.

These achievements underscore the strategic use of communication and visibility activities to amplify the benefits of EU support, fostering public engagement, and ensuring the sustainability of project outcomes in North Macedonia.

In 2024, initial draft of the Strategic Communication Framework for EU assistance was developed. In the next period, national authorities will start with the preparation of the relevant Communication Action Plans for each of the IPA III programmes.

### 1.5. Monitoring and Evaluation

Monitoring at the programme level is conducted through the organisation of Sector Monitoring Committees and IPA Joint Monitoring Committee meetings, as well as the drafting of the Annual Implementation Report. The process commences in year n-1 when NIPAC proposes the annual calendar for one IPA Joint Monitoring Committee meeting and two meetings for each Sector Monitoring Committee (SMC) established under IPA III. The NIPAC Office efficiently handles the organisation and logistics of these meetings, except for the collection of data for implementing the conclusions and recommendations from previous meetings. There have been numerous discussions about formulating straightforward and actionable conclusions and recommendations. Furthermore, significant challenges exist in establishing robust monitoring frameworks, with issues in ensuring effective programme monitoring.

Joint IPA Monitoring Committee Meeting (JMC) was held in April 2024, in a hybrid manner. During 2024, the following SMCs were organized:

SMC Meetings		
<b>Transport and Environment and Climate Action</b>	11 April 2024	9 October 2024
<b>Democracy and Governance</b>	21 May 2023	29 October 2024
<b>Rule of Law and Fundamental Rights</b>	15 May 2024	6 November 2024
<b>Education, Employment and Social policies</b>	28 March 2024	26 November 2024
<b>Competitiveness, Innovation, Agriculture and Rural Development, and Energy</b>	23 April 2024	19 November 2024

The main conclusions and recommendations from the Joint IPA Monitoring Committee meeting held in April 2024, indicate following challenges:

- The institutions face significant challenges in attracting and retaining skilled personnel. The staff retention policy covering all entities, including also those related to the IPA programming, implementation and control process has not been adopted.
- Challenges in achieving operational and administrative efficiency is evident. These include delays in action plans development to address committees' recommendations and challenges in making departments fully operational, which hinder the smooth execution of IPA programmes.
- The continuous need for an updated and comprehensive training system underscores a gap in staff development. The challenge lies not just in creating a roster of trainers but also in ensuring that the training content remains relevant and addresses the evolving needs of those involved in the IPA programming and implementation.
- The slow pace of adopting key legislation and strategies critical for the IPA programmes points

to underlying difficulties in establishing a robust legislative and regulatory foundation. These gaps in legal and policy frameworks pose a significant challenge to providing a stable and conducive environment for programmes implementation.

- Effective collaboration among various ministries, departments, and implementing agencies remains a significant problem, particularly for projects that span multiple sectors.
- There are notable challenges in establishing robust monitoring and compliance frameworks. The necessity for regular reporting and adherence to Audit Authority recommendations highlights issues in ensuring that projects are monitored effectively, comply with standards, and achieve intended outcomes.

The conclusions and recommendations from the subsequent Sectoral Monitoring Committees (SMCs) reveals a complex landscape of challenges faced in the implementation of the IPA programmes:

- Rule of Law and Fundamental Rights: Challenges in implementing projects “Preparation of technical documentation of the premises of the Academy for Judges and Public Prosecutor, Phase 1. modernized data protection laws were discussed, alongside progress in juvenile justice reforms and the development of a forensic laboratory.
- Democracy and Governance: Discussions centered on enhancing e-Government services and administrative efficiency, with efforts to adopt new laws and meet Public Administration Reform (PAR) principles. Advancements were reported in Public Financial Management (PFM) reforms, particularly through the Integrated Financial Management Information System (IFMIS), with ongoing efforts to enhance governance and financial management.
- Transport, Environment, and Climate Action: The committee assessed sectoral operations and project implementations, noting delays in staff recruitment and the need for a governance structure for the just transition process. In regard to Environment, and Climate Action, emphasis is placed on the importance of establishing a dedicated secretariat, meeting recruitment targets, adopting a staff retention policy, accelerating EU project procurements, operationalizing the Regional Waste Management Company by August, launching significant waste and wastewater project tenders by June, and continuously adhering to Audit Authority recommendations.
- Energy: Recommendations from meetings focused on accelerating the staffing of the Energy Department and Agency, adopting the Just Transition Roadmap by June 2023, and activating governance structures for implementation and monitoring by the end of 2023.
- Employment, Education, Social Policy, and Health (EESP): Progress in de-institutionalization and social enterprise support was highlighted, alongside efforts to enhance health equipment utilization and the initiation of the IPA 2022 programme for health, social protection, and gender equality.
- Agriculture and Rural Development: The focus was on sustainable irrigation management and the adoption of new laws to support rural development, with a concerted effort to align with EU standards and ensure effective project implementation.

The Annual Action Programmes from 2015 onwards present a complex picture of progress and challenges. These programmes have encountered significant challenges in data availability, which has impeded a comprehensive assessment of their progress and effectiveness. For instance, the 2016 programme focused on migration and border management faced difficulties in assessing its achievements due to the absence of current data. Similarly, the 2020 programme aimed at enhancing border and migration management was hindered by a lack of data, making it difficult to assess its effectiveness in key areas.

Despite these challenges, some progress has been noted in specific areas across the different programmes. The AAP for 2021 showed mixed progress in combating organised crime, with some indicators like the rate of convicted persons surpassing targets, although the country remains “moderately prepared” for implementing the Acquis on border management. The 2017 programme targeting PAR and statistics exhibited mixed results, with some progress in e-service provision but no significant advancement towards EU accession preparation levels. The 2018 PFM programme highlighted a need for tighter fiscal control, while the 2019 programme aimed at fostering competitive and fair markets showed successes in legal compliance and training. The IPA 2017 Action on EESP, as well as the IPA 2019 EU for Youth initiative, demonstrated progress in employment rates and

vocational education, respectively. However, the "EU for Inclusion" initiative under IPA 2019 revealed mixed progress, with challenges in reducing poverty rates and enhancing inclusion. The Agriculture and Rural Development sector under the IPA 2015 programme showed mixed progress towards targets, with successes in market organisation analysis and low progress in developing small-scale irrigation systems.

The absence of 2023 data across various programmes have significantly impacted the ability to thoroughly analyse progress or setbacks, thus affecting the assessment of the programmes' success in achieving their objectives. These issues not only hinder the ability to assess programme performance but also reflect operational difficulties in data reporting and analysis. The overarching narrative is dominated by significant data gaps, underscoring the urgent need for enhanced data collection and reporting practices to support a comprehensive understanding and assessment of programme outcomes.

The system could be enhanced by more frequent checks on progress between meetings, applying pressure on institutions to perform. The NIPAC Office's most significant challenge is collecting data and drafting the Annual Implementation Report by 15 February each year for the preceding calendar year. The difficulty lies not only in the change of years but also in the many activities that coincide before 15 February, making it challenging for the IPA structure to report to the NIPAC office.

### **1.6. Main recommendations for the coming period**

To address the challenges highlighted by the Joint IPA Monitoring Committee meeting and subsequent SMCs, as well as experienced in the practice, the following recommendations are proposed:

- Accelerate recruitment processes to fill critical positions, ensuring that the IPA programming institutions are adequately staffed.
- Implement comprehensive staff retention strategies, focusing on competitive remuneration, professional development opportunities, and work-life balance to retain skilled personnel.
- Develop and execute detailed action plans for making departments fully operational, with specific deadlines and responsible parties.
- Improvement of the monitoring progress and functioning of the management and control system by KPIs under IMBC, including defining target values and establishment of regular reporting to NAO and NIPAC.
- Standardize internal procedures for project management across all departments involved in IPA programming to ensure consistency and efficiency.
- Finalize the establishment of a fully functioning roster of trainers for the IPA training centre by the specified deadline.
- Regularly update training modules to reflect current best practices and the evolving needs of IPA staff within administration. This should be extended to local authorities and building their capacities for management of EU funds, especially if we consider requirements and absorption of funds under the future cohesion policy.
- Expedite the adoption of key legislation and strategies crucial for the IPA programmes, particularly in the areas of public financial management, environmental protection, and social policies.
- Ensure that these legislative and regulatory frameworks are aligned with EU standards and best practices to facilitate effective programme implementation.
- Establish clear guidelines and support mechanisms to assist project teams in navigating challenges.
- Strengthen inter-sectoral coordination mechanisms to ensure cohesive action among various ministries, departments, and implementing agencies, particularly for multi-sector projects.
- Regular inter-sectoral meetings should be institutionalized to facilitate information exchange, conflict resolution, and integrated project management.
- Intensify monitoring efforts by regular reporting to the EU Delegation and implementing a system for tracking progress against set targets.
- Enhance monitoring system by more frequent checks of the progress and introduction of the on-the spot visits to ensure timely application of the follow up measures and increase pressure on institutions to perform. Strengthen risk assessment procedure and monitoring capacities

especially related to reporting within administration and NIPAC office.

- Enhance monitoring and follow up of implementation of the conclusions and recommendations deriving from monitoring committee meetings.
- Fully implement the recommendations of the Audit Authority to ensure compliance and improve the overall effectiveness of programme execution.
- Tackle specific challenges related to infrastructure project implementations by ensuring timely procurement processes and securing necessary documentation and funding.

## II. IMPLEMENTATION OF IPA ASSISTANCE PER IPA III WINDOW/THEMATIC PRIORITY AND IPA II SECTOR

### 2.1 WINDOW 1: Rule of Law and Fundamental Rights and Democracy

**IPA II Sector:** Justice and home affairs

**IPA III:** Rule of Law, Fundamental Rights and Democracy

**Thematic Priority 1:** Judiciary

**Thematic Priority 2:** Fight against corruption

**Thematic Priority 3:** Fight against organised crime / security

**Thematic Priority 4:** Migration and border management

**Thematic Priority 5:** Fundamental rights

#### 1. Involvement of IPA beneficiary in programming

In the reporting period, the European Commission launched the 2025-2027 programming cycle in July 2024 by providing an IPA III outline of proposed priorities for cooperation with North Macedonia. Following a comprehensive consultation process, four action fiches were developed and submitted to the EC for relevance assessment in October 2024. Feedback was received in December 2024. In the next reporting period, the maturity assessment for the actions planned for 2025 is expected, followed by further finalisation of the documents based on the EC's comments and the adoption of the Commission Implementing Decision for the 2025-2027 programme. The proposed priorities and actions are designed to complement and support the ongoing national reform agenda, ensuring alignment with key strategic goals and facilitating coherent policy implementation.

For Window 1 Ministry of Justice and Ministry of Interior in consultations with all relevant stakeholders such as State Commission for Prevention of Corruption, Judicial Council, Public Prosecution Office, etc. prepared first draft of action fiche "EU for Rule of Law 2026-2027". Commission's relevant assessment did not identify any major issue or concerns requiring immediate attention. This action builds ongoing IPA assistance and policy dialogue while addressing gaps not previously covered by EU support.

In 2023, the focus was on developing the 2024 AD, "EU for Rights and Security." The Financial Agreement (FA) for the IPA III Action Document 2024 was signed in December 2024, with the aim to strengthen human rights and security in North Macedonia. This includes promoting gender equality, addressing gender-based and domestic violence, and ensuring legal housing rights for Roma communities. The planned activities aim to improve social integration for vulnerable groups, including women, children, LGTBI individuals, persons with disabilities, and minorities. The program also focuses on combating discrimination and promoting social integration while tackling the country's security challenges, such as cybercrime, terrorism, and radicalization. This will be achieved by strengthening law enforcement capacities, enhancing counter-terrorism measures, and improving national cybersecurity infrastructure. These activities are expected to begin in 2025.

#### 2. Progress made in implementation to achieve the objectives as outlined in key strategic and programme documents

##### *IPA Action Document 2022 Action Document for EU for Improved Border and Migration Management*

Status and progress	
AD specific objective: Strengthened border and migration management capabilities.	
Outputs	Status
<b>Output 1.1</b> Strengthened technology capacities to identify, screen and properly treat information on migrants and refugees, in line with EU standards	The project implementation "Establishment and upgrade of the identification and registration process of mixed migration in North Macedonia in view of a connection to EU information systems" started on 25 November 2024 for a period of 4 years (until 24 November 2028) for an amount of EUR 10,000,000 and signed by the Delegation of the European Union – and the grant beneficiary – International Organisation for Migration North Macedonia (IOM).
<b>Output 1.2</b> Strengthened	

institutional capacities to ensure full operation of the migrants' identification and registration IT system	The overall objective of the project is to improve the security of North Macedonia's borders while supporting the free movement of people and compliance with human rights. The specific objective of this project is to strengthened border and migration management capabilities of North Macedonia.
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*AD 2021 "EU for rule of law and anti-corruption*

<b>Status and progress</b>	
<b>Outcome:</b> Improved efficiency of the justice system and fight against corruption	
<b>Output 1:</b> Enhanced digitalisation of state institutions in the judiciary and anti-corruption areas	The contract has not been initiated, and there are no developments to report.
<b>Output 2:</b> Strengthened capacities of the Constitutional Court to control the constitutionality and legality of adopted normative acts	
<b>Component 1:</b> The professional and administrative capacities, administrative autonomy, independence and efficiency of the Constitutional Court is strengthened	
<b>Improved legislative, normative and jurisdictional competencies of the Constitutional Court and Protection of Fundamental Rights</b>	<p>Activities re-initiated in August 2024 include preparing an analysis of a law specific to the Constitutional Court, with a team of experts holding meetings with the Court and other stakeholders to understand the need for a dedicated statutory basis and a comprehensive Constitutional Complaint system. Draft reports are currently being developed. An assessment of the current legal framework for the protection of freedoms and rights in the country began in November 2024, following stakeholder meetings and draft report preparation.</p> <p>Regarding the analysis and drafting of amendments to the Rules of Procedure, the Constitutional Court undertook this exercise independently during the project suspension and adopted a new Act in accordance with Article 113. The team will now analyse the new Act and propose recommendations for improvement if needed, with this activity planned to begin in Q2 of 2025. In Q2, an analysis of the Procedure and Process of the Constitutional Court will begin, including meetings with staff and a comprehensive examination of the Court's procedures, culminating in a draft report.</p>
<b>Component 2:</b> The individual protection of the freedoms and rights of the individuals and the citizens in front the Constitutional Court is improved	
<b>Strengthened Managerial, Administrative and HR Capacities of the Constitutional Court and Increased Transparency</b>	<p>In November 2024, efforts began to strengthen the strategic and budgetary planning of the Constitutional Court. In collaboration with the Court, the project will conduct a comprehensive functional analysis, examining its structure, human resources, financial planning, and other aspects.</p> <p>With the project's support, the Constitutional Court applied for a separate TAIEX mission to enhance its budgetary capacity. The EU Delegation in Skopje has approved the mission, and we are now awaiting the assignment of a specific expert to lead it.</p>
<b>Component 3:</b> Improved protection of the freedoms and rights of the individuals and the citizens in front of the Constitutional Court (CC)	
<b>Improved Performance Management of the Constitutional Court and Quality of Constitutional Justice</b>	<p>Progress includes the completion of an assessment of the Case Management System and electronic filing in November 2023, with a comprehensive analysis submitted.</p> <p>Other planned activities, scheduled for the second to fourth quarter of 2025, include drafting internal acts to improve performance management, preparing templates and guidelines for decision reasoning, developing training curricula, delivering workshops, publishing selected decisions, and providing training on applying ECtHR legal standards. Additionally, there will be training for</p>



	professionals on filing applications to the Constitutional Court and ECHR case law.
<b>Output 3:</b> Technical documentation for the construction of new premises for the Academy for Judges and Public Prosecutors	The contract has not yet been initiated, and there are no developments to report.
<b>Output 4:</b> Raised public intolerance to corruption	The call for proposals has been launched, with a deadline of 5th February.

**AD 2021 “EU against organised crime, in support of trade”**

<b>Status and progress</b>	
<b>Outcome 1:</b> Improved prevention and control of organised crime	
<b>Output 1.1:</b> Digitalisation and extended use of investigation and control records and data	The project "Establishment of Law Enforcement Record Management System (LERMS)" – IPA 2021 officially commenced on 2nd September 2024, following a kick-off meeting. The project aims to strengthen national capacities in the fight against organised crime by enhancing the management system for criminal cases. A key objective is the establishment of a new IT tool, the Law Enforcement Record, Data, and Case Management System (LERMS), at Law Enforcement Agencies (LEAs). This system will manage records of law enforcement operations and investigations targeting organised crime, corruption, and terrorism. It will also provide analytical functionalities to generate structured data and improve data exchange between LEAs, ensuring the reliability of the information shared.
<b>Output 1.2.</b> Strengthened institutional and technological capacities to investigate organised and cross-border crime and corruption.	The twinning project “Strengthening the institutional capacities in dealing with cultural heritage and environmental crimes” started with implementation on 15th of January 2024. The Italian Carabinieri (Arma dei Carabinieri) were selected as a twinning partner for the project. The overall objective of this project is strengthening the institutional capacities for environmental and cultural heritage protection with particular focus on crimes against cultural heritage and the environment. The specific objective of this project is strengthening of the strategic and operative capacities of the Ministry of Interior and relevant institutions for prevention, investigation and prosecution of criminal cases against the environment and movable and immovable cultural heritage.

**IPA Action Document 2020 “EU Support for Rule of Law” 2.0**

<b>Status and progress</b>	
<b>AD Specific Objective: To strengthen justice and home affairs systems and reinforce the respect to fundamental rights</b>	
<b>Component 1</b> To improve the capacities of justice institutions to deliver justice in transparent and accountable manner with the reference to the AD Output 1	
<b>AD Output:</b> Improved independence, accountability, quality, and effectiveness of the justice system	
<b>Capacities of the Judicial Council and courts strengthened</b>	Over 35% of the planned activities for the Judicial Council have already been completed, including the adoption of amendments to two by-laws aimed at improving the functioning of the institution and the evaluation of judge performance. The project has also provided support to draft amendments to the Law on the Judicial Council to align it EU standards. A new 2024-2028 Judicial Communication Strategy was developed by the project and adopted by the Judicial Council on June 10, 2024. In response to the EU Peer Review Mission Report on the Judicial Council, which was presented in December 2023, the project created an Action Plan to implement the recommendations made by the review. This plan was adopted by the Judicial Council on March 1, 2024. Additionally, between November and December 2024, the project supported the Ministry of Justice in organizing five roundtable discussions with judges and legal experts from across the country to discuss the proposed amendments to the Law on the Judicial Council. While the full implementation of judicial activities appears likely, potential challenges remain, particularly with the Human Resource Strategy. These challenges include

	resistance to change, limited resources, the complexity of integration, and insufficient policy support.
<b>Capacities of the Council of Public Prosecutors and the Public Prosecution Office strengthened</b>	<p>Ongoing monitoring of the Public Prosecution Office and the Council of Public Prosecutors, along with continuous collaboration, has improved reporting on key areas, including performance evaluation, prosecutorial oversight, disciplinary procedures, and transparency. These reports aim to strengthen both institutions and support the revision of the Law on Public Prosecution and the Law on the Council of Public Prosecutors.</p> <p>The Communication Strategy for the Public Prosecution Office and the Council is in progress. Transparency improvements include an upgraded website and published session statements. The Public Prosecution Office, with Project support, has drafted a decision to establish a working group for a new Human Resources Strategy, though it is yet to be formed.</p> <p>In cooperation with Component 2, specialised training has been provided for public prosecutors and investigators on the dark web, Skype communication, witness protection, and open-source analytics.</p>
<b>Capacities of the ICT Council for the Judiciary for the implementation of the ICT Strategy strengthened</b>	<p>Progress in 2024 includes Basic Network Training for IT staff in courts and prosecution offices, analysis of ACCMIS and JACCMIS discrepancies, and an action plan for reporting system upgrades. Support was provided for LURIS case management improvements, IT infrastructure planning for the OC Prosecution Office, and setting up a disaster recovery centre. A Working Group for IT was established within PPORNM, with three workshops held to refine CMS technical specifications.</p> <p>Further assistance included relocating server equipment for the Council of Public Prosecutors and assessing network conditions. Under the IPA III Technical Assistance Project, support covered IT workshops for key institutions and drafting technical specifications for case management and statistical systems in multiple agencies.</p>
<b>Capacities of the Academy for Judges and Public Prosecutors strengthened</b>	<p>Progress includes training for trainers on IT issues within the continuous training programme for judges and prosecutors and a drafted report on the Academy's capacity-building needs. Training enhancements will begin after January 2025, once an international expert is selected, with the first EU best practices mission planned for March-April.</p> <p>The Project also connected AJPP's new management with key European judicial training institutions, securing 20 free online places in ERA training for 2025 and ongoing cooperation with EJTN.</p>
<b>Capacities of the Ministry of Justice and Council for Monitoring the Implementation of Judicial Reform in the implementation and monitoring of the judicial reform process strengthened</b>	<p>In 2024, overdue measures from the Judicial Strategy (2017–2022) were completed, increasing the implementation rate. Key legislative initiatives were passed, and amendments to the Law on the Judicial Council and the Law on Public Prosecution were initiated. The Project advised the Ministry of Justice on implementing and monitoring the Judicial Strategy 2024–2028 and supported amendments to the Law on the Judicial Council, including expert input and a broad consultation process.</p> <p>Six roundtables were organised across appellate regions, gathering judges and legal experts. A final report with key recommendations was delivered to the working group. The Project also assisted in drafting the decision to establish the Council and its Rules of Procedure. The Council was formed on 26 March 2024 and held its first session on 23 May but remained inactive in the second half of the year, limiting further support.</p>
<b>Institutional framework of the Bar Association strengthened</b>	<p>Efforts to strengthen the institutional framework of the Bar Association have included involving its representatives in meetings and conferences, such as the high-level conference on the Progress in Implementing the Recommendations of the EU Peer Review Mission by the Judicial Council of the Republic of North Macedonia. Additionally, the Project reached out to the Director of the European Law Academy (ERA) regarding available training for legal practitioners in North Macedonia. As a result, the Bar Association was offered 15 free online spots in ERA training events for 2025. Furthermore, contributions have been made to the drafting of the Judicial Strategy for 2023-2027.</p>
<p><b>Component 2:</b> To strengthen the capacities to effectively implement modern investigation techniques in fighting organised crime</p> <p><b>Output:</b> Stronger capacity to effectively implement modern investigation techniques in fighting organised crime, terrorism and corruption</p>	

<p><b>Improved investigation capacities with the emphasis on complex criminal and financial investigations</b></p>	<p>Progress in enhancing investigative capacities includes training on SKY communication for anti-drug units and the Public Prosecutor’s Office, as well as a draft training programme for customs and financial police. A report on financial investigations was prepared, and three workshops led by Slovenian experts trained police officers, financial inspectors, and prosecutors on investigation techniques and data access. Experts recommended further individual training, best practice exchanges, and ad hoc investigation teams.</p> <p>Workshops on money laundering and corruption were organised for law enforcement and legal professionals, including a lecture at Ss. Cyril and Methodius University. Efforts to develop a national strategy for organised crime advanced, with a working group established and the first draft at 30% completion. Training on darknet investigations was also provided.</p> <p>Anti-corruption initiatives included stakeholder meetings, training needs assessments, and workshops on crime, corruption, and money laundering. The National Strategy for Cybercrime 2025–2029 was presented to key institutions, with discussions held on the action plan.</p>
<p><b>Strengthening intelligence-led police operations and improving the use of analytical tools in the detection of more serious forms of organised crime</b></p>	<p>Significant progress has been made in intelligence-led policing and the use of analytical tools to combat organised crime. Key initiatives include advanced training in criminal intelligence and analysis for 13 officers in September 2023 and covert intelligence training for 14 officers in November 2023. An analysis of the criminal intelligence framework identified systemic challenges, leading to the formation of a working group to improve efficiency. Experts also provided instructions for intelligence activities.</p> <p>Specialised training was delivered, including analytics training for 13 officers in SVR Skopje, two "Train the Trainers" sessions for 27 officers, and covert human intelligence training for 18 officers. Training was extended to regional police sectors to enhance operational capabilities. In 2024, six STE missions supported analytical improvements at the Ministry of the Interior, including training in intelligence and covert operations.</p>
<p><b>Improved use of special investigative measures in criminal investigations in compliance with fundamental rights and freedoms.</b></p>	<p>Progress has been made in fundamental rights and freedoms, including an October 2023 analysis of SIM implementation. This was followed by workshops for the Ministry of Internal Affairs and Internal Prosecution in November. A working group on standard procedures for covert operations held its first meeting, with further sessions planned. Three police officers visited Slovenia’s Ministry of the Interior to study SIM practices, focusing on GPS devices, drones, and audiovisual equipment. A five-day study visit addressed drone use, updating procedures and training officers for lawful and effective deployment. In January 2024, a covert information workshop for 20 officers in Skopje facilitated experience-sharing. The working group updated SIM implementation guidelines and proposed amendments to senior police management.</p> <p>Regarding Result 2.3, six STE missions analysed special investigative measures, and a five-day study visit in Slovenia trained three officers from DFSOSC in covert techniques.</p>
<p><b>Support for the development of the National Coordination Centre for suppression of organised and serious crime (NCC)</b></p>	<p>Significant progress has been made in developing the National Coordination Centre (NCC) for the Suppression of Organised and Serious Crime. In October 2024, an analysis of the NCC’s operational state identified key strengths, challenges, and areas for improvement. A report outlined eight recommendations to enhance its functionality, focusing on resource allocation.</p> <p>Training for NCC personnel has yet to begin, as it depends on the analysis outcomes. Implementing the recommendations will strengthen coordination, improve information exchange, and enhance national and international security.</p> <p>Regarding Result 2.4, two STE missions in 2024 focused on analysing and developing a new NCC model.</p>
<p><b>Improved administrative and technical capacities for assets recovery and freezing and seizure management under EU standards.</b></p>	<p>Progress on the 2.5 assessment includes a review of sublegal instruments for asset recovery, freezing, and seizure management. By November 2023, eight bylaws were submitted for the AMCP, followed by five more for the AMCP and ARO by December 2024, totalling 13.</p> <p>Key bylaws cover asset management, destruction of firearms and narcotics, transfer of frozen assets, social re-use, and cooperation between agencies. ICT system assessments for the AMCP and ARO were completed in December 2023 and November 2024, respectively. The implementing regulations have been revised to align with EU standards and operational needs.</p>

<b>Component 3: To Improve the prevention and fight against corruption</b>	
<b>Output: Improved enforcement record in curbing corruption</b>	
<b>Strategic support for ensuring the independence, effectiveness, and efficiency in the operations of SCPC as well as methodological support for implementation of its mandate provided</b>	Key developments include drafting methodologies for personal data protection and incident response, completing access management improvements in software solutions, and developing policies for access management and human resource management. The first staff survey at SCPC was conducted, and basic communication training was provided. Collaborations with the International Anti-Corruption Academy and other institutions have been established for high-level academic programs and joint training initiatives. Support for the SCPC Training Centre has also been enhanced, furthering the organization's operational and methodological capabilities.
<b>Improved control and verification of assets declarations submitted by elected and appointed public officials and members of Parliament</b>	A plan for the further support to assets declaration was developed and agreed with SCPC. This sets the groundwork for the subsequent phase, which will focus on on-the-job training. Alongside this, a comprehensive report analysing the current status and future priorities for interoperability related to registers and databases as outlined in the Law on Prevention of Corruption and Conflict of Interest has been delivered. A working group with the objective to coordinate IT support to SCPC, where the project is an observer is ongoing.
<b>Enforcement and awareness raising of the law on lobbying improved</b>	Efforts to improve enforcement and awareness of the law on lobbying resulted in a first workshop in October-November 2024, together with the Business Confederation of North Macedonia to encourage and introduce lobbying as a concept of transparent presentation of interests to office holders and decision makers to representative of the business community in North Macedonia.
<b>Legal amendments to allow for ICT solutions</b>	Legal amendments to facilitate ICT solutions for submissions and transparency were scheduled to start towards the end of 2024. The working group led by Ministry of Finance on financial reporting by political parties is behind schedule. There is an OPG working group for implementation of the commitment for digitalization of political parties financial reporting lead by the Ministry of Finance dealing with legal amendments for ICT.
<b>Prevention of corruption in public procurement improved</b>	The first draft terms of reference for an e-tracker system similar to Slovenian e-Supervisor were produced in May 2024. Necessary legal amendments to the law on prevention of corruption and conflict have been drafted in support of understanding and exploring the Slovenian e-Supervisor system. Currently, these amendments are not a priority of SCPC in the respective working group.
<b>Component 4: To enhance the protection of fundamental rights and strengthen the uptake of alternative means to detention</b>	
<b>Output: Enhanced protection of fundamental rights and stronger uptake of alternative means to detention</b>	
<b>Capacities of the main HR bodies to effectively implement their mandates strengthened</b>	The Ombudsman Office (OO) has received ongoing advice and training in complex cases. Support included 11 questionnaires on THB, updates to three existing ones, and an internal regulation for the National Rapporteur. A Practical Guide for the annual report was also developed. The Commission for Prevention and Protection against Discrimination (CPPD) received input for a thematic report on discrimination in employment, guidelines on Article 9 of the law, and concepts for an e-resource centre and flagship event. A human rights forum gathered 21 participants to discuss recommendations, while a December 2024 networking event engaged 28 stakeholders to strengthen institutional independence. A survey assessed perceived transparency and coordination among human rights institutions. Inter-institutional expert groups supported data collection on THB, Roma Women & Girls, and CPPD recommendations, involving 51 participants. A study visit on equality and non-discrimination to Austria took place in November 2024, with preparations underway for a second visit on probation services in Croatia.
<b>Capacities of the key HR oversight institutions strengthened</b>	Nineteen staff members from the Ombudsman Office (OO) took part in six communication and presentation skill trainings organised by C3. In 2023, OO staff attended a training on reporting the implementation of the Convention on trafficking in human beings, and in 2024, they participated in trainings on effective complaints handling and documenting injuries. Due to election-related activities and reluctance to

	<p>formalise the necessary steps after the formation of a new government, the OO halted the implementation of the Common Assessment Framework (CAF) for a quality management system.</p> <p>Nine staff members of the Commission for Prevention and Protection against Discrimination (CPPD) also attended six communication and presentation skills trainings. Additionally, the CPPD received capacity building on discrimination, AI, automated decision-making, and effective proposal writing, with 65 participants in total. The Ministry of Labour and Social Policy (MLSP) and other stakeholders received capacity building on children's rights, gender sensitivity, and developing a National Action Plan for children's rights, with 136 participants. Workshops with the National Coordinative Body on the Istanbul Convention were postponed to 2025. By October 2024, a ToT on "The Art of Training and Participatory Facilitation" was completed, training 16 trainers who will implement their own sessions in 2025.</p>
<p><b>Capacities for applying the HRBA within administration assessed and strengthened</b></p>	<p>The content for the E-learning tool to enhance HR knowledge in public administration has been developed, consisting of four modules: introduction to HR, human rights framework for North Macedonia, selected human rights, and integrating HRBA into administrative practices and strategic documents. Two modules have been developed and revised by an IT expert, with the remaining two to be completed by January 2025, followed by testing. Agreements with the relevant ministry for the E-learning platform are pending.</p> <p>A successful Round Table in Kavadarci took place in May 2024, following revisions of events from 2023. Further local-level interventions are being planned. A brochure titled "Ombudsman in your office" was drafted for public officials, providing guidance on responding to inquiries from the Ombudsman Office, and is currently being translated into Macedonian. The CPPD's first edition of Equality Talks on Inclusive Education has helped improve its general recommendations in this area. Data for a report on HRBA in policy-making and budgeting has been collected, and the report will serve as a basis for a practical handbook on HRBA to raise awareness in 2025.</p>
<p><b>Prevention of gender-based violence and gender-based discrimination enhanced</b></p>	<p>The research report on Underreporting of Gender-Based Discrimination has been finalised. The research on GBV had to be postponed due to the elections and a change of experts within C4. The development of the research is underway, the draft is foreseen for March 2025 and the final version for end of April. The research results form the basis for developing Activity 4.7.2. Additionally, support for the National Action Plan for Roma Women and Girls has led to the CPPD currently developing the second drafts of the thematic report on discrimination in employment (incl. recommendations), with a particular focus on Roma women and girls and of the joint report (CPPD and OO) on access to justice in cases of multiple and intersectional discrimination of Roma women and girls, which shall be finalized during the first half of 2025. The thematic report on Roma women in health is scheduled to start during the first half of 2025, with finalization planned for the end of 2025.</p>
<p><b>Child rights policy and child protection system strengthened</b></p>	<p>Research on the national child protection system began in 2024, with the first report focusing on the rights of children using drugs and psychotropic substances. Data collection was completed, and the structure for the report was agreed with the OO, with results expected to be presented in April 2025. Research on the protection of children from violence will take place in 2025, and on education in correctional facilities in 2026.</p> <p>In December 2024, recommendations for establishing the National Commission on Children's Rights were discussed with the MSPDY, with administrative support agreed to come from the General Secretariat of the Government. The draft National Action Plan for Children's Rights (2024-2028) was finalised and shared with the MSPDY for official adoption. C4 is exploring options to support early adoption in 2025 to assist with the NAP CR's implementation.</p> <p>Additionally, in 2024, 15 creative visuals were created to raise awareness of child rights, marking the 30th anniversary of the UN Convention on the Rights of the Child's ratification. In 2025, the focus will shift to raising awareness about children's rights in the streets and addressing bullying, with campaigns including a video, a kick-off event, social media outreach, and participation in TV shows and school visits. A new campaign on sexual violence against children will also launch in 2025.</p>

<b>Awareness on the importance and role of institutions and various HR bodies to protect HR raised</b>	Awareness raising plans for 2024 for further awareness-raising activities in collaboration with the OO and the Commission for Prevention and Protection against Discrimination were developed. The CPPD was able to reach more than 5,000 people by way of media reports on the 1st edition of Equality Talks on Inclusive Education. Furthermore, QR code stickers have been printed which allow for easy access to report incidents of discrimination via CPPD's website. A dissemination plan for the QR code stickers has been shared with the CPPD. Awareness raising plans for 2025 will be developed and selected activities implemented.
<b>Respect for HR in the judicial and home affairs system improved</b>	The planned activities are yet to start.
<b>Probation system and application of alternative sanctions improved</b>	An analysis of gaps in the probation system and alternative sanctions, conducted in a previous project, supports ongoing activities. Awareness-raising includes two training courses for the Probation Offices' Public Relations Working Group, enhancing their communication, crisis communication, and media interview skills (25 participants). A third training course is planned for May 2025, focusing on presentation skills. The Communications and Visibility Strategy for the Probation Service has been developed, and the brochure "Probation – A Powerful Tool in the Criminal-Legal System" was distributed at four Round Tables (nearly 200 participants) on "Enhancing the uptake of alternative measures" in Skopje, Shtip, Gostivar, and Bitola, targeting criminal judges, public prosecutors, prison staff, and probation officers. Capacity-building activities for judges, prosecutors, and probation officers continue, based on a prior curriculum, including specialised trainings on working with violent offenders, those addicted to alcohol, drugs, or gambling, high-risk offenders, and unmotivated clients (71 participants). A training of trainers on "Strengthening capacities for onboarding and peer-to-peer learning" was held for ten probation officers. Activities in 2025 will focus on peer-to-peer learning at regional probation offices.

### 3. Problems encountered in implementation and corrective measures taken and/or planned, and recommendations for further action, in order to ensure sustainability

#### AD 2020 "EU Support for rule of law

Encountered problems	Status	Measures undertaken/planned to ensure sustainability
Project EU Support for Rule of law was suspended in 2022	<i>Closed</i>	Improving upon lessons learned from the discontinued project and now under the leadership of the Ludwig Boltzmann Institute of Fundamental and Human Rights (LBI-GMR).

### 4. Main monitoring, evaluations and/or audit findings and their follow-up

<b>IPA III Sector Monitoring Committee on Rule of Law and Fundamental Rights 15.05.2025</b>	
<b>Recommendations/conclusions</b>	<b>Follow-up and measures undertaken/planned</b>
The framework contract 'Preparation of technical documentation of the premises of the Academy for Judges and Public Prosecutors (phase I)' – The Ministry of Justice will provide a written update on the location of the building by the end of July 2025.	The Academy of Judges and Public Prosecutors, over the past five years, through the Ministry of Justice of the Republic of North Macedonia, has repeatedly informed the Government about the needs that the new building of the Academy should meet to correspond with its actual requirements. Additionally, the Government has been informed regarding the proposed location where the new building of the Academy can be constructed, along with the appropriate documentation. Specifically, this concerns land belonging to the Institute of Sociological, Political and Juridical Research, with which the Academy has signed a memorandum of cooperation. A significant impact on the slow implementation progress of this recommendation had the election period which directly influenced in the slow implementation of the recommendation.
IPA III 2021 project 'Preparation of technical documentation for the modernization of the premises	According to the detailed urban plan, this land is designated for the construction of an educational institution, which is essentially the primary activity of the Academy—adult education. A property deed for the relevant land has also been secured. A significant impact on the slow

of the Academy for Judges and Public Prosecutors (phase I) - the Academy of Judges and Public Prosecutors, assisted by the relevant state bodies and institutions, to secure a valid Excerpt (Copy) of the Detailed Urban plan along with a Property Certificate by the end of July 2025.	implementation progress of this recommendation was given the election period which directly influenced in the slow implementation of the recommendation.
Grant Scheme for Civil Society 'Increasing the intolerance of the private sector and citizens towards corruption and bribing' - the State Commission for Prevention of Corruption will consult the EU Delegation to fine-tune the guidelines for applicants by the end of June 2024.	The comments have been submitted to the EUD and needs to process the document.

<b>IPA III Sector Monitoring Committee on Rule of Law and Fundamental Rights held on 06.11.2024</b>	
<b>Recommendations/conclusions</b>	<b>Follow-up and measures undertaken/planned</b>
The framework contract 'Preparation of technical documentation of the premises of the Academy for Judges and Public Prosecutors (phase I) - The Ministry of Justice will provide a written update on the location of the building by the end of July 2025.	The Minister of Justice, Mr. Igor Filkov, visited the premises of the Academy for Judges and Public Prosecutors to assess the institution's inadequate operating conditions personally. Accompanied by the Director of the Academy, Irena Trajkoska Strezoski, Deputy Director Ilir Iseni, and the President of the Criminal Court, Ivan Dzolev, Minister Filkov inspected the old and abandoned premises of the Skopje Criminal Court. The purpose of the visit was to explore the potential of the existing facility and, in the shortest possible time, with minimal adaptations and financial resources, create conditions for the uninterrupted functioning of the Academy.
IPA III 2021 project 'Preparation of technical documentation for the modernization of the premises of the Academy for Judges and Public Prosecutors (phase I) - the Academy of Judges and Public Prosecutors, assisted by the relevant state bodies and institutions, to secure a valid Excerpt (Copy) of the Detailed Urban plan along with a Property Certificate by the end of July 2025.	At the SWG on Justice held on December 2024, it was reported that the Ministry of Justice is making efforts to ensure adequate facility capacity. Next year, it is planned to address these issues as soon as possible. Additionally, more follow-up meetings with all stakeholders are planned to find an adequate solution for the premises of the Academy.

<b>3rd IPA III Sector Monitoring Committee on Rule of Law and Fundamental Rights held on 15.05.2024</b>	
<b>Recommendations/conclusions</b>	<b>Follow up and measures undertaken/planned</b>
The framework contract 'Preparation of technical documentation of the premises of the Academy for Judges and Public Prosecutors (phase I) - The Ministry of Justice will provide written update on the location of the building by end of July 2025.	N/A
IPA III 2021 project 'Preparation of technical documentation for the modernization of the premises of the Academy for Judges and Public Prosecutors	N/A

(phase I)' - the Academy of Judges and Public Prosecutors, assisted by the relevant state bodies and institutions, to secure a valid Excerpt (Copy) of the Detailed Urban plan along with a Property Certificate by end of July	
Grant Scheme for Civil Society 'Increasing the intolerance of the private sector and citizens towards corruption and bribing' - the State Commission for Prevention of Corruption will consult the EU Delegation to fine-tune the guidelines for applicants by the end of June 2024.	N/A
Twinning contract Support to the implementation of the modernised data protection legal framework – following an approval of recruitments of staff from the Ministry of Public Administration and Ministry of Finance, the Agency for Personal Data Protection to recruit at least 3 persons by end of 2024.	N/A
In regard to the IPA Council of Europe Horizontal Facility project which supported the process of harmonization of national legislation with the Law on Promotion and Protection against Discrimination (Article 48), the Government of RNM to oblige relevant ministries and the Ministry of Social Policy, Demography and Youth to monitor the harmonization of the revision of 13 laws with the National Coordination Body on Anti-Discrimination. The ministries to report to the Ministry of Social Policy, Demography and Youth for consolidation of the information. The Ministry of Social Policy, Demography and Youth to consolidate the information and to report on the state of play at the next SMC meeting.	N/A
In regard to the project 'EU for Human Rights: Mainstreaming non-discrimination concepts in legislation', which provided recommendations to amend several laws (Criminal Code; Criminal Procedure; Gender Equality; Labour Relations; and Law on Prevention and Protection against Discrimination), the Government of RNM to oblige other ministries and the Ministry of Social Policy, Demography and Youth to monitor their adoption and report. The ministries to report to the Ministry of Social Policy, Demography and Youth for consolidation of the information The Ministry of Social Policy, Demography and Youth to consolidate the information and report on the state of play at the next SMC meeting.	N/A

## 5. Complementarity with other instruments and coordination with other donors and IFI's

The Sector Working Group on Justice held a plenary meeting in December 2024, which gathered representatives from the donor community, key judicial institutions, and non-government organizations. The primary aim was to present and discuss the strategic priorities of sectoral policies related to the rule of law and anti-corruption, as well as to provide a comprehensive overview of the ongoing processes within the Justice sector, ensuring that all key stakeholders were thoroughly informed and engaged.

Key topics included the Judicial Sector Development Strategy and its alignment with the Reform Agenda 2024–2027 and the IPA Action Document 2026–2027. These documents served as a foundation for promoting a transparent, efficient, and independent judiciary. The discussions



highlighted their role in strengthening public trust in the judiciary and supporting the country's progress toward European integration.

Sector Working Group (SWG) meetings on Justice		
Date	Number of participants	Discussed topics
13.12.2024	38 participants were physically present, and 40 participants were virtually present.	<ol style="list-style-type: none"> <li>1. Judicial Sector Development Strategy.</li> <li>2. Reform Agenda 2024-2027.</li> <li>3. IPA III Action Documents 2026 and 2027.</li> </ol>

The following Donors, IFIs, Embassies and CSOs were present at the SWG meetings:

Donors	International Organisations	Embassies	CSOs
EU Delegation	UNDP	French Embassy	Institute for Human Rights (IHR)
Council of Europe	UNHCR	British Embassy	Open Society Foundations
	IDLO	Embassy of the Kingdom of the Netherlands	MYLA
	UNICEF	German Embassy	
		US Embassy	

The Sector Working Sub-Group on Home Affairs during 2024 did not hold any operational or plenary meetings.

The following programmes financed by other donors are **under implementation**:

Donor	Value of the support	What is financed and complementarity with IPA?	Implementation period
British Embassy	£7M	<b>Western Balkans Regional Rule of Law</b> Western Balkans Regional Rule of Law initiative aims to reduce the threat from Serious Organised Crime through deterrence from engaging in SOC, building the strength of criminal justice systems, supporting visible and enhanced transparency and accountability in Rule of Law institutions, and building public trust in the Rule of Law. North Macedonia's activity for 22/23 works, was held with the Public Prosecutor Office (PPO) to help establish an internal Performance Monitoring Tool, practices on data collection, input, report generation and analysis across the PPO for transparent and accountable management decisions based on evidence and data.	December 2021 – March 2025
British Embassy	£981,400	<b>Gender Equality and Fight against Gender Based Violence and Femicides in the Western Balkan</b> Increase access to justice for the victims and survivors of GBV through increased understanding of gendered issues amongst the judiciary of the Western Balkans.	January 2023 – March, 2025
British Embassy	£1,758,104	One component of the Project supports the State Audit Office (SAO) in-depth audits in new fields. Support to SAO in introducing Value for Money methodology in its audits, improving its communication capacities and increased impact of the reports. Model methodology for improved SAO monitoring of corruption risk in procurement at municipal level risk.	December 2022 – March, 2025

British Embassy	£1,137,596	<b>Establishment of Good Governance Standards at the Centre of Government</b> Improved policy coordination and alignment of Government policy goals through establishing performance indicators and monitoring and evaluation system in the centre of government.	December 2022 – March, 2025
British Embassy	£ 96,000	<b>Improved legal system by addressing gender bias and victimisation within the judiciary in North Macedonia</b> Improved legal system by addressing gender bias and victimisation within the judiciary in North Macedonia in a systematic manner, through development and implementation of evidence-based strategies, policies, and awareness initiatives. This aims to contribute to promote gender equality within the judiciary.	April 2024 – March, 2025
British Embassy	£70,000	<b>Independence through accountability</b> Independence through accountability- support judicial independence and increased public scrutiny over the Judicial Council through analysis and public debate of over 20 cases of judicial dismissals and disciplinary actions by Judicial Council.	July 2024 – March, 2025
British Embassy	£240.000	<b>Prison Intelligence Unit phase 2</b> To reduce threats posed by SOC networks in the prison system and in the wider community through improved information gathering capabilities, information dissemination to the wider intel/law enforcement community for improved intelligence led decision making.	July 2023- March, 2025
British Embassy	£408,000	<b>Money, Media and Elections</b> Support improved online media environment and political finance framework during elections through piloting a monitoring methodology for internet portals receiving state funding for paid political advertising in election campaigns.	April 2024 – March, 2025
Embassy of the Netherlands	€ 188,25	<b>Law Students and Young Lawyers – Agents of Change</b> The project aims to enhance the role of law students and young lawyers as agents of change for the protection of human rights and promoting the rule of law. This will be done by improvements in the regulations and curricula at the university and by providing training, internships, and career development.	1 July 2022 – 31 December 2024
Embassy of the Netherlands	€ 294,92	<b>Support to Judicial Academy</b> The project is intended to improve the capacities of the Academy for Judges and Prosecutors (JA), as it is the sole entry point to the judiciary and prosecution and should secure fair and transparent access to these professionals, as well as prepare the new judges and prosecutors for their roles and their career. In this respect, the Studiecentrum Rechtpleging (SSR) from Utrecht works on two aspects: increasing the capacities of JA to train highly professional, competent, and independent judges and prosecutors; and improving the work and organisational functioning of JA, including managerial skills and internal mechanisms.	15 April 2022 – 15 April 2025

Embassy of the Netherlands	€ 954,85	<p><b>Enhancing the efficiency, accountability and transparency of the Judicial Council of North Macedonia</b></p> <p>The project contributes to strengthening the capacities and competencies of the Judicial Council (JC) through exchanging expertise with the Dutch Council for the Judiciary (Cfj) with a peer-to-peer approach: promoting court efficiency and establishing a performance management system; promoting accountability and embedding integrity and ethics standards; promoting regional cooperation among the Judicial Councils of the Western Balkans.</p>	September 2020-April 2025
Embassy of the Netherlands	€ 1,901,624	<p><b>Balkans Enforcement Strengthening project (NMAC, SER, KOS, ALB)</b></p> <p>The projects aim at strengthening Rule of Law in the pre-accession countries of the Western Balkans. To do so, it is foreseen to strengthen their capacities to ensure an efficient and effective enforcement of civil judgements and other enforceable titles. Moreover, it focuses on strengthening the private enforcement agents' systems in dealing with cross-border enforcement and make them more accountable by strengthening relevant mechanisms for monitoring and control.</p>	September 2020-September 2024
Embassy of the Netherlands	€ 663,759.00	<p><b>Strengthening Media Freedom in Bosnia and Herzegovina, North Macedonia and Serbia</b></p> <p>The overall objective of the project is to contribute to the creation of an environment in which media freedom and freedom of expression are respected and can be exercised without fear or pressure. It particularly focuses on building the capacity of both journalists and actors within the judiciary sector to develop a more effective response to cases of intimidation and threats. Through these aims, the project is directly contributing to enhancing media freedom and is building the capacity of the judiciary.</p>	October 2020-October 2024
Embassy of the Netherlands	€ 278,101.00	<p><b>Shining light on corruption through media innovation</b></p> <p>The project aims to produce high quality investigative journalism in video and digital format on issues relevant for the rule of law for the citizens of North Macedonia. It foresees reporting on power in the justice system and provide community reporting via hands-on training for young journalists and media workers. It focuses on holding the authorities accountable and expose corruption, crime and the quality of governance. It will also increase the influence and impact of independent journalism and encourage the citizens to take action against corruption and organized crime.</p>	15 June 2024 – 15 June 2027
Embassy of the Netherlands	€ 299,279.00	<p><b>Safeguards against Corruption</b></p> <p>The project is aimed at reducing corruption and misuse of public funds at local governmental level in North Macedonia. This is envisaged to be done with a comprehensive approach, involving all stakeholders – local governments, CSOs and media. The project aims to provide capacity building and networking for local CSOs to</p>	1 November 2021-31 October 2024

		monitor local processes prone to corruption and advocate for changes in the public procurement resulting from this monitoring. The activities in the project also enable and facilitate public-private dialogue between local governments and SMEs and increase transparency and accountability of local institutions in planning and awarding financial assistance from local budgets. The capacities of local media to better recognize corruption and report about it will also be enhanced.	
Embassy of the Netherlands	149.996,00 €	<b>Let the Justice Rule the Region (Serbia, Albania and North Macedonia)</b> The project supports establishing a permanent and self-sustainable regional network of pro-European CSOs from Serbia, Albania and North Macedonia focused on improving the level of democratisation through active monitoring of negotiating issues covered by Cluster 1 Fundamentals and providing reliable, fact-based recommendations for improvement of the conditions in areas covered by Cluster 1. Relying on existing structures of the National Convention on the European Union, a model presented in Serbia, Albania, and North Macedonia, the impact of individual CSOs working in the areas of importance for Cluster 1 will be increased by supporting regional cooperation, exchange of knowledge, and best practices, and joint advocacy activities. Specific monitoring tools will be created to ensure comparable results that would become a part of concrete policy proposals towards all of the key actors in the EU accession process.	November 2022 – November 2025
Embassy of the Netherlands	€ 315.212	<b>Strengthening Regional Judicial Cooperation in WB for Effective Litigation before the CJEU and Implementation of the EU Charter of Fundamental Rights (North Macedonia, Serbia, Montenegro, Albania)</b> The Civil Society Organizations, namely, CLRA, Civil Rights Defenders, and Civic Alliance will train 400 judges and 200 public prosecutors in litigation before the Court of Justice of the EU and apply the EU Charter of Fundamental Rights in North Macedonia, Albania, Serbia and Montenegro. To achieve some sustainability the training curricula that will be developed within the project, and the pool of experts are foreseen to be embedded in the existing programs of the Judicial Academies.	
Embassy of the Netherlands	€ 131.668	<b>University Law Competition: TV Debate, A tradition of excellence (Albania, Kosovo, North Macedonia)</b> The project aims to organize three televised editions of the "University Law Competition", which is a contest in the format of 12 live broadcasted mock trials per edition. This initiative aims to prepare 144-200 students from Albania, North Macedonia, and Kosovo through mock trials with practical knowledge in various fields of law. In addition, the project has a positive effect on the legal culture of the society by informing the	July 2023 – December 2025

		public about the importance of an independent judiciary, the rule of law and due process, how to address the court, their proper treatment within the standards of the European Court of Human Rights (ECHR), the execution of court decisions. Moreover, this project contributes to strengthening regional cooperation between universities, encouraging the exchange of best practices, and playing an active role in the professional education of students.	
UNHCR	USD 205,012	<b>State free legal aid system strengthened</b> Providing a sustainable and high-quality free legal aid service ensures no vulnerable people are left behind.	January 2021- December 2024
UNHCR	USD 201,140 (2021:136,309 +2022: 64,831)	<b>State free legal aid system strengthened</b> The goal is to improve conditions for the fight against illicit financial flows (IFFs), both within and out of the regions, across sectors and national borders.	January 2021 - December 2022
GIZ & Ministry of Foreign Affairs of Norway	6.000.000 €	<b>GIZ Global Program Combating Illicit Financial Flows - Western Balkan</b> The goal is to improve conditions for the fight against illicit financial flows (IFFs), both within and out of the regions, across sectors and national borders.	
GIZ & Ministry of Foreign Affairs of Norway	3,000,000 €	<b>Regional project “Legal reform for economic development in the Western Balkans”</b> The project aims to strengthen implementation of EU-relevant legal framework conditions to promote economic development in the Western Balkan countries.	
GIZ	"European Commission (DG NEAR): EUR 30 million German Government (BMZ): EUR 1,5 million Italian Ministry of Interior: EUR 1,375 million Kingdom of the Netherlands: EUR 428.000	<b>EU Support to Strengthen the Fight against Migrant Smuggling and Human trafficking</b> The project seeks to improve the conditions for preventing and combatting migrant smuggling and trafficking in human beings in the Western Balkans. To do so, it is foreseen to work with law enforcement and judicial authorities on inter-institutional and intra-regional cooperation, as well as to strengthen the partnership with Member States and EU Justice and Home Affairs Agencies, including through the active Participation in European Multidisciplinary Platform Against Criminal Threats (EMPACT).	
Council of Europe	3,000,000.00 € budget out of which 428,571.00 € for North Macedonia	<b>Roma Integration Phase III</b> The project primarily focuses on three areas of support, namely mainstreaming of Roma issues in relevant public policies; support to Roma socio-economic integration and Roma equality in the areas of housing, education, employment, health, civil registration, and in the green and digital transition; as well as the reinforcement of the institutional capacities of the governments to tackle challenges faced by Roma.	May 2023 – April 2026
Council of Europe	700,000.00 € budget out of which	<b>Promoting deliberative democracy and innovative approaches to citizen participation in South-East Europe</b>	January 2023 – December 2025

	116,667.00 € for North Macedonia	The project intends to strengthen the democratic processes in South-East of Europe and aims to: further promote deliberative democracy as an innovative form of citizen participation in local decision-making and as a complement to representative democracy in six Beneficiaries in the South-East Europe; as well as to enhance the skills and capacities of local authorities and their associations in Southeast Europe, to organize deliberative processes.	
Council of Europe	500,000.00 € budget out of which 83,333.00 € for North Macedonia	<b>Human rights and sustainable environment in South-East Europe</b> The main objective of the project is to strengthen the protection of the environment and human rights in South-East Europe. Specifically, the project aims to support the relevant authorities in strengthening environmental protection at the domestic level by, inter alia, mapping the existing needs, providing recommendations and capacity-building with a view to improving the legal/regulatory framework and practice; as well as to strengthen the knowledge of legal professionals, relevant authorities, and civil society organisations.	March 2024 – February 2026
Council of Europe	500,000.00 € budget out of which 83,333.00 € for North Macedonia	<b>Human Rights Education for Legal Professionals – HELP in the Western Balkans</b> The main aim is to enhance capacities and skills (and attitudinal changes when relevant) of legal professionals for effective application of European standards* on human rights mainly through professional training and university education at national/regional level.	January 2023 – December 2024
Council of Europe	5,500,000.00 € budget out of which 785,714.00 € for North Macedonia	<b>CyberSEE – Co-operation on Cybercrime: Enhanced action on cybercrime and electronic evidence in South-East Europe and Türkiye</b> The overall objective of CyberSEE is to strengthen the rule of law, security and regional co-operation in the South-East-Europe and Türkiye through a more effective response to the challenges of cybercrime and electronic evidence.	January 2024 – June 2027
Council of Europe	6,500. 000 € project budget out of which 723.608 € for North Macedonia	<b>Promoting good governance and Roma empowerment at local level (ROMACTED II)</b> The Programme aims to build political will and policy engagement among local authorities to enhance democratic governance and empower local Roma communities. It focuses on strengthening individual capacities by helping people practise their basic rights and develop skills, and on community-level empowerment by supporting organisation and advocacy around local issues. Additionally, the Programme works to improve institutional commitment and capacity for Roma inclusion, promoting good governance practices. It also contributes to local development actions aimed at improving the quality of life for Roma and reducing the gap between Roma and non-Roma, including addressing the impacts of COVID-19.	January 2023 – December 2026
Council of Europe	835,000.00 €	<b>Action against economic crime in North Macedonia</b>	January 2023 – December 2026

		The overall objective of the action is to enhance capacities of public actors to ensure rule of law and governance by effectively preventing and addressing economic crime, particularly corruption, money laundering and terrorist financing. The action focuses on supporting the authorities in several directions including: improving the legal and operational framework on preventing and combating corruption; enhance AML/CFT prevention mechanisms and enhanced capacities of authorities to conduct financial investigations.	
Council of Europe	900,000.00 €	Towards a Consolidated and More Efficient Free Legal Aid (FLA) System in North Macedonia	January 2023 – December 2026
Council of Europe	680,000.00 €	Protecting Freedom of Expression and of the Media in North Macedonia – PRO-FREX-NM	January 2023 – December 2026
Council of Europe	450,000.00 €	Combating Hatred and Intolerance in North Macedonia	January 2023 – December 2026
Council of Europe	950,000.00 €	Strengthening anti-trafficking action in North Macedonia	January 2023 – December 2026
Council of Europe	950,000.00 €	Strengthening the capacities of the penitentiary system in North Macedonia	January 2023 – December 2026
Council of Europe	800,000.00 €	Quality Education for All - North Macedonia	January 2023 – December 2026
Council of Europe	116,000.00 € for North Macedonia	Promoting Equality and combating racism and intolerance in the Western Balkans – regional project	January 2023 – December 2026
Council of Europe	86,000.00 € for North Macedonia	Protecting Freedom of Expression and of the Media in the Western Balkans – PRO – FREX – regional project	January 2023 – December 2026
Council of Europe	110,000.00 € for North Macedonia	Action against economic crime in the Western Balkans – regional project	January 2023 – December 2026
Council of Europe	275,000.00 € for North Macedonia	Enhancing cooperation in the Western Balkans in managing violent extremism in prisons and preventing further radicalization after release – regional project	January 2023 – December 2026
Council of Europe	234,000.00 € for North Macedonia	Towards a better evaluation of the results of judicial reform efforts in the Western Balkans – phase II “Dashboard Western Balkans II” – regional project	January 2023 – December 2026
Council of Europe	100,000.00 € for North Macedonia	Women’s Access to Justice in the Western Balkans (WAJ) – regional project	January 2023 – December 2026
Council of Europe	6,500. 000 € project budget out of which 723.608 € for North Macedonia	Promoting good governance and Roma empowerment at local level (ROMACTED II)	January 2023 – December 2026
UNICEF	450,000.00 €	<b>Disrupting Harm on online child sexual exploitation and abuse</b> This is a global initiative that engages national and international partners to capture the context, threats, and responses to online child sexual exploitation and abuse. Evidence is collected from multiple stakeholders on the nature and scope of online child sexual exploitation and abuse, and the	November 2022 - May 2025

		readiness of national protection systems to respond to these crimes against children.	
UNICEF	80,000.00 €	<b>Justice for Children</b> Building results on justice for children achieved with EU and UNICEF funding (2020-2022), current UNICEF support includes two components: (i) Data collection and management, working with the State Statistical Office (SSO) and key ministries to revise the existing forms of the SSO for child victims, witnesses and in conflict with the law. Training on the use of the new forms is forthcoming; (ii) Child centred and tailored support for children at risk in small group homes managed by former institutions like, the 25th of May, and "Ranka Milanovikj, by offering structured and guided individual support.	July 2023 - July 2025
UNDP/ Multi-Partner Trust Fund	1,149,180 USD	<b>Strengthening the Capacities of the Forensics and Crime Scene Investigation System to Improve Criminal Justice Response to Small Arms and Light Weapons</b> The project is implemented within the auspices of the Roadmap for Control of Small Arms and Light Weapons in the Western Balkans.	1 January 2024 – 30 September 2025
UNDP	Up to 500.000 (Pipeline)	<b>“Strengthening the Synergy Between Anti-Corruption Institutions in North Macedonia”</b> The overall objective of the project is to enhance coordination by strengthening the systematic connection between the SAO and the Public Prosecutor’s Office to improve the handling and review of corruption-related reports. It also aims to empower the SCPC by ensuring the SCPC has the necessary human and material resources to effectively check the property status of elected and appointed officials. Lastly, the project focuses on legal reforms by supporting the implementation of legal amendments requiring the Public Prosecutor’s Office to prioritise cases and initiatives submitted by the SCPC.	
UNDP	Up to 200.000 USD	<b>Development of a Standardized Methodology for Collecting Judicial Statistical Data</b> The overall objective of the project is to develop and implement a standardised methodology for collecting accurate and reliable statistical data within the judicial system, aligned with the European Commission for the Efficiency of Justice (CEPEJ) standards of the Council of Europe.	
UNDP/Ministry of Foreign Affairs of the Republic of Korea	132,400 USD	<b>Combatting Sexual and Gender-Based Violence in the Digital Sphere</b> The project objective is to strengthen multi-sectoral cooperation with the aim of preventing and combating digital sexual exploitation and abuse.	1 January 2023– 31 December 2024
UNDP	Up to 700.000 USD (Pipeline)	<b>Enhancing the work of the Administrative Court of Republic of Macedonia”</b> The overall objective of the project is to enhance administrative justice in the country by creating an enabling environment for the effective and efficient functioning of the Administrative Court. The specific objective of the action is to support	N/A



		the Administrative Court to further develop its capacities, enhance its impact and address the remaining challenges stated out in the new Strategy for Reform in the Justice Sector.	
UNDP	400.000 USD (Pipeline)	The overall objective of the project is to strengthen the capacities of the Ombudsperson institution to effectively respond to human rights violations and uphold the rule of law. The project also foreseen the Increase of public awareness and engagement with the Ombudsperson institution to ensure broader access to justice and human rights protection. Enhancement of the institution's impact and ability to monitor and report on government compliance with human rights standards and rule of law principles is also a goal of the project.	
UNDP/ UNDP Funding Windows	250,000 USD	<b>Miss the misinformation (Strengthening the capacities of local communities to respond to misinformation and gendered disinformation)</b> The project objective is to empower local communities to become more resilient to fake news by strengthening media literacy and media integrity	19 May 2023 – 31 December 2024
UNDP/ European Union	486,2 USD	<b>EU support to the Confidence Building in the Western Balkans</b> This regional project provides expertise and support to the judicial and law enforcement authorities in Bosnia and Herzegovina, Montenegro, North Macedonia, Serbia, and Kosovo, In the Republic of North Macedonia specifically, the project is focused on strengthening the capacities of the judiciary, international legal assistance and coordination, as well as on awareness raising activities for dealing with legacies of the conflicts and promoting reconciliation through sub-granting of the civil society organisations.	1 January 2023 – 31 December 2026
UNDP/ NDP's Global Programme on Strengthening the Rule of Law, Human Rights, Justice, and Security for Sustainable Peace and Development	100,000 USD	<b>Advancing Environmental Justice in North Macedonia</b> The project aims to enhance the capacity of national institutions, including the legal system, to establish people-centred and efficient systems that advance environmental rights and deliver environmental justice. It also aims to increase public participation, access to information, access to justice, and legal empowerment in environmental matters, particularly for women and vulnerable groups.	15 November 2023 – 16 November 2024
UNDP/ NDP's Global Programme on Strengthening the Rule of Law, Human Rights, Justice, and Security for Sustainable Peace and Development	54,000 USD	<b>Enhancing the Ombudsperson impact in environmental justice in North Macedonia</b> The project aims to strengthen the Ombudsperson's impact on environmental justice, fostering the protection, advancement, and promotion of environmental human rights in North Macedonia, particularly for vulnerable groups. The project will specifically address the current gaps in the Ombudsperson's capacities related to environmental issues, facilitating its enhanced ability to protect citizens' rights in the face of environmental challenges, especially the rights of vulnerable groups.	1 January 2024 – 31 December 2024

UNDP/ British Embassy Skopje	£ 845,717	<b>National Development Strategy (NDS)</b> The National Development Strategy (NDS) of North Macedonia is a long-term plan for inclusive and sustainable development. It focuses on six key areas, including the rule of law and good governance, to build a prosperous, multicultural society. It also promotes citizen participation, protection of vulnerable groups, and democratic dialogue. The NDS is expected to be adopted in October 2024, UNDP will then focus on monitoring, evaluation, and piloting policies, particularly in rule of law.	March 2021 – December 2025
Ministry of finance of the Slovak republic	900.000 €	<b>Enhanced Quality Legal Aid Services (EQUALS)</b> The overall objective of the Project is to strengthen further access to justice for women and men in Albania and North Macedonia in the context of their EU integration process, by enhancing the quality and effectiveness of the free legal aid system. The project aims to leverage accumulated knowledge, lessons learned, and positive practices during the ongoing Access to Justice. The main focus will be strengthening the justice system and securing access to FLA services to most disadvantaged group of citizens such as victims of domestic and gender-based violence, women and girls facing discrimination or various vulnerabilities, ethnic minorities, LGBTQI+ individuals, persons with disabilities, Roma and Egyptians, vulnerable youth and elderly, ex-offenders as well as people with low or no income will be direct end-beneficiaries.	February 2025 - August 2027
UNDP/ Austrian Development Agency (ADA)	1,200,000 \$ (pipeline)	<b>Rehabilitation-Resocialisation of inmates as per the Regulation Based on National and International Standards</b> Prison education through educational programs is thought an impact on recidivism, reintegration, and the outcome of post-release employment. The project aims be a decrease of a risk of re-offending through psychosocial rehabilitation of former prisoners released from penitentiary establishments offering and implementation of activities and services such as education, employment, life skills, housing, support in case of mental illness, alcohol, and drug problems. The absence of these interventions increases the risk of reoffending and will serve to overcome the difficulties connected to rehabilitation and resocialisation of individuals.	2025-2027 (in the process of negotiation)
UNDP	1,200,000 \$ (pipeline)	<b>Address Drug Prevention and Treatment in North Macedonia</b> This project which is designed together with UNODC intends to address the Republic of North Macedonia need of an effective, efficient and self-sustainable Comprehensive National Framework for Drug Prevention and Treatment, with a special focus on women, children and vulnerable groups (including disabled citizens). It is focused on strengthening institutional capacities for drug treatment and prevention in accordance with UN and international standards and human rights. The	2024-2026 (in the process of negotiation)

		intervention will also include capacity building and awareness raising following drug prevention standards deployed to national practitioners in the public and private sectors. Resocialisation support and reintegration activities for families and vulnerable individuals, groups will be also an area of concern.	
UNDP	3,000.000 € (pipeline)	<b>EU for fundamental rights - Under the IPA WINDOW 1 – Rule of Law, Fundamental rights and Democratic</b> Thematic Priority 5: Fundamental rights, UNDP in close collaboration with the Ministry of Education and Science is working on Action for Adult Education -A step towards decent jobs i.e. to promote the right to education for vulnerable people (No one left behind) including Roma, inmates, juveniles, disadvantaged groups, economically deprived citizens, etc. The fundamental right of vulnerable people to have access to education improves their chances of accessing the labour market. Thus, the initiative aims to strengthen the education system in the country, particularly the system for adult primary and secondary education, to encourage and intensify by appropriate methods, the education of persons who have not received any primary education or who have not completed the entire primary education and empowered them with skills and knowledge for possible continuation of their education of employment. The elements of availability, accessibility, acceptability, and adaptability apply and are fundamental.	2024-2026 (in the process of negotiation)
UNDP	50,000 \$	<b>Thematic discussions towards policy development throughout UNCRPD lenses</b> The aim is to strengthen the capacities of duty bearers and empower right holders to enhance the implementation of UNCRPD through promotion, understanding, and open space for dialogue and initiate targeted social services that would benefit from inclusive design and tailored delivery. The outcome of the discussions will enable OPDs to advocate for their engagement in both CRPD and SDG monitoring, as well as in national and local-level decision-making processes. Duty bearers will secure meaningful participation of persons with disabilities in mainstreaming disability inclusion in the development and improvement of policies and practices.	October 2024 – December 2025
UNDP	45,260 \$	<b>The project aims to upgrade and improve the existing Information System for Learning Management - LMS (Learning Management System) in the Ministry for Public Administration and create online training programs for the needs of public administration employees.</b> Each public institution including those of the Ministry of Justice and other judiciary institutions, law enforcement agencies, and regulatory and oversight bodies will have the opportunity to use the upgraded LMS system and develop training	01.01.2024 – 30.06.2025

		<p>programs as per their needs. The platform will allow flexibility and easy management of training. The LMS platform will enable the improvement of the availability and quality of education for administrative officials, which will enable the strengthening of the professional competencies of public administration. The LMS will have textual, and video materials, assessment questions (e.g., quizzes, tests), and printing of certificate for those who will successfully complete the training programme. This system will facilitate public administration employees to achieve their learning goals and implement their learning plans required annually or periodically, as mandated by the law on public administration.</p>	
<p>U.S. Embassy Skopje INL (State Department's Bureau - International Narcotics and Law Enforcement Affairs)</p>	\$400,000	<p><b>Fighting Low-Scale Corruption Project, implemented by UNODC</b> In cooperation with the Academy for Judges and Prosecutors. Design, implement, and institutionalize training curricula for investigating, prosecuting, and adjudicating everyday corruption.</p>	<p>March 2023 – March 2025</p>
<p>U.S. Embassy Skopje INL (State Department's Bureau - International Narcotics and Law Enforcement Affairs)</p>	\$400,000	<p><b>Supporting the Defence Bar of North Macedonia, implemented by the U.S. National Centre for State Courts</b> Assist the Bar in establishing the first-ever continuing legal education system (both in-person and online) in the new Training Centre and building criminal procedure skills of lawyers.</p>	<p>August 2022- August 2025</p>
<p>U.S. Embassy Skopje INL (State Department's Bureau - International Narcotics and Law Enforcement Affairs)</p>	\$400,000	<p><b>Open Justice Project, to support the Judiciary Media Council and improve justice sector transparency and accountability</b> This is implemented by the Macedonian Judges Association and the Centre for Legal Research and Analysis.</p>	<p>July 2022- July 2025</p>
<p>U.S. Embassy Skopje INL (State Department's Bureau - International Narcotics and Law Enforcement Affairs)</p>	\$800,000	<p><b>Extending Legal Clinics in criminal Law Network.</b> This is implemented by the International Development Law Organisation (IDLO). Support the legal clinics in major state universities.</p>	<p>December 2022 – December 2025</p>
<p>U.S. Embassy Skopje INL (State Department's Bureau - International</p>	\$400,000	<p><b>Fighting Illicit Drug Markets Project, with focus on synthetic drugs. Support the implementation of the National Drugs Strategy in North Macedonia.</b> Promote legislative reform and enhance law enforcement and criminal justice capacity to</p>	<p>Expected to Start October 2024 until 2026</p>

Narcotics and Law Enforcement Affairs)		detect, disrupt, seize, investigate and prosecute offenses related to synthetic drugs and precursors.	
U.S. Embassy Skopje INL (State Department's Bureau - International Narcotics and Law Enforcement Affairs)	\$600,000	<b>Trusted Judicial Advocacy Network Project</b> Create a trusted judicial advocacy network, modelled after the American Inns of Court, that furthers professionalism, integrity, and mutual respect among peers in North Macedonia's legal community. Through this network, members will learn from one another and through targeted training and other opportunities to promote judicial independence, thereby contributing to strengthening the rule of law.	Expected to start in October 2024 until 2027
U.S. Embassy Skopje INL (State Department's Bureau - International Narcotics and Law Enforcement Affairs)	\$2,000,000	<b>Rule of Law Program</b> Improve prosecutorial performance, judicial adjudications, and legislative reform Programs. Technical assistance, capacity building, training, and case mentorship to prosecutors, judges, law enforcement officials, and justice sector leaders, implemented by the Justice Department OPDAT (Overseas Prosecutorial Development Assistance and Training).	Ongoing
U.S. Embassy Skopje INL (State Department's Bureau - International Narcotics and Law Enforcement Affairs)	\$1,000,000	<b>Law Enforcement Development and Reform, implemented by the Department of Justice ICITAP (International Criminal Investigative Assistance Program).</b> To provide a professionalised police force that builds trust with citizenry and provides equitable services to all communities.	Ongoing
U.S. Embassy Skopje INL (State Department's Bureau - International Narcotics and Law Enforcement Affairs)	\$800,000	<b>Prisons System Reform</b> Support the prison staff professionalisation through sustained training and development that guides career progression so correctional facilities meet safe, humane, and transparent operational standards while mitigating the risk of being compromised by corruption.	Ongoing
French Embassy/AFD (French Development Agency)	€33,303,000 multi-donor funding	<b>Regional project - EU4FAST</b> EU Support to Strengthen the Fight against Migrant Smuggling and Trafficking in Human Beings in the Western Balkans" (EU4FAST) aims at improving the conditions for preventing and combatting migrant smuggling and trafficking in human beings in the Western Balkans. The team consists of a wide range of experts through embedded country teams (ECTs), including police officers, prosecutors, legal advisers, protection advisers, project assistants and administrative officers.	
French Embassy/AFD (French Development Agency )	€4,000,000 (EU funded)	<b>Regional project "Enhancing protection of public spaces and critical infrastructures in the Western Balkans.</b> This project aims at strengthening the capacities of the region to effectively detect, investigate and	

		respond to terrorist threats on public spaces and critical infrastructures. The project is implemented by CIVIPOL, the operator of the French Ministry of Interior, Croatian Police, Italian Police and the Greek Center for Security Studies (KEMEA).	
French Embassy/AFD (French Development Agency)	€2,000,000	<b>Regional project - Climate Environmental Justice (CEJ) Convergence in the Western Balkans, implemented by Expertise France</b> It seeks to improve access to justice and the effectiveness of citizen participation in the field of environmental justice and support Albania, North Macedonia, and Montenegro for EU accession through the alignment of their national frameworks to the Aarhus Convention standards on access to environmental justice, which was officially integrated into EU standards in 2006. 3 components (1) improvement of access to justice on climate and environmental matters; (2) improvement of citizen participation on climate and environmental matters; (3) implementation of grants for CSOs (200,000 € for North Macedonia on this component).	
French Embassy/AFD (French Development Agency/	€5,000,000	<b>The Anti-Corruption Fund (6 countries including North Macedonia, about 0,8M€ per country)</b> It aims to strengthen public institutions and finance projects implemented by civil society and independent media.	
French Embassy/AFD (French Development Agency)	100,000,00€	<b>Improve the prevention and support to victims of forced marriage</b> Improve the prevention and support to victims of forced marriage, implemented by the NGO Open Gate-La Strada 3 main components on THB with a focus on sexual exploitation and forced marriage: mapping and analysis, advocacy and raising awareness and organisation of a regional conference.	
French Embassy/AFD (French Development Agency)	20,00.00\$	<b>Support to the civil society in the field of Rule of Law through call for proposals.</b>	
French Embassy/AFD (French Development Agency)	23.00.00\$	Organisation of specific training sessions with the Academy for Judges and Prosecutors (environmental crime, fight against domestic violence, extradition and mutual legal assistance requests, fight against corruption).	

Donor – Home Affairs sector	Value of the support	What is financed and complementarity with IPA?	Implementation period
OSCE	3,735,139 EUR	Assisting the national authorities of the Republic of North Macedonia to decrease the risk of weapon proliferation and misuse of small arms and light weapons (SALW II)” The goal of the project is to reduce the risk of proliferation of weapons and misuse of firearms in the Republic of North Macedonia by increasing the capacities for prevention, detection, analysis and investigations of the	2021-2025

		Ministry Interior and other government organisations.	
OSCE		Building a hybrid education system in the Ministry of Internal Affairs of the Republic of North Macedonia” The overall goal of this project is to support the Ministry of Interior of the Republic of North Macedonia in developing its hybrid learning and education capacities in order to build an integrated long-term system of professional/professional police education.	2021- 2025
IOM (implementer) Donor: MFA of the Kingdom of Denmark	3,000,000 EUR	“Western Balkan Readmission Capacity Building Facility (WBCAP)” The overall goal is to contribute to strengthened national migration and readmission management systems in the countries of the Western Balkans.	2021-2025
IOM (implementer) Donor: MFA of the Kingdom of Denmark	3,000,000 EUR	“Western Balkans Integrated Border Management Capacity Building Facility (WBIBM)” The general objective of the project is to support the authorities of the countries of the Western Balkans towards effective border management and dealing with cross-border security risks aimed at respecting the principles of migrant protection.	2021-2025
IOM (implementer) Donor: MFA of the Kingdom of Denmark	2,000,000 EUR	“Support of national capacities in the fight against migrant smuggling and other types of transnational crime in Republic of North Macedonia” The aim of the project is to strengthen the capacities of the stakeholders involved in dealing with the smuggling of migrants and human trafficking, in accordance with international standards and the protection of human rights.	2021-2024
IOM (implementer) Donor: MFA of the Kingdom of Denmark	2,000,000 EUR	“Western Balkans joint actions against smuggling of migrants and trafficking in human beings (WBJAST)” The main goal of the project is to contribute to a better management of mixed migration flows in the Western Balkans region, by strengthening effective practices to combat migrant smuggling and human trafficking, in accordance with approaches that focus on the protection of victims of trafficking people.	2021-2024
DCAF – Geneva Centre for Security Sector Governance	4,739,219 CHF	Reform of the Security and Intelligence Community Programme in the Republic of North Macedonia” The purpose of this Programme is to continue the process of democratic reforms in the security sector in North Macedonia, in close cooperation with national partners for operationalisation and sustainability of the achieved initial results, with the aim of creating a more accountable, and therefore ultimately more effective and efficiently managed security and intelligence sector.	2021-2026
UNODC	/	UNODC/WCO/INTERPOL – Airport Communication Programme (AIRCOP) and the	/



<p>United Nations Office on Drugs and Crime</p>		<p>UNODC/WCO/CCP Container Control Programme in cooperation with the UNODC Regional Programme AIRCOP is a multi-agency project implemented by the United Nations Office on Drugs and Crime (UNODC) Mission in partnership with INTERPOL and the World Customs Organisation (WCO).</p> <p>The aim of this project is to strengthen the capacities of international airports to target and intercept high-risk passengers, cargo and mail, as a contribution to the fight against illicit drugs and other illicit goods (such as products of animal origin or counterfeit medical products), threats related to terrorism (such as weapons or potential foreign terrorist fighters), human trafficking and migrant smuggling. It also aims to facilitate communication and coordination between countries of origin, transit and destination to disrupt cross-border illicit flows and criminal networks.</p> <p>The project has also expanded its geographic coverage and now includes airports and participating countries in Africa, Latin America, the Caribbean, the Middle East, Southeast Europe and Southeast Asia.</p> <p>The mission of the UNODC-WCO Container Control Programme (CCP) is to build capacity in countries seeking to improve risk management, supply chain security and trade facilitation at seaports, airports and land border crossings in order to the cross-border movement of illegal goods was prevented.</p> <p>The UNODC-WCO Container Control Programme (CCP) was established as a joint initiative of UNODC and WCO in 2004. Faced with such a complex and globalised problem, the programme embraces a nuanced, holistic and multi-sectoral approach by ensuring continuous monitoring and surveillance, offering an abundance of context-specific training programmes and strengthening cooperation between states. The programme is to build capacity in member states willing to improve risk management, supply chain security and trade facilitation at seaports, airports and land border crossings to prevent the cross-border movement of illicit goods.</p>	
<p>OSCE Donators: Germany, France, Finland, Norway</p>	<p>1,982,582 EUR</p>	<p>Enhancing Criminal Justice Capacities for Combating Gender-based Violence in South-Eastern Europe”</p> <p>This project aims to strengthen the capacities of the criminal justice systems of Albania, Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia to prevent and combat gender-based violence, thereby increasing public confidence in the criminal justice response and subsequently to the level of reporting cases of gender-based violence.</p>	<p>July 2021-May2024</p>
<p>UNDP</p>	<p>132.400 USD</p>	<p>Combating sexual and gender-based violence in the digital sphere.</p>	<p>2023-2024</p>

UNDP	1.149.180 USD	Strengthening the capacities of the Forensics and Crime Scene Investigation System to Improve Criminal Justice Response to SALW	2024-2025
AMIF	EUR 1,909,928.85	Strengthening the regional cooperation on migration management between Western Balkans and neighbouring EU Member States in accordance with EU Acquis and international standards (MIRCO).	May 2024 –May 2026
Poland	EUR 479,308.24	“Strengthening of the Migration and Asylum Management System in the Republic of North Macedonia - MANOMA”.	2024-2025

## 6. Sector strategies, institutional capacities and budgeting

### *Sector National Strategic Framework – Judiciary*

The Developmental Sectoral Strategy for the Justice System 2024-2028 is a comprehensive plan to improve the judicial sector in the coming five years. It is underpinned by several key principles, including fiscal sustainability, alignment with EU policies, transparency, and accountability. This strategy aims to address key weaknesses identified through evaluations of previous reforms, including the Justice Sector Reform Strategy 2017-2022. It was shaped by an extensive consultation process involving judicial stakeholders, the academic community, civil society, and other relevant state institutions. These consultations provided an objective basis for crafting new measures and activities to improve the sector’s performance.

The Strategy is fully aligned with the National Development Strategy 2023-2043, which is currently under preparation, and incorporates recommendations from the European Commission regarding the further development of the rule of law and judicial system. The EU-funded “EU for Rule of Law” project has supported the preparation of a monitoring methodology and the formation of a dedicated Council to oversee the implementation of this Strategy.

Amendments to the Law on the Judicial Council have been proposed based on the recommendations of the EU Peer Mission. These amendments were discussed in a series of public debates organised by the Ministry of Justice to ensure transparency and inclusivity. These consultations led to the refinement of the proposed changes and fostered professional discussion on the future structure and functioning of the Judicial Council.

The Strategy also aligns with other national initiatives, including the National Strategy for the Prevention of Corruption and Conflict of Interests (2021-2025), the National Strategy for the Prevention of Money Laundering and Financing of Terrorism (2021-2024), and the National Drugs Strategy (2021-2025). These strategies collectively focus on enhancing law enforcement capacities, increasing political accountability, and strengthening public awareness and education about corruption and money laundering.

In addition, the Strategy for Organised Crime (2025-2028) and the ICT Council’s newly published rulebook aim to modernise and improve the functioning of the judicial system. The ICT Council, which was formed to coordinate information and communication technologies across judicial bodies, has published guidelines to standardise digital projects and ensure better integration within the sector.

The EU’s Growth Plan, which runs from 2024 to 2027, aims to strengthen the economic, social, and institutional development of the Western Balkans. The plan is designed to bring the benefits of EU membership to citizens in the pre-accession period. In October 2024, the European Commission approved North Macedonia’s Reform Agenda, which prioritises judicial reforms, including improving the legal framework for elections, enhancing the judiciary’s independence, and promoting the fight against corruption, organised crime, and asset recovery. This decision will unlock €750 million in financial support to implement reforms, enabling North Macedonia to accelerate its alignment with EU standards.

The following strategic documents are relevant for the sector:

<b>Title of the strategy and relevant AP; national programme; national plan</b>	<b>Covered years</b>	<b>Status</b> <i>Ongoing/Under preparation</i>	<b>Year of approval or expected</b>	<b>Problems encountered, if applicable</b>
Development Sectoral Strategy for Justice	2024-2028	Ongoing	2023	/
National Development Strategy	2023 -2043	Ongoing	2022	/
The National Strategy for Prevention of Corruption and Conflict of Interests	2021-2025	Ongoing	2020	/
The National Strategy for the Prevention of Money Laundering and Financing of Terrorism	2021–2024	N/A	2021	/
The National Drug Strategy	2021-2025	Ongoing	2021	/

### *Sector National strategic framework – Home Affairs*

<b>Strategy and relevant AP; national programme; national plan</b>	<b>Covered years</b>	<b>Status</b>	<b>Year of approval or expected</b>
National Strategy against Money Laundering and Financing Terrorism	2021-2024	<i>Adopted</i>	2021
National Strategy for Capacity Building for Financial Investigations and Property Confiscation	2021-2023	<i>Adopted</i>	2021
National Strategy for Combating Corruption and Conflict of Interest	2021-2025	<i>Adopted</i>	2021
National Strategy for Combatting Trafficking in Human Beings and Illegal Migration	2021-2025	<i>Adopted</i>	2021
National Strategy for Fight against Terrorism	2023-2027	<i>Adopted</i>	2023
National Strategy for Prevention of Violent Extremism	2023-2027	<i>Adopted</i>	2023
National Integrated Border Management Strategy	2022-2025	<i>Adopted</i>	2022
Resolution on the Migration Policy	2021-2025	<i>Adopted</i>	2021

The working group responsible for the Strategy included representatives from a wide range of institutions, professions, international organisations, and civil society groups. Each member and institution was encouraged to contribute their insights, ensuring a broad and inclusive consultative process. This approach involved the legal community, academia, business, civil society, and state bodies, enabling an objective evaluation of past judicial reforms. It also supported the development of targeted measures to achieve both broad and specific goals within the 2023-2027 Development Sectoral Strategy for the Judiciary and its Action Plan. The Strategy’s development was further supported by the EU Rule of Law Support Project and the European Commission.

### *Institutional Capacities in the Judiciary Sector*

The working group responsible for preparing the strategy comprised representatives from various institutions, professions, international organisations, and civil society groups. Each member and institution was invited to contribute in the initial phase of the process. This broad, inclusive consultative approach involved legal actors, academia, the business community, the civil sector, and other state institutions, ensuring an objective assessment of past judicial reforms and facilitating the development of targeted measures to achieve both general and specific goals within the 2024-2028 Development Sectoral Strategy for the Judiciary and its Action Plan. Input was also sought from the EU Rule of Law Support Project and the European Commission.

The Ministry of Justice plays a central role in the reform of the justice sector, providing technical expertise throughout the process. The Ministry has established a dedicated unit, the Unit for the Organisation of Judicial Bodies and Monitoring of Reform, within the Department of Justice. This unit, which consists of five positions including the head of department, consolidates data and submits

an annual report to the Government of the Republic of North Macedonia on the implementation of the Strategy's measures.

The Council for Monitoring the Implementation of the Justice Sector Reform Strategy oversees the implementation of the Development Sectoral Strategy for the Judiciary 2024-2028, providing detailed updates on the progress of the measures and activities outlined in the accompanying Action Plan.

### *Institutional Capacities in the Home Affairs Sector*

<b>Unit</b>	<b>Administrative Capacities</b>
IPA Unit within Sector for IPA and community programmes in the Ministry of Interior	<ul style="list-style-type: none"> <li>• 1 Head of Sector for IPA and Community programmes</li> <li>• 1 Head of IPA Unit</li> <li>• 2 Chief Advisers for Technical Implementation</li> <li>• 1 Independent Adviser for Technical Implementation</li> <li>• 1 Chief Adviser for Monitoring</li> <li>• 1 Chief Adviser for Programming and Evaluation</li> </ul>
Financial Intelligence Unit	In accordance to the Register of employees in the public sector for 2022 the number of employees in the Financial Intelligence Unit is 32.
Financial Police	In accordance with the Register of employees in the public sector for 2022 the number of employees in the Financial Police is 64.
Ministry of Finance	In accordance with the Register of employees in the public sector for 2022 the number of employees in the Ministry of Finance is 575.
Customs Administration	In accordance with the Register of employees in the public sector for 2022 the number of employees in the Customs Administration is 1223.
Ministry of Labour and Social Policy	In accordance with the Register of employees in the public sector for 2022 the number of employees in the Ministry of Labour and Social Policy is 243.
Ministry for Foreign Affairs	In accordance with the Register of employees in the public sector for 2022 the number of employees in the Ministry for Foreign Affairs is 258.
Agency for management of confiscated property	In accordance with the Register of employees in the public sector for 2022 the number of employees in the Agency for management of confiscated property is 44.
Public Prosecution Office	In accordance with the Register of employees in the public sector for 2022 the number of employees in the Public Prosecution Office is 390.

### *National Budget Allocated for the Judiciary Sector*

The assessment of the fiscal implications for the implementation of the Action Plan for the Development Sectoral Strategy for Justice 2024-2028 is outlined in a separate indicative financial plan. This plan was adopted by the Government of the Republic of North Macedonia at the beginning of 2024.

### *National budget allocated for the Home Affairs Sector*

The 2024 budget anticipates total revenues of 310,1 billion denars, an 10% increase compared to 2023. Planned expenditures are set at 343,6 billion denars, 5,8% increase from the previous year, with a forecasted deficit of 33,5 billion denars.

## **7. Communication and visibility activities**

In relation to the implementation of projects under the IPA Action Document 2020 “EU Support for Rule of Law” 2.0, communication with the public was facilitated through media, social networks, and the websites of the institutions involved. Key communication and visibility activities included:

- Creation of a project-specific logo.
- Distribution of press releases to national media at least one day before the Project Presentation and Final Event.
- A bilingual project newsletter featuring success stories and public interest topics, published on the website and Facebook page, as well as the websites of the beneficiary institutions.
- A dedicated website and Facebook page to raise public awareness of the benefits of EU cooperation, regularly updated with news and activities. For Component 4, the platforms will also feature human rights news, including reporting deadlines for international human rights

mechanisms, key international days, interviews with human rights stakeholders, and related resources.

- Internal kick-off events to introduce the project’s overall objectives, activities, and expected results to beneficiaries and relevant stakeholders.
- A Project Presentation aimed at enhancing visibility, showcasing the project’s impact on the rule of law in the country.
- Final meetings to demonstrate project results, highlight successful cooperation, and share lessons learned.
- Project Steering Committee (PSC) and Component Committee meetings, which provided additional opportunities for communication activities and to further increase project visibility. Visibility materials bearing the EU and project logos, along with basic project information, were distributed at these meetings. The PSC meets every six months to review progress and discuss achievements. The contracting authority (EUD) is consulted on all communication and visibility activities.

The “EU Support for Rule of Law” project held its second Steering Committee meeting on 21 March 2024 at the State Commission for Prevention of Corruption (SCPC) in North Macedonia. This meeting marked an important milestone in advancing justice, human rights, and efforts to combat organised crime and corruption. During the session, the Project team presented the Progress Report for the period of September 2023 to February 2024 and outlined upcoming activities. On 23 May 2024, the newly established Council for Monitoring the Implementation of Judiciary Reforms held its constitutive session. At the close of 2023, the Peer Review Mission Report to the Judicial Council presented 17 recommendations aimed at improving the selection, appointment, and accountability of judges, while enhancing transparency and communication within the Council. In July 2024, the Rule of Law project hosted a conference where the Council presented its progress in implementing these EU Peer Review Mission recommendations. The event gathered high-ranking representatives from the judiciary, international community, legal associations, chambers, journalists, and civil society organisations.

The third Steering Committee meeting of the EU Support for Rule of Law Project took place on 17 October 2024, again at the SCPC, and focused on presenting results from February to August 2024, as well as planning the next steps. On 3 July, Component 1 organised a high-level conference in Skopje for the Judicial Council to showcase the progress made in implementing the EU Peer Review Mission recommendations. The event saw 50 participants, including senior judicial figures, ambassadors from the EU, USA, France, and the Kingdom of the Netherlands, and members of legal associations, chambers, journalists, and civil society organisations. Throughout the reporting period, visibility materials and promotional kits were distributed at workshops, events, and round tables, significantly raising the project's profile among stakeholders.

Regarding the implementation of projects under the IPA Action Document 2021, titled “*Strengthened Capacities of the Constitutional Court to Assess the Constitutionality and Legality of Adopted Normative Acts and Protect Fundamental Rights*,” Mr. Vasko Maglesov, a journalist and communication expert with over 14 years of professional experience, will be responsible for the communication and awareness activities. Specialising in the judiciary, Mr. Maglesov has received awards in investigative journalism and has 10 years of experience as a TV anchor for national broadcasters in North Macedonia. He is also an experienced trainer in communication skills for judges and public prosecutors, with extensive knowledge of the judicial system and issues related to judicial transparency. His support in organising awareness-raising activities will be invaluable.

During the Inception Phase, the project developed a Communications Plan. Throughout its implementation, the Project Team will prioritise awareness-raising and communication in line with EU guidelines. Specifically, we will:

- Ensure visibility of EU financing or co-financing and the sustainability and dissemination of project results.
- Prepare all materials in accordance with the European Commission’s rules on the visibility of external action.
- Brand the project with a unique logo, used alongside the EU logo where appropriate.
- Conduct proactive interviews with project experts.

- Prepare project summaries for the public and media at both the start and end of the project.
- Organise regular media briefings to update professional journalists on project progress and attract media attention.
- Arrange field missions with media representatives to showcase the project’s achievements on the ground.
- Involve key beneficiaries and EU Delegation representatives in all communication events.
- Develop press releases ahead of significant project events, in coordination with the EU Delegation, and invite media when deemed necessary for visibility purposes.

On 7 November 2024, the kick-off meeting for the European Union-funded twinning project “*Strengthening the Institutional Capacities in Dealing with Cultural Heritage and Environmental Crimes*” took place at the National Gallery – Daut Pasha Hammam in Skopje. The project, involving the Macedonian Ministry of the Interior, the Carabinieri, and Eutalia, aims to strengthen North Macedonia's capacities in preventing and managing crimes against cultural heritage and environmental crimes. The event was attended by representatives from the Ministry of the Interior, the Ministry of Culture, the Italian Embassy, and a delegation from the Carabinieri and Eutalia. Emphasising the importance of international cooperation at both political and operational levels, the participants highlighted the need to protect cultural and environmental heritage from threats such as theft, illicit trafficking, and environmental crimes—considered major threats to both the economy and global health. The Deputy Minister of Interior, Mr. Iseni, delivered an opening speech underscoring the significance of these collaborative efforts.

## **2.2 WINDOW 2: Good Governance, EU Acquis Alignment, Good Neighbourly Relations, and Strategic Communication - Subsector Public Administration Reform**

**IPA II Sector:** Good Governance

**IPA III:** Democracy and Governance

**Thematic Priority 1:** Good governance

### **1. Involvement of IPA beneficiary in programming**

In the reporting period, the European Commission launched the 2025-2027 programming cycle in July 2024 by providing an IPA III outline of proposed priorities for cooperation with North Macedonia. Following a comprehensive consultation process, four action fiches were developed and submitted to the EC for relevance assessment in October 2024. Feedback was received in December 2024. In the next reporting period, the maturity assessment for the actions planned for 2025 is expected, followed by further finalisation of the documents based on the EC's comments and the adoption of the Commission Implementing Decision for the 2025-2027 programme. The proposed priorities and actions are designed to complement and support the ongoing national reform agenda, ensuring alignment with key strategic goals and facilitating coherent policy implementation.

For Window 2 the Ministry of Digital Transformation and the Ministry of Public Administration prepared first draft of action fiche "EU for Good Governance 2026-2027". Commission’s relevant assessment did not identify any major issue or concerns requiring immediate attention. This action builds ongoing IPA assistance and policy dialogue while addressing gaps not previously covered by EU support. The impact of the Action related to Good Governance is to enhance good governance and strengthen compliance with the European Union’s core values. The expected outcomes are to enhance professionalism, integrity, transparency, and accountability across public administration as well as to develop a more advanced digital environment to improve the efficiency of administrative function. Basically, the initiative focuses on developing effective human resource management policies and advancing digitalization and automation to move towards a paperless administration.

### **2. Progress made in implementation to achieve the objectives as outlined in key strategic and programme documents**

**AD 2017 “EU support for PAR & statistics”**

<b>Status and progress</b>
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<p><b>Specific objective 1:</b> To optimise overall institutional framework, enhance public service delivery and strengthen ethics, integrity, transparency and accountability of public administration.</p>	<p>The report based on SIGMA's evaluation mission for 2024 has not yet been published. Because of this, information on progress based on the measurement of indicators cannot be provided.</p>
<p><b>Output 1.1</b> Streamlined and optimised institutional framework</p>	<p>The amendments to the Law on the Organization and System of Administration Bodies (LOOSAB) have reorganised the ministries and their competences, laying the foundation for the restructuring of other state administrative bodies. The law introduced a requirement for subordinate bodies to report to their parent ministry and established a clear process for creating new state bodies. Most inspectorates were removed from the law, allowing for their reorganisation under the "Support for State Reorganization" project and related reports.</p> <p>After the amendments to LOOSAB were adopted in June 2024, the Ministry of Economy and the Ministry of Public Administration were reorganised to streamline their operations and improve service delivery. These reforms are part of broader Public Administration Reform (PAR) efforts, aimed at enhancing efficiency, coordination, and aligning with EU requirements. Two new ministries were established: the Ministry of Digital Transformation and the Ministry of Public Administration.</p> <p>The Ministry of Digital Transformation now oversees network and information system security, prompting revisions to the Law on Security of Networks and Information Systems. Several new laws were introduced, granting inspection supervision competences in ICT, transferring the Civil Registry Office to focus on process automation, and establishing competences in cybersecurity and digital skills.</p> <p>The Law on Administrative Servants, the Law on Public Sector Employees, and the Law on Professional Development of Administrative Servants were withdrawn from parliamentary procedure. The Ministry of Public Administration is working on proposals to enhance public servants' skills and competencies, which should improve hiring, promotion, and evaluation processes, creating a more agile and responsive administration.</p> <p>Overall, these changes aim to modernise North Macedonia's public administration, aligning it with EU standards and improving efficiency, service delivery, and governance quality.</p>
<p><b>Output 1.2</b> Strengthened systems ensuring transparency, integrity and ethics in the public institutions</p>	<p>In 2024, the State Commission made significant strides in implementing the integrity system. The Integrity Policy has been signed by 71 central government institutions, 71 local government units, and 16 judiciary institutions. To support this, some members of the State Commission Secretariat participated in a "train-the-trainer" programme on integrity, and other staff were offered high-level courses on anti-corruption and integrity-building. These efforts aim to strengthen the capacity for implementing the integrity system.</p> <p>In collaboration with the OSCE Mission, the first half of 2024 focused on raising awareness among mayors through regional workshops and training on anti-corruption and integrity at the local government level. The State Commission also continued working with the Council of Europe to develop a Gift Catalogue, with tender documentation in progress.</p> <p>Under USAID's Anti-Corruption Partnership project, various activities were launched, including the "Be Heroes of Honesty" anti-corruption campaign and the development of an e-learning module on managing discretionary powers. The Agency also handled 358 complaints, with a focus on cases of administration's silence, many of which were resolved through mediation.</p> <p>In 2024, the Agency continued its efforts to improve public access to information, conducting training sessions for information holder officers and partnering with civil society organisations for various transparency projects. The Agency also contributed to the Strategy for Reform in Public Administration and the Strategy for Transparency, and conducted training for young people on transparency. The proactive transparency of state institutions was rated at 69% in 2024, showing a</p>



	<p>significant improvement in openness. The Agency's efforts are expected to continue strengthening institutional capacity and supporting the practical implementation of the Law on Free Access to Public Information (LFAPI). Despite budget constraints, the Agency remained committed to its legal obligations, including educating information holders and collaborating with domestic and international partners. Additionally, a Twinning Light application for 2025 aims to further support free access to information.</p>
<p><b>Output 1.3.</b> Improved delivery, quality, number and scope of public services to citizens and to business (e-Government)</p>	<p>The portal currently offers more than 300 services. The "Enhancing e-Government" project is in its final phase, with the eSIR platform tool expected to be delivered soon. As part of the project, 80 e-services have been completed and are now accessible on the portal. However, the Register of Registers and the Register of Authorisation have not yet been developed.</p> <p>The portal has been upgraded to better serve businesses and enhance user-friendliness and accessibility. Several institutions have begun developing important services for citizens using their own resources, such as the Ministry of the Interior (for weapon permits), the Ministry of Culture (for public calls), and a few others. This initiative has resulted in an increased number of services delivered through the portal in recent months, with an average of 4,200 requests received in the past 30 days. The number of requests is expected to rise as the digitalisation of the most frequently requested services by citizens and businesses progresses, a process initiated by the Ministry of Digital Transformation (MDT).</p>
<p><b>Specific objective 2:</b> To improve the quality and availability of statistical data and enhance their use in development and coordination of public policies.</p>	<p>Achieving 65.3% alignment with EU standards marks a significant milestone towards the objective. Currently, 65% of the indicators for GDP on a quarterly basis, using the expenditure approach at both current and constant prices, are readily accessible. Additionally, 44% of the indicators have been compiled for the EDP notification table, following the guidelines of ESA 2010, and 40% of the IT tools have been implemented according to standardised guidelines. In 2024, the country reached 68.5% alignment with EU standards in statistical data reporting, an improvement from 65.3% in 2023. The alignment in macroeconomic statistics has particularly improved, with 72% of GDP indicators now available on a quarterly basis, using updated methodologies.</p>
<p><b>Output 2.1.</b> Improved alignment with the acquis in the field of macroeconomic, business, and social statistics</p>	<p>All activities were planned in accordance with the latest developments in the EU acquis for statistics. The work in the components increased the capacity to produce EU-compliant statistics. SSO staff received extensive training through expert missions. Recently, SSO released and published Tourism Satellite Accounts, marking a significant milestone and now engages in this activity regularly. The IPA 2017 National Programme, which these outputs pertain to, concluded in 2022. As a result of the project, several achievements were made: knowledge transfers to the National Accounts staff, preparation of an overall Gap Analysis on ESA 2010, operationalization of a new Statistical Business Register, and the production and publication of Tourism Satellite Accounts for the first time, which are now part of the regular production. Additionally, hardware and network equipment were provided to SSO. The work in the components significantly increased the capacity to produce EU-compliant statistics.</p>
<p><b>Output 2.2.</b> Capacity in production and dissemination of EU compliant statistics is strengthened</p>	

#### *AD 2020 "EU for municipalities – EU4M"*

<b>Status and progress</b>	
<p><b>Specific objective:</b> To pilot smart solutions for addressing community challenges in partnership with local authorities (LA) from EU Member States.</p>	<p>Progress is structured around eight grant projects with total eligible costs ranging from 425,000 to 909,000 EUR, alongside a 1,000,000 EUR Technical Assistance (TA) project extended to run until August 2025. Initially faced with procurement, monitoring, and project management challenges, the implementation phase has seen improvement, with all eight projects actively progressing and most meeting their expected results.</p> <p>The TA component supports training for staff across all 80+1 municipalities, regional offices, and ZELS, focusing on procurement, legal aspects, and project management. Key activities include a procurement training and certification programme, a helpdesk that processed 829 tickets, and study tours to EU countries.</p> <p>Recent initiatives include a successful study tour to Croatia on zero waste management and a planned study tour to Copenhagen focusing on digitalisation</p>

	<p>and gender. The TA facilitated the signing of a Memorandum of Understanding by 12 municipalities in the Vardar and South-East region to foster inter-municipal cooperation.</p> <p>Challenges were primarily related to project management capacity, causing delays in Skopje and Tetovo. However, targeted support and capacity building measures have helped address these issues.</p> <p>The upcoming year's activities aim to enhance waste management, urban mobility, and digitalisation, with a strong emphasis on sustainability through institutional capacity building and staff incentives.</p>
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### AD 2022 “EU for modern public administration”

Status and progress	
<b>Specific objective 2:</b> Increased confidence of the citizens in the performance of the public administration	The implementation has not started yet.
<b>Output 2.1</b> Reorganised, modernised, and transparent public administration	The implementation has not started yet.
<b>Output 2.2.</b> Enhanced Digital transformation in administration	<p>The targets in these directions generally aim to increase the number of electronic services available on the portal and boost the number of transactions on the interoperability platform. Over the past three months, numerous meetings have been conducted to promote greater utilization of the platform and address any challenges faced by institutions. To further optimize the platform's capabilities, an upgrade from star to snowflake topology was successfully completed at the beginning of 2024, enabling multiple institutions to connect through a single communication client (node). This upgrade has resulted in enhanced scalability, reduced operational costs, and increased interest from additional institutions. Currently, more than 15 institutions and 5 companies are in the initial stages of connection (list of institutions attached). This development underscores the platform's growing importance and its ability to support further institutional integration.</p> <p>Another update was made in December 2024, introducing REST API functionality, which eliminates the need for BizTalk licenses and reduces financial implications by approximately 50 percent compared to the previous state. Related institutions and communication clients have been mapped, and these shared resources will be optimized to allow more institutions to connect, maximizing utilization.</p> <p>In parallel, the ministry initiated a process to identify the services most frequently requested by citizens and businesses, ensuring that efforts and resources are focused on their real needs.</p>

### 3. Problems encountered in implementation and corrective measures taken and/or planned, and recommendations for further action, in order to ensure sustainability

Encountered problems	Status	Measures undertaken/planned to ensure sustainability
Adoption of the Law on Organisation and operation of the state administrative bodies	<i>Open</i>	<p>The "Support to State Organization in North Macedonia" project, concluded in December 2023, aimed to enhance the structure of ministries and central government bodies. In 2024, several developments reflect progress towards legislative reform, restructuring, and accountability within public administration.</p> <p>Significant amendments to the LOOSAB in 2024 focused on optimizing government structure, with key changes including:</p> <ul style="list-style-type: none"> <li>• Strengthening accountability lines between ministries and subordinate bodies, ensuring well-defined responsibilities and improved oversight aligned with national priorities.</li> </ul>

		<ul style="list-style-type: none"> <li>• A structured and transparent process for creating new government bodies, reducing inefficiency and ensuring alignment with public sector reforms.</li> <li>• Subordinate bodies are now required to submit annual plans and reports to their parent ministries, with performance evaluated via key performance indicators (KPIs), fostering continuous improvement in line with government goals.</li> </ul> <p>By December 2024, the Ministry of Public Administration (MPA) had submitted draft laws related to administrative servants, public sector employees, and professional development, aiming to modernize the public administration framework in line with international best practices.</p> <p>However, challenges remain in restructuring approximately 40 bodies within the LOOSAB framework. These include redefining responsibilities, adjusting to new reporting structures, and ensuring a smooth transition. The implementation of reforms will require careful coordination, capacity-building, and additional resources to avoid service disruption and support the adaptation to new frameworks.</p>
Covid-19 outbreak and lock-down in 2020, which affected the overall dynamics and planned work approach.	<i>Closed</i>	The project team, supported by the Contracting authority and the Project beneficiaries was able to adjust swiftly and compensate delays by relying more intensively of online meetings and digital tools.
Deployment of big number of SNKEs, and parallel implementation of various activities, that affected beneficiaries' absorption capacities and availability.	<i>Closed</i>	The project provided beneficiaries' backstopping support through the project management team, as well as through the key experts, who were responsible for the overall coordination of the experts and quality review of the project deliverables.
Significant delays in the implementation of activities of "Enhancing e-Government" project	<i>Open</i>	The project is still in its final phase. Approximately 80 e-services were completed and published on the national portal for electronic services. The Register of registers, eSIR platform and the Register of authorization have not been developed, yet. Despite it was expected to be closed in November 2024, final outputs were not submitted to the ministry.
Projects in various municipalities face challenges like feasibility and budget constraints, with Aerodrom requiring legal procurement audits, Ohrid and Radovish adjusting to rising costs, and Tetovo dealing with procurement delays and legal issues. Veles shows promising progress despite minor delays, while Vrapcishte and the City of Skopje face procurement and team challenges, respectively, necessitating amendments.	<i>Open</i>	To address these challenges, the TA provided resources, training, and a helpdesk, resolving 365 cases in six months. Training seminars improved procurement and project management skills, notably certifying 18 municipal officers in EU PRAG procurement. Additionally, initiatives in the Vardar and South-East regions promote inter-municipal cooperation and private sector engagement, particularly in wine-route destination marketing.

#### 4. Main monitoring, evaluations and/or audit findings and their follow-up

Sector Monitoring Committee on Good Governance, Democracy and Governance, 21 May 2024	
Recommendations/conclusions	Follow up and measures undertaken/planned

<p>The Government will adopt the law on Organisation of the State Administrative Bodies by the end of June 2025 (from previous SMC).</p>	<p>In 2024, new amendments have been made to the LOSAB, so we postponed the date for adoption of the new law by the end of December 2025.</p>
<p>The Government will publish the monitoring report for implementation of the PAR strategy for 2023 by end of June 2024.</p>	<p>In June 2024, the draft report was published on the MoPA website, inviting civil society organisations to contribute their comments. The monitoring report for the implementation of the PAR strategy for 2023 has not yet been approved by the PAR Council. The alignment of the Decision to establish the PAR Council with the new amendments to the Law on the Organisation and Work of State Administrative Bodies (LOSAB) is currently in progress.</p>
<p>Ministry of Public Administration will complete the process of configuration and putting into production of all outputs of the contract for enhancing e-Government by end of September 2024.</p>	<p>Approximately 60 services are currently available on the portal, with an additional 20 expected to be published. The eSIR platform, along with 9 digitised registers from the Ministry of Economy and the newly established Ministry of Energy, is also scheduled for delivery.</p>
<p>Contract for State reorganisation – MoPA, MoE and MAFWE will complete the activities related to reorganisation of the three piloting ministerial systems by the end of 2024.</p>	<p>In June 2024, amendments to LOSAB were adopted, incorporating some of the recommendations from the "Support to State Reorganisation" project. These amendments included:</p> <ul style="list-style-type: none"> <li>A) Establishing clear lines of accountability for ministries and their subordinate bodies;</li> <li>B) Setting a transparent process for creating new bodies;</li> <li>C) Requiring subordinate bodies to submit an annual plan and report to their parent ministry, which serves as a basis for introducing key performance indicators.</li> </ul> <p>Additionally, the inspectorates established by LOSAB were removed to facilitate their reorganisation. These changes also impacted the formation of new ministries and the transformation of existing ones. The reorganisation challenges may arise only for the bodies included in the law, which total approximately 40 (excluding ministries).</p>
<p>Government to develop an action plan for embedding the recommendations for the improvement of the legal framework on discretionary powers into the national legislation, by end of March 2025.</p>	<p>Considering that there have been no comprehensive actions to fulfil the recommendations given by the SCPC regarding discretionary powers, but rather only partial acceptance, the SCPC initiated a process to remind institutions of the importance of managing discretionary powers. On October 9, 2024, a workshop was organised at the premises of the State Commission for the Prevention of Corruption on the topic "Discretionary Powers and How They Can Be Managed." This event was part of the "Partnership Against Corruption" project, supported by the American Development Agency USAID.</p> <p>The workshop saw active participation from representatives, including an auditor, members of the legal affairs department, and integrity officers from 18 institutions. During the workshop, a guide to managing discretionary powers was introduced to help institutions easily understand and apply the process.</p>
<p>The Government to provide sufficient budget for MoPA to be able to achieve the indicators planned under the PAR sector budget support programme by end September 2024.</p>	<p>The Ministry of Public Administration, now known as the Ministry of Public Administration, has not received funds from IPA III for the implementation of planned activities and their execution through the PAR Sector budget support. The Ministry of Digital Transformation has submitted a budget request, which will be discussed with the Minister of Finance. Concurrently, the Ministry initiated meetings with interoperability stakeholders to identify obstacles and challenges preventing the use of the interoperability platform. The first report has been</p>

	prepared and analysed by the Ministry of Digital Transformation.
<b>Sector Monitoring Committee on Good Governance, Democracy and Governance, 29 October 2024</b>	
<b>Recommendations/conclusions</b>	<b>Follow up and measures undertaken/planned</b>
The Government will adopt the draft legal framework on public employments (e.g., Law on Administrative Servants, Law on Public Sector Employees, and Law on Professional Development of Civil Servants) by end-December 2024	At the end of December 2024, the Ministry of Public Administration submitted a set of proposed legal frameworks on public employment (including the Law on Administrative Servants, the Law on Public Sector Employees, and the Law on Professional Development of Civil Servants) to the ENER platform. These proposals were open for consultation with the general public and concerned institutions for a period of 30 days. It is anticipated that by the end of February 2025, the proposed legal solutions will be reviewed at a Government session.
The Government will adopt the law on Organisation of the State Administrative Bodies by the end of end-December 2025 (from previous SMC).	N/A
The Government will publish the monitoring report for implementation of the PAR strategy by end-December 2024	At the session held on December 25, 2024, MEA adopted the Annual Report on the Implementation of the Public Administration Reform Strategy for 2023. This report will be submitted for consideration at the next session of the Council for Public Administration, followed by a review at the Government session. The Ministry of Public Administration (MPA) will publish the annual report on its website.
Following a proposal from MPA, the government will develop proper staff retention policy paper by end-June 2025.	The new proposed Law on Administrative Officers will introduce a legal basis for the retention policy, which is currently being harmonised with the relevant institutions.
Ministry of Digital Transformation will complete the process of configuration and putting into production of all outputs of the contract for enhancing e-Government by end-June 2025	N/A
The Government to provide sufficient budget for 2025 to the respective ministries (Ministry of Public Administration and Ministry of Digital Transformation) to be able to achieve the indicators planned under the PAR sector budget support programme by end-December 2024.	The Ministry of Public Administration, now known as the Ministry of Public Administration, has not received funds from IPA III for the implementation of planned activities and their execution through the PAR Sector budget support.
It is proposed that the Government of the Republic of North Macedonia oblige a line ministry to develop and initiate an action plan or legal amendments for the incorporation of the recommendations for improving the legal framework for discretionary powers in the national legislation by January 2025 and the Government to adopt the action plan/legal amendments by the end of June 2025.	N/A
The Government to adopt the amendment to the Law on Access to Public Information by end-September 2025.	

### **Complementarity with other instruments and coordination with other donors and IFI's**

In 2024, several meetings of the Sector Working Groups (SWGs) were organised. With the changes to LOOSAB, two new ministries were formed: the Ministry of Digital Transformation and the Ministry of Public Administration. The Ministry of Public Administration organised a PAR SWG meeting on November 8, 2024, chaired by the Minister of Public Administration and the Head of the Department for Administration.

The Ministry of Digital Transformation formed a new SWG and organised a plenary session, chaired by both the President of the Government of the Republic of North Macedonia and the Minister of Digital Transformation. The main topic of this session was the initiation of the preparation for the new ICT Strategy. Prior to this, the Ministry organised a donor conference with all potential donors of the sector.

The following Donors, IFIs, Embassies and CSOs were present at the SWG meeting for PAR:

<b>Sector Working Group (SWG) meetings PAR</b>		
<b>Date</b>	<b>Number of participants</b>	<b>Discussed topics</b>
November 08, 2024	64	PAR Report for 2023 (main challenges of the PAR strategy, presentation and discussion of the Annual Report Implementation), as well as the IPA Programming 2025-2027 activities.

<b>Donors</b>	<b>International Organisations</b>	<b>Embassies</b>	<b>CSOs</b>
EU	UNDP	US Embassy	<a href="#">Macedonian Chambers of Commerce</a>
	OSCE	British Embassy	EPI
	UN RCO	German Embassy	Centre for change management (CCM)
	USAID	Embassy of the Republic of Bulgaria	Centre for knowledge management (CKM)
	SIGMA	Embassy of Sweden	American Chamber of Commerce (AmCham)
		Swiss Embassy	
		French Embassy	

On 19 September 2024 was held donor coordination meeting. The meeting highlighted the importance of cooperation and collaboration among all stakeholders in the digital transformation and cybersecurity sectors. Attendees were thanked for their participation and commitment to advancing the nation's digital agenda. The Minister delivered comprehensive presentations detailing the ministry's competencies, vision, mission, long-term goals, core principles, key documents, and priority focus areas on digital transformation. Representatives from various donor agencies and organisations provided updates on their projects and areas of focus. The significance of ongoing collaboration and communication to achieve the nation's digital transformation and cybersecurity objectives was emphasised.

<b>Donors</b>	<b>International Organisations</b>	<b>Embassies</b>	<b>CSOs</b>
EUD	USAID	US Embassy	Macedonian Chambers of Commerce
	CIDR	British Embassy	Macedonia MASIT – ICT Chamber of Commerce-Commerce
	UNFPA	Swiss Embassy	Chamber of Commerce of North-west Macedonia
	NDI		E-Commerce Association
	IRI		American Chamber of Commerce (AmCham)
	World Bank		
	DCAF		
	KAS		Representatives from academia, universities
	UNICEF		Ss. Cyril and Methodius University (UKIM)
	GIZ		The University of Information Science and Technology (UIST) “St. Paul the Apostle”
	Food and agriculture organization of the UN		The University of Tetovo
	OSCE		The Goce Delchev University
	DAI		The Faculty of Information and Communication Technologies – Bitola (UKLO)



The following programmes financed by other donors are **under implementation**:

Donor	Value of the support	What is financed and complementarity with IPA?	Implementation period
SIGMA	N/A	Law on Organisation and Optimisation of State Administrative bodies, Law on Administrative Servants, Law on Public Sector Employees and Law on Top management Service	2023
SIGMA	N/A	Gap analysis of the national legal framework with eIDAS 2.0	December 2025 – January 2025
GIZ	N/A	GAP analysis between the national legal framework with European Electronic Communication Code (CODE) and Gigabit Infrastructure Act	January 2025
ResPA	N/A	Analysis on the needs for legal adjustments and technical specification for electronic archive system	January – April 2025
USAID	N/A	Optimisation of all processes related and connected to Civil Registries office (with particular focus on the processes that are closely connected to the records of newborn and deaths)	January 2025 – April 2025
USAID	N/A	Support for good practices and potential recommendations for legal framework, systematisation of work positions and adequate instruments in the field of cybersecurity	November 2024 - January 2025
Digital Europe Programme (EC)	Approximately 1.3 mil.	Development and adjustment of the Ukrainian DIIA (replica) to the national circumstances	June 2025 – June 2027
Digital Europe Programme (EC)	Approximately 1.3 mil	Establishment of national Safer Internet Centre	2024 - 2026
Financed by: SIDA, Bureau for regional development, municipalities, UNDP Implemented by: UNDP	2.6 million USD (1.84 million USD - SIDA, 0.5 million USD - BRD, 0.25 million USD – municipalities)	The "Building Municipal Capacities for Project Implementation - Phase 2" project aims to strengthen local authorities' abilities to prepare high-quality infrastructure projects and access financing through its Technical Documentation Fund (TDF). After supporting 65 projects in Phase 1, ongoing Phase 2 activities focus on building grantees' capacities and integrating cross-cutting priorities into regional development planning.	December 2022 – April 2026

## 5. Sector strategies, institutional capacities and budgeting

### *Sector National Strategic Framework*

After the adoption of the PAR Strategy, it was published on the Ministry of Public Administration (MoPA) website, inviting civil society organisations for contribution. The monitoring report for the implementation of the PAR Strategy for 2023 has not yet been approved by the PAR Council. On December 24, 2024, the Decision to establish the PAR Council, incorporating the new amendments to the Law on the Organization and Work of State Administrative Bodies (LOSAB), was adopted.

Simultaneously, the Ministry of Digital Transformation has prepared a national Cybersecurity Strategy, which has already undergone public discussion and is expected to be adopted by the Government in January 2025. The National ICT Strategy for 2025-2030 is currently being developed with the involvement of over 60 stakeholders, including NGOs, international organizations, IFIs, the academic community, and chambers. This strategy is anticipated to be adopted in April 2025. It is intended to



serve as the foundation for all digitalisation efforts in the country, ensuring that all individual interventions align with the pillars and building blocks defined within the strategy.

Strategy and relevant AP; national programme; national plan	Covered years	Status	Year of approval or expected
Public Administration Reform Strategy 2023-2030 with Action plan 2023-2026	2023-2030	<i>Adopted</i>	July 2023
National ICT Strategy (draft)	2025-2030	<i>Draft</i>	March 2025
Strategic Plan of the Agency for protection of the right to free access to public information and its action plan	2021– 2025	<i>Adopted</i>	2021
National Strategy for prevention of corruption and conflict of interest and its action plan	2021 - 2025	<i>Adopted</i>	2021
Open Data Strategy	2018 - 2022	<i>Adopted</i>	2018
Transparency Strategy	2019 - 2021	<i>Adopted</i>	2019
National Operational Broadband plan	2019 - 2027	<i>Adopted</i>	2019

The performance Assessment Framework was adopted by the Government following discussion with the EUD, International Organisations and CSOs. PAR Strategy also defines indicators on outcome and impact level, including passport indicators to measure the progress in PAR Sector.

### ***PAR Institutional Capacity***

In June 2024, following a self-assessment and evaluation process, MoPA and its successor ministries - the Ministry of Public Administration and the Ministry of Digital Transformation—received a Common Assessment Framework certificate. This milestone recognises their commitment to improving service efficiency and quality while institutionalising a culture of continuous improvement in public administration.

As part of the latest amendments to the Law on Organisation and Work of State Administration Bodies, the National Coordinating Body for Quality Management was restructured to serve as the central hub for coordinating and overseeing quality management across state institutions. This ensures consistent quality standards, promotes best practices, and enhances public sector performance. Additionally, MoPA obtained ISO 9001:2015 certification, covering 35 processes, and ISO 27001:2013, covering 15 procedures, clarifying employee roles and institutional responsibilities in implementing Public Administration Reform (PAR). Most state bodies have conducted vertical functional analyses, while horizontal analyses and state reorganisation efforts, funded by the IPA 2017 National Programme, are ongoing.

In December 2024, parliament adopted draft amendments establishing inspection supervision competences in ICT. The Ministry also prepared a new draft for work position systematisation, planning 358 positions to reflect its expanded competences in digital skills, cybersecurity, and innovation. These measures aim to strengthen the institutional framework for digital transformation in line with SIGMA principles. Although the full impact remains to be seen, the continuation and finalisation of the *Support to State Reorganisation* project are expected to create lasting capacities aligned with European Administrative Space standards. Cooperation with EU experts and the provision of IT tools have strengthened key institutions, including the Agency for the Protection of the Right to Free Access to Public Information and the State Commission for the Prevention of Corruption, helping them meet legal requirements and expectations.

Collaboration between MoPA, the State Commission for the Prevention of Corruption (SCPC), the State Statistical Office (SSO), and the Central Public Procurement and Financial Accountability Institute (CPRFAP) with experts from the *Support for the Management of EU Funds* project has enhanced legislative analysis capacities, facilitating the transposition and implementation of the EU acquis. This cooperation continues through the SUPRAE project. Additionally, the *Support to State Reorganisation* project has helped MoPA draft the Law on the Organisation of State Administrative Bodies, aiming to clarify institutional roles—ministries as policy creators, agencies as implementers, and inspectorates as enforcers.

Overall, while early to assess the full impact, these reforms are expected to leave a lasting mark on North Macedonia’s public administration, strengthening institutional capacities and aligning governance with EU standards.

Considering the human resources, the following table reflects the staffing levels:

Institution/ Org. Unit	Staffing levels						
	Number of Employees in Systematisation Act	Current staff in No	% of senior managers	Plan for new employment 2022	Plan for new employment 2023	Plan for new employment 2024	Plan for new employment 2025
SCPC	64	50	28	13	5	3	
SSO	436	230	15%	/	/	10	
MPA	165	63	11.02%	/	/	/	27
MDI	New systematisation of work positions under preparation. Currently the ministry has 160 employees.						

### **PAR Budgeting**

For the total required funds to carry out activities from 2023 to 2026, it is planned that 547,606,000 MKD, (14.77% of total funds) will be financed by the Budget of the Republic of North Macedonia; 1,113,920,000 MKD, (30.04% of total funds) will come from EU funds and instruments of the European Union; and 2,046,279,455 MKD, (55.19% of total funds) from other donations. Between the adoption of the Public Administration Reform (PAR) Strategy (July–December 2023), a total of 28,497,468 MKD has been spent on implementing the PAR Strategy 2023-2030. The funds spent account for 5.8% of the estimated budget. The implementation of the Action Plan for the PAR Strategy from July to December 2023 was mainly supported by budgetary funds totalling 3,367,020 MKD (11.8%). The remaining portion was funded through EU funds and instruments, along with donor support, totalling 25,130,448 MKD (88.2%) for the year. The report for 2024 will be prepared and published in the first quarter of 2025.

### **6. Communication and visibility activities**

In April 2024, MoPA organised two workshops to strengthen the capacity of institutions responsible for implementing the Public Administration Reform (PAR) Strategy. These sessions provided a comprehensive presentation of the IT tool used to input data on activity status, enabling the generation of semi-annual and annual reports.

In the second half of 2024, the campaign “*All Together for a Professional and High-Quality Public Administration*” was launched under the theme “*Vision and Commitment to Good Governance and Public Administration Reforms.*” As part of this initiative, three public debates were held with key stakeholders to discuss legislative proposals for the Law on Administrative Servants, the Law on Public Sector Employees, and the Law on Professional Development of Administrative Servants.

In November 2024, MoPA hosted the inaugural meeting of the newly established National Coordinating Body for the Quality Management System in the Public Sector. During the event, the ministry outlined its vision and mission for developing a stable, resilient, and modern quality management system, supported by partners such as SIGMA, EIPA, and RESPA. The meeting also introduced proposed amendments to the Law on the Introduction of a Quality System and the Common Assessment Framework for the Civil Service, alongside discussions on the implementation of planned activities within the PAR Strategy Action Plan 2023-2026 and the National Plan for Quality Management 2023-2025.

Meanwhile, efforts to enhance e-Government services continued. The Ministry of Digital Transformation organised an event to promote the upgraded portal for electronic services, attracting over 150 participants, including representatives from beneficiary institutions. The event was widely

covered by newspapers, online media, and television. However, as the *Enhancing e-Government* project remains ongoing, a final promotional event has yet to be held.

## 2.3 WINDOW 2: Good Governance, EU Acquis Alignment, Good Neighbourly Relations, and Strategic Communication - Subsector PFM

**IPA II Sector:** Good Governance

**IPA III:** Democracy and Governance

**Thematic Priority 1:** Good governance

### 1. Involvement of IPA beneficiary in programming

In the reporting period there were no programming activities under this sector. Although, EC launched programming cycle 2025-2027 in July 2024 by providing IPA III outline of proposed priorities for cooperation in 2025-2027 for North Macedonia and recognise necessary support for public finance management, Ministry of finance decided not to participation in the programming process.

### 2. Progress made on implementation to achieve the objectives as activities in key strategic and program documents

#### *AD 2018 “EU Support to Public Finance Management”*

Status and progress	
<p><b>Result 1. Improved budget system based on implementation of a new organic budget law</b>  <b>Project:</b> Strengthening budget planning, execution, internal control functions</p>	<p>In the third quarter of 2024, the Government of North Macedonia adopted two key fiscal documents: the <b>Fiscal Policy Statement</b> for the mandate period and the <b>Fiscal Strategy</b> with a five-year fiscal perspective. The strategy introduces provisions for improved qualitative and quantitative data, tax expenditures, and fiscal risk analysis. According to projections in the <b>Fiscal Strategy 2025-2029</b>, the budget deficit as a percentage of GDP is set to decline progressively, reaching <b>2.8% by 2029</b>, while capital expenditures will remain at approximately <b>5% of GDP annually</b> to support economic growth.</p> <p>The <b>Organic Budget Law</b>, adopted in 2022, marks a transition to performance-based budgeting, integrating key performance indicators to enhance efficiency and fiscal transparency. It introduces medium-term budgeting and a <b>five-year fiscal strategy</b>, aligning with EU fiscal standards. The law also mandates the establishment of a <b>Fiscal Council</b>, which will provide independent analysis of macroeconomic and fiscal policies.</p> <p>To strengthen fiscal governance, a new <b>Integrated Financial Management Information System (IFMIS)</b> is being implemented to improve budget planning and expenditure monitoring. Budget preparation will be aligned with the <b>three-year Economic Reform Programme</b>, evaluated by the European Commission, ensuring policy coherence.</p> <p>The implementation of the <b>Budget Law</b> has been postponed to <b>January 2026</b>, except for certain provisions effective from <b>2023 and 2025</b>. By the end of 2024, all <b>17 necessary bylaws</b> were enacted and published in the Official Gazette, fulfilling the Reform Agenda commitments.</p> <p>Enhancements in <b>medium-term planning</b> include expanding data analysis, incorporating new fiscal tables and charts, and integrating information on IPA-funded projects. A consolidated approach to state-owned enterprise data is also being introduced to improve fiscal forecasting and long-term planning.</p>
<p><b>Result 2. Improved stability, efficiency, and quality of revenue collection system (tax system and policy and customs system)</b>  <b>Project:</b> Supply for Improving Customs Control Capacities</p>	<p>Completed:</p> <p>The contract included the supply, delivery, unloading, installation (where applicable), commissioning, training (where applicable), and maintenance during the warranty period (where applicable) by the contractor of multi-layer scanning/non-intrusive inspection equipment and vehicles for the Customs Administration's K9 unit. Specific equipment, including a Mobile Scanner for large vehicles and six vehicles for the transport of customs K9, was procured to enhance customs control and significantly aid in combating fraud and illicit trade in goods. Final Acceptance Certificates have been signed, and maintenance contracts are in place.</p>
<p><b>Project:</b> Supply of</p>	<p>Completed:</p>

<p>hardware and software for the Customs Administration and the State Audit Office</p>	<p>The procurement of equipment aimed to ensure the continuity of business processes within the Customs Administration and the consolidation of ICT systems. This initiative led to the establishment of a Disaster Recovery Centre to mitigate the impact of crises and natural disasters. The migration and upgrades of the database, along with the replication of other ICT systems to a remote DR location, have been completed and are ongoing. The equipment is fully operational, and maintenance contracts for the procured equipment have been arranged.</p>
<p><b>Project:</b> Improving Revenue Collection and Tax and Customs Policy</p>	<p>Terminated:</p> <p>In July 2024, the Ministry of Finance was informed by the Ministry of European Affairs that the Twinning Light Project, "<i>Further Harmonisation of Tax Legislation with the EU Acquis, Improving Revenue Forecasting and Reporting,</i>" had been approved by the Delegation of the European Union (DEU). Meanwhile, efforts to enhance the operations of the State Audit Commission (SAC) have resulted in greater transparency and improved decision-making in line with the Public Procurement Law. These reforms have strengthened trust in the SAC and led to a reduction in the number of lawsuits filed by economic operators against its decisions.</p>
<p><b>Result 3. Improved legal compliance, efficiency, and transparency of the public procurement system.</b></p> <p><b>Project:</b> Developing platform for e-Marketplace and e-Catalogues and SAC processing system.</p>	<p>Completed</p> <p>In 2024, significant progress was made in improving the public procurement system in North Macedonia. A project focused on developing a platform for the e-Marketplace and e-Catalogues, along with a SAC processing system, was successfully completed. This was part of a broader effort to implement reforms stemming from the 2019 Law on Public Procurement (LPP), which aligned with the latest EU public procurement directives. The law introduced new administrative control measures, now regularly enforced by the Public Procurement Bureau (PPB). The Government continued its capacity-building efforts by conducting training sessions for public procurement officers, with further training for PPB and State Appeals Commission (SAC) staff carried out in 2023. These efforts aimed to strengthen the education system for public procurement officers. The Electronic System for Public Procurement (ESPP) was upgraded with new functionalities, including modules for reports, e-plans, e-appeals, and a platform for publishing concluded contracts. The new platform for small-value procurement, which became operational in 2022, was actively promoted through video tutorials and training sessions in 2023.</p> <p>The introduction of electronic filing for complaints under the new LPP enhanced transparency and legal protection for economic operators. Additionally, the SAC's website was redesigned to make decisions and legal positions more accessible. Efforts to improve the operations of the SAC led to increased transparency and better decision-making, contributing to greater trust in the system and a reduction in lawsuits filed by economic operators against SAC decisions.</p>
<p><b>Result 4. Strengthened internal control in line with the new PIFC Policy Paper</b></p> <p><b>Project:</b> Building Effective, Transparent and Accountable Public Financial Management Institutions Project</p> <p><b>Project:</b> Strengthening budget planning, execution, internal control functions</p>	<p>Completed:</p> <p>In 2024, significant developments took place in the realm of public financial management in North Macedonia. The World Bank continued to manage the EC-World Bank Partnership Programme Part III, focusing on the "Building Effective, Transparent, and Accountable Public Financial Management Institutions Project Trust Fund" with a budget of EUR 4.9 million.</p> <p>Regarding legislative progress, the Public Internal Financial Control (PIFC) Law, which aims to establish a comprehensive system for public financial management, internal audit, and their coordination, was pending parliamentary approval. The law is set to introduce a managerial accountability system, new criteria for establishing internal audits, and enhanced reporting methods, all in line with international standards. The associated bylaws, which are either prepared or nearing completion, will support the efficient implementation of the law.</p> <p>Additionally, substantial work was undertaken in the national certification of internal auditors for the public sector. Draft versions of the Rulebook, training materials, and a certification programme were prepared. The Public Finance Academy, established by the Ministry of Finance's Rulebook in December 2022, is expected to play a key role in offering continuous education in public finance,</p>

	aiming to improve service quality for citizens and businesses alike.
<p><b>AD Result 5</b>  <b>Improved external audit efficiency and impact.</b>  <b>Project:</b> Improvement of external audit and Parliamentary oversight</p>	<p>Completed:</p> <p>In 2024, the State Audit Office (SAO) continued its efforts to enhance external audit and parliamentary oversight. Key developments included the adoption of a new Strategy for the Development of the SAO for the 2023-2027 period, which outlined strategic goals aligned with its vision and mission. This strategy prioritised transparency, independence, and professionalism.</p> <p>The SAO also made notable progress in its institutional strengthening, including the improvement of the Annual Work Programme and Annual Report, which now offer greater transparency and accessibility. A new Code of Ethics for SAO employees was introduced to reinforce ethical standards and build trust in the institution's credibility.</p> <p>In terms of capacity-building, significant strides were made in improving auditors' knowledge and skills through new methodological acts in line with INTOSAI standards and EU best practices. The SAO completed 15 pilot audits, covering a wide range of audit types and areas, and engaged in valuable exchanges with counterparts from Croatia, Bulgaria, and Estonia.</p> <p>Furthermore, the SAO's collaboration with the Assembly of the Republic of North Macedonia was formalised through a Memorandum of Cooperation, enhancing communication and visibility. The outcomes of the Twinning project also contributed to greater transparency and accountability, with improvements in IT audits, system security, and communication with stakeholders.</p>

### 3. Problems encountered in implementation and corrective measures taken and/or planned, and recommendations for further action, in order to ensure sustainability

In 2024, the regular quarterly meetings of the Steering Committee continued to play a vital role in closely monitoring project progress and addressing emerging issues or risks. Ensuring the fulfillment of project prerequisites remained crucial for smooth execution, and effective communication and collaboration between the Beneficiary and Contractor were key to achieving the desired outcomes and ensuring project sustainability.

A significant challenge emerged within the specific sub-sector concerning the "Improving Revenue Collection and Tax and Customs Policy" project. Due to complications with the Member State Twinning partner, the project faced two suspensions and was ultimately terminated, leaving several activities incomplete. To address this, a proposal for a new Twinning Light project was submitted, with funding from the European Union Integration Fund (EUIF). In July 2024, the Ministry received confirmation that the Twinning Light project had been approved by the European Union Delegation (EUD), allowing for the continuation of the remaining tasks.

#### *AD 2018 "EU Support to Public Finance Management"*

Encountered problem	Status	Measures undertaken/planned to ensure sustainability
Termination of twinning contract for the Project "Improving Revenue Collection and Tax and Customs Policy" (letter from EUD from May 2023). The project activities have not been completed.	<i>Pending</i>	In April 2023, a new twinning light project was proposed, to be financed under EUIF. In July 2024, the Ministry was informed that the TWL has been approved by the DEU.

### 4. Main monitoring, evaluations and/or audit findings and their follow-up

In 2024, the Public Financial Management (PFM) Programme continued to be executed through annual action plans, which are ratified by the Government. Reporting on the programme was carried out via biannual and annual reports, which were thoroughly discussed with the PFM sector working group and other relevant parties before being approved by the PFM Council and subsequently reviewed and ratified by the Government.



The new PFM Reform Programme for 2022-2025 has incorporated risk monitoring into its monitoring and reporting framework, which is an essential part of the progress monitoring reports. The Risk Assessment Plan is updated annually, with Priority Coordinators overseeing the execution of the Annual Action Plan, assessing risk levels, and determining suitable mitigation strategies. These strategies must be implemented by the responsible institutions in line with set timelines.

<b>Sector Monitoring Committee on Democracy and Governance, 19.05.2023</b>	
<b>Recommendations/conclusions</b>	<b>Follow up and measures undertaken/planned</b>
Ministry of Finance to develop a detailed action plan for the implementation of OBL reforms and IFMIS by the end of July 2023.	<p>In 2024, significant progress was made in the implementation of the Public Financial Management (PFM) reforms. The established Integrated Financial Management Information System (IFMIS) is now governed by the new Organic Budget Law. In addition to IFMIS, two new systems, the State Aid Management Information System and the Tax Revenue Management Information System for the Public Revenue Office, are being introduced as part of the “Building Effective, Transparent, and Accountable PFM Institutions” Project.</p> <p>The project received a boost with the signing of Loan and Grant Agreements with the World Bank on January 25, 2023, and the project officially launched after the loan was declared effective on April 20, 2023.</p> <p>As the Project Implementation Unit (PIU) has been established, the project is proceeding according to the planned activities and requirements. In parallel, the Ministry of Finance (MoF), in cooperation with the World Bank and the EU IPA Twinning project "Strengthening Budget Planning, Execution, and Internal Control Functions," is working on drafting bylaws, guidelines, manuals, and other documents to operationalize the new Law on Budgets. These efforts aim to further enhance the public financial management system, with the full implementation set to proceed in partnership with the US Treasury.</p>
The Ministry of Finance to establish a Working Body for implementation of IFMIS and to pass a Rulebook for determining the dismissal of the president, deputy, coordinators, and members of the Working Body for implementation of IFMIS, and their rights, duties and responsibilities by the end of May2023	<p>In accordance with the act on systematisation of the Ministry of Finance, the Project Implementation Unit (PIU) for the World Bank Project “Building Effective, Transparent, and Accountable PFM Institutions” was established in December 2022, and all positions have been filled.</p> <p>The Ministry of Finance has also established a Working Body for the implementation of IFMIS in accordance with the provisions of the Organic Budget Law. This includes passing a Rulebook that outlines the roles, rights, duties, and responsibilities of the president, deputy, coordinators, and members of the Working Body.</p>
The Ministry of Finance to make operational the Public Investment Management Department and Public Finance Academy by end-September 2023.	The Public Finance Academy developed its 2024 Training Program and began its implementation in September 2024. The PIM department currently has 6 employees out of the 14 planned. The draft PIM Decree was prepared by the Ministry of Finance and is expected to enter into force at the beginning of 2025, providing the necessary legal basis for the PIM Department's operations.
The Ministry of Finance to launch the bidding process for procurement of IFMIS by June 2023.	The tender for IFMIS procurement was released in November 2023
The European Commission stresses on the	Open



importance that the PIFC Law is adopted by the parliament as a matter of urgency and by July 2023 at the latest	
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<b>Sector Monitoring Committee on Democracy and Governance, 17.11.2023</b>	
<b>Recommendations/conclusions</b>	<b>Follow up and measures undertaken/planned</b>
Ministry of Finance to adopt a detailed action plan for the implementation of OBL reforms and IFMIS by the end of 2023 (from previous SMC).	The action plan for implementation of IFMIS is drafted, and the final version will be delivered after commencement the bidding process for procurement of IFMIS
The Ministry of Finance to complete the recruitment plans for 2023 and 2024 for the new Departments of Public Investment Management and PFM Academy by the end of 2023 and 2024 respectively.	The Public Finance Academy has a team of nine employees, including both managerial and operational positions. Additional hiring will be considered as needed, depending on upcoming activities and requirements.  The PIM department currently numbers 6 employees, out of 14 planned.
MoF to develop and Government to adopt a decree regulating the roles and responsibilities of the institutions within the PIM cycle and a manual/guidelines for pre-appraisal, appraisal, prioritization, monitoring and ex-post review of public investment projects, by the end of February 2024.	The draft PIM Decree, which regulates the roles and responsibilities of the institutions within the PIM cycle and the processes of pre-appraisal, appraisal, prioritization, monitoring, and ex-post review of public investment projects, was prepared by the Ministry of Finance. The PIM Process Manual and Feasibility Study Guidelines were also drafted. The draft Decree was submitted to the Government in February 2024.  In July 2024, the Government approved the Decree. However, as requested by the Legal Secretariat of the Government, its publication in the Official Gazette is conditional upon amendments to the Organic Budget Law (OBL). Specifically, Article 20 must clearly stipulate that the Government is to adopt a Decree as a by-law rather than a methodology, which should be part of the Decree. Amendments to the OBL have been prepared and submitted to the Government along with all relevant amendments to the Law. The OBL is currently in parliamentary procedure and is pending adoption. Upon its adoption, the PIM Decree will be immediately published in the Official Gazette, thereby entering into force.
The Ministry of Finance to launch the tender for IFMIS (software, hardware) by the end November 2023, and award the contract by Q1 2024, as well as to award the technical assistance contract by end of December 2023.	The tender procedure for the long-term consultancy to support the IFMIS working body was announced in August 2023. The bidding process for the procurement of IFMIS was announced on November 20, 2023. The tender award process for both the IFMIS software and hardware, as well as the technical assistance, is currently underway.
The European Commission stresses on the importance that the PIFC Law is adopted by the parliament as a matter of urgency, and by March 2024. (From previous SMC)	The draft PIFC Law is currently in parliamentary procedure, pending adoption. This law is harmonized with the new Organic Budget Law (OBL) and international standards for internal control and internal audit. In December 2023, the Ministry of Finance submitted a request to the Assembly of the Republic of North Macedonia (RSM) to accelerate the procedure for the adoption of the draft Law on the System of Internal Financial Control in the Public Sector.
State Audit Law to be adopted by the Government by the end of 2023.	In the end of September 2024, the State Audit Office to the Ministry of Finance submitted a new text of the State Audit Law which in ongoing period will be harmonised with all competent institutions.

<b>Sector Monitoring Committee on Democracy and Governance, 21.05.2024</b>	
<b>Recommendations/conclusions</b>	<b>Follow up and measures undertaken/planned</b>
The Government will adopt 17 bylaws for implementation of OBL reform by the end of 2024. Including the establishment of the Registry of public entities (Art 4), revision of the budget classification (art 5) and reduction of the number of primary (“parent”) budget users by at least 40% in the administrative classification.	The preparation of the OBL-associated bylaws, guidelines, manuals, and other documents has already commenced under the EU Twinning Project "Strengthening Budget Planning, Execution, and Internal Control Functions." Considering that more legal acts need to be prescribed by the Minister of Finance, they will be issued after the conclusion of the election process. Upon the selection of the IFMIS solution provider, a detailed plan for IFMIS design and implementation will be collaboratively developed with the chosen provider.
IFMIS project - the Ministry of Finance will award the tender by end of September 2024.	The tender award process is in progress.
The capacity of IT Department will be reinforced by recruiting managerial positions and additional staff by end of 2024 to support the implementation of the IFMIS project. (Responsible institution: Ministry of Finance)	The Ministry of Finance is undertaking measures to reinforce the IT Department by appointing managerial roles and expanding staff capacity, to ensure the successful implementation of the IFMIS project.
Government to adopt a decree regulating the roles and responsibilities of the institutions within the PIM cycle and the manner of defining, preparing, reviewing, evaluating, prioritizing and selecting new public investment projects, monitoring and reporting on the implementation and ex-post evaluation of public investment projects (Article 20 of the OBL), as well as guidelines for appraisal of public investment projects and manual for PIM processes, by end-September 2024 and start training of budget users in the second half of the year.	The draft Decree was submitted to the Government in February 2024. In July 2024, the Government approved the Decree. However, as requested by the Legal Secretariat of the Government, its publication in the Official Gazette is conditional upon the amendments to the OBL, so that it is clearly stipulated in Article 20 that the Government is to adopt a Decree as a by-law rather than a methodology, which, on the other hand, should be part of the Decree. We have prepared amendments to the OBL, which have been submitted to the Government together with all amendments to the relevant Law. The OBL is currently in parliamentary procedure and is pending adoption. Upon its adoption, the PIM decree will be immediately published in the Official Gazette, thereby entering into force. The PIM Process Manual and Feasibility Study Guidelines were also prepared and would be published by the MoF after the adoption of the PIM Decree. In May 2024, the first training for basics of the public investment management was provided by the World Bank’s experts to above 40 public servants from relevant national institutions.
State Audit Law to be adopted by the Government by end -2024.	In the end of September 2024, the State Audit Office to the Ministry of Finance submitted a new text of the State Audit Law which in ongoing period will be harmonised with all competent institutions.
The European Commission stresses on the importance that the PIFC Law is adopted by the parliament as a matter of urgency as soon as a new Parliament and Government are formed. (Responsible institutions: Parliament of RNM and Government of RNM).	New PIFC Law was passed by the Parliament in December 2025

<b>Sector Monitoring Committee on Democracy and Governance, 29.10.2024</b>	
<b>Recommendations/conclusions</b>	<b>Follow up and measures undertaken/planned</b>
The Government will speed up the implementation of reforms foreseen in the OBL and will adopt as a minimum 17 bylaws foreseen in the Organic Budget Law in 2024, including the registry of	In December 2024, the Government adopted 17 key bylaws under the Organic Budget Law (OBL), including rules on public entity registers, organisational and economic classifications, and budget classifications, as

public entities (Art. 4), revision of the budget classification (Art. 5) and reduction of the number of primary (“parent”) budget users by at least 40% in the administrative classification and Public Investment Management Decree (Art. 20).	well as guidelines for fiscal planning, liquidity management, and the preparation of medium-term fiscal implications. These bylaws also address procedures for entering commitments into the budget, managing foreign currency accounts, and coordinating budgetary information from municipalities and public entities. Additionally, the 'Form and Content of the Gender Budget Statement' bylaw was adopted and published in the Official Gazette of the Republic of North Macedonia. A bylaw outlining the methodology for defining and evaluating new initiatives, projects, and activities is currently under Government review, with expected adoption by the end of February 2025. The PIM Decree is also awaiting adoption.
IFMIS project - the Ministry of Finance should award the tender by mid-November 2024 and hardware component will be fully installed and accepted before 19th July 2025, which is end date of activities of EU support.	The Ministry of Finance has submitted an official notification to the World Bank regarding the procurement process and is awaiting their response and instructions.
The capacity of the IT Department will be reinforced to support the implementation of the IFMIS project with 1 person in 2024 and 1 person in 2025. MoF will look at possibilities to recruit Head of IT Department in 2025	The IT Department was expanded with a new employee in December 2024, and additional strengthening measures are planned for 2025.
The Ministry of Finance to publish a PIM process manual and guidelines for appraisal of public investment projects, by first quarter of 2025.	PIM process manual and guidelines for appraisal of public investment projects would be published by the MoF after adoption of the PIM Decree by the Government.
The European Commission stresses on the importance that State Audit Law is adopted by the Parliament in the first half of 2025.	The MoF- Financial System Department prepared the Draft Law on State Audit and submitted it for opinion to the competent institutions (Secretariat for Legislation, Ministry of Justice and Ministry of Public Administration). The Draft Law is still in the process of harmonizing with the competent institutions.
The European Commission stresses on the importance that the PIFC Law is adopted by the Parliament before end of 2024.	The PIFC Law was adopted by the Parliament in December 2024.
The Government to provide sufficient budget for 2025 to the respective ministries (Ministry of Public Administration and Ministry of Digital Transformation) to be able to achieve the indicators planned under the PAR sector budget support programme by end-December 2024. (From the previous SMC)	The Budget for 2025 has already been adopted according to the Fiscal Strategy ceilings, where the budget of both ministries is higher than the previous year.

### 5. Complementarity with other instruments and coordination with other donors and IFI's

The progress and challenges in PFM reforms are regularly communicated to the stakeholders and partners and their support is obtained. On policy level, the PFM policy dialogues with all relevant stakeholders (national authorities, EC, donor community, CSO, academia) are conducted regularly. On technical level, 3 PFM SWG meetings were held on concrete PFM sub-areas measures and issues.

The following meeting of the SWGs was organised in 2024:

Sector Working Group (SWG) meetings		
Date	Number of participants	Discussed topics
21.03.2024 by video conference call	Above 50 PFM SWG members	Draft Public Financial Management Reform Programme 2024-2027, Draft Monitoring Report on Implementation of the Action

		Plan for Public Financial Management Reform Programme for the period January – December 2023, Draft 2024 Action Plan
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The following Donors, IFIs, Embassies and CSOs were present at the SWG meetings:

<b>Donors International Organisations</b>	<b>Embassies</b>	<b>CSOs</b>
SIGMA/OECD	Embassy of Germany in Skopje	Analytics
EU Delegation	Embassy of the United States of America in Skopje	Eurotink
ResPA	Embassy of Sweden in Skopje	Centre for Civil Communications
UNDP	Embassy of the Netherlands in Skopje	Finance Think
UN Women	British Embassy in Skopje	Centre for Economic Analysis
USAID	Embassy of Switzerland	Association for research and analysis ZMAI
IMF		Centre for Research and Policy Making CRPM
IFES		Civil Society Resource Centre
WFD		
NDI		
World Bank		
OSCE		

The following programmes financed by other donors are **under implementation**:

<b>Donor</b>	<b>Value of the support</b>	<b>What is financed and complementarity with IPA?</b>	<b>Implementation period</b>
<b>Cooperation supported by United Nations Development Programme (UNDP)</b>	Based on Memorandum of Understanding signed in March 2022, between the SAO and United Nations Development Programme (UNDP)	Cooperation on joint activities to promote and advance PFM reform in the area of external audit.	March 2022- March 2024
<b>Cooperation supported by Centre of Excellence in Finance (CEF)</b>	Based on Memorandum of Understanding signed in June 2022, between the SAO and Centre of Excellence in Finance (CEF)	Collaborating on continuous professional development through courses, training, and qualifications to improve the skills and capacity of SAO employees.	June 2022-June 2025
<b>Cooperation supported by Chartered Institute of Public Finance and Accountancy (CIPFA)</b>	Based on Memorandum of Understanding signed in June 2022, between the SAO, Chartered Institute of Public Finance and Accountancy (CIPFA)	Collaborating on professional development through courses, training, and qualifications to improve the skills and capacity of SAO employees. Collaborating on joint activities in the region to promote high-quality public finance management.	June 2022-June 2025
<b>Cooperation supported by Office of the Auditor General of Norway. (OAGN)</b>	Based on Memorandum of Understanding signed in June 2022, between the SAO, Office of the Auditor General of Norway (OAGN)	Cooperation in providing assistance for the institutional capacity development of SAO.	June 2022- June 2027
<b>Cooperation supported by Turkish Court of Account. (TCA)</b>	Based on Memorandum of Understanding signed in June 2023, between the SAO, Turkish Court of Accounts (TCA)	Cooperation in providing assistance for the institutional capacity development of the SAO.	July 2023- June 2027
<b>Cooperation supported by</b>	Based on Memorandum of Understanding signed	The "Democracy Works" project aims to contribute to increasing public trust	2023 -2025

<b>the Westminster Foundation for Democracy (WFD)</b>	in November 2023, between the SAO, WFD	through better governance and greater social inclusion.	
<b>UN Women</b>	Based on Memorandums of Understanding signed, between the SAO and UN WOMEN	Cooperation on joint activities for promotion and professional development, including gender perspectives in audits, to enhance public institutions' accountability.	May 2021- May 2023 December 2023- December 2025
<b>Cooperation supported by USAID Partnership Against Corruption</b>	N/A	Cooperation in providing assistance to improve public sector integrity and accountability in combating corruption, strengthening anti-corruption institutions, and reducing corruption opportunities through digital transformation.	2024 - 2028
<b>IFES</b>	Based on Memorandum of Cooperation signed in February 2023, between the SAO, IFES	Cooperation in providing assistance to increase effectiveness in the performance of audit functions, manage corruption risks, and improve communication with the public.	2023-2024
<b>SIGMA</b>	N/A	Cooperation in providing assistance for the institutional capacity development of the SAO.	2023-2024
<b>World Bank</b>		Cooperation in providing assistance for the institutional capacity development of the SAO.	2023- 2024
<b>ResPA</b>	N/A	Evaluation of the implementation of the PAR Strategy 2018 - 2022	Final phase/Finished
<b>ResPA</b>	N/A	Preparation of the new Public Administration Reform Strategy 2023 - 2030	Deadline: February 2023

The following programmes financed by IFI's loans and implemented by international organisations are **under implementation**:

<b>IFIs / International organisation</b>	<b>Value of the support</b>	<b>What is supported and complementarity with IPA?</b>	<b>Implementation period</b>
<b>World Bank</b>	20,000,000 EUR (loan)	The World Bank is acting as the administrator of the EC - World Bank Partnership Programme Part III for Europe and Central Asia – Building Effective, Transparent, and Accountable Public Financial Management Institutions Project Trust Fund.	Closing date June 2025

## **6. Sector strategies, institutional capacities and budgeting**

In 2024, key events related to the Public Financial Management (PFM) Reform Programme included the preparation and public consultation of the Draft PFM Programme 2024-2027 and the Draft Action Plan 2024, which were published on the Ministry of Finance website on March 5, 2024. A public consultation meeting with stakeholders was held on March 21, 2024, to discuss the drafts. In April 2024, the Draft PFM Reform Programme 2024-2027 and Action Plan 2024 were submitted to the Government but were not adopted. Following the election process, it became evident that the PFM Reform Programme needed to align with the priorities of the new Government Programme for 2024-2028. As a result, the alignment and revision process was initiated, with the revised PFM Programme and Draft Action Plan 2025 expected to be adopted by the Government in the first quarter of 2025.

Additionally, the Monitoring Report for the 2023 Action Plan was ratified by the Government in August 2024, following endorsement by the PFM Council. It was subsequently made publicly available on the

Ministry of Finance website, detailing progress in implementing activities and achieving indicator targets. The PFM Reform Programme 2022-2025 underwent a mid-term review by OECD-SIGMA with EU support at the end of 2023, resulting in an extension of the Programme until 2027.

### *Sector National Strategic Framework*

The following strategic documents are relevant for the sector:

<b>Strategy and relevant AP; national programme; national plan</b>	<b>Covered years</b>	<b>Status</b>	<b>Year of approval or expected</b>	<b>Problems encountered, if applicable</b>
Public Financial Management Reform Programme 2022-2025	2022-2025	<i>Adopted</i>	2022	N/A
Public Financial Management Reform Programme 2025-2028	2024-2027	<i>Under preparation</i>	2025	N/A

### *Institutional Capacities in the Sector*

The 2023 self-assessment for the PFM sub-sector has been conducted, and the report was prepared and submitted to the MEA in January 2024. In general, the issue of strengthening administrative capacities in relation to the implementation of the PFM Reform Programme is addressed at three levels:

- The PAR Strategy and Action Plan.
- The PFM Reform Programme and annual action plans envisage a considerable investment in human resources as part of the reform process.
- Strategic plans at the institutional level are developed on a three-year basis, providing an overview of the human and financial resources needed.

All gaps identified are addressed by the relevant existing training bodies established in the sector, as well as within the framework of various donor projects that are currently being implemented and planned.

<b>Institution/ Org. Unit</b>	<b>Staffing levels</b>						
	<b>No. of Employees in System. Act</b>	<b>Current staff in No</b>	<b>% of senior managers</b>	<b>Plan for new employment 2021</b>	<b>Plan for new employment 2022</b>	<b>Plan for new employment 2023</b>	<b>Plan for new employment 2024</b>
Ministry of Finance	1186	626	21.4%	Adopted	Adopted	Adopted	Adopted
Customs Administration	1670	1184	16.16%	121	68	1 permanent 4 part-time	60 permanent
PRO	1203	952	1,47% (In the section % of senior managers, data has been updated for the levels of Head of sector/unit in General Directorate and Head/deputy Head in regionals Office/Large tax office. Temporary engagements are not	40 (realised 38 by public announcement, additional 100 by K-5 Programme and 14 by download/mobility	Plan for new employment 2023 has not been adopted	Plan for new employment 2024 has not been adopted	There is no plan for new employment for 2024, and 28 new employments are planned for 2025



			included in the data				
Public Procurement Bureau	81	36	47%	0	6 (realised:0)	4 (realised:4)	0 (realised:0)
State Audit Office	245	120	23%	10	6	4(realized:0)	4 (at the moment 4 vacancies are published)

### *National Budget Allocated for the Sector*

The PFM Reform Programme for 2022-2025 is funded through two main sources: the state budget and external funds. A thorough cost analysis has been carried out for each priority and measure within the Programme, with a focus on the activities involved. The cost estimation considers only additional expenses, alongside identifying sources of funding for these extra costs to address any financial shortfall. Activities that use existing human resources, such as administrative tasks including the drafting of laws and regulations (unless external expertise is needed), are excluded from the cost estimation. The total budget was estimated at €101.8 million, with €44 million allocated from the national budget and €14.6 million from external contributions, leaving a financing gap of €43.2 million. This gap includes €27 million specifically for the establishment of the Greening Business Facility. The Government of the Republic of North Macedonia is dedicated to securing external funds from donors to close this financing gap. It also commits to allocating state budget funds for activities not covered by external financing, in line with the Programme implementation schedule.

### **7. Communication and visibility activities**

Regarding the Twinning project "Strengthening Budget Planning, Execution, Internal Control Functions," the production of Communication & Visibility (C&V) materials, as outlined in the C&V plan, has been completed. The following activities and documents were implemented during the course of the project to raise awareness among the general public in 2024:

- A press release was issued for the promotional online/hybrid event and distributed to media service providers in the Beneficiary Country (BC).
- A promotional online/hybrid event was held in March 2024.
- Various visibility items, such as invitations, agendas, leaflets, roll-up banners, posters, and promotional items, were produced and distributed to the target groups.
- Project videos (two in total) were uploaded to the websites of both the Member State (MS) and BC partners, where possible.
- A coordination conference was held in June 2023, with 65 participants, and information was made available on the Ministry of Finance's website: <https://finance.gov.mk/>.
- A closing event took place on July 3, 2024, with 75 participants, and information was published on the same website.

## 2.4 WINDOW 3: Green Agenda and Sustainable Connectivity

### 2.3.1 Thematic Priority 1: Environment and climate change

Related to IPA II Sector: **Environment and climate action**

#### 1. Involvement of IPA beneficiary in programming

Programming of the Operational Programme under IPA III for the period 2024-2027 that was started in 2023, mature OP on Environment, OP on Transport and OP on Human Capital have been finalised and adopted in July 2024. Along with the revised OPs, nine Operation Identification Sheets (OIS) was prepared to outline specific initiatives under the OPs for the first year of implementation and submitted to the Commission. One OIS was related to OP on Environment, dedicated to improving the management and implementation of the OP itself through technical assistance, enhancing the management of EU financial assistance, and developing human capital in line with EU best practices. Commission's feedback on OISs was not received until the end of 2024.

The overall objective of the OP on Environment is to advance the Green Agenda in North Macedonia by enhancing wastewater management to reduce untreated discharges and align with EU environmental standards, including GHG emission reduction. This involves constructing compliant wastewater infrastructure, equipping Public Communal Enterprises for new plants, and upgrading waste management systems in the East and Northeast regions to boost recycling and environmental protection. Additionally, efforts are focused on preparing North Macedonia for EU accession negotiations under Chapter 22 through improved management, implementation, and control of EU financial assistance, emphasizing human capital development and adherence to EU requirements and best practices. The OP on Environment amounts to 89.3 million EUR for the period 2024-2027, with EU contribution of 70 million EUR.

#### 2. Progress made in implementation to achieve the objectives as outlined in key strategic and programme documents.

##### *2014-2020 Operational Programme on Environment and Climate Action*

Status and progress	
<p><b>Action 1 - Approximation of environmental and climate action legislation in priority areas and gradual move to sector-based approach</b></p> <p>The aim is to improve the environmental situation in the country through approximation of Environmental and</p> <p>Climate Action acquis in order to reach high level of environmental management and ensure quality of life.</p>	<p>Progress in aligning environmental and climate action legislation has been marked by notable achievements and areas for continued focus. Key developments in 2024 include:</p> <ul style="list-style-type: none"> <li>• The sector-based approach, established in 2020, has been maintained through 2024, with the level of public information and decision-making remaining "Advanced" since 2022, aiming for "Very Advanced" by 2025. Institutions have moved from "Early stage" in 2015 to "Advanced" by 2024, reflecting strengthened capacity for approximation tasks.</li> <li>• As of 2024, 132 measures, including laws and by-laws, have been adopted towards EU compliance. Notably, 10 laws and 4 by-laws were adopted in 2024, with 6 additional by-laws in progress. This progress highlights positive momentum but emphasizes the need to reach 200 measures by 2025.</li> <li>• Key activities under Action 1 include projects aimed at improving industrial pollution control, waste management legislation, and regional systems, focusing on sustainable waste handling and pollution reduction.</li> </ul> <p>By the end of 2024, several important documents were developed, including:</p> <ul style="list-style-type: none"> <li>• Reports on capacity and financial needs for implementing strategies, as well as on the roadmap for transposing EU climate acquis.</li> <li>• A long-term Climate Action Strategy and its accompanying draft legal text, secondary legislation, and implementation plans.</li> <li>• Development of the Monitoring Mechanism Regulation (MMR) implementation plan and the necessary legal framework for monitoring GHG emissions.</li> <li>• Draft laws and by-laws on cross-border trade in endangered species, including CITES-related regulations and administrative procedures.</li> <li>• Action plans for prioritising EU habitats and species.</li> </ul>



	<ul style="list-style-type: none"> <li>Draft strategies and plans for waste and sludge management, as well as the Climate Action Law.</li> </ul> <p>Sector-specific strategic documents and implementation plans are addressing priority needs, while the Environmental Monitoring and Information System has been developed to improve data collection and analysis. Notable additions include the National Environmental Monitoring Strategy, the National Environmental Monitoring Programme, and new legal acts to enhance environmental monitoring.</p> <p>Ongoing efforts continue to focus on biodiversity conservation, air quality improvement, industrial pollution, and waste management, with contracts underway to update key national documents for improved environmental governance.</p>
<p><b>Action 2 – Investment in water and waste management</b></p> <p>The aim is to improve environmental protection through investments in environmental infrastructure and to create conditions for environment-friendly development.</p>	<p>The progress indicates concerning stagnation in environmental infrastructure development. Indicators related to landfills, sewerage networks, wastewater treatment plants, waste collection services, and sewerage system connections show little progress from 2023 to 2024. This lack of progress in critical infrastructure and services highlights a significant area of concern requiring immediate attention and action to meet future targets.</p>

#### AD 2021 - EU for Environmental Standards and Clean Air

Status and progress	
<p><b>Outcome 1:</b> Improved application of environmental legislation and standards in North Macedonia</p> <p><b>Outcome 2:</b> Improved air quality in large cities in North Macedonia</p>	
<p><b>Outputs:</b></p> <p>1.1. Legislative framework better aligned with the EU acquis and institutional framework enforced.</p> <p>1.2. Natural resources preserved and protected.</p> <p>1.3. The small pond of OHIS industrial site cleaned up.</p> <p>2.1. Increased share of environmentally friendly agriculture</p> <p>2.2. Sustainable tourism products promoted and diversified</p> <p>2.3. Green belts created</p> <p>2.4. Preconditions for expansion of the central district heating in Skopje established</p>	<p>In 2024, several key activities under the "EU for Clean Air" programme were advanced:</p> <ul style="list-style-type: none"> <li><b>Heating Systems for Public Buildings:</b> In Kumanovo, installations were completed at the Student Dormitory and Secondary Vocational School Naca Bugjoni. Technical documentation for additional facilities, including courts, police stations, and schools, is in progress. For the "Toli Zordumis" School and Prison, construction will begin after the gas distribution network is established by April 2025. In Skopje and Tetovo, twelve health facilities are in the design phase, with tenders expected in spring 2025. In Bitola, several buildings were connected to a hot water network and heat pumps.</li> <li><b>Supply of Buses:</b> Six buses were procured and transferred to the City of Skopje, with a promotional event held on November 13, 2024.</li> <li><b>Greening:</b> A total of 6,000 seedlings were planted as part of the greening efforts.</li> <li><b>Feasibility Study for Central Heating in Skopje:</b> The contract was signed on December 16, 2024, with the study set to be completed within nine months.</li> <li><b>Procurement of Instruments for Air Stations:</b> A tender for instruments and spare parts for air stations was published on December 31, 2024.</li> </ul> <p>Other project components related to environmental standards have not yet commenced.</p>

#### AD 2021 - EU for Prespa

Status and progress
<p><b>Outcome 1:</b> The ecological system in Prespa lake area preserved and improved</p> <p><b>Outcome 2:</b> Sustainable economic activities in Prespa area boosted</p> <p><b>Outcome 3:</b> Enhanced cross border cooperation</p>

<p><b>Outputs:</b></p> <p>1.1. Decreased pollution from human activities</p> <p>1.2. Natural resources preserved and protected</p> <p>2.1. Increased share of environmentally friendly agriculture</p> <p>2.2. Sustainable tourism products promoted and diversified</p> <p>3.1. Strengthened strategic vision on the development of Prespa Transboundary Area</p> <p>3.2. Established border crossing point with Greece</p>	<p>In 2024, significant progress was made across both soft and hard components of the nature protection and infrastructure improvements projects:</p> <ul style="list-style-type: none"> <li>• <b>Nature Protection (soft component):</b></li> <li>• The call for Prespa farmers concluded with 143 applicants, 40% of whom were women, and 43% were young farmers. Training sessions were held from October to November.</li> <li>• The revision of the Strategic Action Plan for the Transboundary Prespa Park is ongoing.</li> <li>• Procurement for consultants to develop a business plan for the Agricultural Lab and a technical specification for upgrading the Forecasting and Early Warning System was completed.</li> <li>• Monitoring of water quality in Prespa Lake was initiated by the Hydrobiological Institute.</li> <li>• CNVP (Connecting Natural Values &amp; People) began tourism-related activities with the Rural Women of Prespa.</li> </ul> <p><b>EU for Infrastructure Improvements (hard component):</b></p> <ul style="list-style-type: none"> <li>• The Contribution Agreement was signed in April 2024.</li> <li>• Ongoing activities include the procurement of 2,341 HDPE bins for solid waste management and the tendering process for two waste collection trucks.</li> <li>• Tenders for the construction of wastewater networks and treatment facilities in several villages are ongoing.</li> <li>• The tender for constructing the border crossing "Markova Noga" is in progress, with the contract expected to be signed by January 2025.</li> <li>• Capacity-building activities for the Public Enterprise Proleter, including software upgrades and equipment procurement, were initiated.</li> <li>• A Project Board meeting for both components is planned for early 2025, with UNDP also supporting the municipality of Resen in organizing a meeting of the Prespa Park Management Committee.</li> </ul>
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### AD 2022 - EU for Modern Wastewater Systems

Status and progress	
<p><b>Outcome:</b> Improved wastewater collection and treatment infrastructure in the Municipalities of Shtip, Veles and Vinica in compliance with the Directive 91/271/EEC</p>	
<p><b>Outputs:</b></p> <p>1.1. Sewerage systems in the municipalities of Shtip, Veles and Vinica rehabilitated/extended.</p> <p>1.2. Wastewater treatment plants in Shtip and Veles built and operational.</p> <p>1.3. Increase of GHG emissions due to the operation of the WWTPs partly offset.</p> <p>1.4. Stewardship of reclaimed streams of wastewater treatment for productive uses provided.</p>	<p>In 2024, the following updates occurred:</p> <ul style="list-style-type: none"> <li>• The AD 2022 is under revision. Due to maturity issues, the planned sewerage and WWTP project in Veles is proposed to be excluded from the AD and included in the Operational Programme 2024-2027 as a major project.</li> <li>• For the Shtip project, the tender for the works contract has not yet been published, as the expropriation process has not been completed. The supervision contract is currently under evaluation (first phase).</li> <li>• The preparation of technical documentation for the Vinica project is still ongoing.</li> </ul>

### 3. Problems encountered in implementation and corrective measures taken and/or planned, and recommendations for further action, in order to ensure sustainability<sup>12</sup>

Encountered problem	Status	Measures undertaken/planned to ensure sustainability

<sup>12</sup> Sustainability refers to the extent to which the benefits/results (outputs and outcomes) achieved are likely to continue beyond its implementation period. In particular, key factors affecting sustainability are the ownership of the beneficiaries, the institutional management capacities, and the resources committed to provide for the operation and maintenance of the results.

<p>High level of workload over existing employees in the IPA operating structure within MoEPP caused from not existing possibilities to employ needed employees according to the prepared WLA, as well as leaving of the current employees looking for better working conditions. High turnover of personnel of IPA Structure is the main cause for delays of the implementation of the IPA programme. Capacities remain limited. No retention policy. No motivation.</p>	<p><i>Open</i></p>	<p>In 2024, the following key developments took place regarding recruitment and staff within the IPA structure:</p> <ul style="list-style-type: none"> <li>• Three promotions of existing employees within the IPA structure were completed in January 2024, following the publication of the promotions in December 2023.</li> <li>• A public call for two positions (1 Advisor for Internal Control and 1 Junior Associate for Administrative Support) was published in December 2023 and completed in February 2024.</li> <li>• An internal call for promotions (Advisor for Technical Implementation and Advisor for Programming and Monitoring of Infrastructure Projects) was published in February 2024. However, it was put on hold due to the election period and was not implemented by the end of the year.</li> <li>• A new employment for the position of Head of the Unit for Programming and Monitoring of the IPA, Department for Implementation of the IPA, was carried out, with a mobility agreement for transfer. Additionally, the administrative officer was appointed as state secretary on 1 October 2024.</li> <li>• A 15% salary increase for staff within the IPA structure was secured through the annual budget, although this is not a long-term solution, and a new request for the following year will be necessary.</li> <li>• Due to parliamentary elections and the establishment of a new government, no public call for the engagement of staff for the operation of the Project's implementation units for infrastructure projects was published in 2024.</li> </ul>
<p>Additional technical equipment is needed for the OP of MoEPP, IT equipment which is necessary for operation of the Project's implementation units for the infrastructure projects that to be established in the relevant municipalities as well back up system for storage of documents for which additional servers are needed.</p>	<p><i>Open</i></p>	<p>Ongoing implementation of corrective measures. Supply of technical equipment is needed for proper functioning.</p>
<p>Insufficient expertise of the other relevant departments within the MoEPP as well as the other beneficiaries/end recipients of the IPA assistance, during preparation of programming documents, as well as tender documentation and checking the prepared technical documentation (FS, CBA, EIA, design, and tender documentation) within the IPA projects.</p>	<p><i>Open</i></p>	<p>Strengthen and regular cooperation between the IPA structure and end recipient/beneficiaries. Commitment by the end recipient/beneficiaries in the preparation of the project documentation and during the project implementation.</p>
<p>The technical documentation prepared under IPA I was not of adequate quality and therefore</p>	<p><i>Open</i></p>	<p>Ongoing implementation of corrective measures. The EUD assists the IPA structure</p>

it has prevented the IPA structure from progressing at an adequate pace. Additionally, the experts involved in preparation of documents were not opened to cooperate for revising the technical documents.		with TA experts for assisting with the revision of the project documentation.
A delay in the procurement caused by several reasons, the most important is extensive time of adjustment of the ToRs and TD since first submission from MoEPP to CFCD	<i>Open</i>	Meetings to be organised to clarify the comments and reach common interpretation of the clauses of the tender documentation. Corrective measures could be considered for the future contracts.
Price increase is hardly affecting the major infrastructure projects, mainly in additional time for securing the funds, changes of BAs, technical documentation etc.	<i>Open</i>	Ongoing implementation of corrective measures. Timely coordination between all involved parties. Additional efforts to secure significant financial resources as national co-financing for infrastructural project
Difficulties in process of establishing the Evaluation Committee.	<i>Open</i>	The Ministry secures 15% increase of salaries for own staff that are members of EC
The registration of the projects in MEA CDAD takes longer time than usual. The same applies to the issuing of ID by MFA for foreign experts.	<i>Open</i>	All parties involved are taking measures to shorten the time for these administrative procedures. NIPAC office is informed, and they are trying to coordinate this with the colleagues from the relevant Department from MEA.

#### 4. Main monitoring, evaluations and/or audit findings and their follow-up

Regular coordination and monthly monitoring meetings were held with representatives from the CFCD, EUD, MoEPP, and the NIPAC office. These meetings were conducted to discuss ongoing projects and those to be prepared, regardless of management modality, and to find solutions to delays or other issues. The tables below present the main recommendations and conclusions from the monitoring and audit missions during the reporting period, as well as the measures implemented or planned in response to the findings and recommendations.

The Sector Monitoring Committee met twice in 2024, on April 11 and on October 9.

<b>3<sup>rd</sup> IPA III Sectoral Monitoring Committee on Transport and Environment and Climate Action, held on 11.04.2024</b>	
<b>Recommendations/conclusions</b>	<b>Follow up and measures undertaken/planned</b>
The national authorities (each institution involved in the MAAP) will adopt its IPA recruitment plan as per the workload analysis and fully implement its staff recruitment targets as per the workload analysis for 2024 by end-November 2024.	As of 21st September 2024, the occupancy rate in the IPA Structure was 79%, with 110 employees out of the required 139, based on the WLA analysis for 2024. The turnover rate in the IPA Structure responsible for implementing the MAAP programme stood at 6%. The Recruitment Plan for 2024, approved in February, has not yet been realized and does not align with the WLA for 2024. The Recruitment Plan for 2025 was submitted to the Ministry of Finance for approval on 30th August 2024, but approval is still pending and again does not align with the WLA for 2025. On 23rd September 2024, the position of Head of Monitoring and Programming of IPA was filled following an agreement for transfer from the Ministry of Labour and Social Policy. However, this employee is expected to be appointed as a State Secretary in the MoEPP. Overall status: Not implemented.
Staff retention policy covering all entities in the IPA programming, implementation and control process, compatible with the PAR principles, to be adopted and in implementation by the end of 2024.	The Ministry of Finance via the Law for Budget Execution ensures 15% salary top up for the employees within the IPA structure till 31.12.2024. <b>Overall status:</b> Not implemented

All stakeholders to ensure timely and full implementation of the Audit Authority recommendations (continuous deadline)	Continuous
<b>4<sup>th</sup> IPA III Sectoral Monitoring Committee on Transport and Environment and Climate Action, held on 09.10.2024</b>	
<b>Recommendations/conclusions</b>	<b>Follow up and measures undertaken/planned</b>
The national authorities (each institution involved in the MAAP) will fully implement its staff recruitment targets as per the workload analysis for 2024 by end 2024 for the key positions, while by end-March 2025 for the rest of the positions. Newly recruited staff will not be transferred to other entities in/outside the institution others from those they are designated.	<p>The occupancy rate in the IPA Structure as of 21.09.2024 was 79% taking into consideration the need for optimal number of staff set in the WLA analysis for 2024 (total 139) and the number of employees as of 21.09.2024 (110).</p> <p>The turnover rate in the IPA Structure responsible for implementation MAAP programme was 6% as of 21.09.2024.</p> <p><b><u>MoEPP:</u></b> Recruitment Plan for 2024 approved in February 2024, is still not realized and is not in accordance with WLA for 2024.</p> <p>Recruitment plan for 2025 is submitted to MoF for approval on 30.08.2024 and approval is pending and again is not in accordance with WLA for 2025.</p> <p>With agreement for transfer from Ministry for labor and social policy, the position for Head of Monitoring and Programming of IPA is fulfilled starting from 23.09.2024, but again this employee is planned to be designated as a State Secretary in the MoEPP.</p> <p><b><u>Overall status:</u></b> Not implemented</p>
Staff retention policy covering all entities in the IPA programming, implementation and control process, compatible with the PAR principles, to be adopted and in implementation by end-June 2025. The IPA beneficiary should strive to find solutions to retain and motivate staff dealing with IPA.	<p>The Ministry of Finance via the Law for Budget Execution ensures 15% salary top up for the employees within the IPA structure till 31.12.2024.</p> <p><b><u>Overall status:</u></b> Not implemented</p>
NIPAC to send to the EUD, by 31 October 2024, filled in tables as per the EU Delegation request from 2023 - containing the planned and ongoing contracts and the IPA and national allocations. IPA allocations should not go beyond those available in the Programme after the two automatic de-commitments. The ministries of transport and environment in consultation with the ministry of finance should provide to NIPAC the information on time to allow submission to the EUD.	MoEPP submitted provided NIPAC office with data and NIPAC submitted information to the Government on its 33rd session. The Governmental conclusions were adopted on 19.11.2024.
NIPAC Office to send the OISs for the interim evaluations for transport and environment to the EUD by end of 2024, following the receipt of the OISs by MoEPP and MoT. The Beneficiary institutions (MoTC and MoEPP) to provide relevant tender documentation/information to CFCD by April 2025.	OIS has been submitted to MEA on 21.11.2024. MEA submitted the OIS to EUD on 27.11.2024.
MoEPP to recruit 2 qualified staff in the Unit for Climate Change Policies by 31 December 2024, at the latest. By end-November the MoEPP to provide information to the EUD on how many persons are	Functional Analyses is under preparation and after its finished the Organisation Act for Systematisation will be revised and EUD will be informed about the results and future steps for employment/recruitment.

necessary for the proper functioning of the Unit and the plans with timeline to recruit them.	<b>Overall status:</b> Not implemented
MoEPP, in coordination with CFCD, by end-November 2024, to present the plan for finalisation of the construction works of the Skopje collector with clear deadlines for each phase of the process.	WG is established officially with decision signed by the Minister. WG will meet in January/February to define further steps. <b>Overall status:</b> Not implemented
All stakeholders to ensure timely and full implementation of the Audit Authority recommendations (continuous deadline).	Implementation of the Audit Authority recommendation is ongoing.

### 5. Complementarity with other instruments and coordination with other donors and IFT's

The following meetings of the SWGs were organised in 2024:

Sector Working Group (SWG) meetings		
Date	Number of participants	Discussed topics
16.04.2024	41	Challenges in the nature sector, Strategy for nature, implementation status and related future plans
15.11.2024	40	National strategic priorities in Industrial Pollution sector, integrated pollution prevention and control Challenges in the Industrial Pollution sector, integrated pollution prevention and control and future plans

The following Donors, IFIs, Embassies and CSOs were present at the SWG meetings:

Donors	International Organisations	Embassies	CSOs
EU – IPA, WBIF	UNDP	Embassy of Sweden	MED
GIZ	IOM	Embassy of Switzerland	FLOROZON
	USAID	Embassy of Spain	Macedonian Ecological Society
	IFICO	Embassy of Austria	
	UNOPS		
	WHO		
	FAO		
	UN RCO		
	UN Women		
	SUPRAE		
	United Nations		
	EUD		
	GIZ		
	IFICO		
	UNFPA		
	UNHCR		

The following programmes financed by other donors are **under implementation**:

In the NATURE sector the following programs/projects funded by donors are under implementation:			
Donors	Value	Title	Period of implementation
GEF 5	3,360,731 USD	Achieving Biodiversity Conservation through Creation and Effective Management of Protected Areas and Mainstreaming Biodiversity into Land Use Planning.	2016 – 2024 (in the final phase)
GEF 6	3,662,545 USD	Promoting Sustainable Land Management (SLM) Through Strengthening Legal and Institutional Framework, Capacity Building and Restoration of Most Vulnerable Mountain Landscapes	2021-2025

<b>GEF 7</b>	3.713.422 USD	Conservation of biodiversity, sustainable land management and development of sustainable tourism in North Macedonia (multifocal – biodiversity and soils)	2023-2028
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<b>In the WATER sector</b> the following programs funded by donors are under implementation:			
<b>Donor</b>	<b>Value</b>	<b>Title</b>	<b>Period of Implementation</b>
SECO	7,254,000 CHF	The construction of a water treatment plant for the municipality of Delčevo, as well as the expansion and renovation of the water supply network in the villages of Dzvegor and Gabrovo, is being financed with 1,224,000 CHF from the Ministry of Environment and Physical Planning, along with 30,000 CHF from the municipality of Delčevo and the Public Enterprise "Bregalnica" in Delčevo.	2018 - 2024
SDC	100.000 CHF	Register of groundwater	2016-2023 - finished 2024
WBIF	69,800,000 EUR	Investment Grant Skopje WWTP	2024-2029
SDC (implemented by UNDP)	3.504.238 US\$	Improving flood resistance in the Polog region	2017 – 2024
UNDP	9.927.750,00 US\$	Establishing Climate Resilient Integrated Transboundary Flood Risk Management in the Drim River Basin	2020 - 2025
SDC / SECO	11.000.000 CHF	Groundwater Management, Utilization and Protection Program (GWP)	01.01.2023 – 31.12.2032

At present, in the WATER sector, the following loans financed by the IFIs are under implementation:

<b>IFI</b>	<b>Value of the support</b>	<b>What is financed and complementarity with IPA?</b>	<b>Implementation period</b>
<b>EBRD</b>	58 million EUR	Construction of WWTP for the City of Skopje	March 2023 – March 2028
<b>EIB</b>	68 million EUR	Construction of WWTP for the City of Skopje	March 2023 – March 2028
<b>EIB</b>	50 million EUR	Municipal infrastructure in the water sector - North Macedonia - Framework loan	2022 -2026

At present, in the WASTE sector, the following loans financed by the IFIs are under implementation:

<b>IFI</b>	<b>Value of the support</b>	<b>What is financed and complementarity with IPA?</b>	<b>Implementation period</b>
<b>EBRD</b>	55 million EUR	Establishing a regional waste management system in five regions (Polog, Vardar, South-East, Pelagonia and South-West regions)	Loan agreement signed in January 2023 -on going

## **6. Sector strategies, institutional capacities and budgeting**

### *Sector National Strategic Framework*

The following strategic documents are relevant for the sector:

<b>Strategy and relevant AP; national programme; national plan</b>	<b>Covered years</b>	<b>Status</b>	<b>Year of approval</b>	<b>Problems encountered or remarks, if applicable</b>
National Strategy for Nature Protection	2017-2027	<i>Adopted</i>	2017	
National Biodiversity Strategy and Action Plan	2018-2023	<i>Adopted</i>	2018	New National Biodiversity Strategy



				and Action Plan will be prepared with GEF Support.
National Strategy for Sustainable Development of North Macedonia 2010-2030	2010-2030	<i>Adopted</i>	2010	
National Water Management Strategy	2012-2042	<i>Adopted</i>	2012	
National Waste Management Strategy	2024-2036	<i>Under preparation</i>	2025	In force old strategy 2008-2020 until new strategy is developed.
National Sludge Management Strategy	2024-2034	<i>Under preparation</i>	2025	
Fourth National Communication on Climate Change	2023	<i>Completed</i>	2023	
National Strategy on Environment and Climate Change	N/A	N/A	N/A	No new Strategy on Environment and Climate Change will be prepared. Measures covered under the existing National Strategy on Environment and Climate Change 2018-2023 are under implementation.
Long term Strategy on Climate Action and Action Plan	2020-2050	<i>Adopted</i>	2021	

### *Institutional capacities in the sector*

In 2024, the Ministry for Environment and Physical Planning (MoEPP) continued working on the implementation of the IPA programme. The IPA operational structure, which was integrated into the Department for EU Affairs, remained unchanged, comprising three units: the Unit for Technical Implementation, the Unit for Programming and Monitoring, and the newly established Unit for Internal Control and Coordination.

The department faced challenges in fulfilling positions, with the call for recruitment of the Head of PIUIP and six monitoring officers published in July 2023, but the procedure was cancelled due to a lack of applicants. The Workforce Load Analysis (WLA) for 2024 identified an optimal number of 23 employees in the IPA Units and 8 in the PIUIPs. To meet the staffing needs, 12 additional employees are required in the IPA Units, and 8 in the PIUIPs. Changes to the Systematization Act for the PIUIPs are necessary to align with the needs of IPA II and IPA III.

### *National budget allocated for the sector*

The MoEPP budget for 2024 is 55,680,440 EUR which is compared to 2023 increase of 25,209,644 EUR. The following budgetary and governmental programmes are instrumental to the sector strategies:

- Water management and protection – 5,618,878 EUR
- Air quality – 831,138 EUR
- Wastewater treatment – 28,361,854 EUR
- Waste management – 2,035,820 EUR.
- Spatial Planning – 543,707 EUR
- Improvement of the environment – 8,421,593 EUR
- Infrastructure projects by municipalities – 9,867,446

## **7. Communication and visibility activities**

The Ministry of Environment and Physical Planning (MoEPP) has actively promoted IPA projects and programs through various events, meetings, interviews, and articles, with details published on its



website ([www.moepp.gov.mk](http://www.moepp.gov.mk)) and Facebook page (Министерство за животна средина и пп). These publications were consistently carried out throughout 2024, with key publications spanning from February to December.

- On September 30, 2024, within the framework of the Twinning Project "Further Strengthening the Capacities for Effective Implementation of the Acquis in the Field of Industrial Pollution," a seminar on the Industrial Emissions Directive (IED) was organized.
- On November 14, 2024, within the framework of the EU-funded project "Improving Capacities for Natura 2000 and CITES," a closing event was held.
- Two street surveys were conducted for the project "Supporting the Implementation of the Regional Waste Management Systems in the East and North-East Regions," one in the municipality of Shtip on October 18, 2024, and another in the municipality of Kumanovo on October 19, 2024.

## 2.3.2 Thematic Priority 2: Transport, digital economy and society, energy - Transport

Related to IPA II Sector: **Transport**

### 1. Involvement of IPA beneficiary in programming

Programming of the Operational Programme under IPA III for the period 2024-2027 that was started in 2023, during 2024 mature OP on Environment, OP on Transport and OP on Human Capital have been finalised and adopted in July 2024. Along with the revised OPs, nine Operation Identification Sheets (OIS) was prepared to outline specific initiatives under the OPs for the first year of implementation and submitted to the Commission. Three OISs were related to OP on Transport. Commission's feedback on OISs was not received until the end of 2024.

The OP on Transport's first area of support focuses on enhancing the railway infrastructure by improving specific sections of Corridor X for increased safety, efficiency, and climate resilience in line with EU standards, as well as enhancing the capacities of national railway authorities. The second area targets road transport, aiming to improve safety and connectivity on sections of TEN-T corridors X, Xd, and VIII, prepare selected road projects for financing in line with EU requirements, and align national road safety and management policies with EU regulations. The third area supports the country's EU accession readiness by advancing the management of EU funds and human capital development. The OP on Transport amounts to 93.3 million EUR for the period 2024-2027, with EU contribution of 50 million EUR.

### 2. Progress made in implementation to achieve the objectives as outlined in key strategic and programme documents

#### 2014-2020 Sector Operational Programme Transport

Status and progress	
<p><b>Priority action 1 Rail transport infrastructure</b></p> <p>The purpose of the priority action is to improve the rail transport infrastructure for better cohesion with the EU member states and regional neighbours, supported by varied investments in the rail transport infrastructure network of the country. For the programming period 2014-2020 the priority will be given to the railway infrastructure along the TEN-T comprehensive network (Corridors VIII, X and Branch Xd)</p>	<p>The tender was published on 22 December 2023, with the deadline for submitting offers set for 28 March 2024. The public opening session occurred on 3 July 2024, and the evaluation committee began its work shortly after. However, on 29 August 2024, the Ministry of Transport (MoT) submitted a letter to the Central Financing and Contracting Department (CFCD) requesting the withdrawal of committee members from both the Ministry and the Public Enterprise for Management of Railway Infrastructure (PEMRI). Subsequently, the MoT informed the Government, which then prepared a request to CFCD for the cancellation of the tender procedure.</p>
<p><b>Priority action 2 Road transport infrastructure</b></p> <p>The purpose of the priority action is to improve road transport infrastructure for a better cohesion with the EU member states and regional neighbours, supported by varied investments in the transport infrastructure network of</p>	<p>The Gradsko - Interchange Drenovo section on Corridor X-d progressed with a works contract signed in 2017 and subsequent amendments.</p> <p>In September 2024, Addendum No. 3 was signed with retroactive validity to increase the budget by 9,804,567.26 euros. Of this amount, 5,734,909.93 euros were secured from IPA funds under the available budget for IPA II in the Road Transport Infrastructure section, while the remaining 4,069,657.33 euros were secured by the National Budget following the decision for budget reallocation made in August 2024. On the same day, Addendum No. 4 was signed to extend the implementation period until the end of December 2024 and increase the budget by 2,888,593.54 euros, again secured from the National Budget following the budget reallocation decision.</p>

<p>the country. For the programming period 2014-2020 the priority will be given to the road infrastructure along the SEETO comprehensive network (Corridors VIII, X and Branch X d)</p>	<p>Additionally, for the Supervision contract, Addendum No. 5 was signed in September 2024 with retroactive validity, extending the implementation period until the end of March 2024 and increasing the budget by 513,485.00 euros. Of this, 436,462.25 euros were provided by IPA funds, while the remaining 77,022.75 euros came from the National Budget. Furthermore, since the Engineer team is working full time on-site to supervise the works, Addendum No. 6 is expected to be signed for an extension of time and additional funding from the National Budget to finalise the project and the Defects Liability Period (DLP).</p> <p>The State Road A2 section Kumanovo – Stracin works contract was completed in December 2022, and the DLP ends in December 2024.</p> <p>The project for the reconstruction and upgrade of the existing road from Prilep to the bridge on the Lenishka river, as well as the construction of a third lane from the village of Belovodica to the Mavrovo quarry, was excluded from the procurement plan.</p>
<p><b>Priority action 3</b> <b>Horizontal assistance</b></p> <p>Aim is to provide horizontal assistance in the Transport sector to i.e. support the implementation of sector governance, sector wide reforms, specific transport activities not covered by Priority Actions 1 and 2 and to support the effective management and implementation of the Transport</p> <p>Sector Operational Programme 2014-2020</p>	<p>Under Priority Action 3, progress has varied across different contracts:</p> <p>For the multimodal node Trubarevo project, the contract was signed in March 2023, and the Administrative Order was issued in April 2023. Progress was marked by a series of meetings (10 Steering Committee meetings) and reports (7) from the Consultant.</p> <p>The technical audit for the Gradsko – Interchange Drenovo road section involved several administrative steps, including the submission and approval of tender documentation (TD) and a request for the nomination of the evaluation committee. However, a request for the cancellation of the procedure was submitted.</p> <p>The City of Skopje's Sustainable Urban Mobility Plan underwent a meticulous process of document revisions and clarifications with multiple stakeholders. This indicated a detailed and engaged approach to ensuring the plan's alignment with expectations and requirements. In November 2024, the Government adopted information for the cancellation of this project from the Procurement plan.</p> <p>The Development of an Implementation Plan under the National Transport Strategy 2018-2030 went through a thorough evaluation process, with several rounds of feedback from the EU Delegation. In November 2024, the Government adopted information for the cancellation of this project from the Procurement plan.</p> <p>For the Preparation of the National Aviation Strategy 2023-2032, the evaluation phase started in 2024. During the evaluation process, the Ministry of Transport submitted a letter requesting the withdrawal of the evaluation committee members. The previous procurement procedure was cancelled (with approval from the EU Delegation), and the new updated tender dossier was submitted to the CFCD in December 2024.</p>

### 3. Problems encountered in implementation and corrective measures taken and/or planned, and recommendations for further action, in order to ensure sustainability<sup>13</sup>

Encountered problem	Status	Measures undertaken/planned to ensure sustainability
<p>There is a noticeable lack of ownership by final beneficiaries over the projects.</p>	<p><i>Open/Pending</i></p>	<p>To resolve the issue of ownership, efforts are being made to engage the final beneficiaries more actively, ensuring they assume greater responsibility and involvement in their respective projects, thereby fostering a sense</p>

<sup>13</sup> Sustainability refers to the extent to which the benefits/results (outputs and outcomes) achieved are likely to continue beyond its implementation period. In particular, key factors affecting sustainability are the ownership of the beneficiaries, the institutional management capacities, and the resources committed to provide for the operation and maintenance of the results.

		of ownership and contributing to the sustainability of the initiatives.
Final beneficiaries are experiencing substantial delays in preparing and submitting tender documents for procurement procedures.. Additionally, there is a noted decline in the quality of the submitted tender documents.	<i>Open</i>	In response to these issues, the Ministry of Transport (MoT) is taking proactive steps by offering logistical and professional support to the final beneficiaries to enhance the quality of tender documents and expedite their submission. The aim is to improve the efficiency of procurement processes and ensure that projects advance in a timely manner.
Institutional capacity for implementing the National Transport Strategy (NTS) has been identified as weak by both the Stabilisation and Association Agreement (SAA) Subcommittee and EC Annual Progress Reports, particularly in chapters 14, 21, and 22. The IPA Audit Authority's audit report also highlighted the need for capacity strengthening.	<i>Open</i>	Efforts are underway to secure the necessary skilled staff as outlined in the Workload Analysis (WLA) and Recruitment Plan, ensuring the efficient execution of IPA 2 and 3 tasks. Discussions have focused on strengthening administrative capacities within the Department for EU/Negotiation and Integration, requiring additional staffing, training, and investment. This will support the monitoring and implementation of the NTS 2018-2030, development of TEN-T, TEN-E, and TEN-C networks, and preparations for accession negotiations. To fulfil obligations under the Transport Community Treaty, cooperation with relevant bodies needs to be monitored, with the NTS 2018-2030 providing measures for this. As the Ministry of Transport will soon manage Transport sector action/operational programmes, the latest WLA for 2025-2027 indicates a need for ten more employees to oversee IPA III implementation.
The Major Project Gradsko-Drenovo requires an additional EUR 13 million for completion. Addendum No. 3, proposed at EUR 9.8 million, was sent to the Delegation of the European Union (DEU) for approval but was returned for further remarks. The contractor is reluctant to sign this addendum without an extension of the construction period being included. The operational structure suggests that Addendum No. 4 should be drafted and signed along with Addendum No. 3 to expedite the process.	<i>Open</i>	Both Addendum No. 3 and Addendum No. 4 were signed, and the project is in the final phase of completion.

#### 4. Main monitoring, evaluations and/or audit findings and their follow-up

<b>Sector Monitoring Committee on Transport and Environment and Climate Action, held on 11.04.2024</b>	
<b>Recommendations/conclusions</b>	<b>Follow up and measures undertaken/planned</b>
The national authorities (each institution involved in the MAAP) will adopt its IPA recruitment plan as per the workload analysis, and fully implement its staff recruitment targets as per the workload analysis for 2024 by end-November 2024.	In 2024, there were three well-deserved promotions within the team: Deputy Head of the IPA Department, Head of the Unit for IPA Planning and Tender Documentation Preparation, and Advisor for IPA Monitoring. A public announcement was made to recruit seven administrative staff members, of which five successfully joined the team. Unfortunately, two positions remained unfilled due to the

	lack of suitable candidates. Additionally, four new employees were welcomed into the IPA Department. Of these, three hold authorisation decisions for civil service positions in other departments, and one has taken on the role of Advisor within the IPA Department. In July 2024, the Head of the Unit for General Affairs and Control under IPA Implementation resigned, and in November 2024, an administrative staff member from another department transitioned to the IPA Department.
CFCD to submit the addenda for works and supervision contracts for Gradsko-Drenovo road to the EUD by 30 April 2024.	Submitted to EUD.
CFCD to complete procurement for the Sustainable Mobility Plan for Skopje, by end September 2024 and to re-launch the procedure for Implementation Plan for the National Transport Strategy by end April 2024.	Projects for Sustainable Urban Mobility Plan for Skopje, and the Implementation plan for National Transport Strategy are cancelled and will be excluded from the Procurement Plan
NIPAC Office to send the OISs for the interim evaluations for transport and environment to the EUD by end of 2024, following the receipt of the OISs by MoEPP and MoT. The Beneficiary institutions (MoTC and MoEPP) to provide relevant tender documentation/information to CFCD by April 2025.	Ministry of transport submitted the OIS to NIPAC in November and the OIS is resubmitted to EUD (waiting comments from EUD. Ministry of transport is preparing the TD and in December 2024 will be submitted to CFCD
All stakeholders to ensure timely and full implementation of the Audit Authority recommendations (continuous deadline).	Implementation of the Audit Authority recommendation is ongoing.
CFCD to submit the nomination of the Evaluation Committees to the EUD once the deadline for providing clarifications has passed, but not later than 7 days before the deadline for receipt of tenders	N/A
CFCD to submit the Short List Reports not later than 40 working days after the deadline for submission of Expression of Interests	The process is ongoing.
IPA 2 major project for corridor 8 railway section towards Bulgaria – CFCD (supported by MTC and PEMRI) to finalise the current procurement procedure in an efficient manner for the works by end September 2024 in order to avoid any further de-commitment of IPA grant funding in 2024.	The project remains in the Procurement Plan, given its cancellation status that was rejected by EUD.
Staff retention policy covering all entities in the IPA programming, implementation and control process, compatible with the PAR principles, to be adopted and in implementation by the end of 2024.	The process is ongoing.

**Sector Monitoring Committee on Transport and Environment and Climate Action,  
held on 09.10.2024**

<b>Recommendations/conclusions</b>	<b>Follow up and measures undertaken/planned</b>
The national authorities to implement fully its staff recruitment targets as per the workload analysis for 2024 by end-November 2024.	In 2024, three promotions were made within the IPA Department: Deputy Head of the IPA Department, Head of the Unit for IPA Planning and Tender Documentation Preparation, and Advisor for IPA Monitoring. A public call was issued to hire seven administrative staff members, resulting in the successful recruitment of five individuals. Unfortunately, two positions remained unfilled due to the lack of suitable candidates. Four new employees joined the IPA Department, with three holding authorisation decisions for civil service positions in other departments, and one taking on the role of Advisor within the IPA Department. On 1st July 2024, the Head of the Unit for General Affairs and Control under IPA Implementation resigned. In November 2024, an administrative staff member from another department transferred to the IPA Department.
CFCD to sign addendum 6 for supervision services for Gradsko-Drenovo by mid-November 2024	Evaluation is ongoing.
CFCD to ensure that works on Gradsko-Drenovo road are completed by 31 December 2024 and that the EU Delegation is notified, at least two weeks in advance, before any visibility event takes place for the opening of the road.	Works expected to be completed by 31 December 2024. At the beginning of 2025 visibility event will be organised and EUD will be promptly notified about the exact date.
CFCD will contract the preparation of the National Aviation Strategy by end-May 2025, the Sustainable Urban Mobility Plan for Skopje, and the Implementation plan for National Transport Strategy by 31 December 2024, provided the government will decide to continue with these projects.	TD for the project for National Aviation Strategy was submitted to CFCD in December 2024. Projects for Sustainable Urban Mobility Plan for Skopje, and the Implementation plan for National Transport Strategy are cancelled and will be excluded from the Procurement Plan
NIPAC Office to send the OISs for the interim evaluations for transport and environment to the EUD by end of 2024, following the receipt of the OISs by MoEPP and MoT. The Beneficiary institutions (MoTC and MoEPP) to provide relevant tender documentation/information to CFCD by April 2025.	Ministry of transport submitted the OIS to NIPAC in November and the OIS is resubmitted to EUD (waiting comments from EUD. Ministry of transport is preparing the TD and in December 2024 will be submitted to CFCD
All stakeholders to ensure timely and full implementation of the Audit Authority recommendations (continuous deadline).	Implementation of the Audit Authority recommendation is ongoing.
CFCD to submit the nomination of the Evaluation Committees to the EUD once the deadline for providing clarifications has passed, but not later than 7 days before the deadline for submission of requests to participate.	N/A
CFCD to submit the Short List Reports not later than 40 working days after the deadline for submission of Expression of Interests	N/A
CFCD to submit the Short List Reports not later than 40 working days after the deadline for submission of Expression of Interests.	N/A

The NIPAC sent official information to the EUD, by 31 October 2024, if the major project - the third section of the railway connection to Bulgaria (Corridor VIII) will be discontinued under this programme.	Project remains in the Procurement Plan given the tender cancellation, not approved by EUD.
Staff retention policy covering all entities in the IPA programming, implementation and control process, compatible with the PAR principles, to be adopted and in implementation by end-June 2025.	The process is ongoing.

<b>Audit report prepared by Internal Audit Department of the MoT, May - August 2024</b>	
<b>Findings/recommendations</b>	<b>Follow up and measures undertaken/planned</b>
Several findings were identified: <ol style="list-style-type: none"> <li>1. A risk assessment has not been conducted at the contract level.</li> <li>2. Not all deliverables (reports) have been submitted by the contractor.</li> <li>3. A checklist should be prepared for each report submitted.</li> <li>4. On-the-spot checks have not been carried out in accordance with the Annual Monitoring Plan.</li> </ol>	The measures undertaken are the following: <ol style="list-style-type: none"> <li>1. The first finding is being addressed, and a risk assessment at the contract level is now being conducted.</li> <li>2. The second finding will be resolved once the Annex to the Contract is signed.</li> <li>3. The third finding has been resolved, with checklists now being prepared for every report submitted.</li> <li>4. The fourth finding will be addressed through the ongoing implementation of the project.</li> </ol>
High-risk finding for a risk assessment at contract level.	High risk finding is completely mitigated.
<b>Audit report prepared by the Audit Authority for Audit of Instrument for Pre-Accession Assistance, October-December 2024 (System Audit)</b>	
As of end of 2024 the Audis has been still ongoing. and the audit findings and recommendations have not been submitted yet.	N/A

### 5. Complementarity with other instruments and coordination with other donors and IFI's

The following meetings of the SWGs were organised in 2024:

<b>Sector Working Group (SWG) meetings on Transport</b>		
<b>Date</b>	<b>Number of participants</b>	<b>Discussed topics</b>
17.05.2024	41	<ul style="list-style-type: none"> <li>• Progress on EU-accession in transport</li> <li>• Contribution to EC progress report for Chapter 14 and chapter 21</li> <li>• Presentation and discussion of the Single Project pipeline (current status)</li> <li>• Safe and sustainable transport program - application for funding of related projects</li> </ul>
11.12.2024	32	<ul style="list-style-type: none"> <li>• Presentation of the Single Project pipeline (Current status)</li> <li>• National Transport Strategy 2018-2030 (Brief overview of the revision)</li> </ul>

The following Donors, IFIs, Embassies and CSOs were present at the SWG meetings:

<b>Donors</b>	<b>International Organisations</b>	<b>Embassies</b>	<b>CSOs</b>
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EU - IPA	World Bank		Mobilnost Macedonia
	EBRD		Medina ZTP
	EUD		

The following programmes financed by IFI's loans and implemented by international organisations are **under implementation**:

IFIs / International organisation	What is supported and complementarity with IPA?	Implementation period
<b>WBIF</b>	Investment: Orient/East-Med Corridor: Construction of Rail Corridor VIII in North Macedonia, Kumanovo - Kriva Palanka Sections Status: Implementation	Completion (estimated): 30 Dec 2026
	Investment: Orient/East-Med Corridor: North Macedonia – Kosovo Road Interconnection, Blace – Skopje (Stenkovec Interchange) Motorway Section Status: Implementation	Completion (estimated): 31 Dec 2026
	Investment: Orient/East-Med Corridor: North Macedonia – Serbia Rail Interconnection, Tabanovce Joint Border Station Status: Tender Preparation	Completion (estimated): 30 June 2025
	Investment: Orient/East-Med Corridor (Rail CX): Modernisation of Tabanovce - Gevgelija Railway Line Status: Preparation	Completion (estimated): n/a
	Investment: Comprehensive Network: Modernisation of Skopje - Kichevo Railway Line on Corridor VIII Status: Preparation	Completion (estimated): n/a
	Investment: Orient/East-Med Corridor: North Macedonia – Bulgaria CVIII Road Interconnection, Kriva Palanka – Deve Bair Section Status: Implementation	Completion (estimated): completed
	Investment: Orient/East-Med Corridor: North Macedonia – Albania CVIII Road Interconnection, Bukojchani – Kichevo Subsection Status: Preparation	Completion (estimated): 31 Dec 2026
	Investment: Orient/East-Med Corridor: North Macedonia – Bulgaria CVIII Rail Interconnection, Kriva Palanka – Border with Bulgaria Section Status: Preparation	Completion (estimated): TD will be cancelled
	Update of the Regional Transport Study (REBIS) Investment: Regional Transport Study (REBIS) Status: Completed	N/A
	Regional Connectivity Networks Gap Analysis Investment: Regional Connectivity Networks Gap Analysis Status: Completed	N/A
Submitted for GAF approval: Support for deployment of the ITS on highway A1 (Corridor 10) Construction of the Express Road A2 Kriva Palanka-Stracin	N/A	
<b>World Bank</b>	Local Roads Connectivity Project	2019-2025
	Modernisation of the road network infrastructure in North Macedonia	2014-2023
	Western Balkan Trade and Transport Facilitation Project	2019-2025

<b>EBRD</b>	Modernisation of the road network infrastructure in North Macedonia	2014-2023
	Construction of motorways linking the capital of Skopje with the border of Kosovo	

## 6. Sector strategies, institutional capacities and budgeting

### *Sector National Strategic Framework*

The transport sector's strategic direction, as outlined in the National Transport Strategy (NTS) 2018-2030, is focused on aligning with the Transport Community Treaty (TCT) and the EU transport acquis. This alignment aims to integrate the national transport market with that of the EU. A primary goal in the near term is to reduce greenhouse gas (GHG) emissions from transport, in accordance with the European Green Deal. The NTS 2018-2030 includes measures to decrease pollution and promote environmentally conscious growth. Additionally, the sector's strategic and cross-sectoral planning aligns with the 2030 Agenda for Sustainable Development, particularly SDG 9. This involves enhancing connectivity, reducing transport emissions, and fostering efficient transportation services to drive economic development. The National State Statistical Office supports these efforts by developing indicators to monitor the implementation of sustainable development in the country. The following strategic documents are relevant for the sector:

Strategy and relevant AP; national programme; national plan	Covered years	Status	Year of approval or expected	Problems encountered, if applicable
National Transport Strategy	2018-2030	<i>Adopted</i>	2018	N/A

### *Institutional Capacities in the Sector*

The Workload Analysis (WLA) for the IPA structure in the Ministry of Transport and Communications is prepared annually for a three-year period. In 2024, the WLA indicated that there are currently 9 employees in the IPA Department, with the optimal number for 2025 being 20 employees. As of July 2024, 10 employees are working in the IPA Department.

The analysis highlights the need for 10 additional employees by 2025: 1 Deputy Head, 3 employees in the Unit for General Affairs and Control Activities, 3 in the Unit for IPA Planning and Project Documentation, 1 Head of the Unit for IPA Monitoring, and 2 additional employees in the IPA Monitoring Unit.

In 2024, three staff members were promoted to key positions, and an announcement for 7 administrative staff recruitment was made. Five administrative staff were employed, with no selection for two posts due to a lack of candidates. Four employees were recruited into the IPA Department, with three holding authorisation for civil service positions outside the IPA, and one appointed as Advisor in the IPA Department.

On 1 July 2024, the Head of the Unit for General Affairs and Control under IPA Implementation resigned. By 8 November 2024, one civil servant's authorisation to work outside the IPA was revoked, and she began working in the IPA Department as an Advisor. On 17 October 2024, an administrative staff member appointed to the IPA Department was reassigned to another department. On 4 December 2024, one administrative staff member was appointed as Deputy Head of the IPA Department, with Ministerial authorisation.

### *National Budget Allocated for the Sector*

For the fiscal year 2023, North Macedonia has allocated approximately 292.6 million EUR to the transport sector, which represents 5.54% of the national budget. This primary budget expenditure, when combined with additional funding from loans and donations, brings the total budget for the transport sector to around 327 million EUR. This allocation is aimed at supporting significant road and railway infrastructure projects to enhance regional connectivity and economic growth.

## 7. Communication and visibility activities

At the beginning of 2025 an event is expected to be organised for the project Gradsko – Interchange Drenovo.

### 2.3.3 Thematic Priority 2: Transport, digital economy and society, energy – Energy

Related to IPA II Sector: **Energy**

#### 1. Involvement of IPA beneficiary in programming

In December 2024 Financial Agreement was signed for the annual IPA 2024 programme. Activities related to this sector are planned in the scope of IPA III Action Document 2024 EU for Economic Cohesion under **Output 2: Strengthened strategic, institutional, and operational capacity for effective energy policy in response to the climate change**. This Action is addressing the climate change challenges by supporting structural reforms in energy and energy transition from fossil fuels towards clean energy in line with the Green Agenda for the Western Balkans. This involves aligning the national energy policy with the EU objectives and the undertaken international commitments; streamlining the institutional framework; enhancing the competencies of the authorities at the national, regional and local levels and building their capacities to implement measures in support of the green and just transition; upscaling the education and awareness on sustainable energy issues on the central and local level; and promoting the renewable energy and prosumers concept. The Action will also improve the analysis of the green energy transition and support future EU investments. The first activities are expected during 2025.

#### 2. Progress made in implementation to achieve the objectives as outlined in key strategic and programme documents

**FwC SIEA 2018 “Supporting Energy Reforms Project”**

Status and progress	
<b>Strategic objective:</b> Effective energy policy and strategic framework in place, duly implemented and monitored	
<p><b>Results:</b> Increased capacity within the Ministry of Economy, Department of Energy, Energy Agency, Ministry of Environment and other key players and stakeholders to promote energy efficiency and RES, including the just transition process, while addressing the current energy crisis</p> <p><b>Output:</b> Recommendations and support for the implementation of actions aiming at improving the overall policy coordination concerning energy</p>	<p>The Ministry of Economy, in collaboration with the EUD, developed the Terms of Reference (ToR) for the "Supporting Energy Reforms Project" to expedite the energy transition in the country. The project aims to establish and implement an effective energy policy framework, align national legislation with EU energy standards, and enhance institutional capacities for legislation enforcement. Recognised as a key initiative by the EU, the project focuses on integrating EU directives, supporting North Macedonia in addressing the European energy crisis, strengthening institutional frameworks, and maintaining flexibility to address emerging issues.</p> <p>Key achievements in enhancing energy policy coordination include drafting a Rulebook on Renewable Energy Equipment Specification, delivering recommendations for the REPowerEU plan's implementation in North Macedonia with an emphasis on institutional coordination, advising on the draft Climate Act, proposing centralized energy data collection and planning strategies, and formulating policy recommendations for biofuel use in transportation in alignment with the 2018 Renewable Energy Directive.</p>
<b>Specific objective:</b> National legislation aligned with the EU Energy acquis	
<p><b>Results:</b> Legislative alignment will be streamlined and will seek increased alignment with the acquis under the Energy Community Treaty and the EU clean energy acquis, better conditions for performance energy activities, a</p>	<p>Advancements were made towards alignment with the Energy Community Treaty and EU energy acquis, highlighted by a gap analysis of the Energy Efficiency (EE) Directive 2018/2002(EU), amendments to the Decree on new EE targets, and proposed revisions to the Law on Energy Efficiency. Further progress included drafting a</p>

<p>stable legal and regulatory framework and higher potential for investments in the energy sector.  <b>Output:</b> Increased harmonisation with the acquis under the Energy Community Treaty and the EU energy acquis</p>	<p>Rulebook for Municipal Energy Efficiency Programmes, with public consultations conducted in November 2023, and the development of an Energy Performance Contracting (EPC) Decree, featuring two model contracts for energy savings. Work is ongoing on a Rulebook for Public Sector Procurement, and assistance was provided to the Energy Department for EU Screening and the analytical examination of the EU acquis, aiding in accession negotiations preparations.</p>
<p><b>Strategic objective:</b> Institutional capacities for implementation and enforcement of the legislation strengthened</p>	
<p><b>Results:</b>  The institutional strengthening of the Energy Department within the Ministry of Economy results in the Department's efficiency as well as providing higher quality outputs. Employees can also strengthen their knowledge, conditions and resources needed to implement their duties that arise from the energy legislation and international obligations.  The capacity strengthening of the Energy Agency will result in the EA being able (knowledge, conditions and resources) to perform its duties defined in the related energy legislation efficiently. More specifically, EA will improve the collection and processing of energy related statistic data, and skills of employees to provide training and guidelines in the area of energy efficiency, promotion and support for the use of renewables, etc.  <b>Output:</b> Strengthened institutional capacities of the Energy Department within the Ministry of Economy and the Energy Agency</p>	<p>To improve the institutional capacities of the Energy Department within the Ministry of Economy and the Energy Agency, key achievements include the delivery of a high-level organizational review report for both entities, the provision of recommendations for centralised energy sector data collection and planning, the preparation of a three-year Renovation Plan for central government buildings, and support for Just Transition initiatives within the Ministry of Economy. These efforts aim to enhance operational efficiency, data management, infrastructure development, and transition strategies in the energy sector.</p>

### 3. Problems encountered in implementation and corrective measures taken and/or planned, and recommendations for further action, in order to ensure sustainability<sup>14</sup><sup>15</sup>

#### *FwC SIEA 2018 "Supporting Energy Reforms Project"*

Encountered problem	Status	Measures undertaken/planned to ensure sustainability
<p>Insufficient stakeholder engagement in providing input data for preparation of the Renovation Plan of Central Government Buildings.</p>	<p>Closed</p>	<p>Joint efforts by the project team and the main beneficiary (Ministry of Economy) in reaching out to the relevant stakeholders, provision of full information about the mission and the prospective value of the project to the interested parties, efforts motivating the staff and the key decision makers in the stakeholder institutions.</p>
<p>Stakeholder fragmentation: The energy sector has shared competencies between several institutions and stakeholders.</p>	<p>Closed</p>	<p>The expert team engaged fully with all institutions and stakeholders in order to ensure that a coordinated approach can be achieved on key areas such as energy supply, energy efficiency, renewables, legal and regulatory issues.</p>
<p>Timely access to information required in policy and energy regulatory sectors.</p>	<p>Closed</p>	<p>Efficient communication between the project team and the beneficiary in North Macedonia with</p>

<sup>14</sup> Sustainability refers to the extent to which the benefits/results (outputs and outcomes) achieved are likely to continue beyond its implementation period. In particular, key factors affecting sustainability are the ownership of the beneficiaries, the institutional management capacities, and the resources committed to provide for the operation and maintenance of the results.

		regards to meeting expectations and the data and information needs. Advanced planning of information collection efforts, meetings, and networking among the relevant parties.
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#### 4. Main monitoring, evaluations and/or audit findings and their follow-up

<b>IPA III Sectoral Monitoring Committee on Competitiveness, Innovation, Agriculture and Rural Development, and Energy held on 05.05.2023</b>	
<b>Findings/recommendations</b>	<b>Follow up and measures undertaken/planned</b>
Strengthen the institutional capacities of the Energy Department of the Ministry of Economy by recruiting at least 5 persons by Q1 2024 and for the Energy Agency 5 persons by end of September 2023.	<p>Ongoing.</p> <p>During January – February 2024, 3 (three) promotions have been executed in the Department of Energy, in the following positions (Advisor for energy controls in the Energy Efficiency Unit - Energy Department, Head of the Unit for Renewable Energy Sources - Energy Department and Head of the Unit for Electricity and Analysis, Development and Investment Projects in the Energy Sector - Energy Department).</p> <p>Currently it is ongoing procedure for selection of candidates for filling in five (5) positions in the Energy Department (Junior associate for electric power system in the Department of electric power and analysis, development and investment projects in the energy sector – Energy Department; Junior associate for development of infrastructure in the electric power industry in the Unit of electric power and analysis, development and investment projects in the energy sector - Energy Department; Junior Premiums Associate in the Department of Renewable Energy Sources - Energy Department, Junior associate for monitoring strategic projects in the energy sector - Department for monitoring strategic projects and strategic documents in the energy sector – Energy Department; Junior officer for administrative affairs in the Energy Efficiency Department - Energy Department).</p>
Adopt the Just Transition Road map by the end of June 2023 as foreseen in the National Energy Action Plan and put in place just transition governance and monitoring mechanisms by the end of June 2023.	<p>In June 2023, the Government of the Republic of North Macedonia <b>adopted a Just Transition Roadmap</b> and made the following declarations:</p> <ul style="list-style-type: none"> <li>• Consistent with the guidelines outlined in the Just Transition Roadmap regarding governance, the Minister of Economy was appointed as the National Coordinator for Just Transition,</li> <li>• The Minister was tasked with establishing the Council of Ministries. Another decision was made to outline the structure of the Council, in line with the Just Transition Roadmap, detailing all institutions and ministries expected to play an active role. The Council's primary mandate encompasses monitoring the Just Transition process, suggesting and implementing specific measures and initiatives, deliberating and endorsing potential adjustments to the Just Transition roadmap, approving the investment plan for Just Transition, addressing ad hoc issues, and promptly addressing any perceived obstacles hindering a successful Just Transition process, with a particular emphasis on the two affected regions, the Southwest and Pelagonija regions.</li> <li>• The Ministry of Economy was assigned by the Government to establish three working groups: one for</li> </ul>

	<p>energy transition, another for economic transition, and a third for prequalification and training.</p> <ul style="list-style-type: none"> <li>The Association of Local Self-Government Units was advised to create regional forums for just transition in the municipalities of Bitola and Kichevo.</li> </ul>
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**IPA III Sectoral Monitoring Committee on Competitiveness, Innovation, Agriculture and Rural Development, and Energy, held on 03.11.2023**

<b>Findings/recommendations</b>	<b>Follow up and measures undertaken/planned</b>
Strengthen the institutional capacities of the Energy Department of the Ministry of Economy by recruiting at least 5 persons by end of March 2024 and for the Energy Agency 5 persons by end of March 2024. (From previous SMC)	Please see follow up in the table above related to SMC held in May 2023.
The Government shall operationalise the structure for the just transition by: 1) making the Inter-ministerial Committee/Council for Just Transition operational by end-November 2023; 2) having the working groups operational by end-November 2023; and 3) having the roadmap under implementation, monitored and reported upon by the end of 2023.	<p>Ongoing</p> <p>In the period November 2023 – January 2024, The Ministry of Economy officially set up three <b>working groups for the just transition</b>. In November 2023, the first meetings took place to acquaint all members with the Just Transition roadmap and to outline the activities and objectives of the working groups. Subsequently, in January 2024, the second round of meetings occurred, during which specific activities for further analysis were identified, and recommendations relevant to the Council of Ministries were discussed.</p> <p>In the period December 2023 – January 2024, the Ministry of Economy, supported by EBRD, WB and IFC, prepared the <b>Investment Plan for Accelerated Coal Transition</b>, for the purpose of receiving the funds approved by the Climate Investment Fund (CIF). The Plan was formally submitted to CIF on the 26 January 2024 and the CIF response is expected by the end of March 2024.</p> <p>In December 2023, the Ministry of Economy sent a request for nominations to the municipalities in the Southwest and Pelagonija region to appoint members to the <b>regional forums</b>. However, nominations are currently pending. The primary goal is to have both forums operational by mid-March 2024.</p>

**5. Complementarity with other instruments and coordination with other donors and IFT's**

The following meetings of the SWGs were organised in 2023:

<b>Sector Working Group (SWG) meetings</b>		
<b>Date</b>	<b>Number of participants</b>	<b>Discussed topics</b>



10.11.2023	57	<ul style="list-style-type: none"> <li>• EU-funded project Supporting Energy Reforms</li> <li>• Just Transition process and activities</li> <li>• USAID-funded project Connect for Growth</li> <li>• Renewable energy investment progress in the country</li> <li>• Anticipated energy reforms</li> </ul>
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The following Donors, IFIs, Embassies and CSOs were present at the SWG meetings:

Donors	International Organisations	Embassies	CSOs
EU – IPA, USAID	EBRD	/	Eko svest

The following programmes financed by other donors are **under implementation**:

Donor	Value of the support	What is financed and complementarity with IPA?	Implementation period
USAID	N/A	<ul style="list-style-type: none"> <li>• Renewable Energy Investment screening and Promotion – streamlining the Renewable energy investment process</li> <li>• Legal support on market reforms/transposition of the IV EU Energy Package (Clean Energy Package)</li> <li>• Comprehensive Gas Sector Development</li> <li>• Regulatory support on market reforms</li> </ul>	2021-ongoing

The following programmes financed by IFI’s loans and implemented by international organisations are **under implementation**:

IFIs / International organisation	Value of the support	What is supported and complementarity with IPA?	Implementation period
EBRD	N/A	Western Balkans Green Economy Financing Facility (supports EE and small-scale RE investments in eligible technologies in residential sector by on-lending through the local banks)	2018 - ongoing
EBRD	Approx. 30 million USD	North Macedonia Green Financing Facility (supports EE and RE investments in SMEs by on-lending through the local banks in North Macedonia)	2023 - ongoing
World Bank	25 million EUR	Public Sector Energy Efficiency Project: <ul style="list-style-type: none"> <li>• Establishing EE Fund</li> <li>• Developing energy audits, project designs and refurbishment of municipal buildings</li> </ul>	2021 - ongoing

## 6. Sector strategies, institutional capacities and budgeting

### *Sector National Strategic Framework*

The energy policy in the country is stipulated in the National Energy Strategy, until 2040, adopted in December 2019. Additionally, the country has developed a National Energy and Climate Plan (NECP) covering 2021 to 2030. Following the Energy Community Ministerial Council Decision of December 2022, where more ambitious 2030 targets for greenhouse gas reduction, energy efficiency and renewable energy, both documents need to be updated. The government adopted a national energy action plan in December 2022, which includes measures to mitigate the socio-economic impact of the energy crisis in North Macedonia, as well as a review of the energy sector's strategic, institutional and legislative framework. The action plan formed the basis for a policy dialogue on the EU Energy Support Package (of EUR 80 million). The following strategic documents are relevant for the sector:



Strategy and relevant AP; national programme; national plan	Covered years	Status	Year of approval or expected	Problems encountered, if applicable
National Energy Strategy	Up to 2040	<i>Adopted</i>	December 2019	N/A
National Energy and Climate Plan (NECP)	2021-2030	<i>Adopted</i>	June 2022	N/A
Updated National Energy Action Plan	2025-2030	<i>Under preparation</i>	December 2024	N/A

### *Institutional Capacities in the Sector*

#### **Energy Department (Ministry of Economy)**

The EU accession process places a significant workload on the Energy Department as it works to meet the legislative and regulatory requirements of the energy acquis. Short-term consultancy support may assist, but effective leadership and sufficient technical resources are essential for full compliance. EU accession is a milestone, not a one-time achievement, and North Macedonia must continue adapting to the evolving internal market rules.

For the Ministry's resource planning, legal adoption of the energy acquis is not enough; implementing secondary legislation and administrative procedures is critical. Ongoing monitoring and supervision by the Energy Department and the Energy Agency are hindered by a lack of resources. While recruitment will not fully resolve this, it will improve the Department's capacity.

The Department needs to build in-house expertise across various skills. With a shortage of senior officers, it is proposed to recruit two senior personnel and three junior staff, offering on-the-job and international training. Additionally, promotions within the Ministry will strengthen senior positions. Proposed actions include:

- Promoting experienced staff to leadership roles within the Department.
- Providing professional training to all employees.
- Appointing new personnel to advisory and junior roles to strengthen the Department's technical resources.

These actions aim to reduce management burdens, support EU negotiations, provide cost-effective technical resources, and address skills gaps. Recruitment proposals for the Energy Department include:

- 2 electrical engineers
- 1 mechanical engineer
- 1 chemical engineer
- 1 architect

#### **Energy Agency**

The Energy Agency's tasks include legal, economic, and technical responsibilities. It requires diverse technical expertise to effectively implement energy programs, especially in renewable energy and energy efficiency. Like the Department, the Agency faces a lack of resources for monitoring and supervision, which hinders its effectiveness.

The recruitment proposals will not fully solve this, but they will enhance the Agency's monitoring capacity. The Agency also lacks senior officers, with skill levels lower than those in the Department. It is necessary to elevate the new recruits' status to address these gaps. The proposed recruitment for the Agency includes:

- 1 electrical engineer (energy)
- 1 architect (buildings)
- 2 mechanical engineers (thermal/energy engineering)
- 1 IT/electrical engineer

## *National Budget Allocated for the Sector*

No information provided.

### **7. Communication and visibility activities**

N/A.

## **2.5 WINDOW 4: Competitiveness and Inclusive Growth**

### **2.4.1 Thematic Priority 1: Education, employment, social protection and inclusion policies, and health**

**Related to IPA II Sector: [Education, employment and social policies](#)**

#### **1. Involvement of IPA beneficiary in programming**

In the reporting period, the European Commission launched the 2025-2027 programming cycle in July 2024 by providing an IPA III outline of proposed priorities for cooperation with North Macedonia. Following a comprehensive consultation process, four action fiches were developed and submitted to the EC for relevance assessment in October 2024. Feedback was received in December 2024. In the next reporting period, the maturity assessment for the actions planned for 2025 is expected, followed by further finalisation of the documents based on the EC's comments and the adoption of the Commission Implementing Decision for the 2025-2027 programme. The proposed priorities and actions are designed to complement and support the ongoing national reform agenda, ensuring alignment with key strategic goals and facilitating coherent policy implementation.

For Window 4, Ministry of Education and Science in consultations with all relevant stakeholders prepared first draft of action fiche *EU for Modern Education and Skills 2026-2027*. This action builds ongoing IPA assistance and policy dialogue while addressing gaps not previously covered by EU support. The Actions objective is to support the development of individuals' capacities to their full potential, while the outcome focuses on improving completion of inclusive and equitable quality education and training. Reforms collectively aim to enhance the quality of education, promote inclusivity, and align national curricula with international standards, ultimately leading to better student outcomes and contributing to the broader socio-economic development of North Macedonia.

Programming of the Operational Programme under IPA III for the period 2024-2027 that was started in 2023, during 2024 mature OP on Environment, OP on Transport and OP on Human Capital have been finalised and adopted in July 2024. Along with the revised OPs, nine Operation Identification Sheets (OIS) was prepared to outline specific initiatives under the OPs for the first year of implementation and submitted to the Commission. Four OISs were related to OP on Human Capital. Commission's feedback on OISs was not received until the end of 2024. The Programme aims to promote equal opportunities, employment access, and quality social protection. The specific objectives are to enhance the employment and employability of the labour force, focusing on youth, women, and vulnerable groups, and to improve social inclusion and the quality of social services provided, particularly for vulnerable groups. The OP on Human Capital amounts to 49.7 million EUR for the period 2024-2027, with EU contribution of 40 million EUR.

In 2023, the focus was on developing the 2024 AD, "EU for Rights and Security." The Financial Agreement (FA) for the IPA III Action Document 2024 was signed in December 2024, with the aim to strengthen human rights and security in North Macedonia. This includes promoting gender equality, addressing gender-based and domestic violence, and ensuring legal housing rights for Roma communities. The planned activities aim to improve social integration for vulnerable groups, including women, children, LGTBI individuals, persons with disabilities, and minorities. The program also focuses on combating discrimination and promoting social integration while tackling the country's security challenges, such as cybercrime, terrorism, and radicalization. This will be achieved by strengthening law enforcement capacities, enhancing counter-terrorism measures, and improving national cybersecurity infrastructure. These activities are expected to begin in 2025.

#### **2. Progress made in implementation to achieve the objectives as outlined in key strategic and programme documents**

*AD 2017 “EU Support for Education, Employment and Social Policy”*

<b>Status and progress</b>	
<p><b>Specific objective/Outcome/Result:</b> To reduce the high rate of unemployment, increase labour market participation, in particular of young people and women, increase access to quality education and training, improve skills matches and modernise the social protection system.</p>	<p>The unemployment rate declined to 12.8% in 2022 (with equal levels of decline for men and for women). The labour force participation among young people (15-24) continued to decline in the period 2020-2022 (from 30.9 per cent to 28.4 per cent), due to dropping activity rates among young women (by 2.8 percentage points), but also among young men (by 2 percentage points).</p> <p>This objective requires continuous policy level efforts and commitments. They are incorporated in the National Employment Strategy 2027. Budgetary commitments for employment programmes have been increasing each year. Several systemic laws that are crucial for sustaining the reforms have been drafted and underwent public consultations.</p> <p>In international assessments of students' achievements, there's noticeable improvement, albeit still below OECD averages. The PISA 2022 results show that 15-year-olds in North Macedonia scored 380 in science, 389 in mathematics, and 359 in reading, all below the OECD averages of 485, 472, and 476, respectively. This indicates progress in educational achievements but also highlights a persistent gap with OECD countries. The reduction in the early leavers from education and training, from a baseline of 11.3% in 2015 to 5.7% in 2020, surpasses the target of 9.5% and represents a notable success in retaining students in the educational system. Data from the SSO for 2022 confirmed the positive trend 6.2%.</p> <p>The data on the dropout rate in compulsory education, with a baseline and current value both at a 93.4% completion rate for primary education as of 2018, indicates stagnation. However, the data from SSO for 2023 shows that the number of students who dropped out of school is insignificant (for both female and male students) and the drop-out rate in both primary and secondary education is 1%.</p>
<p><b>Output (Result 1):</b> Strengthened sector governance, policy framework and statistics</p>	<p>The capacity of the National Economic-Social Council (NESC) was strengthened through various trainings and analytical work. NESC now plays central role in deliberating key legislation and policy documents. In 2024, all NESC opinions on economic and social reforms received feedback by the Government. Trade Unions and Employer's organisations were strengthened and attracted new membership. In 2024, the trade union density rate climbed to 25.8%, nearing the target of 26%. Concurrently, the density rate of employers' organizations increased to 11.3%.</p> <p>Lead ministries and institutions benefited from tools for data-exchange, upgrade of the model for labour market forecasting and analysis, and training of more than 70 staff, which created conditions for more efficient and secure day-to-day delivery of services (e.g. individual planning of activation) and evidence-based policy making. The implementation of the new Education Management Information System enhanced educational governance, policy, and data accuracy by centralizing information, with remaining steps including source code handover and cloud platform establishment. Training for 178 individuals took place and testing was delivered in November 2023, and data migration along with validation testing of the migrated data was completed in March 2024.</p>
<p><b>Output (Result 2):</b> Equitable access to quality inclusive education at all levels</p>	<p>The programme contributed to the Government's efforts to increase the availability of public pre-school education by opening new kindergartens in Tetovo and Tearce, which will accommodate over 320 children in the Polog region. The Ministry of Labour and Social Policy received assistance in developing proposals for amendments to the Child Protection Law and 17 by-laws to modernize the framework for professional development and licensing of pre-school staff. The project reached over 2,600 pre-school education practitioners through trainings and consultations and supported 15 kindergartens in enhancing parent counseling centers for disadvantaged families.</p> <p>The project "Improving the Quality of Education" faced a significant hold from June 7, 2022, to December 6, 2023, due to the replacement of two key experts. The process was completed in December 2023, extending the project until November 2, 2024. The new experts have been actively working since then.</p> <p><b>Purpose 1: Strengthen Professional Development for Teachers</b></p> <ul style="list-style-type: none"> <li>Strengthened the system for professional development of teachers and support staff.</li> </ul>

	<ul style="list-style-type: none"> <li>• Developed reports with recommendations for teacher training programs.</li> <li>• Created a web-based catalog of accredited training programs.</li> <li>• Designed an e-module for teachers to apply for training programs.</li> <li>• Developed tools, models, and practices for school self-evaluation.</li> <li>• Delivered training on monitoring and evaluation techniques for key staff.</li> </ul> <p><b>Purpose 2: Improve ICT and Digital Skills in Education</b></p> <ul style="list-style-type: none"> <li>• Designed a new program for ICT competences and trained 200 teachers.</li> <li>• Analyzed the implementation of distance learning in rural and urban areas.</li> <li>• Developed 20 digital materials and 10 tools for various languages and STEM subjects.</li> <li>• Developed national standards for students' digital achievements and conducted training.</li> </ul> <p><b>Purpose 3: Strengthen Inclusive Education</b></p> <ul style="list-style-type: none"> <li>• Analyzed and recommended improvements for the inclusive education system.</li> <li>• Organized training for personal and educational assistants.</li> <li>• Developed training modules for inclusive education and assistive technology.</li> </ul> <p>The EU-funded Twinning project "Further Support to the Implementation of the National Qualifications Framework" concluded on December 13, 2023. The project, with a budget of €1,500,000, aimed to strengthen and operationalize the National Qualifications Framework (NQF) to increase employability, mobility, and social integration. It focused on developing quality assurance processes, enhancing the transparency and governance of skills and qualifications, improving education and training quality, linking formal and informal learning, and supporting the validation of learning outcomes. The Ministry of Education and Science of North Macedonia was the direct beneficiary, contributing significantly to the NQF's development and implementation.</p>
<p><b>Output (Result 3):</b> Improved employability and access to labour market and decent work</p>	<p>The project supported 4,298 unemployed individuals (60% women, 40% youth, 10% Roma), with 38% being long-term unemployed and a similar percentage receiving Guaranteed Minimum Assistance (GMA). It aimed to activate GMA recipients in the labour market and fostered collaboration between employment and social services. New services like psycho-social support and mentorship were introduced, and a pilot "Second Chance Program" for secondary education completion was tested. However, only 154 participants gained employment, revealing systemic and governance challenges.</p> <p>The project also contributed to the National Informal Economy Strategy by drafting a law on simplified work engagement for seasonal workers and developing legal options for Workplace IDs in the construction sector. Four private companies piloted flexible work arrangements and were recognised as family-friendly employers.</p> <p>Reforms in vocational education and adult education (VET/AE) included the establishment of two new Regional VET Centres, development of training programmes, and capacity-building for municipal staff. The VNFIL system progressed with quality assurance tools and improvements in remedial education. Key achievements include training over 6,500 educational professionals and implementing a post-secondary education concept with new programs, such as Computer Administrator Specialist and Female Clothier of Crafts.</p> <p>The alignment of VET and adult education with European standards (EQAVET) was completed, and a guidelines document and promotional video were produced to promote VNFIL and post-secondary education opportunities.</p>
<p><b>Output (Result 4):</b> Improved quality and availability of social services</p>	<p>The Action significantly improved social services by supporting the National Deinstitutionalisation Strategy "Timjanik" (2018-2027). Around 20 new supported living services were established, resettling 100 former residents of the Special Institute in Demir Kapija. These services were licensed, and the Ministry of Social Policy took over their financing after the grant contracts ended.</p> <p>The regulatory framework for social services was completed with standard-setting bylaws, and a guide was produced to assist providers with the licensing process. By December 2024, 133 service providers were licensed, serving approximately 5,300 state-funded users. The Action also supported the Centre for Social Enterprises in Skopje, which delivered over 40 training sessions to around 150 entities. Thirteen</p>

	<p>organisations received investment readiness support, and 16 received grants. The Centre remains a hub for networking.</p> <p>A draft Law on Social Enterprises, developed by a working group led by the Ministry of Labour and Social Policy, has been under governmental review since December 2023. After government restructuring, responsibilities for social entrepreneurship were transferred to the Ministry of Social Policy, Demography, and Youth, which resumed consultations on the draft in October 2024. The law will provide a legal foundation for the Centre and support social enterprises. Approximately 2,300 Roma households in Suto Orizari, Veles, and Vinica benefited from improved living conditions, with activities including land parcel identification, urbanisation, and social housing projects.</p>
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### **EUIF 2018**

<b>Status and progress</b>	
Enhancing protection of employees in the case of insolvency of their employers	The Twinning Contract focused on enhancing employee protection in employer insolvency cases was completed between September 2021 and May 2023. Key achievements include drafting legislation for employee rights protection in insolvency situations of employer, adjusting ESA IT systems, and training 60 individuals on these protections, accompanied by promotional materials and a roadmap for implementing a new guarantee mechanism. Introduction of the insolvency mechanism was embedded in the Reform Agenda.
EU for Human Rights: Mainstreaming non-discrimination concepts in legislation	The Framework Contract aimed at mainstreaming non-discrimination in legislation, ran from September 2021 to August 2023. It resulted in proposed amendments to five laws for alignment with anti-discrimination standards, trained 118 professionals on discrimination prevention, and developed guidelines for harmonizing laws with the anti-discrimination law.

### **AD 2019 "EU for Inclusion"**

<b>Status and progress</b>	
<b>Outcome 1</b> - To improve social, education and economic inclusion of people belonging to most vulnerable groups.	This outcome necessitates ongoing policy-level efforts and commitments, as outlined in the National Deinstitutionalisation Strategy 'Timjanik' 2018-2027, the National Strategy for Roma Integration 2022-2030, and the Strategy for the Rights of Persons with Disabilities. These commitments are evident in the stable annual budget allocations for deinstitutionalization. Currently, 257 users benefit from supported housing, while 91 individuals with disabilities remain in residential care.
<b>Output 1</b> - Improved housing, education, and economic opportunities for Roma and people living in deep poverty	<p>The four grant contracts signed in December 2020 were implemented till November 2024, each targeting the enhancement of Roma communities' living conditions in specific municipalities: Shtip, Berovo, Bitola, Prilep, and Kichevo. The main activities involved land parcel identification, urbanization processes, and the advancement of social housing projects.</p> <p>About 160 Roma families or families living in deep poverty had their houses built, refurbished or connected to the municipal sewerage system. About 289 Roma benefited from employment related service, 126 Roma children were involved in the primary education. About 9500 Roma benefited from social, housing related or health services.</p>
<b>Output 2</b> - Improved accessibility of educational facilities to persons with disabilities.	<p>In 2024 policy brief was prepared as an overview of the benefits of inclusive education reviews key progress achieved in North Macedonia and remaining challenges following the adoption and implementation of the 2019 Law on Primary Education. Also, the policy brief identifies a set of policy recommendations in the following areas i) the regulatory framework; ii) teacher capacities and support; iii) parents' and community support; and iv) other factors. More than 45 schools received equipped sensory rooms, and all primary schools have accessible ramps.</p> <p>Enhanced accessibility of educational facilities for individuals with disabilities through renovations and supervisory work across fifteen education institutions was finalized in 2022 and 2023. These include a mix of secondary vocational schools, primary schools, and faculties within the Ss. Cyril and Methodius University in Skopje</p>

	(UKIM), covering a broad geographic and educational spectrum. Notable institutions such as the Secondary Vocational School "Naum Ohridski" in Ohrid, Primary School "Bratstvo-Edinstvo" in Debar, and various faculties within UKIM, including the Faculty of Architecture and Civil Engineering, Law, Economics, Philosophy, and Philology, have been targeted. This initiative encompasses both urban and more rural areas, ensuring a wide-reaching impact on making education more inclusive and accessible.
<b>Output 3</b> - Improved access to community-based services for vulnerable groups of people.	Investments will support establishment of new community-based services in the Public Institute for Rehabilitation of Children and Youth-Skopje, in Topansko Pole. The reconstruction of the Institute was completed in 2024.  In 2023, all 31 users were resettled to supported housing living and new caregivers were employed. Further sustainability measures include planning for additional operational resources and increasing capacity to deliver the new services.

### *Sector Reform Performance Contract 2019 "EU for Youth"*

Status and progress	
<b>Outcome 1</b> - To contribute to the efforts of the Government of North Macedonia to improve the quality, relevance and inclusiveness of the national vocational education and training system	<p>The attractiveness of dual and vocational secondary education has seen a significant rise, reflected in the growing number of enrolled students.</p> <ul style="list-style-type: none"> <li>• In the 2020/2021 school year, only 98 students were enrolled in dual programs, while in 2024/2025, this number increased to 4,171.</li> <li>• In 2020/2021, a total of 10,961 students enrolled in the first year of vocational secondary education, compared to 6,086 students in general secondary school. By 2024/2025, the number of students in vocational education rise to 11,870, while those in general secondary school decreased to 5,579.</li> <li>• In percentages, less than 1% of students in vocational education were enrolled in dual programs in 2020/2021, while by 2024/2025, this number had risen to 36%.</li> <li>• From of the total number of students enrolled in secondary education, 60% enrolled for vocational education in 2020/2021, increasing to 69% in 2024/2025.</li> </ul> <p>These positive changes are the result of several factors, including:</p> <ul style="list-style-type: none"> <li>• Labor Market Needs Research: Regular monitoring and analysis of the demand for skilled workers across various sectors.</li> <li>• Labor Market Needs Research: Regular monitoring and analysis of the demand for skilled workers across various sectors.</li> <li>• Awareness Campaigns: Promoting the benefits of vocational and dual education among students and parents.</li> <li>• Affirmative Measures: Providing scholarships for students choosing high-demand vocational fields and those participating in dual programs with an emphasis on practical training.</li> </ul>
<b>Outcome 2</b> - To contribute to the efforts of the Government of North Macedonia to improve employment opportunities for the young women and men	Implementation of the Youth Guarantee contributed to decreasing the youth unemployment rates as well as the NEET rate since its introduction. At the same time, employment rate increased to 33%, which is above the target value. EU4Youth contributed to paying special attention to its delivery in the three targeted regions as well as for improving the capacities of the employment centres. Youth Guarantee continues to be high on the agenda of the Government. The Ministry of Labour and Social Policy and relevant stakeholders elaborated a new YG Implementation Plan 2023-2026, which was adopted by the Government in April 2023. Implementation of the new plan is in progress and further support is planned in the Operational Programme "Job and Opportunities".
<b>Output 1</b> (induced) - Improved offer of accredited VET programmes and providers	360 occupational standards and 110 competency-based qualification standards are adopted, tailored to the needs of the labour market. Advancements have been made in vocational education and training (VET) offerings and staff competencies across newly established Regional VET centres. Three Regional VET centres were set up, with the accreditation of five qualifications finalized in 2022 and 2023, and accreditation for three more qualifications was done in 4Q 2024, thereby enhancing the range of accredited VET programs and providers. Face to face training delivered to 69 participants from 27 municipalities and online training delivered to 54



	<p>municipalities. The number of students in the three Regional VET Centers is increased due to the better school environment. 1200 students from the three RVET Centers were certified for work based learning for the school year 2023/2024. The construction works in RVETC in Kumabovo and Ohrid was completed. Construction project of the RVETC Tetovo was approved and works will be finalized in 2Q of 2025. Supply of equipment in the RVETCs Kumanovo and Ohrid was organized.</p>
<p><b>Output 2</b> (induced) - Competences of staff of the regional VET centres aligned with Human Resource Development Plans and accreditation criteria</p>	<p>In alignment with the revised VET Law with focus on Regional VET Centers, comprehensive HR frameworks were developed in 2021, transforming three local secondary vocational schools into state-operated regional centres. These frameworks included, statutes, regulations, and organograms, alongside new employee solutions. Each centre now has a Human Resource Development Plan, complemented by an annex documenting all completed employee trainings, ensuring that the staff's competencies are in line with the development plans and accreditation criteria. According to the prepared Strategy for Capacity Building activities were planned in three main areas: Policy Design (8 events), Policy Budgeting (7 events), and Gender Mainstreaming (4 events). The capacity-building program implementation included a total of 31 interventions. As evident from the analysis, the implementation of the capacity-building program constituted 163% of the initially planned activities, with the highest overachievement observed in the 'Policy Design' area (213%), 143% in the 'Policy Budgeting' area, and 100% completion in the 'Gender Mainstreaming' area. A total of 31 interventions were implemented, with a total duration of 45 days and the participation of 701 individuals from the target groups (1009 participant days). In 2024 it was provided support for building pools of expert for Validation of Non – Formal and Informal Learning, more than 80 people were trained for advisors and assessors in the VNFIL process. Additionally, based on the Development concept for the establishment of a Regional VET Centre the three Regional VET Centers was open the process for VNFIL for 6 qualifications for non- formal VET in period November – December 2024.</p>
<p><b>Output 3</b> (induced) - Youth Guarantee implemented</p>	<p>The Youth Guarantee was successfully implemented. To date and since the beginning of the EU4Youth Action, more than 35,000 young persons aged 15-29 enrolled the Youth Guarantee in the three targeted regions. On average 37.2% either got employed or took up some active employment measure within a four-month period.</p>
<p><b>Output 4</b> (direct) - Improved policy dialogue on sector reforms</p>	<p>The dialogue is happening at the level of the Sector Working Groups. The governance and functioning of the Sector Working Groups will receive further EU funded technical support. Policy dialogue is also taking place at the level of Economic-social council. Youth Guarantee Implementation Plan foresees specific governance structure involving all relevant stakeholders on technical level.</p>
<p><b>Output 5</b> (direct) - Improved system for monitoring of the sector reforms</p>	<p>Performance assessment framework shall be upgraded and updated in 2024 and this process was already launched.</p> <p>The framework for monitoring the Youth Guarantee in North Macedonia was aligned to the methodology developed by the EC Employment Committee- EMCO (Indicator Framework for Monitoring the Youth Guarantee).</p> <p>The new Youth Guarantee Implementation Plan 2023-2026 identifies the need for fine-tuning of the monitoring system, as well as additional data sharing features, which will require an upgrading of the ESA ICT platform and a strengthening of human resources dealing with data processing and analysis. Other digitalization reforms and initiatives (e.g. EMIS and online pre-registration module for outreach activities) were also included in other parts of the YGIP.</p> <p>In 2024 in coordination with the MoES a development of an Action Plan for monitoring the performance indicators under the Policy Reform Agenda under the policy area 'Human Capital' was completed.</p>
<p><b>Output 6</b> (direct) - Complementary support - Improved capacity of the</p>	<p>A number of capacity building trainings were implemented for the staff in the Ministries of Labour and Social Policy and of Education and Science and other public institutions in employment and education sector.</p>



Ministries of Labour and Social Policy and of Education and Science to coordinate, implement and monitor the EESP reform agenda with special attention to the Sector Reform Programme Contract (SRPC) “EU for Youth” and EU budget support programme in general.	Employment Service Agency was assisted with the upgrade of the Skill Needs Analysis.
<b>Output 7</b> (direct) - Increased awareness of the reforms in the EESP sector among the main stakeholders, as well as the wider public in general.	In 2023, the focus was on providing in-depth information to the specific target groups/expert public (beneficiaries, counterparts, stakeholders, academia...) through events and trainings (only on topics: Youth, SBS and VET). The total reach was 186,697 and 16,668 content interactions.

**Performance Award 2020 “Strengthening of the health system and rapid response to communicable diseases”**

<b>Status and progress</b>	
<b>Specific objective/Outcome:</b> Strengthening of the health system and rapid response to communicable diseases	
Output: Supply of equipment for response to health threats	Progress has been made in strengthening the health-care systems and response to communicable diseases. Three MRI systems have been installed at St. Erazmo Ohrid Hospital, General Hospital Prilep, and General Hospital Strumica, significantly increasing diagnostic capabilities. In addition, five CT scanners are now available at the University Clinic for Pulmonology and General Hospitals in Kumanovo, Kichevo, Kavadarci, and Gevgelija. This cutting-edge equipment is important for accurate and timely diagnosis, which is required for effective and timely diagnostic and treatment. Furthermore, the addition of seven emergency medical vehicles, which will be operational by 2024 at the Health Centre Skopje- Service for Emergency Health Care, represents an important improvement in emergency medical response. These vehicles will improve the efficiency of on-site medical interventions and patient transportation and will enable faster, more effective medical care in critical health situations, raising the overall standard of emergency healthcare services.

**EUIF 2020 “Support for implementation of the Health Strategy 2021-2030”**

<b>Status and progress</b>	
<b>Specific objective/Outcome/Result:</b> Support implementation of the Health Strategy 2021-2030 and to contribute to development of a healthcare models that will effectively and efficiently provide the population with quality medical services that are accessible and affordable	
<b>Output 1:</b> Assessment of the needs for development of a national comprehensive psychiatric service focused on children and adolescents	Output 1, which involved assessing the needs for the development of a national comprehensive psychiatric service focused on children and adolescents, has been successfully completed. This assessment sets the context for enhanced mental health services for younger people.
<b>Output 2:</b> Feasibility study for general Hospital needs for the City of Skopje	Output 2, Feasibility study of the need of General Hospital Skopje is finalized. The recommendations from the study contain three possible solutions to ensure adequate provisions of the health service needs at the secondary level in the city of Skopje."
<b>Output 3:</b> Design and develop a comprehensive service framework for palliative care services and the application of	Output 3 relates to designing and developing a comprehensive service framework for palliative care services and the application of medical care at home in line with best European practices. An efficient, effective and pragmatic national ‘Hub and Spoke model’ for specialist/generalist palliative care service organisation is proposed as a model for organizing palliative care, ensuring high-quality,

medical care at home in line with best European practices	<p>accessible services nationwide. Strategically located hubs in Skopje, Bitola, and Štip will support spoke centers in general hospitals across key cities, with primary care units in smaller towns. This integrated system uses existing hospital infrastructure to improve communication, transport, and care access. Standardized documentation and quality standards will ensure effective implementation, coordinated by the National Center for Excellence in Skopje, leading efforts in oversight, education, and research.</p> <p>The process of accomplishing output 4 is currently in progress, showcasing a strong dedication to diligent planning and development.</p> <p>Within the output 5, evaluation of the strategic and operational financing of the health system was performed and the findings emphasize the need for substantial reforms to ensure the financial sustainability of the public health system and the achievement of Universal Health Coverage (UHC).</p> <p>Output 6 refers to assessment of the public health programs. in order to improve the effectiveness and efficiency of the implementation of existing public health programmes and to create "added value", a concept and organizational structure has been proposed that would enable greater efficiency and effectiveness of program activities. Recommendations related to output 6 are taken into account for preparation of new public health programs. However, for certain recommendations, decisions will need to be made at a higher level, involving the Minister of Health, the directors of the Health Insurance Fund (HIF), and the Ministry of Finance, as specified in the report itself.</p>
<b>Output 4:</b> Feasibility study for new hospital classification system to form the basis of a more efficient and affordable hospital network	
<b>Output 5:</b> Evaluation of the strategic and operational financing of the health system	
<b>Output 6:</b> Assessment of the annual public health programs	

#### *EUIF 2020 “Support to the transplant system in the Republic of North Macedonia”*

Status and progress	
<b>Specific objective/Outcome/Result:</b> To assist the Ministry of Health to upgrade and enhance the transplantation system in the Republic of North Macedonia, taking into consideration crosscutting aspects such as human rights, persons with disability, indigenous peoples, and gender equality	
<b>Output 1:</b> Draft regulations prepared completing the alignment with the EU regulations on blood, tissue, cells and organs	<p>The project officially started on June 1, 2023, and is currently in the early phase of implementation.</p> <p>The project officially started on June 1, 2023, and activities for reaching all outputs are ongoing. So far 192 health professionals involved in the transplantation process were included in the trainings, analysis of legislation is ongoing, activities for raising awareness started with organizing a competition for conceptual solutions for posters on the topic of organ donation (amateur and professional), creation of social media profiles, website <a href="http://www.transplantacija.mk">www.transplantacija.mk</a>, traveling exhibition “From the Heart for Life”, documentary filming, short videos etc. Activities for preparation of guidelines and procedures for tissue banking are ongoing, as well as update of the current IT system with relevant modules for organ and tissue banking, as well as activities for preparation of strategy for social integration.</p>
<b>Output 2:</b> Developed standard operating procedures for organ and tissue banking	
<b>Output 3:</b> Developed organ and tissue banking software, compatible with existing IT system for blood and cells.	
<b>Output 4:</b> Health staff involved in the transplantation programme is trained and educated	
<b>Output 5:</b> Developed strategy for social integration of persons with donated organ	
<b>Output 6:</b> Awareness raising campaign implemented	

#### *EC Grant AID EU4Health (IPA 2020): Contribution to the availability and access to vaccines against COVID-19 in the Republic of North Macedonia*

Status and progress	
<b>Specific objective/Outcome/Result:</b>	
Output 1: COVID 19 vaccines	Significant advancements have been achieved in the procurement process of

are procured for the Republic of North Macedonia	700,000 doses of COVID-19 vaccines, as detailed in output 1. This milestone is consistent with the overarching objective of protecting the public's health. Considerable advancements have been achieved in the provision of necessary materials, medical devices, equipment, and consumables required to execute the vaccination campaign efficiently, as outlined in output 2. Vaccine transportation vehicles, portable vaccine carriers, advanced biomedical ultra-low temperature freezers, screens-separators, chairs and stainless-steel medical tables are among the noteworthy items on display. These activities contributed to safeguarding the health and welfare of people as well as to strengthening the country's capacity to address health crises.
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### AD 2022 "EU for Improved Health, Social Protection and Gender Equality"

Status and progress	
<b>Output 1.1</b> (direct) - Increased capacities for implementation, compliance and enforcement of the OSH legislation	No results can be reported yet as the Action is still in its early stages of implementation. The call for proposals has been launched in June 2024, and the contract with the selected organization is expected to be signed in early 2025.
<b>Output 1.2</b> (direct) - Improved and upgraded OSH information system	No results can be reported yet as the Action is still in its early stages of implementation. The call for proposals has been launched in June 2024, and the contract with the selected organization is expected to be signed in early 2025.
<b>Output 1.3</b> (direct) - Promoted positive OSH culture, practices and awareness	No results can be reported yet as the Action is still in its early stages of implementation. The call for proposals has been launched in June 2024, and the contract with the selected organization is expected to be signed in early 2025.
<b>Output 2.1</b> (direct) - Increased availability and access to specialised and other essential social services for whoever experience gender-based violence	No results can be reported yet as the Action is still in its early stages of implementation.
<b>Output 3.1</b> (direct) - Strengthened monitoring and quality assurance of social services at all levels	No results can be reported yet as the Action is still in its early stages of implementation. The procurement procedure was completed and the project implementation will start in January 2025.
<b>Specific objective/Outcome/Result:</b>	
4. Improved state response to major health threats in the country	
<b>Output 4.1</b> (direct) - Improved maternal and neonatal health	As of the current reporting period, the implementation of this specific objective and related outputs, focused on enhancing the state's response to major health threats within the country, has not yet commenced.
<b>Output 4.2</b> (direct) - Improved prevention and control of oncological diseases	
<b>Output 4.3</b> (direct) - Improved quality of data management	

### 3. Problems encountered in implementation and corrective measures taken and/or planned, and recommendations for further action, in order to ensure sustainability

#### AD 2017 EU Support for Education, Employment and Social Policy

Encountered problem	Status	Measures undertaken/planned to ensure sustainability
Changes of Team Leaders of services contract delayed implementation of the service contracts.	<i>Closed</i>	Approval of amendments. Deployment of backstopping.
Information for some projects is shared	<i>Open</i>	Proposed measure: Occasional (quarterly, semi-

with the IPA structure on-demand only		annually) sharing of progress reports on substance for information purposes
Inability to accept the procured equipment (software) by the Beneficiary due to non-reliable performance of the product	<i>Closed</i>	Corrective measures implemented to customize the product to the needs of the Beneficiary.
Delay in aligning the proposals with Beneficiary's expectation puts at risk the outstanding projects outputs	<i>Closed</i>	Non-cost extension to finalise the outputs. Despite the extension, one output was partially achieved.
Poor detailed design of works led to quantities exceeding those in the BoQ (additions) approved by the Supervisor. At the same time, there are construction activities not foreseen initially in the Bill of Quantities, but required by the national legislation.	<i>Closed</i>	Additional funds from national co-financing were secured for covering the additions, while the municipality covered unforeseen construction works.
Municipality of Tetovo fulfils its commitments with delay, which affects issuance of provisional acceptance and opening of the kindergarten as per national legislation.	<i>Closed</i>	High-level and technical meetings and correspondence. Sustainability Action Plan was agreed with the municipality and regularly followed-up. For similar projects in the future, a multilateral contract should be signed with the Beneficiary in addition to the works contract.
Municipality of Tearce fulfils their commitments with delay, which affected issuance of provisional acceptance and opening of kindergarten as per national legislation.	<i>Pending</i>	High-level and technical meetings and correspondence. Sustainability Action Plan was agreed with the municipality and regularly followed-up. For similar projects in the future, a multilateral contract should be signed with the Beneficiary in addition to the works contract.
Difficulties in activating beneficiaries of Guaranteed Minimum Assistance due to systemic/legal obstacles and insufficient capacity and inter-institutional cooperation between social work centres and employment centres.	<i>Closed</i>	Modification of social protection regulations will be enacted taking into account lessons learnt from the IPA project.
Challenges in offering continuous support to social enterprises	<i>Pending</i>	Pending the adoption of the Law on Social Enterprises, support services and measures are financed from available internal sources and donor support.

#### *AD 2019 EU for Inclusion*

<b>Encountered problem</b>	<b>Status</b>	<b>Measures undertaken/planned to ensure sustainability</b>
Information for some projects is shared with the IPA structure on-demand only	<i>Open</i>	Proposed measure: Occasional (quarterly, semi-annually) sharing of progress reports on substance for information and reporting purposes
Delays in obtaining the reconstruction permit led to a several-month delay of the project start.	<i>Closed</i>	Several high-level interventions were addressed to the competent ministry
Challenges in ensuring active management of sustainability aspects of investment provided in reconstruction and equipping of PI Topansko pole	<i>Open</i>	Proposed measure includes implementation of Strategic Business Plan and its aspects and reporting on semi-annual basis
Complex procedures for adoption of general and municipal urban plans which	<i>Closed</i>	Revisiting the sequencing of administrative procedures from urbanization aspects and

fall under competences of the municipalities.		renovations of houses of Roma families.
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**Sector Reform Performance Contract 2019 "EU for Youth"**

Encountered problem	Status	Measures undertaken/planned to ensure sustainability
The Employment Service Agency could not deliver the indicator linked to modernization of the Employment Service Centers in 2020 and 2021 due to budget cuts linked to the pandemic and during the election periods. This was reported and discussed in several occasions.	<i>Closed</i>	A dialogue was lunched to set new targets for indicator 2 in year 4, which was reflected in the latest modification of the Sector Reform Contract. The Ministry of Labour and Social Policy (MLSP) and the Employment Service Agency (ESA) requested additional funds for active measures and capital investments to be included in the ESA's budget during the 2023 Budget rebalancing; however, this request was not approved.

**Performance Award 2020 "Strengthening of the health system and rapid response to communicable diseases"**

Encountered problem	Status	Measures undertaken/planned to ensure sustainability
Limited utilisation of diagnostic/imaging equipment due to staff shortages in relation to Action "Strengthening of the health system and rapid response to communicable diseases". The restricted usage of diagnostic equipment primarily for hospitalised patients may hinder timely diagnosis and treatment for outpatients, potentially leading to delayed medical interventions and compromised patient care.	<i>Closed</i>	<ul style="list-style-type: none"> <li>• Continues monitoring and reporting to SMCs</li> <li>• The latest data shows that the equipment is in use: Total number of completed referrals for Computer tomography for the period January-November 2024 is 12,260</li> <li>• PHI General Hospital – Kicevo, CT: 1,379</li> <li>• PHI General Hospital – Kumanovo- CT: 5,502</li> <li>• PHI General Hospital with Extended Activities – Gevgelija-CT: 1,197</li> <li>• PHI General Hospital with Extended Activities – Kavadarci: CT: 2,069</li> <li>• PHI University Clinic for Pulmonology and Allergology- CT: 2,113</li> <li>• Magnetic Resonance Imaging (MRI):</li> <li>• Number of Completed Referrals for the period January- November 2024 is 4.429</li> <li>• PHI General Hospital with Extended Activities – Prilep : 1600</li> <li>• PHI Special Hospital for Orthopedics and Traumatology "St. Erazmo" - Ohrid: 1,267</li> <li>• PHI General Hospital – Strumica: 1562</li> <li>• The issue of the limited human resources is overcome by using the legal possibilities for referring doctors from one health institution to another</li> </ul>

**AD 2022 "EU for Improved Health, Social Protection and Gender Equality"**

Encountered problem	Status	Measures undertaken/planned to ensure sustainability
Staff turnover in the social protection department	<i>Open</i>	Appointment of responsible persons from relevant departments.Establishment of a dedicated unit for social services in the Ministry of Social Policy, Demography and Youth

Transfer of competences to another ministry and staff turnover in the OSH area	<i>Open</i>	Appointment of responsible person. Establishment of a dedicated unit in the Ministry of Economy and Labour. Employment of OSH specialist in the new Unit.
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#### AD 2024 “EU for Health”

Status and progress	
<b>Specific objective/Outcome/Result:</b> To enhance the digitalisation and modernisation of the Healthcare System	
<b>Output 1.</b> Improved National Tele-Radiology System to allow remote use of radiology data	As of the current reporting period, the implementation of this specific objective and related outputs, focused on enhancing the state's response to major health threats within the country, has not yet commenced.
<b>Output 2.</b> Improved prevention and control of non-communicable diseases	
<b>Output 3.</b> Improved health cloud infrastructure	
<b>Output 4.</b> Improved mobile primary healthcare service	
<b>Output 5.</b> Modernised Emergency Medical Service (EMS)	

#### 4. Main monitoring, evaluations and/or audit findings and their follow-up

3 <sup>rd</sup> IPA III Sectoral Monitoring Committee on Education, Employment and Social Policies and Health, 26 November 2024	
Recommendations/conclusions	
The Ministry of Finance to provide information to EUD, by end-December 2024, on the process and timeline for appointing Head of CFCD.	MF
The Government to provide information to EUD, by end-December 2024, on the process and timeline for appointing the Head and Deputy Head of the Audit Authority on permanent positions.	N/A
Ensure that diagnostic equipment provided in 2021 is regularly used and maintained. To this end, the Ministry of Health will provide information by end-December 2025, and will further report on the usage and utilisation of the equipment at the next SMC in the second half of 2025– (continuous deadline)	<p>The latest data shows that the equipment is in use: Total number of completed referrals for Computer tomography for the period January-November 2024 is 12,260</p> <ul style="list-style-type: none"> <li>• PHI General Hospital – Kicevo, CT: 1,379</li> <li>• PHI General Hospital – Kumanovo- CT: 5,502</li> <li>• PHI General Hospital with Extended Activities – Gevgelija-CT: 1,197</li> <li>• PHI General Hospital with Extended Activities – Kavadarci: CT: 2,069</li> <li>• PHI University Clinic for Pulmonology and Allergology- CT: 2,113</li> <li>• Total:</li> <li>• Magnetic Resonance Imaging (MRI):</li> <li>• Number of Completed Referrals for the period January- November 2024 is 4,429</li> <li>• PHI General Hospital with Extended Activities – Prilep : 1600</li> <li>• PHI Special Hospital for Orthopedics and Traumatology "St. Erazmo" - Ohrid: 1,267</li> <li>• PHI General Hospital – Strumica: 1562</li> </ul> <p>The issue of the limited human resources is overcome by using the legal possibilities for referring doctors</p>



	from one health institution to another
The relevant institutions, such as the Ministry of Health, the associated medical institutions, the Ministry of Finance, and the Health Insurance Fund will ensure an appropriate follow up of the recommendations from the six targeted reports delivered or to be delivered under the project for implementation of the health strategy. In particular, two of these reports are already accepted or in process of acceptance, e.g., 1) reports on adolescent mental health and 2) on annual health programmes - ensure their implementation by end of December 2025. (from previous SMC)	<p>Activities related to child and adolescent mental health, palliative care, and the optimization of the healthcare system (development of a program for the integration and functional reorganisation of secondary healthcare, ensuring equitable regional distribution of all medical institutions across North Macedonia ) recommended by the experts working on the Project "Support for the Implementation of the Health Strategy 2021-2030", are included in the program for work of the Government of the Republic of North Macedonia, in the section dedicated to healthcare.</p> <p>Recommendations related to the public health programs will be taken into account during the preparation of new public health programs. However, for certain recommendations, decisions will need to be made at a higher level, involving the Minister of Health, the directors of the Health Insurance Fund (HIF), and the Ministry of Finance, as specified in the report itself.</p>
The Ministry of European Affairs will provide, by end-December 2024, an Action Plan with steps, responsibilities and deadlines for making the roster of trainers of the IPA Training Centre/EU Training Academy operational	MEA
The Commission stresses on the need for sooner adoption by the parliament of the laws on 1) Secondary education - by end-December 2024, 2) VET - by end-December 2024, and 3) Adult education - by end-December 2024. (from previous SMC)	In order to have harmonized educational novelties under the three laws (the Law on Secondary Education, the Law on VET, and the Law on Adult Education), the MoES established working groups with representatives from all educational institutions. The updated legislation was made available for public discussion on ENER. Legislative progress at the end of 2024 includes the adoption of the Law on Adult Education and the Law on Vocational Education and Training, which provide a strong legal foundation for improving education quality and inclusivity. The Law on Secondary Education is expected to be adopted in 2025.
The Government will adopt the law on social entrepreneurship by end-June 2025. (from previous SMC)	In October 2024, the Ministry of Social Policy, Demography and Youth relaunched the inter-institutional consultations with regards to the draft Law on Social Enterprises. Once finalised, the Law proposal will be resubmitted to the Government for adoption in 2025.
All stakeholders to ensure timely and full implementation of the Audit Authority recommendations (continuous deadline). (from previous SMC)	MSPDY: 5 audit findings have been identified during implementation of AD 2017, out of which 3 were closed. Corrective measures to overcome 2 audit findings are ongoing. 1 finding is with low and 1 finding with medium importance.
<b>2<sup>nd</sup> IPA III Sectoral Monitoring Committee on Education, Employment and Social Policies and Health, 28 May 2024</b>	
<b>Recommendations/conclusions</b>	<b>Follow up and measures undertaken/planned</b>
Ensure that diagnostic equipment provided in 2021 is regularly used and maintained. To this end, the Ministry of Health will provide information by end-	All devices are entered into the system "Moj Termin". Their use and utilisation depend on the available human capacities (there are insufficient number of radiologists),



December 2024, and will further report on the usage and utilisation of the equipment at the next SMCs – (continuous deadline)	and therefore some of them are used only for patients admitted to hospital. By the end of December to provide data on utilisation of the equipment.
The relevant institutions, such as the Ministry of Health, the associated medical institutions, the Ministry of Finance, and the Health Insurance Fund will ensure an appropriate follow up of the recommendations from the six targeted reports delivered or to be delivered under the project for implementation of the health strategy. In particular, two of these reports are already accepted or in process of acceptance, e.g., 1) reports on adolescent mental health and 2) on annual health programmes - ensure their implementation by end of December 2025.	Out of the six reports, the following two have been provided: -Report on adolescent mental health – recommendations are included in the National Action Plan on Mental Health of Children and Adolescents (which is in the procedure of adoption in the Government) Report on annual health programmes – expert is working with the Technical Working Group from MoH. After that, the workshop will be held on 12 June to discuss and develop final recommendations to revise the existing programmes and utilise the funds more effectively.
The EUD will start the implementation of the IPA 2022 programme “EU for Improved Health, Social Protection and Gender Equality” by launching tender/grant award procedures immediately after the signature of the Financing Agreement and by latest end of September 2024.	1) <i>Call for proposals on Occupational Health and Safety</i> was launched in June 2024. Selection of project proposals was completed and the contract is expected to be signed in January 2025. The Ministry of Economy and Labour will be the lead beneficiary ministry. 2) <i>Draft Call for Proposals on services for gender-based and domestic violence</i> was submitted to the EUD in February 2024. Launching of the call is pending. 3) <i>Procurement on support of quality control and monitoring of social services</i> was finalized by the EUD. The project’s implementation will start in January 2025.
The Commission stress on the need for sooner adoption by the parliament of the laws on 1) Secondary education - by end-December 2024, 2) VET - by end-December 2024, and 3) Adult education - by end-December 2024.	MES
The Government will adopt the law on social entrepreneurship by end-2024.	In October 2024, the Ministry of Social Policy, Demography and Youth relaunched the inter-institutional consultations with regards to the draft Law on Social Enterprises. Once finalised, the Law proposal will be resubmitted to the Government for adoption.
All stakeholders to ensure timely and full implementation of the Audit Authority recommendations (continuous deadline).	MSPDY: 5 audit findings have been identified during implementation of AD 2017, out of which 3 were closed. Corrective measures to overcome 2 audit findings are ongoing. 1 finding is with low and 1 finding with medium importance.

<b>Audit report prepared by the Audit Authority for Audit of Instrument for Pre-Accession Assistance, October-December 2023 (System Audit) 7.1;4.1-MLSP-S/A-23</b>	
<b>Findings/recommendations</b>	<b>Follow up and measures undertaken/planned</b>
<p>Finding: Unsecured optimal number of human resources. Such situation would bring to aggravated implementation of planned workload in IPA structure in MLSP due to overburden of capacities, non-functioning of first control on level of Head of IPA Unit, which it is not in accordance of Article 11 (1) and 12 (3) of Framework Agreement, Annex B –</p>	<p>Implementation ongoing. The Rulebook for amending the Rulebook for internal organization in MLSP (Ref. No. 04-2626/11 as of 20.12.2023) and Rulebook amending the Rulebook on systematization of job positions in MLSP (Ref. No. 04-2626/12 of 20.12.2023) were adopted enabling transformation of the IPA structure into a separate department that will have the role of Managing</p>

<p>Internal Control Framework – Control environment 1 (g).  Recommendation:  IPA Coordinator and the Minister of Labour and Social Policy in cooperation with the Minister of Finance to undertake measures and activities for:</p> <ul style="list-style-type: none"> <li>• Timely ensuring of optimal required number of employees, and</li> <li>• Ensuring appropriate policy of human resources management in the part of motivation and retention of existing trained and professional staff.</li> </ul>	<p>Authority for the Operational Programme Jobs and Opportunities 2024-2027.  In December 2023, a request had been submitted to the Minister of Labour and Social Policy and to the Department for human resources management in the MLSP with a proposal to initiate a procedure for fulfilment of some of the vacant posts in the new Department for EU programmes and funds, primarily through the promotion of existing staff, including fulfilling the job positions of the Heads of the Unit for programming and monitoring of EU programmes and funds and the Unit for quality control and coordination.</p>
<b>Audit report prepared by the Audit Authority for Audit of Instrument for Pre-Accession Assistance in the period January-October 2021 (System Audit) 7.1; 4.1-MLSP – S / R – 21v</b>	
<b>Findings/recommendations</b>	<b>Follow up and measures undertaken/planned</b>
<p><b>Finding:</b>  Incomplete implementation of the contract monitoring procedure ...[ ]...  The above stated is not in accordance with sections C4 – Contract monitoring, C4.8 – Monitoring visits/On-the-spot visits, section C6.5 – On-the-spot visits /Checks in grant contracts from the Manual of procedures of the IPA Coordinator in MLSP, version 1 of November 2017 and Article 7 (c) of the Operational Agreement from the Annual Action Programme for 2017 for MLSP.</p> <p><b>Recommendation:</b>  The IPA Coordinator to undertake measures and actions for conducting the planned on-the-spot visits in accordance with the Manual of Internal Procedures of IPA Coordinator in MLSP, version 1, as of November 2017.</p>	<p>Service Contract "Improving Working Conditions"  The project implementation ended on 17.12.2023. Final Narrative Report were ex-ante approved and expenditures reported with the Final Financial Report were verified. As the project ended, no on-the-spot visits were conducted in the reference period.</p> <p>Grant Contract “Labour market activation of vulnerable groups “  In addition to the previously conducted on-the-spot visits, in relation to the implementation of the Activity 2.1 Training for vocational occupation), on-the-spot visits and on-site checks were conducted in ESARNM on 1.8.2023 and three on-the-spot checks to training providers, on the territory of the Local Employment Center in Tetovo. A Letter with recommendations IPA OS in MLSP was submitted to the ESARNM. Monitoring officer in the MSPDY performed on the spot checks for on-line psychosocial support. A joint monitoring visit with the CFCD was carried out in the ESARM regarding the measure Second chance.</p> <p>Service Contract "Raising the Quality of Preschool Education and Care"  The project activities were not implemented from 7 November 2023 until 16 August 2024 due to temporary suspension and prolonged approval of the Addendum No. 3. The Request for Addendum No.3 to Service Contract (Ref.No.13-161/11 as of 17.4.2024 was approved on 16.08.2024 (No. 12-4970/1). Project activities resumed since August 2024 and lasted until 31 October 2024. No on-the-spot visits were conducted by the MO. IPA staff participated and contributed in all meetings related to Activity 1.8 and 3.4.  The monitoring procedures are applied to the following Works contracts: Works Contract “Construction of Kindergartens in the Municipality of Tearce” Lot 2 and “Construction of Kindergartens in the Municipality of Tetovo”  Lot 1.  14 on-the-spot visits and regular project meetings were conducted in Municipality of Tearce and relevant checklists were prepared by the Monitoring officer.</p>

	<p>Provisional Acceptance Certificate issued on 12.09.2024.</p> <p>Twelve on-the-spot visits and regular project meetings were conducted in Municipality of Tetovo and checklists were accordingly prepared. Final Acceptance Certificate issued on 12.09.2024 with validity as of 01.06.2024.</p> <p>Status of audit finding: Implementation <b>ongoing</b>.</p>
<p><b>Finding:</b> Non-compliance of the Manual of Procedures - narrative part with the part of annexes ...[ ]...</p> <p>This is not in accordance with Article 11 (paragraphs 1 and 3) of the Framework Agreement, and regarding fulfilment of criteria set out in Annex B – Internal Control Framework (ICF) 3a of it, and with point C4 – Contract monitoring of the Manual of procedures of MLSP, version 1 of November 2017.</p> <p><b>Recommendation:</b> The IPA Coordinator to undertake measures and activities for harmonization of the narrative part of the Manual of Procedures of IPA Coordinator in MLSP with the annexes as its integral part.</p>	<p>The inconsistencies in the Manual of Procedures (MoP) were addressed in the IPAC MoP, version 2.0, endorsed, signed and distributed to the IPA OS and Department for Internal Audit in the Ministry end of July.</p> <p>Status of audit finding: <b>Completed</b>.</p>

<b>Audit report prepared by the DG NEAR in July 2019 (System Audit)</b>	
<b>Findings/recommendations</b>	<b>Follow up and measures undertaken/planned</b>
<p><b>Finding:</b> MK 05 Communication with the NIPAC Office at working level</p> <p><b>Recommendation:</b> Respecting provisions for regular channels of communication set with NIPAC/MEA in signed Operational Agreements among NIPAC/MEA, CFCD, NAO and MLSP/IPA Coordinator, as well in the IC Manual of Internal Procedures. Keeping audit trail of regular official and unofficial communication (through e-mail correspondence).</p>	<p>Regular communication was established and practiced in line with the signed Operational Agreements among NIPAC/MEA, CFCD, NAO and MLSP/IPA Coordinator and IC Manual of Internal Procedures. Regular communication, including through e-mail correspondence is maintained. The audit trail is kept regardless of channel of communication.</p> <p>Status of audit findings: <b>Completed</b>.</p>
<p><b>Finding:</b> MK 14 Internal audit capacity</p> <p><b>Recommendation:</b> Finalisation of Internal Audit Report for internal audit performed of programming activities of three actions under indirect management system of IPA Annual Action Programme 2017 "EU support of education, employment and social policy" according to the Annual Plan for Internal Audit in MLSP for 2019</p>	<p>The Internal Audit Unit performed internal audit of the programming of three actions under indirect management system of IPA Annual Action Programme 2017 "EU support of education, employment and social policy". The internal audit reports were prepared in February 2021, March 2022, March 2023 and December 2023. The internal audit in 2024 is in progress. The internal auditors attended a set of trainings during 2019 and in 2024.</p> <p>Status of audit findings: <b>Completed</b></p>
<p><b>Finding:</b> MK 15 ISO 27002 audit in North Macedonia</p> <p><b>Recommendation:</b> Approval of submitted modifications of Manual for Internal Procedures of IPA Coordinator for IPA II, i.e., approval of procedures integrated under section J due to information security standards within IPA OS in MLSP.</p>	<p>Request for Modifications of the Manual for Internal Procedures of IPA Coordinator for IPA II was submitted for approval to the Management Structure (NAO and NF). Modification refers to integrating procedures under section J concerning information security standards within IPA OS in MLSP.</p> <p>Status of audit findings: <b>Completed</b></p>

Audit report prepared by the Audit Authority for Audit of Instrument for Pre-Accession Assistance in the period January-September 2020 (System Audit) 7.1;4.1-MLSP-S/A-20	
Findings/recommendations	Follow up and measures undertaken/planned
<p><b>Finding:</b>            Procedure for entering data into the MIS not fully designed in the Manual of procedures of the IPA Coordinator in MLSP. This state of affairs might lead to ineffective exchange of information and data within the established management information system, which is not in accordance with Article 18 of the Decree on determining mutual relations between the bodies and the structures.</p> <p><b>Recommendation:</b>            IPA C in cooperation with HOS to take measures and actions to ensure adequate update of the MoP of IPA C in regard to the MIS as well as continual entering of information in order to ensure effective exchange of information and data within the established management information system.</p>	<p>The finding was addressed in the IPAC MoP, version 2.0, endorsed, signed and distributed to the IPA OS and Department for Internal Audit in the Ministry end of July.</p> <p>Status of audit findings: <b>Completed.</b></p>

Audit report prepared by the Audit Authority for Audit of Instrument for Pre-Accession Assistance in the period January-October 2021 (Audit of Operations) 7.1;4.1-MLSP-S/A-21	
Findings/recommendations	Follow up and measures undertaken/planned
<p><b>Finding:</b>            Shortcomings in the realization of the contract for construction works for a kindergarten in the Municipality of Tetovo</p> <p>The delayed testing of the structure due to untimely connection of the structure to the power distribution network by the Municipality has disabled the complete Technical acceptance and Provisional acceptance of the works; whereas the procedural lapses in monitoring the realization of the contract lead to exceeding the deadline for completing the contract and not putting the facility in use which is not in accordance with Article 34 - Period implementation of tasks, Article 58- Testing after completion and Article 60 - Provisional acceptance of the Special Conditions of the signed works contract - "Construction of kindergarten in the Municipality of Tetovo" - Part 1 MF No.12-7549/1 of 01.11.2021, and hinders the starting of procedure for transfer of ownership and accounting records to the final beneficiary.</p> <p><b>Recommendation:</b>            CFCD in collaboration with the MLSP and the Municipality should develop a Sustainability Action Plan</p>	<p>An Action Plan was prepared by the MLSP (Ref.No.1830/6 as of 1.4.2024) and agreed with the municipality. It lists all steps necessary to formally establish the kindergarten. The Action Plan is in advance stage of implementation. The kindergarten is expected to start working in January 2025.</p> <p>Status of audit findings: <b>Ongoing.</b></p>
<p><b>Finding:</b></p>	<p>An Action Plan was prepared by the MLSP (Ref.No.13-136/20 as of 1.4.2024) and agreed with the municipality. It lists all steps necessary to formally establish the kindergarten. The implementation of the Action Plan</p>

<p>Shortcomings in the implementation of the contract for construction works for a kindergarten in the Municipality of Tearce</p> <p>Delayed testing of the structure due to not providing connection of the structure to the power distribution and water supply networks, supply and installation of a filter station for water treatment by the Municipality has disabled the complete Technical acceptance and Provisional acceptance of the works; whereas the procedural lapses in monitoring the realisation of the contract lead to exceeding the deadline for completing the contract and not putting the facility in use which is not in accordance with Article 34 – Period implementation of tasks, Article 58- Testing after completion and Article 60 - Provisional acceptance of the Special Conditions of the signed Works Contract - “Construction of kindergarten in the Municipality of Tearce” - Part 2 MF No.12-7548/1 of 01.11.2021, and hinders the starting of procedure for transfer of ownership and accounting records to the final beneficiary.</p> <p><b>Recommendation:</b></p> <p>CFCD in collaboration with the MLSP and the Municipality should develop a Sustainability Action Plan</p>	<p>accelerated since the issuance of the PAC and handing over the facility to the municipality in November 2024. The kindergarten is expected to start working in mid2025.</p> <p>Status of audit findings: <b>Ongoing.</b></p>
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### 5. Complementarity with other instruments and coordination with other donors and IFT's

The following meetings of the SWGs were organised in 2023:

Sector Working Group (SWG) meetings		
Date	Number of participants	Discussed topics
14.11.2023	58	Presentations of the main priorities and targets of reforms of the MLSP and MES in EU integration perspectives and challenges and targets for achievements in mid-term perspective
18.10.2023	29	<ul style="list-style-type: none"> <li>• Strategic directions for health transformation</li> <li>• The way forward in health system transformation</li> <li>• Overview of activities supported by the EU and other donors</li> <li>• Status of implementation of the project for implementation of Health Strategy 2030</li> </ul>
18.5.2023	88	<p>Presentations of Third Self-Assessment Report for IPA 2019 Sector Reform Contract for Employment and Education “EU for Youth”, including the revised ESRP 2022 Annual Report and</p> <p>Presentation of priorities for IPA III 2023-2024 programming in the field of labour market and employment, social protection and inclusion, deinstitutionalization, early childhood education and care, Roma integration, education and other areas of absorption of IPA funds</p>

The following meetings of the SWGs were organised in 2024:

Sector Working Group (SWG) meetings on Education, Employment and Social Policies		
Date	Number of participants	Discussed topics

21.11.2024	89 attendees were present (62 with physical presence and 27 with virtual presence)	Presentations of the mid-term policy priorities of the MSPDY, MEL and MES being part of the new Governmental Programme 2024-2028 and Reform Agenda.
16.5.2024	51	Presentations of Self-Assessment Report for 2023 for IPA 2019 Sector Reform Contract “EU for Youth”
18.04.2024	34	<ol style="list-style-type: none"> <li>1. Presentation of the National Action plan for Health security (NAPHS)</li> <li>2. Support to the transplantation system project, overview of the activities</li> <li>3. IPA III 2022- EU for improved health</li> <li>4. Single project pipeline- List of investments projects</li> <li>5. Presentation of PAF-indicators</li> </ol>

The following Donors, IFIs, Embassies and CSOs were present at the SWG meetings:

Donors	International Organisations	Embassies	CSOs
EUD	UNFPA	United Kingdom	HERA
USAID	WHO	Swiss Federation	HOPS
	UNICEF	Austria	Zaedno posilni
	IOM	Germany	Zdruzenie ESE
	OSCE SMMS		Federation of Trade Unions of Macedonia
	MCEC		Employer’s Organisation of Macedonia
	WB		Gender Equality Platform
	UNDD		National Network to End Violence Against Women and Domestic Violence
	UNDP UNFPA		Coalition Sexual and Health Rights or Marginalized Communities
	UNICEF		CSO Reactor
	ILO		Foundation of Education of Cultural Initiatives ‘Step by Step’
	UN Women		Nansen Dialogue Centre Skopje
	WHO		Association for Health Education and Research Hera
	Project Hope		Macedonia Civil Education Centre
			CSO Humanost
			Macedonian Platform Against Poverty



			Resource Centre for Parents of Children with Special Needs
			Progress Institute for Social Democracy
			Coalition on Youth Organizations – SEGA
			Foundation Agro-Centre for education
			European Training Foundation

The following donors are active in this sector: EU, Swiss Agency for Development and Cooperation, Sweden, Austria, USAID, GIZ-GCF SHCD Green Climate Fund, etc.

UN agencies: UN Women, UNDP/UNOPS, UNHCR, UNICEF, ILO, WHO, UNFPA

The following programmes financed by other donors are **under implementation**:

IFIs / International organisation	Value of the support	What is supported and complementarity with IPA?	Implementation period
<b>WB-IBRD</b>	33.4 mil \$	Social Service Improvement Project (Development loan) Its overall goal is to expand access to and improve the quality of social services, including pre-school services for vulnerable groups. The loan supports: 1. Social inclusion through improved access to social benefits and services i.e., the project will support creation and expansion of preventive and non-residential social services and 2. Expanding the access to and improving of the quality of preschool services for children from socially disadvantaged backgrounds	2019 –2024
<b>WB-IBRD</b>	27.5 mil €	Second Social Service Improvement Project (SSIP III) <sup>16</sup> (Development Loan) Expanding access to and improving the quality of social services and preschool services for vulnerable groups.	2024-2029
<b>WB-IBRD</b>	15.17 mil \$	Social Insurance Administration Project (SIAP) <sup>17</sup> (Development loan) The SIAP project supports the government’s efforts to create a more efficient social insurance administration system. The project consists of the following components: Component 1. Improving the quality of the social insurance administration services, Component 2. Strengthening the regulatory framework for people with disabilities and for hazardous occupations and Component 3. Project management, monitoring and evaluation	2020 - 2026
<b>WB-IBRD</b>	24 mil \$	Skills Development and Innovation Support Project Its objective is to improve transparency of resource allocation and promote accountability in higher education, enhance the relevance of secondary	2014 – 2021

<sup>16</sup> More information for the project: <https://www.ssiip.mk/> and <https://projects.worldbank.org/en/projects-operations/project-detail/P180350>

<sup>17</sup> More information for the project: <http://projects.worldbank.org/P103974/conditional-cash-transfers-project?lang=en&tab=overview>



		technical vocational education, and support innovation capacity in the country. The project consists of the following components: 1) improving transparency of higher education; 2) modernization of secondary Technical Vocational Education and Training (TVET); 3) improving the innovative capacity of enterprises and collaboration with research organizations; and 4) project management and monitoring and evaluation.	
<b>IBRD</b>	25 mil \$	Construction of 145 school sports halls and rehabilitation of schools	2008- 2024
<b>WB-IBRD</b>	24 mil \$	“Primary Education Improvement Project (PEIP) P171973”	2020-2027
<b>KFD</b>	20 mil €	“Energy efficient rehabilitation of student dormitories in North Macedonia“	2021-2027
<b>World bank project</b>	21.500.000 EUR	"The Primary education improvement project development objective (PDO) is to improve conditions for learning in primary education.	05.2021- 02.2026
<b>Donor</b>	Value of the support	What is financed and complementarity with IPA?	Implementation period
Government of Slovenia (Ministry of Foreign and European Affairs of the Republic of Slovenia)	113,551.14 EUR	Advancing nursing and midwifery education and establishing the system for the recognition of professional qualifications in the Republic of North Macedonia	<b>2024-2026</b>
Grant Assistance for Grass Roots and Human Security Projects (GGP) Japan	~300.000 EUR	Purchasing medical equipment (The Project for the Provision of a Digital X-ray Machine for the PHI Health Center Negotino, the Project for Provision of Ultrasound System for Geriatric and Palliative Medicine in Skopje, the Project for Improvement of the Facility of the University Clinic for Digestive Surgery – Skopje)	<b>2024</b>
<b>WHO EURO</b>	9000 USD	1. Supported the development and implementation of the ToT specialized for GPs to ensure inclusive, and competent health services for GBMSM 2. Supported the presentation of findings of the Behavioral and Cultural Insights Study conducted among healthcare workers and representatives of key populations in North Macedonia by the TIM Institute, under the supervision of HIV EURO WHO  3. Supported the Observation of the AIDS, TB and Hepatitis awareness day, Hepatitis awareness day, TB awareness day	2024
<b>WHO-EURO</b>	11 000 USD	1. Anti-Microbial Stewardship Leadership Workshop 15-17 May 2024, aiming at enhancing the understanding of clinical governance principles and their application in AMS programs among healthcare professionals in North Macedonia  2. Observation of World AMR Awareness Week	2024

WHO EURO	3500 USD	Supported the Primary health facility assessment in Health House Jane Sandanski using WHO tools: Hospital safety assessment index (HIS), strategic risk assessment and mapping of capacities and supporting the development of a Public Health Emergency (PHE) health facility Emergency preparedness and response plan, SOPs	
WHO EURO	10 900 USD	Supported development of Heat Action Plan and Hospital Safety Index assessment in 5 hospitals	
WHO-WHE EURO	5 555 USD	1.Development of Action Plans for surveillance and response to CCHF and Hantavirus infections, 3-5 April 2024 and testing/activation of the PHEOC  2.Workshop for development of a Plan for Management of Earthquakes in Skopje.	2024
WHO- LUX EURO	7000 USD	Support for technical, legal health expertise to support the Government of N.Macedonia to analyze and develop a roadmap for amendment of the Health Care Law for introducing Paramedics into the Health Care System	2024
WHO- LUX EURO	21 000 USD	Development of Mass Casualty Management Plan along with a two-year costed action plan.	2024
WHO-WHE	8000 USD	Training on laboratory biosafety and biosecurity 13-15 March 2024, Skopje, Republic of N. Macedonia	2024
WHO (EU DG NEAR Project)	9000 USD	Community Engagement for Health emergencies: Mapping community Structures	2024
WHO (EU DG NEAR Project)	21000 USD	Communication and RCCIM support October	2024
WHO (EU DG NEAR Project)	5000 USD	Development of the Immunization rulebook	2024
UNICEF	142.121,37 USD	UNICEF supported “ <b>Population health and quality of care dashboards in primary health care (PHC) centres</b> ” developed in 2023 is now fully integrated in the digital health platform <a href="#">Moj Termin</a> , to facilitate the work of PHC providers and stakeholders at a community level in monitoring the health status of their communities.  228 family doctors (16% of the workforce at PHC level) were trained in using the module, contributing to identification of health priorities in their communities, improve quality of care through benchmarking and cross-learning and can be further updated and scaled (at no/minimal cost) based on the prevalence and existing clinical protocols and guidelines. The dashboard will also allow health professionals at the PHC level to monitor and receive	Jan - Dec 2024

		feedback about their performance and plan proactively activities with patients in their catchment area, while health authorities could use this information for planning health services and evaluating the evolution of health priorities.	
		In support to ongoing PHC reforms, the key findings and policy recommendations from functional analysis of immunization services, cost-benefit analysis of home visiting services and immunization coverage of Roma children completed in 2023 were presented and discussed in January 2024, with more than 50 participants from the MoH, Institute of Public Health, WHO and the Health Centers across the country. Advocacy efforts continued throughout the year, contributing to increased vaccination coverage through various public health interventions, e.g., campaign “Let's not play with health”, ran on national television and across the country, reaching about 5,6 million (online) and generated some 8,200 new visits to the government website in January.	Jan - Dec 2024
		In collaboration with London School of Hygiene and Tropical Medicine, <b>inter-personal communication skills on immunization modules</b> contextualized and used for face-to-face trainings during 2022-23 <b>were revised and adapted to be used for pre- and in-service training for health professionals, as part of their continuous medical education and licence renewal.</b> 50% of the workforce in immunization teams are now better equipped to effectively engage with patients, address concerns, and communicate the benefits of immunization, likely contributing to improved immunization coverage rates from 70.7% in 2022 to 73.4% in 2023 for MMR and from 52.5% in 2022 to 56.6% in 2023 for HPV.	Jan - Dec 2024
		Based on evidence on the mental health status of children and adolescents generated in 2022, a National Action Plan on Mental Health and Well-being of Children and Adolescents 2030 was developed and endorsed by Government in October. <b>As capacity development of front-line health professionals</b> was identified as one of the critical actions, UNICEF has supported trainings of home visiting (patronage) nurses, resulting in 17 master trainers and 200 nurses capacitated to provide basic mental health and psycho-social counselling to most vulnerable pregnant women, mothers with newborns and members of their families. Given that on average, these nurses complete 18,000 visits to infants and 2,000 visits to pregnant women, their role is undeniably important in early recognition of symptoms, identification of need for referral and collaboration with higher levels of care and other sectors.	Jan - Dec 2024
		As part of cross-sectoral response to increasing rates of overweight and obesity in children and based on evidence generated over the past years, <b>capacity development has been launched for front line</b>	Jan - Dec 2024

		<b>health professionals – family doctors and patronage nurses</b> in infant and young child feeding (IYCF), including breastfeeding, a suboptimal practice in the country, both in health care facilities and in families. By December 03, total of 104 family doctors and 29 master trainers and 138 patronage nurses were trained to provide IYCF and breastfeeding counselling for pregnant women, mothers with newborns, parents and caregivers.	
		<b>Bebbo</b> continued to be the main digital platform in support to parenting, downloaded by 20,115 users (2,063 using the app in Albanian and 18,095 in Macedonian language). Push notifications were added as a new functionality and constantly added to the app in both Macedonian and Albanian, to serve as prompts and reminder for parents to actively use the app.	Jan - Dec 2024
		Developing Draft National Immunization Strategy 2030 that sets the framework for planning not only procurement of vaccines, but more importantly demand generation and Social and behavioral change (SBC) activities that were constantly lacking funding when planning preventive programs. Planned costing of the strategy will provide financial framework to MoH for future planning and allocation of resources.	Jan - Dec 2024
UNICEF, SIDA, NELT	2,144,000 \$	Establish foundations for relevant and consistent environmental education by strengthening the system and services offered to students, parents and teachers to nurture knowledge and skills for problem solving and environmental sustainability; fostering professional development and peer learning on environmental education within professional learning communities and providing children, young boys and girls, with contemporary knowledge and skills to actively contribute and enhance the community's response to environmental impact and climate change	2020-2027
UNICEF	250,000 \$	Providing support to the Bureau for Development of Education in reforming the curricula in primary education and supporting the transformation of special schools to resource centers, including the development of adequate policy documents and capacity development of teachers	2022 - 2024
UNICEF	45, 000 \$	Providing technical assistance to BDE in developing a concept for secondary education and curricula	2024
Green Climate Fund Partner for implementation of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	820,076.00 EUR	Building capacity towards sustainable human capital development in North Macedonia	<b>February 2022-February 2025</b>

The following programmes financed by IFI's loans and implemented by international organisations are **under implementation**:

IFIs / International organisation	Value of the support	What is supported and complementarity with IPA?	Implementation period
N/A	N/A	N/A	N/A

## 6. Sector strategies, institutional capacities and budgeting

### *Sector National Strategic Framework*

The Government in November 2021 formulated and adopted an Employment Strategy that encompasses the time frame until 2027. For the promotion of full, productive, and freely chosen employment, the Strategy delineates three strategic objectives: (i) improve the quality of education and training outcomes for all; (ii) enhance the role of economic and enterprise development policies in generating decent jobs; and (iii) strengthen the inclusiveness of labour market policies. The Action Plan 2021-2023 was reviewed, and an updated version was developed in December 2023.

Last year, the Government adopted National Strategy for the Rights of Persons with Disabilities 2023-2030 with the Action Plan 2023-2026.

In the past years, IPA supported the strategic planning in a couple of priority areas of the EESP sector.

- First, Ministries were assisted with monitoring the new Youth Guarantee Implementation Plan. The Youth Implementation Plan 2023-2026 was developed with technical assistance of ILO under the EU-supported Youth Guarantee Facility. More importantly, the Youth Guarantee received additional financing under the EU for Youth Action Document.
- Second, the Ministry of Labour and Social Policy was assisted with monitoring the National Deinstitutionalisation Strategy 2018-2027 "Timjanik" and finalizing the Action Plan.
- Third, national authorities and stakeholders received targeted technical assistance to finalise the policy framework for the development of social enterprises. The Government adopted the National Strategy for Social Enterprises and its Action plan in August 2021.
- The development of the National Health Strategy 2021-2030 was financially supported by the European Union within the framework of IPA II.

The following strategic documents are relevant for the sector:

Strategy and relevant AP; national programme; national plan	Covered years	Status	Year of approval or expected	Problems encountered, if applicable
National Employment Strategy of the Republic of North Macedonia 2021-2027	2021-2027	<i>Adopted</i>	2021	
Youth Guarantee Implementation Plan 2023-2026	2023-2026	<i>Adopted</i>	2023	
Strategy for Safety and Health at Work 2021-2025 and Action Plan for Safety and Health at Work for the period 2021-2023	2021-2025	<i>Adopted</i>	2021	
National Strategy for Development of Social Enterprises in Republic of North Macedonia 2021-2027 and its Action Plan 2021-2023	2021-2027	<i>Adopted</i>	2021	

National Programme for Development of Social Protection 2022-2032	2022-2032	<i>Adopted</i>	2022	
National Strategy 2020-2025 and Action Plan 2020-2022 for Prevention and Protection of Children from Violence	2020-2025	<i>Adopted</i>	2020	
National Strategy for Deinstitutionalization 2018-2027 Timjanik	2018-2027	<i>Adopted</i>	2018	
National Roma Integration Strategy 2022-2030	2022-2030	<i>Adopted</i>	2022	
National Action Plan for protection, Promotion and fulfilment of human rights of Roma women and girls 2022-2024	2022-2024	<i>Adopted</i>	2022	
Strategy for Gender Equality 2022-2027	2022-2027	<i>Adopted</i>	2022	
National Strategy for Equality and Non-discrimination 2022-2026	2022-2026	<i>Adopted</i>	2021	
Education Strategy 2018-2025 with the Action plan	2018-2025	<i>Adopted</i>	2017	
Strategy for Demographic Policies 2015-2024	2015-2024	<i>Adopted</i>	2015	
National Strategy for the Rights of Persons with Disabilities 2023-2030 with the Action Plan 2023-2026	2023-2030	<i>Adopted</i>	2023	
<b>Other strategic documents governing the EESP sector</b>		<i>Adopted</i>		
Economic Reform Programme (ERP) 2024-2026	2024-2026	<i>Adopted</i>	2024	
Governmental Programme	2024-2028	<i>Adopted</i>	2024	
National Plan for the Adoption of the Acquis 2021-2025	2021-2025	<i>Adopted</i>	2021	
Decent Work Programme 2023-2025	2019-2022	<i>Adopted</i>	2023	
National Development Strategy	2024-2044	<i>Adopted</i>	2024	
National Health strategy 2021-2030	2021-2030	ongoing	2021	
Smart Specialization Strategy of Republic of North Macedonia 2024-2027	2024-2027	<i>Adopted</i>	2023	
EDUCATION STRATEGY FOR 2018-2025 with AP	2018-2015	<i>Adopted</i>	2018	

Human Capital Strategy of the Republic of North Macedonia	2014-2030	<i>Adopted</i>	2024	
National Strategy for the Rights of Persons with Disabilities 2023-2030	2023-2030	<i>New preparations are underway in the second quarter of 2025 which will be adopted</i>	2023	
Concept of Inclusive education	On-going	<i>Adopted</i>	2019	
Development concept for establishing a Regional VET Center in North Macedonia	On-going	<i>Adopted</i>	2022	
Concept for secondary education for adults	On-going	<i>Adopted</i>	2022	
Concept for making a textbook	On-going	<i>Adopted</i>	2025	
Concept of post-secondary education	On-going	<i>Adopted</i>	2025	
Concept for primary education	On-going	<i>Adopted</i>	2021	
<b>Strategic documents governing Health sector</b>				
National mental health strategy	2018-2025	ongoing	2018	
National Action Plan for Health Security in the Republic of North Macedonia 2024-2030	2024-2030	ongoing	2024	
National Action Plan for Mental Health and Psychosocial Well-Being of Children and Adolescents in the Republic of North Macedonia 2024-2030	2024-2030	ongoing	2024	
Master Plan for Improving Perinatal Care through Regionalization of Health Institutions - Action Plan (2024-2025) for the Implementation of Measures	2024-2025	ongoing	2024	
National Patient Safety Plan 2024-2030	2024-2030	ongoing	2024	

### *Institutional Capacities in the Sector*

The amendments to the Law on Organisation and Work of State Administration Bodies, published in the “Official Gazette” No. 121/2024, introduced substantial changes to the institutional framework in the sector. Responsibilities previously managed by the Ministry of Labour and Social Policy, including labour relations, employment, worker protection, material security for the temporarily unemployed, wages, and living standards, have been reassigned to the Ministry of Economy and Labour. Responsibilities related to social policy, youth policy, and equal opportunities have been assigned to the Ministry of Social Policy, Demography, and Youth.

Human resources in leading ministries have faced increased employee turnover. The Labour



Department, now part of the Ministry of Economy and Labour, particularly needs further capacity strengthening at all levels. This need was highlighted in the Capacity Assessment of the Key Institutions in the Employment and Education Sub-sectors, completed under the Technical Assistance to the Sector Reform Performance Contract ‘EU for Youth,’ with follow-up trainings implemented in 2023. Similarly, the Social Protection Department in the Ministry of Social Policy, Demography, and Youth saw significant changes as several key staff and advisers left due to retirement or other job opportunities. The Youth Department of the former Agency for Youth will be merged into the MSPDY, and a new department for demography policy will be established. These changes pose challenges in terms of the division of responsibilities and competences.

Capacity building was implemented with resources from the EU, UN agencies, and other donors. In terms of policymaking, further work is needed regarding the introduction of program budgeting and policy monitoring. Since October 2022, the Ministry of Social Policy, Demography, and Youth has been developing new integrated software for cash benefits and social services to aid in service delivery to clients and strengthen governance in social protection benefits and services. This project is expected to be completed in 2025.

As noted in the National Employment Strategy, despite improvements in performance indicators related to the delivery of employment services and programs and the targeting of groups at risk of exclusion, much-needed policy reforms of the structure, organization, and workflow of the Employment Service Agency (ESA) have been largely neglected. The 2024 Functional Assessment of the ESA provides several recommendations to address the many challenges ESA faces. These recommendations include: 1) Investing in the quantity and quality of human resources, 2) Improving the quality of employment service delivery and designing and implementing a strategy targeting employers, 3) Restoring the Operational Plan to its original function, 4) Revising the portfolio of active labour market measures, 5) Introducing strategic management approaches, and 6) Upgrading the infrastructure. At the end of 2023, ESA had 361 employees, accounting for 75% of the total planned staff.

The State Labour Inspectorate is a key institution for enforcing labour and employment legislation. There has been good progress in staffing over the past years. At the end of 2024, it had 198 employees, representing 68% of the planned number.

The institutional capacities in the Health sector for implementation of the health reform are the following:

<b>Institution</b>	<b>Administrative capacities</b>
Ministry of Health +SSHI	115 persons + 74 State sanitary and Health Inspectorate
E-Health Directorate	12
Institute for public Health	191
Health Insurance Fund	797
Health workers and associates	32686 (data from 2023)

The number of health workers and associates is not sufficient, especially the number of nurses, which is far below the EU average.

### ***National Budget Allocated for the Sector***

The Budget of the competent Ministry for social policy for 2024 compared to 2023 increased to 58.763.868 thousand MKD. The following budgetary programmes noted an increase: Social Protection Programme (an increase of 13,49%), Social Protection Benefits Programme (an increase of 4,69%), Programme for Decentralization (an increase of 13,02%), Programme for Support of Social Funds (an increase of 12,28%) and Measures for Combating Covid-19 Crisis and Other Anti-Crisis Measures (an increase of 100% because of introduction of energy crisis measures for vulnerable groups).

The budget of the Employment Service Agency for 2024 was 3.913.130 thousand MKD, meaning an increase of 1.68% compared to 2023.

The total budget of the State Labour Inspectorate in 2024 was 158.519 thousand MKD, an increase of 8.67% compared to 2023.

#### Ministry of Education and Science

Year	Budget in EUR	Budget in Denars
2021	437,778.419	27.142.262
2022	474,168.952	29.398.475
2023	511,866.629	31.735.731
2024	581,655.048	36.062.613

The budget for 2025 is higher than the initial one in 2024 and is 38 millions denars. Block grants for all municipalities have been increased by 1.5 billion denars, based on a 7% increase in salaries for school employees as of March. Higher salaries are also being foreseen for employees in higher education institutions, namely teaching staff by 14%, and non-teaching staff by 8%.

#### Institutional capacities in the sector

Institutional capacities in the sector HEALTH for implementation of the health reform are following:

Institution	Administrative capacities
Ministry of Health +SSHI	115 persons + 74 State sanitary and Health Inspectorate
E-Health Directorate	12
Institute for public Health	191
Health Insurance Fund	797
Health workers and associates	32686 (data from 2023)

The number of health workers and associates is not sufficient, especially the number of nurses, which is far below the EU average.

#### National budget allocated for the sector

The national budget for the health sector has been relatively constant for the past years.

Year	Budget in EUR
2021	109 351 870
2022	119 941 000
2023	110 528 516
2024	107 072 427

### **7. Communication and visibility activities**

The project “Strengthening the Transplantation System in the Republic of North Macedonia” includes activities aimed at raising awareness among medical staff and the public about organ donation. As part of these activities, a call for visual works was announced for designers and high school students on the topic of transplantation and organ donation, focusing on posters and logos.

Out of over 120 entries submitted to the competition, 20 carefully selected artworks offer a unique perspective on organ donation and transplantation, exploring themes of hope, resilience, and the beauty of giving. All works represent an extraordinary display of creativity and compassion that celebrate the profound impact of organ donation and transplantation. Featuring works by experienced designers and promising talents, this exhibition was a testament to the power of art to inspire change. The exhibition was not just an artistic endeavour but a vital part of society’s commitment to supporting the transplant system in the Republic of North Macedonia. The exhibition was opened by the former EU Ambassador to the country, David Geer.



Except in Skopje, exhibition was travelling in several cities in North Macedonia and was exhibited in EURO House in Veles, Strumica and Struga, as well as during the celebration of the organ donation day in Skopje.



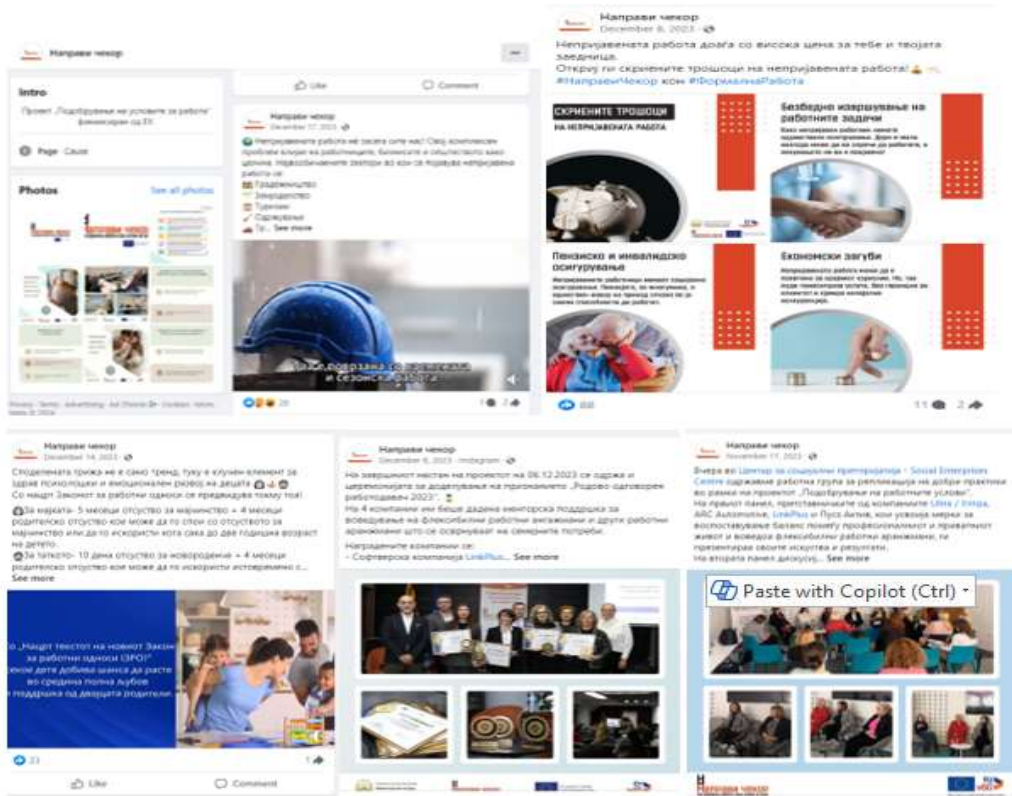
Also, a short documentary film "Change the end of Someone's Story", has also been prepared with people involved in transplantation (donor families, organ recipients, medical personnel) and is being broadcast on national TV channels, social media, etc.



Social media pages for technical assistance projects were established, enhancing digital presence and engagement. Awareness raising campaign for formalization of undeclared work and for promotion of the novelties of the Labour Law with regards to parental leave was implemented during last quarter of 2023. A number of quality videos and posts were produced and published, elicited significant public



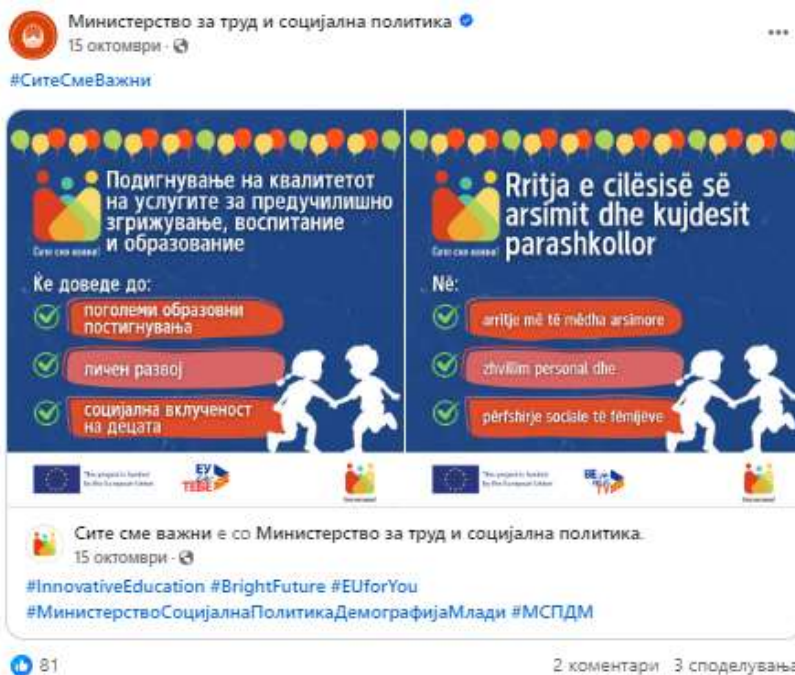
interaction and feedback. Gender Responsible Employer Award 2023 was promoted for the first time in the final event of the project “Improving the Working Conditions”.



A total of one thousand children, 900 parents, and over 150 teachers and carers participated in the workshops across the country as part of the "Raising the Quality for Pre-School Care and Education" initiative. Staff, children, and parents all spent time together and engaged in extremely meaningful, albeit informal, conversation.



A three-week social media campaign to promote the importance of the professional development of the pre-school staff and the benefits of positive parenting was launched in October 2024. In total 18 posts were created and posted, out of them five carousels and one video of 66 seconds. All media outlets were created and posted in Macedonian and Albanian language.



In addition:

Four Manuals were edited in user-friendly format, printed and distributed to the kindergartens and the MLSP and BDE (in Macedonian and Albanian Language):

- Core professional competences Manual No.1
- Methodology, procedures, and tools for managing professional development, Manual no.2
- Accreditation body and procedures, including instruments for monitoring and evaluation of the effectiveness of the professional development trainings intended for the professional profiles in the kindergartens manual No. 3
- Method and form of providing mentorship for professional profiles in kindergartens and introducing a mentoring scheme for beginners manual No.4

A book with four programmes were edited in user-friendly format, printed and distributed to the kindergartens and the MLSP and BDE (in Macedonian and Albanian Language):

- Programme for family support for children's learning and development at home
- Programme for positive parenting for support parents to apply positive methods in children's education
- Programme for parents of children with disabilities
- Programme for parents of children from different multicultural backgrounds

A book with scenario, materials and resources for parents' involvement and developed workshops scenario was edited, printed and distributed to the kindergartens and the MLSP and BDE (in Macedonian and Albanian Language).

Four Brochures were edited in user-friendly format, printed and distributed to the kindergartens and the MLSP and BDE (in Macedonian and Albanian Language):

- Parents' rights and responsibilities for cooperation and partnership with pre-school institutions
- Diversity of forms for parents'/family involvement
- Equal responsibilities of mothers and fathers for involvement and Encouraging fathers' involvement
- Additional support to parents of children in risk and children vulnerable to exclusion



The final conference of the project "Raising the quality of preschool education and care" (October 2024) gathered directors and staff from kindergarten all over the country. The main message was that investing in high-quality upbringing, education and care for children from an early age is



an effective social investment, which solves the inequality and challenges faced by disadvantaged children, and at the same time positively affects the participation of parents in the labor market. The project "Labour Market Activation of Vulnerable Groups" was promoted with each public announcement published to promote the available employment measures. Information regarding the project is accessible through the Employment Service Agency's website as well as the project's publicly accessible and active social media pages (Facebook, YouTube, and Tweeter). The Final project conference restated the importance of encouraging participation of the inactive in the labour market.



Raising awareness among stakeholders, media, and the general public about the achievements in improving the employment rate for young women and men under the EU for Youth Project can be followed on the project's communication channels:

- Website in three languages: [<https://eu4youth.mk/en/>](<https://eu4youth.mk/en/>)
- Facebook: [<https://www.facebook.com/eu4youth.mk/>](<https://www.facebook.com/eu4youth.mk/>)
- Instagram: [<https://www.instagram.com/eu4youth/>](<https://www.instagram.com/eu4youth/>)
- YouTube: [[https://www.youtube.com/results?search\\_query=eu4youth+srpc](https://www.youtube.com/results?search_query=eu4youth+srpc)]([https://www.youtube.com/results?search\\_query=eu4youth+srpc](https://www.youtube.com/results?search_query=eu4youth+srpc))

**A4 - PROGRESS**

### CAPACITY BUILDING

- TRAINING
- LEARN
- KNOWLEDGE
- SKILLS
- COACHING
- SUPPORT
- DEVELOPMENT

**Training on leadership**

**Working on Youth Entrepreneurship**

**Working on VET in Romania**

**Working on VET in Bulgaria**

**Working on VET in Romania (continued)**

**Funded by the European Union**

Implemented by **WEGlobal**

### Technical Assistance – communication, information and public awareness of sector reforms

**IAIR** Increasing Attractiveness, Inclusiveness and Relevance of VET and Adult Education

### Make it Work Through Learning

#### Çfarë është Garancija për të Rinjtë? Што е Гаранција за млади?

**4 HAPAT PËR SUKSES**

**SUKSES**

**4 ЧЕКОРИ ДО УСПЕХ**

**УСПЕХАБТЕ**

**Youth Guarantee**

### Technical Assistance – communication, information and public awareness of sector reforms

**Центри за вработување**

<https://www.facebook.com/eu4youth.mk/>  
<https://www.instagram.com/eu4youth/>  
<https://eu4youth.mk/>

**IAIR** Increasing Attractiveness, Inclusiveness and Relevance of VET and Adult Education

### Make it Work Through Learning

**SRPC EU for Youth**

**Пред**

Investicijata od osvojeno 3 miliona evra ke pridonese za obrazovaniето i obradoto na kadem ne samo od Kuzmansko Turku i od celniot region.

**Потоа**

Училиштето кин олес за стара и несовремена зграда сега добиваат модерен објект кој не само што е изградено од таван и реновиран, со максимална од СЕР-овата зграда, ќе добие и најсовремена опрема за служба на професионална и техничка обука, а потпирача и тренингов за фитнес/дизајни од ветеринарно-ветеринарна струка и обработка на помлади од лимаско-лекарствена струка.

**Факти и бројки**

Покрив: 2143 m<sup>2</sup>

Плоштина: 1695 m<sup>2</sup>

Училиште

Under the project Increasing attractiveness, inclusiveness and relevance of VET and Adult Education, EuropeAid/140265/IH/SER/MK were developed 2 campaigns:



## 1. POSTSECONDARY EDUCATION CAMPAIGN with the following elements:

Two videos were produced in Macedonian and Albanian languages: a one-minute video combining branding and informative elements with short clips of testimonials, and a three-minute video presenting longer versions of testimonials by various people, including the Minister of Education and Science, experts, and potential beneficiaries from the PSE.



- Leaflet produced in Macedonian and Albanian languages in printed and electronic format.



## 2. VNFIL CAMPAIGN with the following elements:

Two videos were produced: a one-minute video combining branding and informative elements, featuring short clips of testimonials, and a three-minute video with extended testimonials from various people, including the Minister of Education and Science, experts, and potential beneficiaries of the VNFIL.

These videos are produced in both Macedonian and Albanian languages.



- Brochure produced in Macedonian and Albanian languages in printed and electronic format.



Brochure (MK)



Brochure (AL)

- Leaflet produced in Macedonian and Albanian languages in printed and electronic format.



VNFIL Leaflet (MK)



VNFIL (AL)

## 2.4.2 Thematic Priority 2: Private sector development, trade, research and innovation

Related to IPA II Sector: [Competitiveness and Innovation](#)

### 1. Involvement of IPA beneficiary in programming

In December 2024 Financial Agreement was signed for the annual IPA 2024 programme. Activities related to this sector are planned in the scope of IPA III Action Document 2024 EU for Economic Cohesion under **Output 1: Improved legal and administrative framework for private sector development**. The Action aims to accelerate business environment reform and transformation on North Macedonia's path to join the Single Market, building upon the synergies between innovation, agriculture, energy transition and private sector developments. The legal, administrative and operational framework for the private sector will be improved with a special focus on enhancing the right of establishment and freedom to provide services, market surveillance and consumer protection; and improving the effectiveness of the intellectual property policy. In these areas, the legal harmonisation will be paired with strong capacity-building measures, enhanced digitalisation, and active reach-out to raise the awareness of the private sector, authorities and the general public on their rights and obligations linked to the new regulative framework. The innovation policy of North Macedonia will be strengthened by implementing targeted measures to support technological and practice-based innovation in the private sector and agriculture. The selected support measures will impact green and digital transition and gender equality. The Action will also support future EU investments by conducting a feasibility study to establish

innovation infrastructure aligned with the Smart Specialisation Strategy (S3) policy mix (e.g., centres of excellence and technology transfer offices) and promote the Union Programmes targeting business innovations. According to the adopted Roadmap for Research Infrastructure for North Macedonia<sup>18</sup>, the successful implementation of S3 and use of existing opportunities relies on upgrading the existing or construction of new research infrastructures (RI) and further development of research-innovation potential.

The first activities are expected during 2025.

## 2. Progress made in implementation to achieve the objectives as outlined in key strategic and programme documents

### AD 2019 “EU Supports Competitive and Fair Markets”

Status and progress	
<b>Specific objective1:</b> To improve compliance of the local economy with the EU acquis	
<b>Output 1:</b> Strengthened legal alignment and enforcement in the fields of Free Movement of Goods (Chapter 1), Free Movement of Services (Chapter 3), Company Law (Chapter 6) and Chapter 28 (Consumer's rights).	<p>In the area of free movement of goods, A comprehensive strategy and action plan have been developed to align the country's policies with EU standards, involving stakeholder engagement and the creation of tailored document packages for strategic discussions. A detailed screening of national legislation was conducted, resulting in an action plan to address restrictive measures and improve consumer protection through the development of a Consumer Protection Strategy and amendments to over 66 articles of the Consumer Protection Law.</p> <p>In the area of free movement of services: A new Action Plan was drafted and approved to eliminate discriminatory provisions and align with the EU Services Directive. Efforts included the development of a Point of Single Contact (PSC) to centralize business-related information and streamline administrative processes, supported by IT enhancements and capacity-building initiatives.</p> <p>In the area of company law, accounting, and auditing, progress was made in aligning legislation with the EU acquis, including the development of a new rulebook for financial statements, revisions to the Law on Accounting, and the creation of a consolidated Second Draft Company Law for public review. Compliance assessments were conducted to ensure alignment with EU standards. The State Market Inspectorate's reorganization was advanced through the completion of a Change Management Strategy, and efforts were made to enhance e-commerce oversight and consumer protection laws. Training sessions for inspectors and awareness campaigns for businesses and consumers were conducted to improve market regulation and safety.</p> <p>The Bureau of Metrology's capacity for testing, verification, and calibration services was strengthened, focusing on the transposition of New Approach Directives and the enhancement of measurement standards and practices, including practical training for staff on maintaining and using metrology equipment effectively.</p>
<b>Output 2.</b> Improved access of start-ups and SMEs to financing and high value-added business services in selected regions.	<p>51 new services developed and available from BSOs following capacity-building through the EU4EG Academy (92 BSO staff trained).</p> <p>25 Grant Agreements signed with MSMEs with grant value of 4.19m, and MSME contributions of 4.96m (total investments 9.15m). Five (5) Accelerator Programmes held with 29 start-ups completing the programmes.</p> <p>Finalisation of activities and results are expected in 2025.</p>

### Project “Corporate Social responsibility and Business Angels - driving force for private sector development”

Status and progress	
<b>Specific objective/Outcome</b> The overall objective of the project is to improve SMEs ability to compete on developed markets, by creating favourable ecosystem for operation of business angels/venture investors and developing practices of corporate social responsibility in	<p>The project “Corporate Social Responsibility and Business Angels: Driving Force for Private Sector Development”, was implemented during the period of 5 June 2023 – 5 December 2024. It has been implemented under IPA FwC No: 300064081 — Siea-2018-17809.</p> <p>During this period, all tasks and activities proceeded as</p>

<sup>18</sup> [https://mon.gov.mk/download/?f=RI%20Roadmap\\_NMCD\\_FINAL\\_.docx](https://mon.gov.mk/download/?f=RI%20Roadmap_NMCD_FINAL_.docx)

companies, bearing in mind the integration of persons with disabilities and indigenous peoples and the promotion of gender equality.	expected, with no significant interruptions, and the monitoring activities were completed as planned. Overall, the project successfully accomplished all tasks and activities scheduled for this reporting phase. The project remained on track, showcasing effective management and timely execution of the planned activities.
<b>Output 1:</b> Developing policy framework for further improvement of the corporate social responsibility in companies	
<b>Output 2:</b> Creating favourable ecosystem for business angels	

### Project “Infrastructure, sustainable growth and jobs”

Status and progress	
<b>Specific objective/Outcome/Result:</b> <i>Corporate Social Responsibility and Business Angels - Driving Force for Private Sector Development</i> FWC No: 300064081 — Siea-2018-17809	The overall objective of the project is to improve SMEs ability to compete on developed markets, by creating favourable ecosystem for operation of business angels/venture investors and developing practices of corporate social responsibility in companies, bearing in mind the integration of persons with disabilities and indigenous peoples and the promotion of gender equality.  For the 1 <sup>st</sup> time Republic of North Macedonia has Law on Business angels an additional opportunity on the way to creating favourable ecosystem for operation of business angels/venture investors and developing practices of corporate social responsibility in companies
<b>Output 1:</b>	Developing policy framework for further improvement of the corporate social responsibility in companies
<b>Output 2:</b>	Creating favourable ecosystem for business angels

### Project “EU for SME development in the Republic of North Macedonia”

Status and progress	
<b>Output 1:</b> <ul style="list-style-type: none"> <li>To develop national SME Strategy 2025-2030 and corresponding Action Plan in line with the EU strategic priorities and good EU practices.</li> <li>To support public and private stakeholders to design programmes and instruments/measures for implementation of the SME Strategy and Action Plan.</li> </ul>	The project has started with implementation on 25th of June 2024. <b>The overall objective</b> of the Project is to develop SME policy framework in line with EU strategic priorities and to increase capacities of public administration to better develop programmes and measures for SME development” The Ministry of economy <sup>19</sup> is the national coordinator for the SME Policy and the national SME Strategy of the country, and it has been assigned to develop a new SME Strategy to cover period from 2025 to 2030. The Project overall objective is in line with the priorities of the Government of North Macedonia for economic development and it is directly connected with the specific objectives of this Project.
<b>Output 2:</b> <ul style="list-style-type: none"> <li>To set up the monitoring and evaluation (M&amp;E) mechanism for implementation of the SME Strategy.</li> <li>To increase capacity of public bodies in charge of formulating, coordinating, and implementing public policy measures on SME policy.</li> <li>To improve access to the EU programmes for SMEs, by strengthening capacities of relevant stakeholders and development of systematic support structures</li> </ul>	<b>The focus</b> of the Project is to develop a new national SME Strategy 2025-2030, set up an effective monitoring and evaluation (M&E) mechanism for implementation of the SME Strategy and provide capacity building to public administration, SMEs, business associations, NGOs and other institutions and bodies for better utilization of EU funds. The overall Project, which will last 21 months, is divided into three phases (inception, implementation and final) along with the project management support to achieve seven main Project results under three main activities. Each activity is broken down into sub activities and envisages specific outputs, which are required for the achievement of these results. Achieving the indicated results will lead to the successful fulfilment of the overall and specific objectives of the Project.

<sup>19</sup> There is a new Government organization (after elections) and the Ministry of Economy may have labour inside and the name of the Ministry may be changed.



	To ensure the successful implementation of the Project it will operate under three management levels, Strategy, Management and co-ordination and operational level.
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### 3. Problems encountered in implementation and corrective measures taken and/or planned, and recommendations for further action, in order to ensure sustainability

Encountered problem	Status <i>Open/closed/pending</i>	Measures undertaken/planned to ensure sustainability
Delays in the contracting and implementation of grants (local subsidies) to Start-ups due to their legal status and preparedness	Closed	A No Cost Extension has been granted to the project from the original completion date of 31/01/2025 to the new completion date of 31/07/2025

### 4. Main monitoring, evaluations and/or audit findings and their follow-up

<b>Sector Monitoring Committee on IPA III Sectoral Monitoring Committee on Competitiveness, Innovation, Agriculture and Rural Development, and Energy, 19<sup>th</sup> November 2024</b>	
<b>Recommendations/conclusions (draft)</b>	<b>Follow up and measures undertaken/planned</b>
Project “Strengthening of the Internal market” - The Ministry of economy and labour to provide, by end of March 2025, information about outputs produced by the IPA project, e.g., adoption of set of laws and bylaws, strategies, action plans.	<p>Different pieces of legislation were drafted in the area of FMG including the following:</p> <ul style="list-style-type: none"> <li>• Draft By-Law to the Law on General Safety of Products</li> <li>• Draft By-laws on criteria and methods for risk assessment, notification of dangerous products, and the establishment and operation of a rapid information exchange system</li> <li>• Draft Rulebook on EMC</li> <li>• Draft Rulebook on LVD</li> <li>• Draft Rulebook on RED</li> <li>• Draft By-laws transposing reg. (EU) 2016/425 on PPE (Personal Protective</li> <li>• Draft Rulebook on ATEX</li> <li>• Draft Rulebook on Gas Appliances</li> <li>• Draft Rulebook on Lifts</li> <li>• Draft Rulebook on Pressure Equipment</li> <li>• Draft Rulebook on Recreational Crafts</li> <li>• Draft Rulebook on Simple Pressure Vessels</li> <li>• Draft Rulebook on TPED (Transportable Pressure Equipment)</li> <li>• Draft Rulebook on cableways</li> <li>• Draft Rulebook on aerosol dispensers</li> <li>• Draft Rulebook on textile</li> <li>• Draft Rulebook on NRMM (non-road mobile machinery)</li> <li>• Draft Law on Cosmetics</li> <li>• Draft Law on Biocidal Products (Law on Chemicals)</li> <li>• Draft Law on Detergents (Law on Chemicals)</li> <li>• Draft By-law on Marketing authorisation procedure and requirements (transposes parts of Dir 2001/83/EC and Reg. 726/2004/EC)</li> <li>• Draft By-Law on Pharmacovigilance (transposes parts of Dir 2001/83/EC)</li> <li>• Draft By- Law on Clinical Trials (transposes Reg 536/2014/EC)</li> <li>• Draft By-Law on clinical evaluation and clinical investigation of medical devices/IVD (transposes parts of Regulation 2017/745/EC and Regulation 2017/746/EC)</li> <li>• Draft By-Law on medical devices vigilance (transposes parts of Regulation 2017/745/EC and Regulation 2017/746/EC)</li> <li>• Draft By-Law on General obligations of medical devices manufacturers, authorised representatives, importers and</li> </ul>

	<p>distributors. (transposes parts of Regulation 2017/745/EC and Regulation 2017/746/EC)</p> <ul style="list-style-type: none"> <li>• Draft Law on Medical Devices</li> </ul>
<p>The Government will adopt the Strategy for Free Movement of Goods and the Action Plan for termination of obstacles for implementation of articles 34-36 of the TFEU, by end of 2024.</p>	<p>An Action Plan was developed to address findings from the gap analysis related to technical regulations, with continued work on screening national technical and non-technical regulations. The first phase of screening key legislation aligned with Articles 34-36 TFEU was completed. Additionally, assessment was made on communication practices between the Ministry of Economy and Labour and the private sector, leading to the development of a Communication Strategy, Matrix, and a pilot campaign.</p> <p>The project also provided support for the bilateral screening with the European Commission, including preparing the first version of the FMG Strategy, which was further refined. The final draft is expected in the next month.</p> <p>The first draft of the Law on Detergents and the final draft of the Law on Medical Devices were also prepared. Drafting is ongoing for the Law on Biocidal Products and the Law on Cosmetics, with completion expected by March 2025.</p>
<p>The authorities to evaluate the para-fiscal charges streamlining reform effort and to come up with a comprehensive post-reform implementation report on the results achieved to date – deadline by June 2025</p>	<p>Recommendations from the EU technical assistance project were transposed as activities in the Strategy for Formalisation of Informal Economy (establishing the public register for para-fiscal and other non-fiscal fees), as well as in the Reform Agenda of North Macedonia 2024-2027 in the Reform 4.1.3. Foster SMEs development by adopting and implementing the new SME strategy.</p> <p>Ministry of Economy and Labour, is appointed institution for reporting of the following step by the end of June 2025:</p> <p>On the basis of the previous mapping of 377 charges and the recommendations of the related EU-funded technical assistance project, 28 such charges are optimized. Institutions in charge of implementation are: Ministry of Economy and Labour, Central Registry, Agency for Medicaments and Ministry of Finance. Current status of the step: ongoing consultations with relevant authorities for implementation.</p>
<p>EU4 Growth project - Cabinet of Ministry of Economy and Labour to cooperate with GIZ and jointly decide which institution/body will take over the hosting and operation of the training platform delivered by the project ending end-January 2025. (From previous SMC)</p>	<p>Ministry of economy and labour, have had the meeting on 15th of December 2024 in the premises of the Ministry of economy and labour with GIZ Experts Mr. Mark Barret and Mr. Hari Shutoski and relevant Department representatives from MEL Ms. Ardiana Abazi Ramadani (State Adviser for EU integration), Mr Blerim Zllatku (State adviser for Industrial Policy), Mr. Jumni Ademi (state adviser for Micro-small and medium Enterprises)) and Mr. Lukman Shakiri (Head of EU integration Department), we have mutually agreed that the Platform cannot be operated in the MOL (due to expensive operational costs) and would be better if the same is operated by the any other Agency that can bare the expenses related to operation of that Platform</p>

<b>ROM report</b>	
<b>Recommendations/conclusions</b>	<b>Follow up and measures undertaken/planned</b>
<p>There was a ROM visit to the EU4EG project in 2022, but the project did not receive a copy of the report so are unaware of any recommendations or conclusions</p>	<p>N/A</p>

## 5. Complementarity with other instruments and coordination with other donors and IFI's

The following meetings of the SWGs were organized in 2024:

Sector Working Group (SWG) meetings on Competitiveness and Innovation		
Date	Number of participants	Discussed topics
N/A	N/A	N/A

The following Donors, IFIs, Embassies and CSOs were present at the SWG meetings:

Donors	International Organisations	Embassies	CSOs
N/A	N/A	N/A	N/A

The following programmes financed by other donors are **under implementation**:

Donor	Value of the support	What is financed and complementarity with IPA?	Implementation period
N/A	N/A	N/A	N/A

The following programmes financed by IFI's loans and implemented by international organisations are **under implementation**:

IFIs / International organisation	Value of the support	What is supported and complementarity with IPA?	Implementation period
N/A	N/A	N/A	N/A

## 6. Sector strategies, institutional capacities and budgeting

### *Sector national strategic framework*

The following strategic documents are relevant for the sector:

Title of the strategy and relevant AP; national programme; national plan	Covered years	Status <i>Ongoing/Under preparation</i>	Year of approval or expected	Problems encountered, if applicable
Strategy for SME	2025/2030	Under preparation	2025	N/A
Strategy for CSR	2025/2030	Draft version prepared	2025	N/A
Strategy for Free Movement of Goods	2024/2030	Under preparation	2025	N/A

### *Institutional capacities in the sector*

Although there are 202 people from 109 Business Support Organisations (BSOs) registered on the EU4EG platform, and of that number 92 participated in at least one module in 2024, only 15 participants received certificates for attending over 70% of a module. The BSO sector remains weak with a limited number focusing on directly providing services to businesses. The majority of the BSOs remain Donor-focused and provide services only when they are within a funded programme (rather than commissioned by, and paid for, by a business).

In the area of support to start-ups, 4 Accelerator Programmes were delivered through institutions in the Northeast, Polog, and Southwest Regions, and Resen municipality. The institutional capacity of these organisations has been significantly improved, and their sustainability is now the focus of the current support.

### *National budget allocated for the sector*

N/A

## 7. Communication and visibility activities

(SO2) Until the end of 2024, communication and visibility activities related to EU4Economic Growth were implemented in line with the project communication plan and in cooperation with the EU Delegation to North Macedonia. Key activities included organizing 2 Demo Days for startups pitching to investors, 5 information sessions for the calls for MSME proposals in target regions, thematic events such as "Green Hackathon" and pre-acceleration programs for high school students were conducted to



raise awareness about sustainability and entrepreneurship, official opening of 700 accelerator in Tetovo, as well as joint activities with EU House Tetovo, EU House Kriva Palanka, EU House Bitola and EU House Struga. The EU4EG Academy was actively promoted through capacity-building sessions for BSOs on topics such as digital marketing, finance, and change management. Moreover, the study visit to Area Science Park in 2023 in Italy highlighted cross-border collaboration opportunities and was promoted on social media. Press releases were sent to media for bigger events to inform public about the project achievements.

### 2.4.3 Thematic Priority 3: Agriculture and rural development and Thematic Priority 4: Fisheries

Related to IPA II Sector: [Agriculture and rural development](#)

#### 1. Involvement of IPA beneficiary in programming

In December 2024 Financial Agreement was signed for the annual IPA 2024 programme. Activities related to this sector are planned in the scope of IPA III Action Document 2024 EU for Economic Cohesion under **Output 3: Enabled national policies for sustainable food system towards EU objectives for green agriculture**. The following main activities are envisaged:

- (1) Promotion of fair, healthy and environmentally friendly food systems
- (2) Enhancing the Veterinary system
- (3) Improving the Phytosanitary system.

The first activities are expected during 2025. The IPA 2024 Action "EU for Economic Cohesion" will improve the alignment of national regulations with the EU acquis for organic production, geographical indication, veterinary system, environmentally friendly food production, animal health and official controls, plant health and plant protection products. It will also strengthen the capacity for effective and efficient management of these areas in accordance with the upgraded regulatory framework. A significant portion of the action involves the digitalization of the control system, animal health and food safety monitoring, fishery traceability, and catch certification records.

#### 2. Progress made in implementation to achieve the objectives as outlined in key strategic and programme documents

*AD 2019 "EU supports Rural Development and Competitive Sustainable Agriculture"*

Status and progress	
<b>Specific Objective/Outcome: To improve farm productivity and a sustainable use of forests</b>	
<b>Output 1: Modernised and optimised farming and forestry</b>	<p><i>Activity 1 "Modernisation of the advisory services for operators in the agriculture field"</i></p> <p><u>Project objective:</u> Support for establishing a functional system for advisory services in agriculture, including procedures for providing services, registration and certification of service providers, description of services to be provided and development of an e-catalogue.</p> <p>Duration of the project is 30 months.</p> <p>Project start date: 31.01.2022</p> <p>Project completion date: 31.07.2024</p> <p>Service contract, €896,917</p> <p>A law on the Advisory System for Agriculture and Rural Development was adopted in December 2023.</p> <p>An IT system for advisory services has been developed (www.akis.mk), which serves as a central database for all information related to agriculture and rural development and contains electronic registers of advisory service providers and advisors, as well as an interface for recipients of advice on search and request services. The system also contains an e-catalogue of services for farmers and operators in agriculture.</p> <p>A new vocational education training curriculum was developed and 90 counsellors which successfully completed the training were certified.</p>

	<p>By-laws have been prepared for the implementation of the Law on Advisory System in Agriculture and Rural Development, which should be adopted in the shortest possible time.</p> <p>An awareness campaign was implemented to inform interested service providers and advisors for the process and procedures for applying for registration and obtaining a license for advisor.</p> <p>Promotional and final event of the project was held on July 23, 2024. The project ended July 2024.</p> <p><b>Activity 2 "Support to modernization and innovative management in the agricultural sector"</b></p> <p>Grant for modernization and innovative management for the agricultural sector (cooperatives) (1.2 million euros)</p> <p><u>Objective of the project:</u> Financing the innovative investment projects and business activities of entities active in the agricultural and agri-food industry, including cooperatives. The activity is carried out through an open call for proposals.</p> <p>Two grant agreements have been signed, which began to be implemented on February 1, 2023.</p> <p><u>LOT 1 Strengthening modern sustainable agriculture - AgroSmart</u></p> <p>Duration of the project: 01.02.2023 - 01.02. 2025 (24 months) –request for extension of 3 months</p> <p>The total budget of the project is 549,998 euros</p> <p>The project is implemented by the Macedonian Development Foundation for Enterprises MRFP</p> <p><u>Project Objective:</u> Increased modern and innovative ventures by farmers and agricultural cooperatives through support for piloting, accelerating and scaling up innovative ideas and technological progress.</p> <p><u>General goal:</u> Contribution to strengthened and balanced regional development by maintaining the rural areas in the North-Eastern, Pologsk, South-Western and Prespa regions in a vital condition, creating a favorable climate for living.</p> <p>Users: Macedonian Development Foundation for Enterprises (Association Center for Education and Entrepreneurship Opportunities Skopje), Hemera DOOEL Oreshani Zelenikovo.</p> <p>Target group and end users: Farmers (group of farmers), agricultural cooperatives, rural youth and women, producers, producer organizations/associations and local business organizations.</p> <ul style="list-style-type: none"> <li>• Total contracted investments across all calls amount to approximately €382,030. The EU grant covers around 75% of this amount, with the remaining 25% provided by the applicants.</li> <li>• (11 grantees received funds for investments)</li> </ul> <p>From the first call, 5 applicants received grant (Organic milk from Raotince, agricultural cooperative Krnino, Avifli, agricultural cooperative Eco Ovchepolka, agricultural cooperative Prespanka). From the second call, 3 applicants received grant (IMV Jakim, Cherry Fruit, Spektrocann - procann solutions). The third call for financial support was published on May 29, with a deadline for applications until June 28, 2024. After conducting the evaluation process, 3 grantees were selected: Agricultural cooperative Krani from Krani from the target region Prespa, Agricultural cooperative Prva Bio Cooperative from the village. Draslajca near Struga, (Southwestern region) and the Agricultural Cooperative for Traditional Animal Husbandry "Shari" from Tetovo.</p> <p>The total agreed investments for the three announced calls amount to ~382,030 euros, of which ~75% are grants from the EU, and 25% are co-financed by the applicants.</p>
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	<p><u>LOT 2: Strengthening the management of agricultural cooperatives to improve competitiveness in the agricultural sector - Competitive Agricultural Cooperatives.</u></p> <p>Objective of the project: The project addresses the problems with the low production capacity of farmers and agricultural cooperatives, lack of standardized quality of agricultural products and the low position of the market of agricultural products through services for introducing a model of cooperation and innovative management of agricultural cooperatives as carriers of products with a quality label and geographical indication, supplemented by sub-grant schemes for improved competitiveness and a better position in agricultural value chains.</p> <p>The general objective: improving the competitiveness of agricultural cooperatives and life in rural areas through tailored advisory services and sub-grant schemes for higher production capacity, increased market share and easier access to finance.</p> <p>Duration of the project: 01 February 2023 – 01 February 2025 (24 months) requested extension of 3 months</p> <p>The project consortium consists of the Macedonian Association of Agricultural Cooperatives and the Association for Businesses and Consultants - Creation.</p> <p>The total budget of the project is 500,000.00 euros, of which 260,050.00 euros are for grants to the target groups.</p> <p>Eight (8) grantees agricultural cooperatives (AC) received funds for investments: AC NEKTAR (Purchase of mixed equipment and mechanization for beekeeping such as cassette centrifuges, mills, wax melter, etc); AC KRANI (Purchase of an automatic filter station for irrigation); AC PRESPANKA – PRESPANSKO JABOLČE (Purchase of agricultural machinery (atomizers, hydraulic lifting platforms, inter-row milling machine); AC KRNINO (Modernization of the existing facilities for the production of dairy products from cow and sheep milk. Purchase of a milk freezer with a capacity of 650 l, a complete milking line for 6 cows in one round, boiler room for milk pasteurization, garbage loader); AC Sharri - Tetovo (Modernization of sheep production and acquisition of a protected geographical indication for the production of Tetovo beans. Purchase of equipment for milking sheep and production of cheese in the traditional way; AC ECO OVCHEPOLKA - (Introduction of machine milking of an indigenous breed of Macedonian sheep, Ovchepolska pramenka; AC Milk and Honey - purchase of equipment and machinery; AC Vegetable purchased equipment.</p> <p><b>Activity 3 "Enhancing land consolidation"</b> project initiated in August 2022 and scheduled to conclude in January 2026, aims to enhance the institutional, legal, and policy framework pertaining to land consolidation. Specifically, it targets the indicator "Number of hectares of consolidated land in the two selected areas" Dabjani and Chiflik, along with the construction of agricultural infrastructure.</p> <p>Agreement with FAO of which IPA 1 million euros and FAO co-financing 200 000 euros.</p> <p>The project is actively involved in developing a policy note on land consolidation after conducting a thorough review of national policies in this area, which resulted in a comprehensive report. This report is currently undergoing an internal review to ensure its accuracy and relevance. In parallel, the project is working on developing communication materials, such as brochures and a dedicated website, to effectively disseminate information and engage stakeholders in the land consolidation process. These preparatory</p>
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	<p>measures are indicative of a methodical approach to achieving land consolidation objectives and are vital to the project's success.</p> <p>The Re-allotment Plan for Chiflik land consolidation project area prepared, approved and adopted middle of October 2024. The construction of the agricultural infrastructure works in Dabjani was carried out under the regular supervision of the MAFWE, FAO and the authorized contractual supervision company. In Chiflik construction of the agricultural infrastructure works, in the forthcoming period after the adoption of the Re-Allotment Plan. Steering Committee on the Project was held on 18.12.2024</p> <p>The project requested cost extension, due to the fact of the increases of the construction material prices and timing on agricultural activities. The new Strategy on Land Consolidation is in Governmental procedure.</p> <p><b>Activity 4 "Construction of small scale irrigation systems"</b> is a significant accomplishment that has improved agricultural irrigation infrastructure in numerous locations.</p> <p>LOT 1 is nearing completion, with 90% of the diversion structure and irrigation network in Tearce village having been completed, indicating that the 30-month project duration has been effectively executed. Supervisor has prepared an assessment of the proposed work plan and claim and acknowledged the need for time extension of additional 9 months.</p> <p>The problem with expropriation was resolved.</p> <p>The irrigation system of the village of Pishica was rendered fully operational by November 30, 2022, and its quality was verified through the issuance of a Provisional Acceptance Certificate on March 6, 2023, demonstrating that LOT 2 was accomplished as planned.</p> <p>In a similar vein, the timely completion of LOT 3, which included the installation of an intake structure on the Krivo Moste river and an irrigation network in Konopnica village, enhances the agricultural capacities of the region. Final Acceptance Certificate issued on 17 December 2024.</p> <p>As a whole, these systems represent an improvement in the agricultural infrastructure, holding the potential to enhance agricultural productivity and sustainable practices over time by providing reliable water sources for irrigation.</p> <p><b>Activity 5 "Strengthening the management of the forestry sector"</b></p> <p>Project Objective: To facilitate the implementation of EU-related strategies, policies and acquis in order to foster the sustainable development of the forest sector in North Macedonia.</p> <p>To provide assistance to the MAFWE to advance reforms in the forest sector, including strategic, legal, institutional and entrepreneurial frameworks, as well as the development of information and other tools for sustainable forest management.</p> <p>The Draft New Forest Law has been prepared, including amendments based on legal advisory review and input from forestry experts, aligned with EU regulations and national legislation'</p> <p>Proposals for forest-related measures for the IPARD III programme have been submitted, as well as recommendations for amendments to the existing Law on Agriculture and Rural Development, summarized in a report.</p> <p>Activities for the development of the (Forest Information System) IFIS have been initiated and is ongoing. Work on supporting the elaboration of IFIS functionalities and analysis of the modules (draft Output 3.2) and IFIS architecture (draft Output 3.3) was performed. The draft technical and analytical reports were received by Trinita DOOEL and reviewed. Comments and recommendations for improvements are provided to the contractor Trinita DOOEL. Improved reports (Report of functional modules and IFIS architecture design) regarding IFIS are delivered by the contracted company for development of IFIS and the contracted company has requested a positive</p>
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	<p>statement by MAFWE. Work on the interconnection of IFIS modules and components is ongoing.</p> <p>Activities for the development of rulebooks related to the draft new Forest Law are ongoing.</p> <p>The pilot activity for forest inventory has started. Two-days Field Workshop on Inventory and Mapping Forest Functions was organized on 5th and 6th of November in St. Nikole PENF branch</p> <p>Work continued on the Plan for Sustainable Development of Forests (draft Output 4.2), with recommendations for combating illegal activities and promoting sustainable practices on site (in Pehcevo and Kavadarci)</p> <p>The project has a new coordinator and in accordance with the Government's Work Program there will be changes in the activities (a Forest Agency will not be established, but another body with similar competencies and there is a need for amendment of the National Strategy for Sustainable Development of Forestry (2006-2026)</p> <p>The revised final draft of the Strategy for Sustainable Development of Forestry (2006-2026) had been submitted to the Government for approval on 16 November 2024 and statement from the Secretariat of Legislation is still pending.</p> <p>Active support to PENF in fulfilling the pre-audit recommendations continued and assistance during the real audit was realized with participation of SNKE - close-to-nature silvicultural treatments and forest certification. The final audit under PEFC was realized in the period 12-14 November 2024 in three PENF branches – FMU Golak – Delchevo (12.11.2024), FMU Ravna Reka – Pehcevo (13.11.2024) and FMU Bor – Kavadarzi (14.11.2024).</p> <p>The Final Audit PEFC Report was received by the Certification Body (positive). PEFC Certificate for 106 000 ha state forests managed by PENF was obtained.</p>
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**Specific Objective/Outcome: To ensure food safety and improved animal and plant health.**

<p><b>Output 2: Decreased risks to human, animal and plant health</b></p>	<p><i>Activity 6 "Improvements of food safety standards, legislation, and control systems"</i> is being carried out in accordance with the work plan. This will greatly improve animal disease control and strengthen the overall food safety system, indicating progress in both institutional and regulatory frameworks. The eradication of diseases, a key health indicator, reflects progress in this field. According to FVA reports, the 'Number of diseases eradicated (officially declared free of) on the country territory' has reached its target of two, up from a zero baseline. This achievement highlights the effective management and control measures put in place, which contribute to achieving the objectives of food safety and animal health.</p> <p>The project that provided technical assistance for this activity was finished in August 2024. The project had 4 Components.</p> <ul style="list-style-type: none"> <li>- Effective implementation of the animal disease control system</li> <li>- Strengthening the capacity of the food safety system</li> <li>- Improved system for conducting official controls</li> <li>- Improved system for data collection and risk analysis.</li> </ul> <p><i>Regarding Activity 7 Construction of a Rendering Plant</i>”, the project is in its initial phase. Foundational activities such as selecting the implementing company and administrative tasks have commenced. An important aspect of this phase is the identification of suitable sites and active engagement with key stakeholders like the World Bank and DEU. Despite being in its early stages, the project's importance is underscored by its target of safely disposing of 8,500 tons of animal by-products yearly, currently marked at zero progress, highlighting its future potential in managing animal health risks. Issues resolution concerning delays in the urban planning and land transformation process for the selected Animal By-Products Facility site.</p>
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	<p>The formal site approval requested from the Municipal Council that is pending since February 2024.</p> <p>The component for safe treatment of animal by-products within the World Bank Agriculture Modernization Project is continue facing with significant risks in the future implementation due to the unchanged circumstances linked to the unsolved problem of location for the central facility in the municipality of Rosoman. Namely, despite the efforts invested by the MAFWE management in the period July – September 2024 to explain the importance for the main facility and the system for the country, the major and municipality Council representatives remained on their initial positions not to approve the changes in spatial plan for this purpose. The ministry has opted for overtaking the procedure for urbanization of the parcels by the Ministry of Transport, but that option faced legal constrains and even longer implementing procedure while the resistance of the local community toward the project will remain.</p> <p>In addition, this component has between 2 and 3 million euros higher assessed costs compared to the initially planned ones due to the need for flattening the location and construction of the access road.</p> <p>Last but not least, because of the delays in implementation, even though the implementation starts immediately, it cannot be completed by the end of 2025 when the grant becomes ineffective. All mentioned ranks this project component as the most risked one in the ongoing restructuring process. Considering the fact that the problems in the implementation are beyond MAFWE competencies, the ministry has been informing the government for the bottlenecks in implementation and of the need for extension and restructuring, especially after acknowledging the position of the government that completion of activities shall be done within initially approved budget.</p> <p>the efforts to align phytosanitary legislation with EU acquis, particularly Regulation (EU) 2017/625, mark a critical stride towards international c</p> <p><b><i>Regarding Activity 8 “Harmonisation of the Phytosanitary legislation and introduction of best practices on plant protection”</i></b></p> <p>At the beginning of 2022, the Twinning project MK 19 IPA AG 01 21 "Improvement of the administrative and operational capacities of plant protection services" started its activities. The project provided support for all activities in the phytosanitary sector. The aim of the project was to improve the efficiency of the National Plant Protection System, ensuring the correct implementation of national policies and European legislation. The project was related to the development of policies and the legal framework, to governance, phytosanitary policies and their communication, and to risk-based official controls and other official activities. The project ended in February 2024. In the last period significant work has been done in the phytosanitary area, in terms of adoption of the relevant legislation and policy documents in the area of plant health and plant protection products:</p> <p><b><i>Plant health</i></b></p> <ul style="list-style-type: none"> <li>- Finalised the Draft Plant Health Law (PHL), in which are integrated SPL and SAI comments and recommendations for improvement the text is on ENER platform for getting opinion from different stakeholders. It is planned to be adopted by Q2 of 2025.</li> <li>- Draft Strategic document in the area of plant health has been submitted for adoption by the Government (December 2024).</li> </ul> <p><b><i>Sustainable use of Plant Protection Products</i></b></p> <ul style="list-style-type: none"> <li>- Draft Law for Amendment of the current Law on Phytopharmacy is adopted by the Parliament (OG218/24). National Action Plan for sustainable use of plant protection products (NAP), the new Commission for preparation and monitoring of implementation the objectives and measures within the NAP was established and functional. NAP would be adopted by the end of Q2 of 2025.</li> <li>- As a part of sustainable use of plant protection products is Integrated</li> </ul>
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	<p>Pest Management. WG established. The Book of Rule for IPM has been submitted to the Secretariat for Legislation for an opinion. The Action Plan includes short term and medium-term activities and sharing of competences between all involved parties/bodies.</p> <ul style="list-style-type: none"> <li>- The revision and adoption of other secondary legislation arising from Law on Phytopharmacy will be organized in the following period.</li> </ul>
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### *Action Document IPA 2020 “EU Integration facility”*

<b>Status and progress</b>	
Alignment of Legislation and Implementation of the Union Acquis in the Area of Fisheries and Aquaculture in the Republic of North Macedonia	<p>Project ended 2023. The New Law on Fisheries and Aquaculture has been adopted and published (Official Gazzete 64/24). In the reporting period several implementing acts (by-laws) have been prepared, which should encompass the relevant provisions related to Common Fishery Policy and organisation of the market for fish and fishery products:</p> <ul style="list-style-type: none"> <li>- Rulebook on fishery and aquaculture products marketing standards. The rulebook is in line with REGULATION (EU) No 1379/2013 on the common organisation of the markets in fishery and aquaculture products, Council Regulation (EC) No 2406/96 of 26 November 1996 laying down common marketing standards for certain fishery products; Council Regulation (EEC) No 1536/92 of 9 June 1992 laying down common marketing standards for preserved tuna and bonito and Council Regulation (EEC) No 2136/89 of 21 June 1989 laying down common marketing standards for preserved sardines and sardine-type products;</li> <li>- Rulebook for consumer information for fishery and aquaculture products. The rulebook is in line with art 35-39 of REGULATION (EU) No 1379/2013 on the common organisation of the markets in fishery and aquaculture products</li> <li>- List of commercial designations and scientific names of relevant fish species. The list is in line with art 37 of REGULATION (EU) No 1379/2013 on the common organisation of markets in fishery and aquaculture products,</li> <li>- List of the fisheries and aquaculture products covered by the CMO in line with REGULATION (EU) No 1379/2013 on the common organisation of the markets in fishery and aquaculture products.</li> </ul> <p>All prepared by-laws have been sent for inter-institutional consultation (Secretariat for legal affairs). Preparation of the Rulebook for professional organisation (rules for recognitions of PO, conditions, etc) is ongoing.</p>

### *Action Document 2021 “EU for Green Economy”*

<b>Status and progress</b>	
<b>Specific Objective/Outcome:</b> Greened, recovered and modernised economy	
Output 2: Enhanced cooperation and position of farmers in supply chain	<p>The progress towards output 2 is still in its ongoing.</p> <p>For the Activity 2.1, "Implementation of Common Market Organisation (CMO) measures," the ToR is in preparation phase.</p> <p>For the Activity 2.2, "Enhancing farmer self-organisation in the development and management of small-scale irrigation systems." The grant application for the construction of the small-scale irrigation systems in Sopot and Novaci have been submitted to EUD and we have received is a list of comments to be incorporated. The working group is reviewing the document.</p> <p>The draft ToR for the service contract for establishing farmers groups under IPA III 2021 to be able to assess the complementarity of the assistance as it is provided in the Financing Agreement for IPA III 2021 is in preparation phase.</p>

## Action Document 2024 “EU for Economic Cohesion”

Status and progress	
<b>Specific Objective/Outcome:</b> Accelerated business environment transformation and climate change –related structural reforms in the energy and the agri food sectors.	
Output 2: Improving the Phytosanitary system	<i>For the twinning project “Further support of the national Phytosanitary system” that will support implementation of activities under this output, twinning partner is selected, consortium Italy, Croatia and Greece and the project will start in March 2025.</i>

### 3. Problems encountered in implementation and corrective measures taken and/or planned, and recommendations for further action, in order to ensure sustainability

Encountered problem	Status	Measures undertaken/planned to ensure sustainability
Insufficient number of staff in IPARD Managing Authority and IPARD Paying Agency	<i>Open</i>	Engagement of new employees in progress.
In the EU Department (MAFWE): Current professional staff in the IPA Unit have not been promoted; Insufficient number of staff in Negotiation Unit and IPA Unit	<i>Open</i>	These issues suggest the need for strategic human resource management, including staff development and recruitment, to enhance the operational effectiveness of the EU Department within MAFWE.
Lack of IT systems to support the process of selection and management of public calls	<i>Open</i>	Strengthened the necessary IT system in AFSARD.
Lengthy procedures for administrative and on the spot control of applications	<i>Closed</i>	Simplified procedures are in place.
Untimely and poor-quality monitoring data submitted by the IPARD Agency	Closed	Data send to MAFWE by AFSARD are send just in time and updated.

### 4. Main monitoring, evaluations and/or audit findings and their follow-up

IPA III Sectoral Monitoring Committee on Competitiveness, Innovation, Agriculture and Rural Development, and Energy held on 5 May and 3 November 2023	
Recommendations/conclusions	Follow up and measures undertaken/planned
Joint Stock Company for Water management, the MAFWE to provide information on the mitigation actions and reforms to be undertaken for sustainability of the irrigation management by the end of December 2023	Open
The Ministry of Agriculture will notify the EUD about the submission of user license for Chaushica, Rankovce, Pishica, Konopnica and Tearce when the procedure will be finalized.	Open
The Ministry of Agriculture will provide the EU Delegation with more advanced draft of the new law on agriculture and rural development (including direct payments, CMO) by end of June 2025.	Open
The Ministry for Agriculture (in consultation with NIPAC) will provide written notification to EUD on the status of implementation of the assumption and conditions from the amended IPA II 2019 Action Document related to “The Law on Water User	The Ministry for Agriculture submitted a letter to NIPAK that after the revision of the National Strategy For for will have a guidance of policy development in Agriculture and Rural Development Sector.

Associations and improved legislative framework in case of Agriculture Cooperatives” by end December 2023.	
New rulebooks for internal organization and systematization will be adopted by MAFWE by December 2024	In process of preparation
MAFWE will submit to EUD the new proposed organigram by December 2024	In process of preparation
Government will 1) adopt the rulebooks under the Law on Phytopharmacy, 2) establish a training system for professional users, advisors and distributors of pesticides, all by the end of 2023.	completed
The government will adopt the National Action Plan for integrated plant protection by the end of 2023.	completed

### 5. Complementarity with other instruments and coordination with other donors and IFI's

The following meetings of the SWGs were organised in 2024:

Sector Working Group (SWG) meetings on Agriculture and Rural Development		
Date	Number of participants	Discussed topics
N/A	N/A	N/A

The following Donors, IFIs, Embassies and CSOs were present at the SWG meetings:

Donors	International Organisations	Embassies	CSOs
N/A	N/A	N/A	N/A

The following programmes financed by other donors are **under implementation**:

Donor	Value of the support	What is financed and complementarity with IPA?	Implementation period
<b>FAO</b>			
GCP/MCD/008/EC Advancement of land consolidation in North Macedonia	1,200,000\$ (1,000,000 euro funds from EU IPA II  200,000 euro funding from FAO)	Enhancing Land Consolidation in North Macedonia	08/01/2022  31/01/2026
TCP/MCD/3902: Technical Assistance for aligning of the National Animal Health and Food Safety system to the standards of the European Union	150,000\$	Based on the developed technical documentation and implementation roadmap (Phase I). starting from 2023, FAO will support the FVA to put the new National Animal Information System in use (Phase 2) unlocking a number of modules and features presently not available in the obsolete Veterinary Information System.	01/06/2023  31/12/2025
TCP/MCD/3901: Enhancing Land Consolidation in North	320,000€	This project is the FAO co-financing contribution to GCP/MCD/008/EC: Enhancing land consolidation through	01/01/2023  31/12/2024

Macedonia (FAO co-financing)		support to the process of national strategic planning (EU contribution)	
TCP/MCD/3904: Technical Assistance for the development of a National E-Agriculture Strategy	100,000\$	In order to ensure that digitalisation in agriculture is on the proper track beyond the existing efforts and encompasses the needs of the farmers and policy makers this project will support the government to increase the national capacity for digital transformation of agriculture policy. To increase the national capacity for digital transformation of agriculture policy the National strategy on digitalization of agriculture will be developed	01/01/2024 31/07/2025
GCP/MCD/010/GCR: Strengthening capacities and developing strategic frameworks for low carbon and climate resilience	633,221\$	"Strengthening capacities and developing strategic frameworks for low carbon and climate resilience" - This is the country's fourth project under the GCF Readiness and Preparatory Support Programme. Building upon the results of the first and second GCF readiness projects, FAO will further support the National Designated Authority (DPM Cabinet for Economic Affairs) and the GCF Strategic Advisory Committee to facilitate the development of GCF funding proposals, coordinate other GCF activities in the country and assist the process of GCF accreditation of National Direct Access Entities and building their capacities.	03/10/2023 02/03/2026
TCP/MCD/3903: Technical assistance to strengthen national capacities in the forestry sub-sector	100,000€	Providing technical support to the Ministry of Agriculture, Forestry and Water Economy (MAFWE) to increase the capacity of the forestry sector and the responsible national institutions in strengthening the forestry policy and programs. and support the national institutions in their resource mobilization efforts for the sector	15/07/2023 14/07/2025
TCP/MCD/4001: Support for resolving private-public ownership to improve the management and governance of agricultural land in the Pelagonia region	497,000\$	The project will mainly focus on resolving the existing public-private co-ownership of agricultural land between state and private landowners in the Pelagonia region (most of which land plots are under long-term lease by the former agro-combinat) which prevents full land use and management in many cases and causes conflicts between co-owners, but also prevents private landowners and tenants of state land from active agriculture within a total area of about 18,000 hectares, which includes about 2,000 landowners who, according to land registration data, are co-owned with the state on a total of 10,000 ha.	15/06/2024 14/06/2026
TCP/RER/3907: Emergency response to the outbreak of African swine fever in the	300,000€	The project aims to support effective preparedness, surveillance, prevention and control of African swine fever (ASF) in the Western Balkan countries (North	14/08/2023 13/02/2025

Western Balkans (North Macedonia, Bosnia and Herzegovina, Montenegro and Albania)		Macedonia, Bosnia and Herzegovina, Montenegro and Albania.  FAO will work with veterinary services, pig and game producers and other stakeholders to raise their awareness and train them on issues related to the prevention, detection and control of African swine fever.	
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The following programmes financed by IFI's loans and implemented by international organisations are **under implementation**:

IFIs / International organisation	Value of the support	What is supported and complementarity with IPA?	Implementation period
KfW	110,000,000 €	Project for construction of irrigation system south Vardar Valley Irrigation Program - Phase 3 KfW bank (loan) - 80,000,000€ KfW bank (grant) - 2,800,000 € Contribution of the Ministry of Agriculture, Forestry and Water Economy - 27,200,000 € (minimum)	1/1/2022  Implementation period: 6 years, plus 1 year (additional period)
World Bank	World Bank 46,000,000\$ (loan) EU 4,000,000\$ (grant) Total 50,000,000\$	Agricultural Modernization Project by creating purchasing centres in Resen and Strumica and an Agrifood platform in Skopje 35.000.000\$, the administrative permice.	02/12/2020  30/06/2025

## 6. Sector strategies, institutional capacities and budgeting

### *Sector National Strategic Framework*

The impact of IPA III actions on strategic planning for the ARD sector can be seen in the strong support received from the EU to the Ministry of Agriculture, Forestry and Water Economy (MAFWE) in the preparation of the Action document and Action Fiche. In line with the steps and targets of the roadmap in the strategy criteria for 2019 and 2020, the MAFWE developed and approved the relevant strategic documents and legal requirements in the sector: National Agriculture and Rural Development Strategy for the period 2021-2027 NARDS2021-2027 it was adopted by the Government at the session held on 16.01.2021. The strategy was published in the Official Gazette on 20.01.2021 with the number 16/2021 and entered into force in January 2021; The process of mid-term review of the strategy started in October 2024 and will last till April 2025.

New Law on agriculture and rural development – LARD is currently under preparation; National Action Plant (NAP) for sustainable use of plant protection products is prepared; Adopted Programme for Phytosanitary Policy, etc.). All relevant strategies set out the priorities in the sector for agricultural and rural development, with clear described objectives and defined measure. Strategies in force under this sector are presented in the table below:

The following strategic documents are relevant for the sector:

Strategy and relevant AP; national programme; national plan	Covered years	Status	Year of approval or expected	Problems encountered, if applicable
National Strategy on Agriculture and Rural	2021 – 2027	<i>Adopted</i>	2021	The process of mid-term review of the strategy started in October 2024

Development for the period 2021 – 2027				and will last till April 2025.
Strategy on Food safety	2021 – 2025	<i>Adopted</i>	2021	
Strategy on Animal Health	N/A	<i>Under preparation</i>	N/A	
Programme for fisheries and aquaculture development in the Republic of Macedonia for 2025	2025	<i>Under preparation</i>	N/A	
IPARD Rural Development Programme	2021-2027	<i>Adopted</i>	2022	
National Strategy on Agricultural Land Consolidation in North Macedonia for the period 2023-2030	2023-2030	<i>Adopted</i>	2023	
National Programme for Agriculture and Rural Development 2023-2027	2023-2027	<i>Adopted</i>	2023	
Plant Health Policy Paper		<i>In procedure for Adoption</i>	2025	
Strategy for establishment of a national system for animal by products non intended for human consumption	?	<i>Under preparation</i>	?	

### ***Institutional Capacities in the Sector***

A functional analysis of MAFWE (including the directorates), AFSARD (Agency for Financial Support of Agriculture and Rural Development) and FVA (Food and Veterinary Agency) was prepared with the support of IPA during the 2019. The IPA project “Support to state reorganisation” started in Ministry of Public Administration (MoPA) related to the functional analysis of the public administration in the country. The MAFWE is included in this analysis and recommendations will be implemented accordingly. One of the main critical aspects in the administrative capacity is the absence of a retention policy for high performing staff. In order to achieve foreseen enforcement of the newly enacted legal provisions and reforms undertaken in the sector, an appropriate institutional building/strengthening has continued in the relevant areas.

### ***National Budget Allocated for the Sector***

Government adopted the new five-year budget national programme for agriculture and rural development 2023-2027 in 2023. The programme links the strategic documents, primarily the National Strategy for Agriculture and Rural Development and multi-annual budgetary planning with the annual operational agricultural and rural policies programs and decrees. The preparation of the program was consulted with the wider stakeholder’s community including the most relevant policy beneficiaries and experts.

In accordance with the MAFWE Strategic Plan 2023-2027, for the year 2024 in the area of agriculture, rural development, forestry, water economy, fisheries and plant health and protection, the total budget of MAFWE amounts to 8.704.450.000 MKD in total. Compared to the 2023 budget (8.269.000.000 MKD), the budget for the year 2024 is reduced by 5,3 %.

The financing of the National Agriculture and Rural Development Strategy for the period 2021-2027 (NARDS2021-2027) will be done with funds provided from the Budget of Republic of North Macedonia allocated in the budgets of the budget users who have competence in the implementation of

the national agricultural policy according to law, primarily the budget of AFSARD and MAFWE.

### *Communication and visibility activities*

1. Project Final closing event was on 22nd February 2024 at Hotel Limak - Skopje, for the Twinning Project MK 19 IPA AG 01 21 “Improvement of the administrative and operational capacities of the plant protection authorities” .

2. Project Final closing event was held on 23 July 2024 at Limak Hotel in Skopje, for the EU-funded project “Modernisation of the Advisory services for Operators in the Agriculture Field in North Macedonia ”.

### *IPA Rural Development (IPARD) programmes*

The IPARD Programme for the 2014-2020 programming period was approved on 13<sup>th</sup> of February 2015 by Commission Decision C (2015) 760. First modification of the Programme was approved with Commission Decision C (2019) 6038. Since the start of the implementation the Programme suffered five modifications. The last, fifth modification of the Programme was of financial nature, approved in July 2023 by Commission Decision C (2023) 4537 and it was made in order for the Macedonian authorities to be able to announce the last public call of IPARD II Programme.

The indicative maximum amounts of the European Union contribution for the implementation of the IPARD Programme under IPA II are set out as follows:

Year	2014	Indicative amount (EUR)					
		2015	2016	2017	2018	2019	2020
Total	5,000,000	5,000,000	5,000,000	6,000,000	10,000,000	14,000,000	15,000,000

IPARD Programme 2014-2020 provided support through five measures (four of them accredited in the 2007-2013 programming period):

- **Measure 1** - Investments in physical assets of agricultural holdings,
- **Measure 3** - Investments in physical assets concerning processing and marketing of agricultural and fishery products,
- **Measure 5** - Investments in rural public infrastructure (conferral of management power not yet received due to lack of human capacity in the IPARD Agency),
- **Measure 7** - Farm diversification and business development,
- **Measure 9** - Technical assistance.

Implementation of the Programme started in April 2017. By the end of 2024, nine public calls have been announced. Excluding the first, all public calls were announced for different IPARD measures:

- Public call 01/2017 for submission of applications under measure 1, 3 and 7;
- Public call 01/2018 for submission of applications under measure 3,
- Public call 02/2018 for submission of applications under measure 1
- Public call 01/2019 for submission of applications under measure 7,
- Public call 02/2019 for submission of applications under measure 3,
- Public call 01/2020 for submission of applications under measure 1,
- Public call 01/2021 for submission of applications under measure 7,
- Public call 01/2022 for submission of applications under measure 3,
- Public call 01/2023 for submission of applications under measure 3.

The final stage of implementation of IPARD II Programme increased the pressure of implementation in the Sector for authorization of payments in the IPARD Agency. There was no de-commitment of funds at the end of 2023 due to the received approval for extension for the implementation of the budgetary commitment 2020 by one year (from N+3 to N+4). Therefore, all remaining IPARD II expenditure needs to be implemented (incurred and paid to IPARD recipients) by 31st December 2024 at the latest, when the eligibility for a Union contribution for expenditure under the IPARD II programme will end. According to the data kept in the Paying Agency and taking in consideration the final date for realization of the investments stipulated in the contracts for allocation of funds signed



between the final recipients and the Paying Agency the predication is that 9.9 mil Euros will be unused and de-committed for the whole programming period. Also, cancelation of contracts is being noticed, since the beneficiaries were not able to respond to the requests for realization of the investments due to increased prices, significantly higher than the prices in the contracts, as well as a consequence of COVID.

IPARD applications per public call:

Public call number	Submitted applications	Total requested amount	Contracted applications	EU contribution	Cancelled contracts	Paid applications	EU contribution
01/2017	1.648	72.329.985	947	16.671.219	35	867	13.187.960
01/2018	65	15.275.234	39	6.496.155	0	37	6.224.802
02/2018	1.099	17.829.517	638	6.311.459	25	593	5.468.574
01/2019	261	43.884.372	78	6.128.138	10	70	5.004.110
02/2019	61	16.763.738	48	8.757.532	1	39	6.394.758
01/2020	748	21.012.213	450	5.929.425	33	388	4.287.849
01/2021	250	32.490.820	112	9.155.414	5	81	4.641.074
01/2022	42	4.589.390	28	2.944.297	0	27	2.362.919
01/2023	58	8.647.742	0	0	0	39	3.207.425
Total	4.232	234.082.725	2.340	62.107.484	109	2.141	50.794.343
M 9	48	/	25	336.155	/	29	277.618
Total	4.280	234.082.725	2.365	62.443.639	109	2.170	51.071.961

Source: IPARD Agency, Info per public calls 04.12.2023

Experience gained so far indicates that the stakeholders in the Macedonian agricultural and rural sector have high interest for using the possibilities of the IPARD Programme. The EU contribution of submitted projects is more than 3 times higher than funds available in the Programme.

The introduction of obligatory completeness of application package has proven to be very productive for the implementation of the Programme and resulted with decrease of time needed for processing/contracting the applications.

Public Call number	Published in month	Contracting started in month	Time needed for contracting
01/2017 (M 1, M 3 and M 7)	April 2017	August 2018	15 months
01/2018 (M 3)	November 2018	April 2019	4 months
02/2018 (M 1)	December 2018	August 2019	6 months
01/2019 (M 7)	October 2019	July 2020	7 months
02/2019 (M 3)	December 2019	September 2020	7 months
01/2020 (M 1)	February 2020	January 2021	10 months
01/2021 (M 7)	July 2021	February 2022	5 months
01/2022 (M 3)	July 2022	November 2022	3 months
01/2023 (M3)	September 2023	January 2024	3 months

Source: Managing Authority, Monitoring System, 2024

IPARD III Programme was prepared by the IPARD Managing Authority and adopted by the European Commission Decision C(2022) 1538 final on 09.03.2022.

Following the signatory of the IPA III Financial Framework Partnership Agreement, Sectoral Agreement between the Government of the Republic of North Macedonia and the European Commission setting out provisions for the management and implementation of Union financial assistance to Republic of North Macedonia under the rural development Programme of the Instrument for Pre-accession Assistance (IPARD III) entered into force on 15<sup>th</sup> of February 2023. The Programme provides support through eight measures (four of them accredited for the 2021-2027 programming period under roll-over procedure):

- **Measure 1** - Investments in physical assets of agricultural holdings,
- **Measure 3** - Investments in physical assets concerning processing and marketing of agricultural and fishery products,
- **Measure 4** - Agri-environment-climate and organic farming measure (conferral of management power not yet received),
- **Measure 5** - Implementation of local development strategies – LEADER approach (conferral of management power not yet received),
- **Measure 6** - Investments in rural public infrastructure (conferral of management power not yet received),
- **Measure 7** - Farm diversification and business development,
- **Measure 9** - Technical assistance,
- **Measure 10** - Advisory services (conferral of management power not yet received).

Implementation of the Programme started in September 2023 when public call 01/2023 was published. Two measures (1 and 7) were included in this call. The available budget for measure 1 was 18.8 and 11.4 million EUR for measure 7. Due to the high interest of the applicants, although the budget for the measures is higher than the previous public calls, a ranking procedure had to be applied.

Measure 3 public call (01/2024) was published in April 2024, after reviewing the application from the last IPARD II call for this measure. The budget of this public call reached 14 million EURO IPARD support.

Results from implementation of IPARD III Programme as of October 2024.

Measure	Submitted appl.	Requested amount	Contracted appl.	Contracted EU amount	Paid appl.	Paid EU amount
1	902	51.670.671	324	10.974.107	1	229.507
3	116	32.304.184	0	0	0	0
7	257	46.279.392	48	7.858.349	0	0
9	14	644.011	6	10.841	0	0
Total	1.289	130.898.258	378	18.843.297	1	229.507

*Source: IPARD Agency, Info per public calls 04.12.2023*

In February 2023, the IPARD III Programme Monitoring Committee (IPARD III MC) has been established in order to monitor the effectiveness and quality of implementation of the IPARD III Programme and attain the Programme's objectives, with responsibilities described in Article 53 of the Financial Framework Partnership Agreement and Article 54 of the Sectoral Agreement. The composition of the committee has been updated in November 2024, following the accordance with the amendments to the law on state administration bodies from 6 months ago. In December 2024 held its fourth meeting.

## 2.6. WINDOW 5: Territorial and Cross-Border Cooperation

This section gives a brief overview of the territorial cooperation programmes where North Macedonia participates. Under *Annex 5* to this report is an overview of the ongoing projects under territorial and cross-border cooperation programmes.

### 2.6.1 Interreg cross-border cooperation (CBC) programmes with Member States

North Macedonia is implementing **2 Interreg cross-border cooperation (CBC) programmes with Bulgaria and Greece**. Programmes with the Member States are implemented under shared management where function of National body in North Macedonia performs Ministry of Local Self-government (MoLSG). Under shared management, expenditure verification and issuance of the declarations for the projects on the North Macedonian side are performed by the first level controllers (FLC) who are externally engaged by the MoLSG.

#### *INTERREG IPA Cross Border Cooperation programme between Bulgaria and North Macedonia*

*The Interreg IPA Programme 2014-2020* for cross-border cooperation between the Republic of Bulgaria and Republic of North Macedonia has been focused on measures aimed at mitigating the effects of climate changes as well as addressing issues related to nature and biodiversity, sustainable use of natural resources, environmental protection, and cross-border risk management. The focus of the program was also on the protection of the region's natural and cultural heritage, as well as on increasing the competitiveness of small and medium enterprises and facilitating their access to new markets.

The programme area is 18 087 km<sup>2</sup>, with a population of 980 375 people and the border line is 165 km of land border. Territory covered by the Programme for Bulgaria with two NUTS III districts: Blagoevgrad and Kyustendil (23 municipalities, 462 settlements, population of 452. 973) and for North Macedonia - three NUTS III statistical regions: North-East, East and South-East (27 municipalities, 597 settlements, population of 527 402). The program started in 2014. The first Call for Proposals was launched on 23 September 2015, 213 applications have been received, 45 contracts awarded in late 2016 and 3 more projects funded in 2017. All 48 financed projects have been successfully implemented by 2018. Second for proposals was launched on 09 February 2018, 162 applications have been received, 17 projects contracted in 2018, 3 projects contracted in 2019, 5 projects contracted in 2020 and 5 projects contracted in 2022. 30 funded projects, of which 30 have been successfully implemented by the end of 2023.

Both Calls for Proposals were implemented with an available fund of 19.4 million EUR. In total, 375 applications have been received, 78 subsidy contracts were signed under the two calls for project proposals with an amount of EUR 20. 642. 269 (including TA), representing 102% of the total programme's budget.

*The INTERREG VI-A IPA Programme Bulgaria – North Macedonia 2021-2027* has a total budget of **31,152,400 EUR**. The Programme funds a strategic project for the construction of a Border Crossing Point (BCP) between Strumyani and Berovo. It also supports green infrastructure, natural green areas in urban environments, including water management. Activities to enhance the capacity of SMEs to work in a greener, digital, and competitive environment are funded within the developed Integrated Territorial Strategy for the region. This includes collaborative solutions to increase SME productivity and the development of all-season, sustainable, and integrated products, as well as the rationalization of the use of tourist resources in the region.

Related to **Priority 1 "Greener Border Region"**, open call for investment projects was launched on 07<sup>th</sup> of June 2023 with a deadline of 15<sup>th</sup> September 2023, 9 project proposals were submitted. This call aimed to enhance nature preservation, biodiversity, and green infrastructure while reducing pollution. It aims to identify project proposals contributing to the development of "green" infrastructure in urban and suburban areas, with broad positive impacts on people's health and well-being, supporting the green economy, creating job opportunities, and improving biodiversity. With a total budget of **4,561,091 EUR**, the administrative evaluation was completed by the end of 2023, and qualitative assessments concluded on 15<sup>th</sup> January 2024. Contracts for five approved projects were signed on 1<sup>st</sup> July 2024 at the Ministry of Regional Development and Public Works in Sofia, with a total value of **4.1 million EUR**.

Related to **Priority 2 "More connected border region"**, restrictive Call for a strategic project proposal, was launched on 30<sup>th</sup> of December 2022 with a deadline of 31<sup>st</sup> July 2023, a Subsidy Contract was signed on 17<sup>th</sup> November 2023 with the Regional Administration of Blagoevgrad and PP2 - Customs Administration of North Macedonia. The project has a 72-month implementation period, with a total budget of **8,983,431 EUR**. The Subsidy Contract amounts to **EUR 11,127,682.55**, comprising:

7,635,345 EUR from the EU contribution; 1,348,085.81 EUR as national public contribution; 2,144,251.51 EUR as voluntary contributions.

**Under Priority 3 “Integrated Development of the Border Region”**, 24 project concept proposals were submitted in 2023 under the launched call on 22 May 2023 within the Territorial Strategy for the Bulgaria–North Macedonia 2021-2027 Programme. These proposals focused on developing attractive, all-season tourism products using smart solutions to ensure universal access and participation. Successful applicants were invited to develop and submit Full Project Proposals (FPPs) based on the identified concept notes approved by the Strategy Board and included in the Territorial Strategy’s List of Identified Project Ideas. The Monitoring Committee approved the Territorial Strategy and its annexes on 27 March 2024. A Targeted Call for developing and submitting FPPs under the Territorial Strategy was launched on 30 April 2024, with a total funding amount of **8,143,233 EUR**. The administrative and qualitative evaluation of ten received FPPs commenced in August 2024 and was completed by the end of the year.

For more detail information please see the following website: [Interreg IPA CBC Bulgaria - Republic of North Macedonia • Interreg.eu](https://interreg-ipa-cbc-bulgaria-republic-of-north-macedonia.eu)

#### *[INTERREG IPA Cross Border Cooperation programme between Greece and North Macedonia](#)*

With the Commission Implementing Decision the (Interreg VI-A) **IPA CBC Greece-North Macedonia for the period 2021-2027** has been approved. The overall strategy of the programme is to enhance territorial cohesion by improving living standards and employment opportunities holding respect for the environment and using the natural resources for tourism. The new Programme covers the regions of Greece: Thessaloniki, Kilkis, Pella, Serres from the Region of Central Macedonia and Florina and Kozani from the Region of Western Macedonia and of North Macedonia: Vardar, Southwest, Southeast, Pelagonia regions. The Programme budget amounts to **33,312,500 EUR** with an **80-20% co-financing rate** between EU contribution and national counterpart. To fulfil its Policy Objectives, the Programme will be implemented in four priority axes, such as: **Transition to a low carbon economy, Strategic focus on Prespas area, Support and upgrade of Health and Social Services, and Improving governance for cooperation.**

**Technical assistance (TA)** is designed to finance the programme’s management and implementation structures. It will employ all programme staff; finance programme processes for administration; monitors, evaluation, and communication activities; audits and controls; activities of the Antenna Officer etc. TA is part of the overall programme budget and is crucial for successful programme implementation. In the 2014-2020 programming period, TA was an individual priority axis, along with other “content” related priority axes. In the 2021-2027 period, TA is no longer a separate priority axis, it is part of the financial allocation of each priority (i.e., it is still part of the overall programme budget but is simply not an individual priority axis as such). **A retention of 5% is applied to the TA amount as it is applied to all interim payments included in the payment applications to the EC in the 2021-2027 period.**

The Monitoring Committee (hereafter referred to as MC) is set up according to Regulation (EU) 2021/1059 of the European Parliament and of the Council Regulation (EU) of 24<sup>th</sup> June 2021, as well as to specific provisions of the Cooperation Programme. All members of the MC are nominated by the partner countries in the programme. The members from each partner country in the MC form the national delegations. Three monitoring committees were organised. On November 2023 the Managing Authority publishes an open call for Expression of Interest for the establishment of the INTERREG 2021-2027 assessors’ registry and the evaluation of the submitted project proposals under the framework of the INTERREG VI-A IPA Greece-North Macedonia 2021- 2027 programme. The 1st Call for Project Proposals was published in December 2023 by the Managing Authority of the Interreg Greece-North Macedonia Programme with a substantial budget of EUR 18.045 million.

The EU financial support will range from **700,000 to 1,500,000 million EUR** per project. The EU contribution is 80% of the project's total eligible costs and the project co-financing is 20% of the total eligible costs.

The **1st Call for Project Proposals** intends to select high-quality cross-border projects, in which relevant institutions cooperate to make border regions more resilient to common challenges, find shared

solutions in fields such as environment, sustainable energy, tourism, health and more, and exploit the untapped growth potential in border areas, while enhancing the cooperation process for the overall harmonious development of the Union.

For more detail information please see the following website: [Interreg Greece – North Macedonia 2021-2027 \(greece-northmacedonia.eu\)](https://interreg-greece-northmacedonia.eu)

## 2.6.2 Transnational and interregional cooperation programmes

North Macedonia currently participates in the **4 transnational and interregional cooperation programmes** i.e. ADRION 2021-2027, Euro-MED 2021-2027, URBACT IV 2021-2027 and Europe 2021-2027. Transnational programmes are implemented under shared management where function of National body in North Macedonia performs Ministry for European Affairs (MEA). Under shared management, expenditure verification and issuance of the declarations for the projects on the North Macedonian side are performed by the first level controllers (FLC) who are externally engaged by the MoLSG.

### [INTERREG programme for Transnational Cooperation ADRION 2021-2027](#)

In 2022, North Macedonia became a partner country of the Interreg IPA ADRION Programme 2021-2027. In 2023, the European Commission, the Government of the Republic of North Macedonia, and the Regione Emilia-Romagna, Direzione Generale Risorse, Europa, Innovazione e Istituzioni from Italy (Managing Authority for this Programme) signed the Financing Agreement, making funds from this Programme available for potential project partners from the country. **First call for proposals was published in April 2023 while assessment of the submitted proposals was completed by the Joint Secretariat by mid-2024.** In accordance with the results, 39 project partners from North Macedonia are included in the granted projects, with starting date of projects' implementation in July and September 2024.

### [INTERREG programme for Transnational Cooperation Euro-MED 2021-2027](#)

The North Macedonia became a partner country of the Interreg Euro-MED Programme 2021-2027 in 2022. In 2023, the European Commission, the Government of the Republic of North Macedonia, and the Provence-Alpes-Côte d'Azur Region from France (Managing Authority for this Programme) signed the Financing Agreement, making funds from this Programme available for entities in the North Macedonia. **In 2024 two calls for proposals were published.**

**Fourth Call for Proposal** (Thematic projects – test and transfer projects) was published on 12 March 2024. An Info Day for this call was organized on 29 April 2024, with the participation of a representative from the Joint Secretariat of the Programme. Within this call, a total of 167 project proposals were received, and information for 12 project partners from North Macedonia were submitted to the Joint Secretariat of the Programme within the partners' verification process. The results from this call are expected on 06 March 2025.

**Fifth Call for Proposal** (Thematic Strategic Territorial projects) was published on 18 June 2024, with two phases in the application process. In the **first phase** (pre-application phase), **24 project partners from North Macedonia participated in 25 project proposals** (out of a total of 92 submitted project proposals). Of these, **7 project proposals, with 10 project partners from North Macedonia, were selected for the second phase** (full application phase). This phase started on 14 January 2025, with the deadline for applications set for 28 February 2025. The project missions of the 7 selected proposals with project partners from North Macedonia are: “Protecting, restoring, and valorising the natural environment and heritage” (3 project proposals), “Strengthening an innovative sustainable economy” (3 project proposals), and “Promoting green living areas” (1 project proposal). The results of the full application phase are expected in June 2025.

### [INTERREG programme for Interregional cooperation URBACT IV 2021-2027](#)

In 2022, North Macedonia became a partner country of the Interreg **URBACT IV Programme 2021-2027**. In 2023, the European Commission, the Government of the Republic of North Macedonia and L'Agence nationale de la cohésion des territoires of France (Managing Authority for this Programme) signed the Financing Agreement, making funds from this Programme available for potential project



partners from the country. In 2024, the following three calls were published, i.e. call for Innovation Transfer Networks, announced in January 2024; call for Transfer of Good Practices, announced in April 2024; and call for Pioneers Accelerator for cities from the IPA countries, announced in November 2024. No project partners from North Macedonia were part of the granted projects within the Innovation Transfer Networks and the Transfer of Good Practices calls, while the Pioneers Accelerator for cities from the IPA countries will be closed on 22 January 2025.

#### [INTERREG programme for Interregional cooperation Interreg Europe 2021-2027](#)

Republic of North Macedonia became a partner country in INTERREG programme for Interregional cooperation **Interreg Europe 2021-2027** in 2023 when the Agreement to the Content of the Interreg Europe Programme and confirmation of national co – financing was signed by the Deputy Prime Minister for EU Affairs and NIPAC at that time. In the upcoming period the Financing Agreement for the programme is to be signed between the European Commission, NIPAC on behalf of the Government of North Macedonia and the Hauts-de-France Region, legally represented by the Head of the Managing Authority of the Programme.

So far, 3 calls for project proposals have been implemented, plus one restricted (under the third call) call under which the potential beneficiaries from the new partner countries were given possibility to join in projects approved under the first two calls. Ministry of European Affairs, as National Authority, with support by the Joint secretariat, organised Info – day for the third call in Skopje, on 4 April 2025. Third call for project proposals was implemented in the period 20 March 2024 – 7 June 2024 under which 3 partners from North Macedonia were approved to join to already approved projects under the previous calls and 16 partners approved as partners in 15 new projects.

Approval of the project under conditions by the Monitoring Committee of the Programme was done on 10 December 2024 and the project's expenditure is eligible from this date. The official start of the projects is expected on 1 May 2025. On 19 November 2024, the Policy Learning Platform, in cooperation with the Ministry of Economy and Labour and the Ministry of Education and Science, organised its first capacity-building event on in Skopje (at INNOFEIT). The event focused on building innovation ecosystems through university-industry collaboration, a topic largely shared among the Interreg Europe community and of particular importance for local and regional policymakers.

#### **2.6.3 CBC programmes between IPA beneficiaries**

Please note that the annual implementation reports for CBC are prepared as referred to in Article 80 of the Financial Framework Partnership Agreement.

IPA cross border cooperation enables the achievement of sustainable development of the border regions in supporting of the wider effort for cooperation and integration in the European Union. The cross-border cooperation (CBC) IPA II programming process began at the end of 2013 and was completed during 2014 when the European Commission approved territorial cooperation programmes for the period 2014-2020 out of which programme Serbia-North Macedonia 2016-2020 effectively started with implementation in 2018 and is still under implementation. The Ministry of Local Self-Government of the Republic of North Macedonia (MoLSG) has been delegated the task for implementation of the territorial cooperation programmes under EU pre-accession assistance instrument (IPA) in accordance with Article 6(2)(b) of the Financial Framework Partnership Agreement for IPA III. Currently, **3 CBC programmes between IPA countries** are under implementation **with Albania, Kosovo and Serbia**. Implementation of CBC programmes are not decentralised to the national authorities and therefore it is implemented under direct management whereas EUD acts as Contracting Authority in charge for the verification of project expenditures, except for the programme Serbia-North Macedonia which is implemented under indirect management where Serbian CFCU acts as Contracting Authority.

#### [IPA II and III Cross Border Cooperation programme between Albania and North Macedonia](#)

The **IPA II Cross-border Programme between North Macedonia and Albania 2014-2020** started its implementation at the beginning of 2016 and ended on 30 June 2024. The general objective of the programme was to stimulate more balanced, inclusive and sustainable socio-economic development of the border area. The financial allocation for the IPA II CBC Programme was **EUR 11,900,000**, of which

EUR 10,077,000 were grants for projects submitted by beneficiaries. The funds used by the applicants is 94.43% of the total budget with the conclusion of contracts for 20 projects under all three Calls for Proposals. The amount dedicated to technical assistance was limited to 10% of the total amount allocated to the programme or specifically EUR 1,190,000 for technical assistance. The co-financing rate of the European Union Delegation for Technical Assistance was 100%. The following thematic priorities covered by this Programme: *TA 1 - Promoting tourism, culture and natural heritage; TA 2 - Improving competitiveness, business, trade and investment; and TA 3 - Protecting the environment, promoting adaptation and mitigation of climate change, prevention and risk management.*

The Programme in North Macedonia was implemented in the following regions: Pelagonija, Polog, Jugozapade, while in the Republic of Albania in: Dibra, Elbasan, Korça. According to the Thematic Priorities, the funds realized are TP1- Tourism with 49.6%, TP2 - Promotion, Competitiveness with 15.2% and TM3- Environment with 35.3%. The results achieved by the IPA II cross-border programme are:

- Cross-border cooperation partnerships built that fostered cross-sectoral (local institutions/NGOs) cooperation with and from a wide range of local stakeholders.
- Increased capacity and awareness at local level for promoting tourism, culture and natural heritage, environmental protection, promoting climate change adaptation and mitigation, risk prevention and management and Improving competitiveness, business, trade and investment.
- Full inclusion of cross-sectoral issues (especially women and youth) during the implementation of the programme. - Involvement of local administrative units as lead applicant and co-applicants in all projects.
- Capacity building of local administrative units for the use of IPA cross-border funds.
- Successful implementation of 20 projects.

During the reporting period, the Operational Structures Ministry of Local Self-Government of the Republic of North Macedonia and the State Agency for Strategic Programming and Assistance Coordination (SASPAC) of Albania were engaged to finalize the Final Narrative and Financial Report for the period November 2022 - June 2024. The main task was to complete the overall documentation which is provided for review for audit which is performed by Audit Agency RSM Makedonija DOOEL Skopje. The final audit report will be completed by the end of December 2024, which will be submitted for approval to the Delegation of the European Union and to the Joint Monitoring Committee of the Programme.

Within the framework of the **CBC Programme North Macedonia – Albania 2021-2027**, reallocation for 2023, the Delegation of the European Union announced the first Call for Proposals in May 2024. The main objective of the Call was to promote good neighbourly relations, to encourage integration into the Union and to contribute to the social, economic and territorial development of the programme cross-border area by improving environmental protection and disaster response and developing sustainable nature and cultural tourism. The priorities of the Call for proposals were: Thematic Priority 2: Environmental protection, climate change adaptation and mitigation, risk prevention and management; Thematic Priority 5: Tourism and Cultural and Natural Heritage; and Thematic Priority 7: Management, Planning and Building the Administrative Capacity of Local and Regional Authorities. The total indicative amount was **EUR 2,890,000**. For grant beneficiaries from the Republic of North Macedonia, the national co-financing of 15% will be covered by the Ministry of Local Self-Government, which has so far proven to be a facilitating instrument for supporting local self-government units and encouraging them to apply.

The evaluation results of the project proposal are expected to be published in February 2025. The entire selection and approval process is carried out by the Delegation of the European Union (EUD), while one representative from the Ministry of Local Self-Government and one representative from the State Agency for Strategic Programming and Aid Coordination (SASPAC) of Albania are nominated as observers throughout the selection process.

In October 2024, the Ministry of Local Self-Government received by EUD an invitation to participate in a procedure for direct award for a grant agreement entitled "Technical Assistance for the Cross-Border Cooperation Programme North Macedonia Albania according to the allocation for 2023". This grant is part of the IPA III Cross-Border Cooperation Programme North Macedonia Albania with an



allocation of 2023. The two Operating Structures submitted the application in November 2024. The grant is intended to be implemented for 3 years 2025-2027 with a total budget of 500,000 EUR. The signing of the grant TA is expected to take place during February 2025, while the implementation of the Technical Assistance for the Cross-Border Cooperation Programme between North Macedonia and Albania is expected in March 2025.

More detail information is available at the following website: [The European Union's Cross Border Cooperation Programme MK-AL – North Macedonia – Albania](#)

#### *IPA II and III Cross Border Cooperation programme between Kosovo and North Macedonia*

IPA II CBC Programme Kosovo – North Macedonia finalized implementation in December 2023. The programme has been active since 2016 and during this period has launched 5 calls for proposals. In total **18 projects** were financed, and the total amount of funds contracted is: **8,132,121 EUR**, out of which the EU Contribution is **6,133,594 EUR**. The projects belong the three thematic priorities of the programme: **TP1 - Enhancing competitiveness, business and SME development, trade and investment (2 projects)**; **TP2 - Encouraging tourism and cultural and natural heritage (9 projects)** and **TP3 with 7 projects**. Overall, the programme was successfully implemented, the thematic priority 2 and 3 have been sufficiently covered, while thematic priority 1 was less represented in the programme, which is a result of the decisions of the JMC and CA to prioritize local authorities as lead applicants with the goal to have investments that have greater impact in the local population but also provide greater long-term sustainability. Out of total of 18 project financed during the IPA II programme period, three project are still under implementation (projects from the 5<sup>th</sup> Call for Proposals) and are expected to finalize by the end of 2025.

The process of preparation of **CBC programme Kosovo –North Macedonia IPA III 2021-2027** started in April 2020. In May 2022 the EC issued the Commission Implementing Decision on the financing of the IPA III CBC programme Kosovo – North Macedonia for the period 2021-2027. The Union contribution for the IPA III implementing period is EUR 8.4 million divided in three allocations for 2023, 2025 and 2027. The programme covers two thematic priorities: **TP1 - Competitiveness, business environment and SME development, trade and investment** and **TP2 - Environmental protection, climate change adaptation and mitigation, risk prevention and management, as well as TP0 – Technical Assistance** for the implementation of the programme (**which is 10% of the total EU funds provided to the programme**). The IPA III programme Kosovo – North Macedonia 2021-2027 has started implementation on in December 2023. The Joint Technical Secretariat in Prishtina, Kosovo and the Antenna Office in Skopje, North Macedonia has been established and are fully operational. The Joint Monitoring Committee of the programme was established as well, by both CBC Management Structures and the first meeting and workshop for JMC members was organized in February 2024.

**The eligible area of North Macedonia** includes 3 regions, divided into 32 municipalities plus the city of Skopje, with a total of 518 settlements (six towns and 512 villages): **Polog Region**, including 9 municipalities: Bogovinje, Brvenitsa, Gostivar, Jegunovtse, Mavrovo and Rostusha, Teartse, Tetovo, Vrapchishte and Zhelino. **Northeast Region**, including 6 municipalities: Kratovo, Kriva Palanka, Kumanovo, Lipkovo, Rankovtse and Staro Nagorichane. **Skopje Region**, including 17 municipalities: Arachinovo, Chucher-Sandev, Ilinden, Petrovets, Sopsishte, Studenichani, and Zelenikovo. The City of Skopje is an administrative unit which gathers 10 municipalities: Aerodrom, Butel, Chair, Centar, Gazi Baba, Gjorche Petrov, Karposh, Kisela Voda, Saraj, and Shuto Orizari.

**The eligible area of Kosovo: East Economic Region**, including the municipalities of Gjilan/Gnjilane, Kamenicë/Kamenica, Viti/Vitina, Novo Bërdë/Novo Brdo, Ferizaj/Uroševac, Kačanik/Kaçanik, Shtërpçë/Štrpce, Hani i Elezit/Elez Han, Ranillug/Ranilug, Partesh/Parteš and Kllokot/Klokot. **South Economic Region**, including the municipalities of Prizren, Suharekë/Suva Reka, Malishevë/Mališevo, Dragash/Dragaš, Rahovec/Orahovac, and Mamusha/Mamuša.

**The first Call for Proposal** was launched on 11 October 2024 with a deadline 09 December 2024. The call covered two thematic priorities of the programme document: **TP2 - Environmental protection, climate change adaptation and mitigation, risk prevention and management;** and **TP8 - Competitiveness, business environment and SME development, trade and investment.** The total available funds for the call were **3.24 million euro**, financed by allocation 2023, spitted equally between both thematic priorities. The novelty of this First Call for proposals under the IPA III programme comparing to the previous IPA II calls was the introduction of private companies (SMEs) as eligible applicants as foreseen under the TP 8.

With the goal to promote the Call for Proposals and facilitate the creation of partnership between potential applicants two **Info sessions and Partner search forums** were organized. More than 100 participants attended both sessions. The events were organized: 12 November 2024 in Ferizaj, Republic of Kosovo; 14 November 2024 in Skopje, Republic of North Macedonia.

In addition to the abovementioned events, **the JTS and Antenna Office assisted the potential applicants in creating partnerships.** As a result of the direct support of the JTS/Antenna Office in total **25 partnerships** were created. 19 partnerships between municipalities and 6 partnerships between private companies and CSOs from Kosovo and North Macedonia were created.

**Overview of the Programme budget is presented below:**

	<b>EU funding (EUR)</b>	<b>Co-financing (EUR)</b>	<b>Total (EUR)</b>	<b>Rate (%)</b>
<b>Thematic Priority 8</b>	3,780,000	667,058.82	4,447,058.82	45.68%
<b>Thematic Priority 2</b>	3,780,000	667,058.82	4,447,058.82	45.68%
<b>Technical Assistance</b>	840,000	0.00	840 000	8.6%
<b>TOTAL</b>	<b>8,400,000</b>	<b>1,334,117.64</b>	<b>9,734,117.64</b>	<b>100%</b>

For more detail information please see the following website: [CBC \(cbc-kosovo-northmacedonia.eu\)](http://cbc-cbc-kosovo-northmacedonia.eu)

#### [IPA II and III Cross Border Cooperation programme between Serbia and North Macedonia](#)

The **CBC programme Serbia and North Macedonia 2016-2020** has been implemented since the end of 2016 with the envelope of **EUR 3.5 million**. The programme was prepared in close cooperation with the stakeholders at the local, regional and national level in both participating countries and with the assistance of the regional project Cross-border Institution Building (CBIB+). In this regard, the two participating countries established a Joint Task Force (JTF), the body responsible for the programming of the new IPA II CBC Programme Serbia – North Macedonia 2016-2020 which consisted of the representatives of relevant local, regional and national level authorities from both participating countries. Thematic priorities of the programme are **TP1- Promoting employment, labour mobility and social and cultural inclusion across the border;** **TP2 - Encouraging tourism and cultural and natural heritage** and **TP3 - Technical assistance.** The programme area for Serbia is: Jablanica district: City of Leskovac and municipalities of Bojnik, Lebane, Medveđa, Vlasotince and Crna Trava, Pčinja district: City of Vranje with two city municipalities: Vranje and Vranjska Banja, and municipalities of Vladičin Han, Surdulica, Bosilegrad, Trgovište, Bujanovac and Preševo. The programme area for North Macedonia is: North – East region: municipalities of Kratovo, Lipkovo, Kumanovo, Staro Nagoričane, Rankovce and Kriva Palanka, Skopje region: municipalities of Aračinovo, Čučer Sandevo, Ilinden, Petrovec, Sopište, Studeničani.

Two calls for proposals were launched. The total value of the first call was 1,260,000 EUR and included allocations available through Financial Agreements for 2016 and 2017 while for the second call for proposal was 1,890,000 EUR with included allocations available through Financial Agreements for 2018, 2019 and 2020. Under first call seven projects were contracted for both thematic priorities with a total value of 1,236,110.52 EUR which amounts to about 98% of available funds. Under second call 9 projects were contracted for both thematic priorities with a total value of 1,780,239.03 EUR which amounts to about 94.19% of available funds. Three projects from allocations for 2018-2019 were contracted in 2022, while the remaining 6 projects from allocation for 2019-2020 were contracted in 2023. All 9 projects started in 2023 and were ongoing in 2023.

Related to **CBC programme Serbia-North Macedonia 2021-2027**, partner countries completed activities regarding preparation of the new Programme document for the IPA III financial perspective 2021-2027 during the year 2021. The programming process officially ended with the adoption of the EC Commission implementing a decision on the financing of the cross-border cooperation programme Serbia – North Macedonia for 2021-2027 in June 2022. The first FA for IPA III entered into force in June 2023, while the first JMC meeting was held in October 2023. With the new IPA III Programme, the territory of the programme was modified, i.e. territory Municipality of Saraj was removed and Municipalities of Gazi Baba and Suto Orizari were added.

**Available funds for the first call** are 5,400,000 EUR and it consisted of allocations available through Financial Agreements for 2022 and 2024. The first Call for Proposal was launched in September 2024. The kick-off event took place in Vranje in September 2024 with 112 participants, 6 representatives of the national, regional and local media and 15 officials that attended it. The purpose of this event was to promote the Programme and to inform partner organizations and institutions from Serbia and North Macedonia on the possibilities of applying with joint projects under the first call. Representatives of Ministry of Finance of the Republic of Serbia (CFCU) presented the Guidelines for applicants and JTS staff assisted in presentation of the Application Package. Technical Assistance for the Programme started in December 2023 with a duration of 36 months.

More detail information are available at the following website: [IPA Cross – Border Cooperation Programme Serbia – North Macedonia – ИПА програм прекограничне сарадње Србија – Северна Македонија](#)

### III. IMPLEMENTATION OF EU INTEGRATION FACILITY

The data, cross-checked with the EUD, for the EU Integration Facility (EUIF) outlines the financial assistance provided to various sectors under different Annual Action Programmes (AAPs) and specific objectives, with a focus on aligning with EU standards and practices.

The data, crosschecked with EUD, for the EU Integration Facility (EUIF) outlines the financial assistance provided to various sectors under different Annual Action Programmes (AAPs) and specific objectives, focusing on the alignment with EU standards and practices. Under IPA II four EUIF Action Documents were approved under IPA annual programmes 2014, 2015, 2018 and 2020 with the total **IPA II allocation of 29.825 million EUR**. Under IPA III currently three EUIF Action Documents were approved under IPA annual programmes 2021, 2022 and 2024 with total allocation of 27.5 million EUR. During 2024, programming cycle 2025-2027 was launched by the EC. Action Fiche EUIF 2025-2027 has been prepared and passed EC relevance assessment in December 2024. It is expected that in the next reporting period the action will be approved through the Commission’s implementing decision when total **IPA III allocation for EUIF will reach 57.5 million EUR**. In the table below is presented overview of the EUIF status under IPA II and IPA III.

Action document/Fiche	EU budget (EUR)	STATUS
<b>EUIF 2014</b>	8,000,000	Completed
<b>EUIF 2015</b>	6,825,000	Completed
<b>EUIF 2018</b>	5,000,000	Completed
<b>EUIF 2020</b>	10,000,000	Completed
<b>EUIF 2021</b>	5,500,000	Ongoing
<b>EUIF 2022</b>	7,000,000	Ongoing
<b>EUIF 2024</b>	15,000,000	Ongoing
<b>EUIF 2025-2027</b>	30,000,000	Under approval process – programming cycle 2025-2027. Allocation planned is for three years.
<b>Total</b>	<b>87,325,000</b>	

### *IPA II Sector-Specific Projects*

In the **Agriculture and Rural Development** sector, EUIF supported focused investments aimed at enhancing agricultural practices and aligning them with EU standards. The investments are spread across different years and objectives, with a notable emphasis on sustainable development, quality control, and legislative alignment, as follows:

- **2014:** Investment in projects like the "Preparation of Study for sustainable economic development possibilities in the wider Prespa/Prespes Lakes area" and "Quality control of produced ortho-photo maps and digitized agriculture land use layers." These projects aimed at understanding and improving sustainable agricultural practices and utilizing technology for better land use management.
- **2017:** Focus was on the "Review of forestry sector in North Macedonia and preparation of 2019 IPA project for forestry." This initiative reflects a commitment to the forestry sector, focusing on sustainable management and conservation practices, crucial for the environmental and economic stability of the sector.
- **2020:** The sector was supported for the "Supply of rabies vaccines," indicating a direct investment in animal health and safety, which is vital for public health and agricultural productivity. Additional funds were planned for the "Alignment of Legislation and Implementation of the Union Acquis in the Area of Fisheries and Aquaculture in the Republic of North Macedonia," showcasing efforts to align local practices with EU standards, thereby enhancing the sector's competitiveness and sustainability.

The **Competitiveness and Innovation** sector under the **2014 EUIF** were aimed at fostering innovation, ensuring legal harmonization, and enhancing consumer protection. This investment is divided among three key projects, each addressing a critical aspect of competitiveness and innovation within the beneficiary country:

- A Canvas for Innovation - this project focuses on conducting feasibility studies to strengthen the national innovation ecosystem.
- Legal Harmonization and Capacity Building for Market Surveillance - This project, aims to align national regulations with EU standards, particularly in market surveillance.
- Technical Assistance for Development of Consumer Protection Policy - dedicated to this area, the project emphasizes the development and implementation of policies to protect consumers, a fundamental aspect of a fair and competitive market environment.

The EUIF within the **Democracy and Governance** sector illustrates a comprehensive investment strategy focused on enhancing governance structures, institutional capacities, and legislative frameworks in alignment with EU standards.

- **2014 Initiatives:** Projects this year targeted foundational aspects of governance, including the functional review of the Ministry for Agriculture, Forestry and Water Economy (MAFWE), strengthening the capacities against counterfeiting of EUR, and enhancing the Postal Agency's capabilities.
- **2015 Projects:** The focus shifted slightly towards strengthening the financial sector, particularly the National Bank's institutional capacity, and preparing for municipal support programmes.
- **2017 Developments:** projects like the preparation of a Long-Term National ICT Strategy and support for EU funds management underscored the emphasis on digital governance and efficient fund management, key areas for modernizing governance structures.
- **2018 Investments:** The year focused solely on modernizing the data protection legal framework, highlighting the increasing importance of data security and privacy in governance practices, aligning with EU's stringent data protection standards.
- **2020 Focus:** The ongoing projects, include the Support for Policy Reforms, Accession and Effectiveness (SUPRAE), and the Development of Parliamentary Oversight, indicating a strategic pivot towards enhancing policy reforms, legislative alignment, and oversight mechanisms, critical for EU accession and effective governance.

Within the **Democracy and Governance - PFM** sector under the **2017 and 2018 EUIF**, a focused investment in enhancing the financial management systems was supported. This investment is directed towards several pivotal projects aimed at modernizing and strengthening the financial governance framework:

- **Development and Re-engineering of Business Processes:** this project focuses on improving the efficiency and effectiveness of the new tax integrated IT system.
- **Strengthening the Capacity of the PRO - Contact Centre/Call Centre:** in this project highlights the emphasis on enhancing customer service and communication capabilities within financial institutions, improving accessibility and support for taxpayers and stakeholders.
- **Supply of Readymade Software:** audit software for statistical sampling and software for office operations and E-Archive, this project aims to leverage technology to improve audit efficiency and document management, underscoring the importance of accountability and transparency in financial management.
- **Upgrade of the Existing Management Information System:** directed towards enhancing the Management Information System with a comprehensive monitoring tool, aiming to provide better oversight, data analysis, and decision-making support within the financial governance framework.
- **Further Improvement of Internal Control System:** this initiative aims to bolster the internal control mechanisms within financial institutions, ensuring better governance, risk management, and financial integrity, crucial for public financial management (2018).

The overview of the EUIF for the **EESP sector** from 2014 to 2020, with a specific look at combined initiatives in 2015 and 2018, presents a focused investment in health and employment, education and social sector reforms.

- **2014 Initiatives:** Investments were directed towards drafting a feasibility study for the establishment of a science and technology park and providing technical assistance for the deinstitutionalization process in the social sector. These projects aim to foster innovation and improve social welfare systems.
- **2014 Health Focus:** The project aimed at the standardization and harmonization according to ISO 17025 standards of laboratories within the Institute for Forensic Medicine, enhancing the quality and reliability of medical and forensic investigations.
- **2015 Health Investments:** Focus was placed on harmonizing legislation for medicinal products with EU legislation, building capacities for its implementation, which is crucial for ensuring public health safety and regulatory alignment with the EU.
- **2018 & 2020 Significant Health Support:** A substantial investment was made in 2018 for the supply of EU urgent support to the COVID-19 crisis, reflecting a rapid response to an unprecedented health emergency.
- **In 2020,** the sector received funds for the supply of equipment for response to health threats, the supply of ambulance vehicles, emphasizing ongoing support for emergency medical services and pandemic response.
- **Combined 2015 & 2018 Health Initiatives:** A focused analysis of the secondary and tertiary healthcare system's effectiveness was conducted, aiming to identify areas for improvement and ensure the delivery of high-quality healthcare services.

In the **Environment** and related **Energy** sectors from 2015 to 2020, EUIF presents a targeted approach towards environmental sustainability and energy projects.

- **2015 Initiatives:** Projects focused on environmental oversight and multi-sectoral support, including external independent observers for tender evaluations in environmental projects and support to Operating Structures for the closure of regional development programmes.
- **2017 Developments:** A modest investment was directed towards waste characterization at the Vardarishte Landfill, highlighting a focus on waste management and environmental health.
- An ongoing project supports obtaining building permission for the 'Gas Interconnector North Macedonia-Greece' project, emphasizing the importance of energy connectivity and sustainable energy solutions in environmental planning.
- **2020 Focus:** Although no funds were disbursed in 2020, a funds are planned for technical assistance in support of the Tetovo major wastewater project.



The overview for the **Transport** sector under the EUIF from 2014 to 2018 demonstrates a focused investments which are targeted towards enhancing transport infrastructure, safety, and planning capabilities, reflecting the EU's commitment to improving transportation networks and safety standards within the beneficiary country.

- **2014:** Funds were allocated for an addendum to a technical audit for the road construction project of the new motorway section between Demir Kapija and Smokvica along Corridor X.
- **2015:** The investment supported participation in the European Common Aviation Area (ECAA), signifying a strategic move to integrate the beneficiary country's aviation sector with European standards and markets.
- **2017:** Technical assistance was provided for establishing an executive body for road safety in North Macedonia. This project underscores the focus on road safety management and governance, aiming to reduce road traffic accidents and enhance safety measures, aligning with EU road safety directives and best practices.
- **2018:** The investment in the supply of PTV VISUM, VISSIM, and VISWALK software licenses for the City of Skopje is geared towards improving urban transport planning and simulation capabilities. This technology enables more effective traffic management, urban planning, and safety analysis, contributing to the sustainable development of urban mobility solutions.

In the **Rule of Law and Fundamental Rights** sector under the EUIF from 2014 to 2020, including combined efforts for 2015, 2016, and 2020, showcases investments directed towards various initiatives aimed at enhancing the rule of law, supporting justice sector reforms, and protecting minority rights, indicating a comprehensive approach to strengthening the legal and judicial framework.

- **2014 Initiatives:** Projects focused on enhancing democracy through the promotion and protection of minority rights, migration of old court decisions to a new web content management system, preparation of a needs assessment report for the National Coordinative Centre for Border Management (NCCBM) and supplying equipment for the Special Prosecutor's office.
- **2015 Focus:** Significant investments were made to implement a business continuity and disaster recovery data system, and to support justice sector reform.
- **2020 Developments:** The supervision of the works contract for the construction of the new Forensic Laboratory in Skopje indicates a targeted investment in enhancing forensic capabilities, which is crucial for the rule of law and the delivery of justice.
- **Combined 2015, 2016, and 2020 Investments:** A repeated emphasis on the construction of the new Forensic Laboratory in Skopje underscores the critical importance of modern, well-equipped forensic facilities in supporting the judicial system, enhancing the accuracy of investigations, and upholding the rule of law.

Support for the **multisector aid** under the EUIF for 2015 reveals a focused investment aimed at enhancing municipal outreach and supporting key translation and interpretation needs linked to IPA programming and EU-related activities. In addition, across various years, targeted investments in **sectors that are not explicitly specified** but contribute to overarching EU integration goals were supported through EUIF. These investments are spread across different initiatives aimed at enhancing EU alignment and integration processes. The 2014 funds were allocated to broad initiatives including the assessment of EU opinion polls and EU campaigns, and training related to the FIDIC Conditions of Contracts. Under 2015, a smaller investment was made for the publication of works procurement notices in local newspapers. Under 2017, funds were directed towards supporting the Radiation Directorate with a specific focus on radiation and nuclear control.

### *IPA III Sector-Specific Projects*

The overview of the EUIF 2021 approved projects in the pipeline highlights a continued commitment to aligning with EU standards, with a focus on public financial management, energy, taxation, civil society, transport inspection capacity, innovation, and ICT systems. They reflect the ongoing efforts to support the EU integration process across diverse sectors in North Macedonia. Focused to public sector policy and administrative management, highlights ongoing support dedicated to enhancing the capabilities of the Civil Aviation Agency in the areas of aviation safety and security.



Under EUIF 2022 currently has approved initiatives focused on the transport sector through support to the State Transport Inspectorate in enhancing inspection services as well as strengthening rule of law, fundamental rights and democracy through support to Ministry of Interior to strengthen police cooperation and integrity. Moreover, it is planned to support evaluation of the Europe House networks impact in North Macedonia.

Besides mentioned investments in the sectors, IPA III EUIF has still under development a number of projects that will be further assessed, prioritised and finally decided whether they will be approved for financing. For the EUIF 2024 pipeline is under development, therefore no specific projects identified.

For further details please see *Annex 4* to this report that provides overview and status of the IPA III EUIF pipeline.

#### IV. IMPLEMENTATION OF UNION PROGRAMMES

##### WINDOW 2: Good Governance, acquis alignment, good neighbourly relations and strategic communication

*Related to IPA II Sector Democracy and Governance*

This section gives a brief overview of the Union Programs in North Macedonia. A more detailed overview is under *Annex 3* of this report.

In **IPA I 2007-2013** financial perspective country participated in 11 programmes with the 688 participants/ projects implemented in the value of 41,031,879 EUR and entry ticket amounted to 14,475,450 EUR. Under **IPA II 2014-2020** financial perspective, country participates in 11 programmes with the available IPA funds allocated for entry tickets in the amount of 41,877,284.15 EUR under annual IPA programmes for the year 2014-2020. IPA funds for the 2020 co-finance entry tickets/participation fees for year 2021 or in case of front-loading also for years 2022 and 2023. The overall status of the executed payments for the entry tickets till the end of 2023 for participation in Union Programmes are presented in the table below:

National Programme	IPA allocations	Contracted amount	Paid amount	% Contracted vs. IPA allocations	% Paid vs. IPA allocations
1	2	3	4	5=3/2	6=4/2
AP 2014	6,717,811.25	6,435,547.58	6,435,547.58	96%	96%
AP 2015	6,825,719.10	6,724,110.84	6,724,110.84	99%	99%
AP 2016	7,109,905.80	7,066,797.42	7,066,797.42	99%	99%
AP 2017	5,834,173.00	5,834,173.00	5,834,173.00	100%	100%
AP 2018	7,689,675.00	6,100,864.00	6,100,864.00	79%	79%
AP 2020	7,700,000.00	2,106,569.85	2,106,569.85	27%	27%
<b>TOTAL</b>	<b>41,877,284.15</b>	<b>34,268,062.69</b>	<b>34,268,062.69</b>	<b>82%</b>	<b>82%</b>

In the **IPA III 2021-2027** financial perspective country participated in 11 Union programmes, while negotiations for one additional programme still is ongoing. Some of the Union programmes in place under IPA II continued in IPA III, while others have been merged with the aim of simplification. There are also brand-new programmes such as Digital Europe. Participation in Union programmes follows the specific terms and conditions set out for each programme in the relevant Association Agreement.

The National IPA Coordinator (NIPAC) is responsible for the overall coordination, monitoring and reporting on the participation in the Union programmes together with the focal points from the relevant institutions that are overseeing respective Union program implementation. The identified Lead Institution that signs the Agreement for each Union programme is Ministry of Finance, and it is responsible for ensuring the timely payment of the entry ticket to the European Commission and

communicating the payment to the responsible institution. The responsible institution shall compile the information concerning the payment of all the entry tickets for their submission to the EU Delegations which will be responsible for the payment. North Macedonia is providing the co-financing and the funds necessary for the payment of the total entry ticket, prior to receiving the partial reimbursement from the EU. The reimbursement will be paid as a grant to North Macedonia.

In line with the rules of disbursement under IPA III, the funding is fully paid by the national lead institutions and during 2024 for the IPA Annual Programme 2022 is reimbursed 50% with the IPA funds (multi-country envelope) by the Ministry of Finance in amount of EUR 2,198,081,39 on the basis of annually signed grant agreement for entry tickets with the Commission. The amounts by entry tickets reimbursed till the end of 2024 for participation in Union Programmes 2022 are presented in the table below:

<b>Programme 2022</b>	<b>IPA funding (EUR)</b>	<b>National co-financing (EUR)</b>	<b>Total (EUR)</b>
<b>Horizon Europe</b>	1,062,330.89	1,166,860.07	2,229,190.96
<b>Customs</b>	10,225.50	21,299.00	31,524.50
<b>Fiscalis</b>	9,485.00	10,118.00	19,603.00
<b>Erasmus+</b>	757,310.50	1,372,824.50	2,130,135.00
<b>European Solidarity Corps</b>	54,557.00	59,717.00	114,274.00
<b>Creative Europe - Culture</b>	27,159.50	45,273.50	72,433.00
<b>Creative Europe - Media</b>	40,739.50	67,910.50	108,650.00
<b>Fundamental Rights Agency</b>	91,500.00	95,500.00	187,000.00
<b>Civil Protection Mechanism</b>	92,756.50	170,885.50	263,642.00
<b>Single Market Programme</b>	52,017.00	52,017.00	104,034.00
<b>TOTAL</b>	<b>2,198,081.39</b>	<b>3,062,405.07</b>	<b>5,260,486.46</b>

Successful participation in Union Programmes requires a high degree of ownership, innovative and well targeted information methods, and effective support mechanisms at all stages of Programme implementation. While a positive trend in improving participation in Union Programmes is visible, it is still needed to strengthen the ownership and to improve participation rate. In this respect it is essential to enhance the existing networks, adopt a proactive approach in supporting and stimulating the stakeholders and promote Union Programmes. Administrative capacity and knowledge need to be enhanced in particularly related to the implementation of the Union Programmes i.e. preparation of applications, addressing complex financial and legal aspects and contract management. Participation of small and medium size enterprises remains a key challenge to be addressed through more dynamic and better targeted information.

## **V. IMPLEMENTATION OF IPA ASSISTANCE UNDER INDIRECT MANAGEMENT**

North Macedonia implements EU assistance under indirect management since **IPA I** financial perspective. The conferral of management powers was granted for the first time in the period **July-December 2009** for the IPA I Components III, IV and V and for IPA I Component I in December 2010. All activities related to the closure of the assistance under IPA I Operational Programme Regional Development are carried out by the Commission (Ref.Ares(2025)3848821 dated 17/01/2025).

**Under IPA II** two annual programmes, Country Action Programme IPA 2014 for Justice and Home Affairs and Annual Action Programme IPA 2017 for Education, Employment and Social Policy, have been implemented under indirect management as well as multiannual programme (MAP) 2014-2020 i.e. Sector Operational Program for Environment and Climate Action and Sector Operational Programme for Transport. First financing agreement for the Country Action Programme for the year 2014 was signed in December 2015 and programme has been finalised in 2023.

**Under IPA III** indirect management, Financing Agreement for the **Annual Action Programme/Plan for the year 2022 on Environment** (63 million EUR out of which 26.5 million of EU contribution) has been signed in December 2023. Currently are ongoing procurement procedures. Also, three multiannual operational programmes (OP) for the period **2024-2027 i.e. OP on Environment** (70 million EUR), **OP on Transport** (50 million EUR) and **OP on Human Capital** (40 million EUR) are adopted in July 2024 with Commission Implementing Decision. To allow signing of the FA, entrustment procedure for OPs needs to be finalised which is expected during 2025.

Parliamentary elections held in May-June 2024 affected IPA structures due to the reorganisation of the Government. Particularly, Ministry of Labour and Social Policy portfolio has been split into two ministries i.e. Ministry of Social Policy Demography and Youth and Ministry of Economy and Labour. Implementation of IPA II AAP 2017 remains under responsibility of Ministry of Social Policy Demography and Youth while responsibilities for the implementation of IPA III OP Human capital split to Ministry of Social Policy Demography and Youth as Managing Authority and Ministry of Economy and Labour as Intermediate Body for Policy Management.

**National structure for the implementation of IPA II and IPA III programmes** under indirect management are as follows:

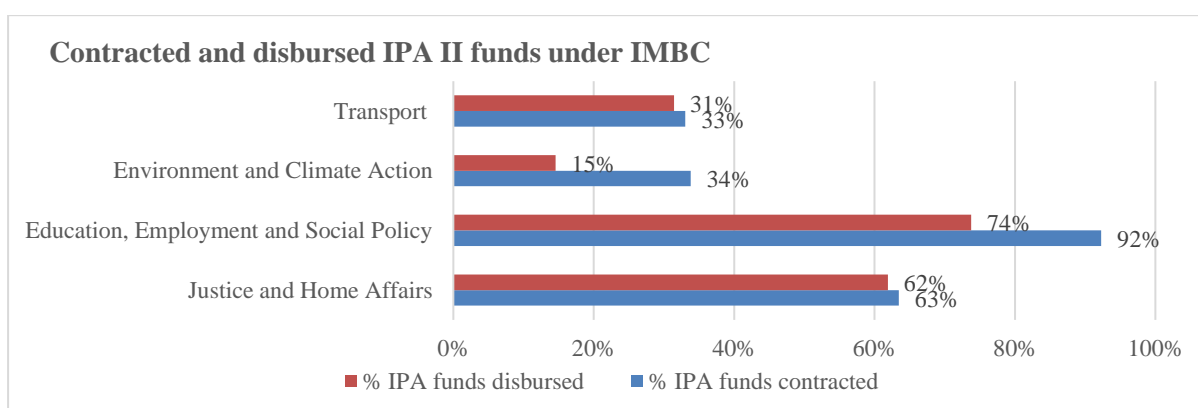
- **Ministry for European Affairs** - NIPAC Office
- **Ministry of Finance** – Management structure (NAO Support Office/National fund/Accounting body under IPA III)
- **Ministry of Finance** - CFCD as Contracting Authority and Intermediate body for financial management under IPA III (IBFM)
- **Ministry of Justice (MoJ)** for IPA 2014 annual program
- **Ministry of Interior (MoI)** for IPA 2014 annual program
- **Ministry of Education and Science (MoES)** for IPA 2017 annual programme
- **Ministry of Social Policy, Demography and Youth (MoSPDY)** for IPA 2017 annual programme and Managing authority for IPA III OP Jobs and Opportunities 2024-2027
- **Ministry of Transport (MoT)** for MAAPs 2014-2020 and Managing authority for IPA III OP Transport 2024-2027
- **Ministry of Environment and Physical Planning (MoEPP)** for MAAPs 2014-2020 and Managing authority IPA III OP Environment 2024-2027
- **Ministry of Economy and Labour (MoEL), Labour Department** as Intermediate bodies for policy management under IPA III (IBPM)
- Relevant public enterprises for implementation of IPA II operational program for Transport **Public Enterprise for State Roads (PESR)** and **Public Enterprise Railways Infrastructure of the Republic of North Macedonia (PERI)** and as Intermediate bodies for policy management under IPA III (IBPM).

## **5.1 Progress in implementation of IPA programmes**

Available IPA funds for the financial perspective **2014-2020 under IMBC are 258.5 million EUR** and with the national contribution it reaches 302.4 million EUR. Until the end of 2024, **CFCD contracted 63 contracts** in the value of **129.05 million EUR** (EU contribution 99.9 million EUR) out of which 33 are finalised, 1 terminated and 29 are still ongoing. In the table and graph below is presented overall status of the contracted and disbursed funds until the end of 2024 for all IPA programmes implemented under IMBC **excluding Union programmes**.

National/ Operational Programme	IPA II				TOTAL
	AAP 2014 Justice and Home Affairs	AAP 2017 Education, Employment and Social Policy	MAP 2014-2020 Environment and Climate Action	MAP 2014-2020 Transport	
Number of contracts signed	26	10	22	5	63
Number of contracts closed	26	2	5	0	33
Terminated	0	0	1	0	1
Number of open contracts	0	8	16	5	29
Total available budget 2014 - 2020 (IPA allocations) in EUR	20,000,000.00	12,650,000.00	114,957,592.09	110,914,610.16	258,522,202.25
Total available budget 2014 - 2020 (NCF allocations) in EUR	3,343,000.00	682,000.00	20,320,225.32	19,580,226.33	43,925,451.65
Total available budget 2014 - 2020 (IPA+NCF allocations) in EUR	23,343,000.00	13,332,000.00	135,277,817.41	130,494,836.49	302,447,653.90
Value of contracts signed (IPA) in EUR	12,692,582.59	11,673,427.97	38,877,190.13	36,657,364.64	99,900,565.33
Value of contracts signed (NCF) in EUR	2,014,063.90	591,352.74	14,128,972.14	12,415,154.65	29,149,543.43
Total value of contracts signed (IPA+NCF) in EUR	14,706,646.49	12,264,780.71	53,006,162.27	49,072,519.29	129,050,108.76
Disbursements to contractors (IPA) in EUR	12,377,388.30	9,328,371.49	16,740,870.42	34,877,383.39	73,324,013.60
Disbursements to contractors (NCF) in EUR	2,003,684.99	531,782.03	3,888,358.23	6,154,832.38	12,578,657.63
Disbursements to contractors (IPA+NCF) in EUR	14,381,073.29	9,860,153.52	20,629,228.65	41,032,215.77	85,902,671.23
Ratio of contracts signed (IPA) vs available IPA funds	63.46%	92.28%	33.82%	33.05%	38.64%
Ratio of disbursed funds (IPA) vs available IPA funds	61.89%	73.74%	14.56%	31.45%	28.36%
Ratio of disbursed funds (IPA) vs contracts signed (IPA)	97.52%	79.91%	43.06%	95.14%	73.40%
Ratio of contracts signed (NCF) vs available NCF funds	60.25%	86.71%	69.53%	63.41%	66.36%
Ratio of disbursed funds (NCF) vs available NCF funds	59.94%	77.97%	19.14%	31.43%	28.64%
Ratio of disbursed funds (NCF) vs contracts signed (NCF)	99.48%	89.93%	27.52%	49.58%	43.15%
Ratio of contracts signed (IPA+NCF) vs available funds	63.00%	92.00%	39.18%	37.60%	42.67%
Ratio of disbursed funds (IPA+NCF) vs available funds	61.61%	73.96%	15.25%	31.44%	28.40%
Ratio of disbursed funds (IPA+NCF) vs contracts signed	97.79%	80.39%	38.92%	83.62%	66.57%
Ratio of contracts closed vs contracts signed	100.00%	20.00%	22.73%	0.00%	

Out of available IPA funds, **contracting rate until the end of 2024 is around 38,64%** and disbursement rate is 28.36%. In total 85.90 million EUR (EU contribution 73.32 million EUR) has been disbursed to the contractors. CFCD contracted 5 contracts in 2024. Progress made during 2024 in contracting and disbursement of available funds in comparison to 2023 is around 6%. Reasons for the slow progress in implementation and consequently low absorption of available funds are lack of the mature infrastructural projects and difficulties in procurement procedures which resulted in significant delays causing decommitments at the end of 2022, 2023 and 2024 in particularly related to sector operational programmes.



### **IPA 2014 annual programme for Justice and Home Affairs**

The Financing Agreement for the Country Action Programme for the year 2014 covering Justice and Home Affairs Sectors, has been signed between the EC and the Government of Republic of Macedonia in December 2015. The contracting deadline for the programme, according to the Financing Agreement, was in December 2018 which was 3 years following the date of conclusion of the Financing Agreement. Total available IPA funds for the programme were 20 million EUR and with national contribution amounted to 23.3 million EUR. Funds **contracted** under the programme are 12.69 million EUR (with national contribution 14.71 million EUR) or around **63% out of the total available IPA funds**. Total

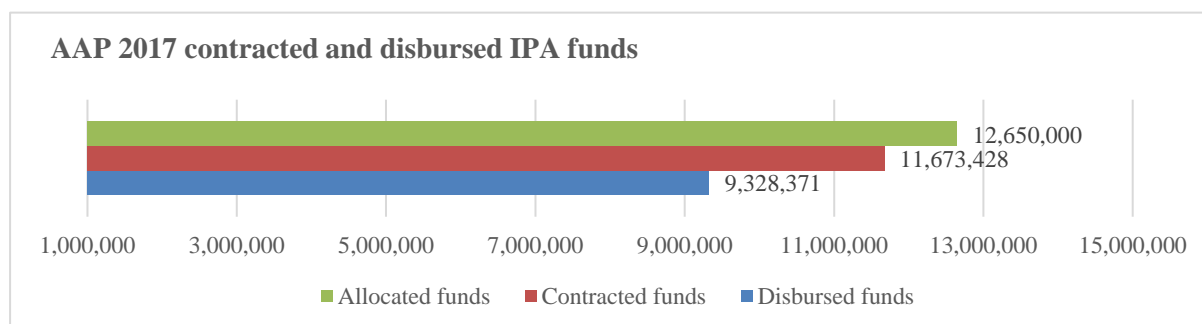
**payments** under the programme reached 12.38 million EUR (EU contribution 14.38 million EUR) or **around 61% out of the total available IPA funds**. Total number of contracts implemented under programme is 26. The final Declaration of expenditures under this programme was submitted to the Ministry of Finance, IPA Funds Management Department in June 2023.

### **IPA 2017 annual programme for Education, Employment and Social Policy**

The Financing Agreement for the Annual Action Programme for 2017 has been signed between the EC and the Government of Republic of Macedonia in November 2018 and amended in October 2019. The contracting deadline for the programme, according to the Financing Agreement, was in November 2021 which was 3 years following the date of conclusion of the Financing Agreement.

Total available IPA funds under the programme were 12.65 million EUR and with national contribution reached 13.33 million EUR. IPA funds allocated to the employment and social policy under programme were 7 million EUR and for the education sector 5.65 million EUR.

Total number of contracts signed under the programme is 10, out of which 2 are completed and 8 are still ongoing. Until the end of 2024, the total amount **contracted** under the programme is 12.26 million EUR, out of which EU contribution is 11.67 million EUR or **around 92% out of total available IPA funds**. Total **disbursements** under the programme reached 9.86 million EUR, out of which EU contribution is 9.33 million EUR or **around 73.74% out of total available IPA funds**.



Around 41% of the Disbursement plan for 2024 has been realised (MoSPDY 45% and MoES 38%) compared with the Forecast of Likely payment request sent to EC in January 2024. CFCD submitted 9 Requests for Funds to the NAO Management structure for the payments in the amount of 1.25 million EUR of IPA funds (with national contribution 1,3 million EUR). Eight (8) on-the-spot checks were implemented by CFCD over the ongoing contracts under the Annual Programme 2017 (Education, Employment and Social Policy).

### **IPA 2014-2020 multiannual programme for Environment and Climate Action and Transport**

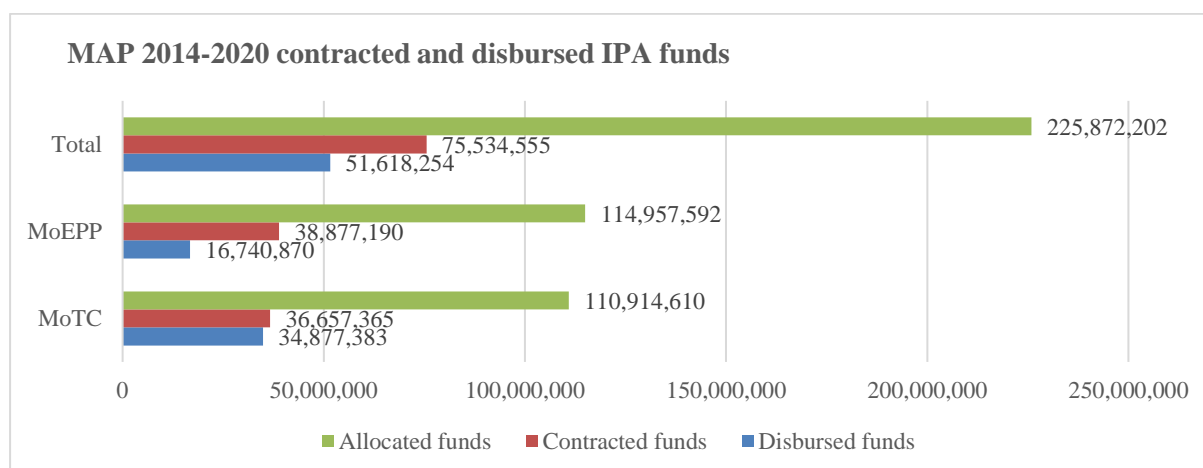
Under Financing Agreement for the multi-annual programme for Environment and Climate Action and Transport, that was signed between the EC and the Government of Republic of Macedonia and amended in October 2019, total available IPA funds for the programme were 225.87 million EUR and with national contribution amounted to 265.77 million EUR. Two Sector Operational Programmes were developed for the environment and climate sector and for the transport sector.

Until the end of 2024, the total amount **contracted** under the programme is 102.08 million EUR, out of which EU contribution is 75.53 million EUR or **around 33% of total available IPA funds** under the programme. Disbursement of funds under the programme is 61.66 million EUR, out of which EU contribution is 51.62 million EUR or **around 22.85% of total available IPA funds** under the programme.

For the **Sector Operational Programme for Environment and Climate Change** under responsibility of Ministry of Environment and Physical Planning (MoEPP), total contracted IPA funds are 33.82% and disbursed only 14.56% until the end of 2024. Total number of contracts signed under the programme is 22, out of which 5 are completed and 16 are still ongoing. One contract has been terminated.

For the **Sector Operational Programme for Transport** under responsibility of Ministry of Transport and Communications (MoTC), total contracted IPA funds are 33.05% and disbursed only 31.45% until

the end of 2024. Total number of contracts signed under programme is 5 which are still ongoing.



Regarding the implementation of the annual **Procurement plan for the year 2024**, only around 13% was implemented according to the initial plan. MoTC managed to implement only 18% of the adopted Procurement plan for 2024 while MoEPP 10%. Related to the ex-ante controls of tender documentation by the EUD, rejection and suspension rates under the programme are rather high. For the procurement procedures under Environment programme, rejection rate is 7% while suspension rate is 9%. For the procurement procedures under Transport programme, rejection rate is 20% and suspension rate is 9%.

Around **25% of the Disbursement plan for 2024** has been realised (MoTC 52% and MoEPP 6%) compared with the Forecast of Likely payment request sent to EC in January 2024. CFCD implemented seven (7) on-the-spot checks over the ongoing contracts under the Multi-annual Programme 2014-2020 (transport, environment and climate change).

During 2024 budget execution is at the very low level which is reflected in the and related indicators, such as contracting rate due to the delays in implementation of procurement plan. Main obstacles for more efficient absorption of available funds under multiannual programme are related to maturity of the infrastructural projects and quality of the tender/technical documentation (see rejection/suspension rates above); administrative capacities; and consequently, difficulties in procurement procedures.

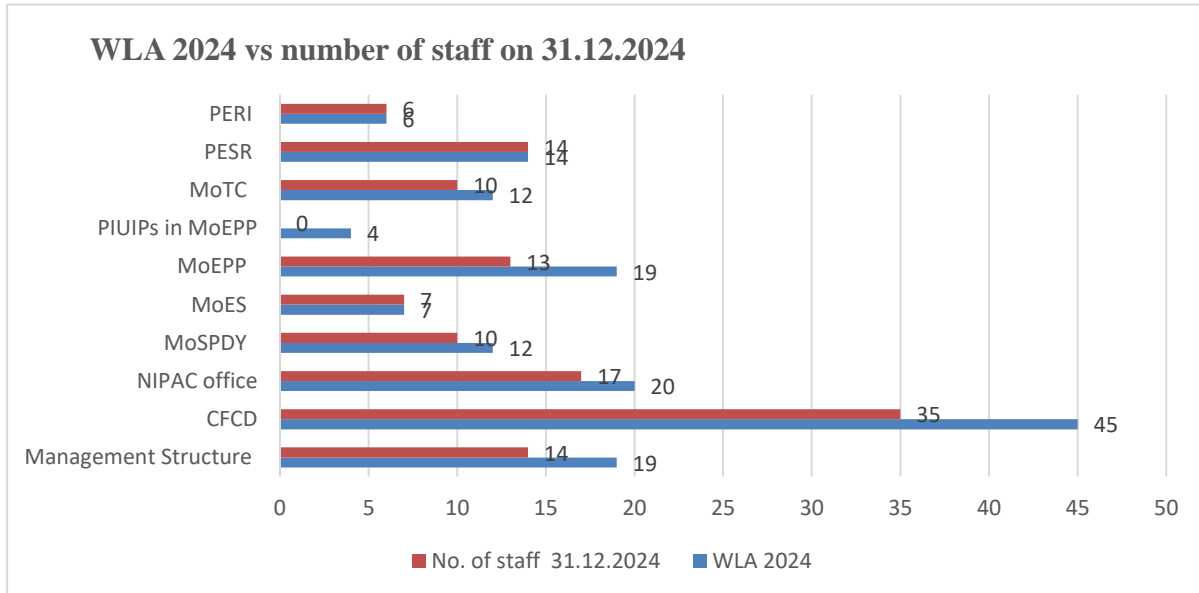
## 5.2 Administrative capacities for management of IPA programmes

One of the most critical areas influencing on the effective functioning of the management and control system is reaching optimal number of human resources in the IPA structures. Table below presents overview of the human resources in the IPA structures for implementation of ongoing programmes under IMBC (cut off 31.12.2024).

Institution	Programme	WLA 2024	New staff 2024	Left the position 2024	No. of staff on 31.12.2024	Occupancy difference WLA vs 31.12. 2024	Occupancy rate 2024	Turnover rate 2024
MS	Horisontal	19	1	2	14	-5	74%	13%
CFCD	Horisontal	45	1	3	35	-10	78%	8%
NIPAC office	Horisontal	20	2	1	17	-3	85%	6%
MoSPDY	CAP 2017	12	2	0	10	-2	83%	0%
MoES	CAP 2017	7	0	0	7	0	100%	0%
MoEPP	MAP ENV	19	2	1	13	-6	68%	8%
PIUIPs in MoEPP	MAP ENV	4	0	1	0	-4	0%	100%
MoTC	MAP TRA	12	3	1	10	-2	83%	13%
PESR	MAP TRA	14	0	0	14	0	100%	0%
PERI	MAP TRA	6	0	0	6	0	100%	0%
<b>TOTAL</b>		<b>158</b>	<b>11</b>	<b>9</b>	<b>126</b>	<b>-32</b>	<b>80%</b>	<b>7%</b>

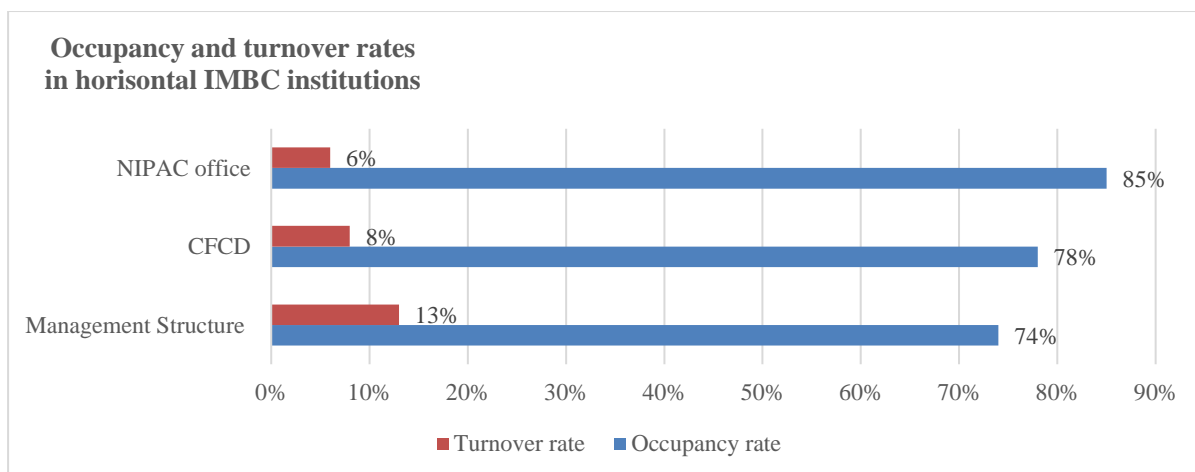


Overall IPA structure has **turnover rate around 7 %**. In total **11 employees left** the structure whereas **9 new employees** were engaged. Most affected institutions with the turnover rate are MS, CFCD, MoEPP and MoTC with the high percentage above from 8% up to 13%. When it comes to the occupancy rate, in total **32 employees need to be engaged** in the IPA structure to align with the number of staff indicated in WLA. Most affected institutions are CFCD (10), MoEPP (6), MS (5) and PIU IP (4) that need to be employed to align with the WLA requirements.



At the end of 2024, **CFCD** (Contracting Authority for all programmes under IMBC) had 35 employees, with the **occupancy rate of 78%** (10 employees are missing) and **turnover rate of 8%**. One (1) new staff have been engaged whereas in 2023 it was 10 new staff. When it comes to number of employees leaving the CFCD in 2024 (3), this number decreased in comparison to 2023 (7). The most significant issue is that the position of the Head of the CFCD, which is also a Head of the Operating Structure for IPA II, has remained vacant since 22 July 2024. Also, the position of the Head of the Monitoring Unit remained vacant since December 2023. Additional efforts need to be invested in capacity building to improve CFCD performance. It is important to provide additional relevant trainings to both the newcomers and experienced staff. It is worth noting that the staff that remain in the IPA structure are facing serious issues such as lack of motivation and work overload due to the negative fluctuation of staff. If we consider IPA III requirements i.e., new structures and division of roles and responsibilities for implementation of multiannual programmes without ex-ante control, then this will be the major priority for the national administration in the upcoming period.

**NIPAC Office** in 2024 had **6% turnover rate** and **occupancy rate 85%** (gap of 3 employees) which is lower number than in 2023. Currently NIPAC Office is consisted of 17 (seventeen) employees. It is of utmost importance for the national administration to continue strengthening NIPAC office capacities in the upcoming period to enhance their performance, especially considering their significant coordination role in IPA programming and monitoring of the EU assistance implementation.



**For IPA II CAP 2017**, a total number of required staff is 2 for the effective implementation whereas the number of staff on 31.12.2023 is **17 employees or 89 % occupancy rate**.

**For implementation of IPA II MAPs related to Environment sector**, a total number of required staff is 10 whereas the number of staff on 31.12.2043 is 13 or 57% occupancy rate which is below the targeted value. **For implementation of the IPA II MAP related to Transport sector**, a total number of required staff is 2 whereas the number of staff on 31.12.2043 is 30 or 94% occupancy rate. In the chart below is given the occupancy and turnover rates per involved institution.

It can be summarised that for the **overall IPA structure occupancy rate is 80%** which represents a **gap of 32 employees less** in the national administration in 2024 dealing with IPA management than required as per WLA. However, on the level of each programme under IMBC it significantly differs. Overall, in 2024 the **turnover rate was 7%** which is in the targeted 5%-10% which is declined 12 % in comparison to 2023. **Nevertheless, necessity for systematic and continuous capacity building activities as well as development and integration of staff retention policy measures remains.**

According to the NAO/MS analysis, in the following period should be given priority on vacant **key managerial positions** to be filled in as well as newly established units in the managing authorities dealing with internal control and quality control. Having in mind that it is evident turnover of staff and vacant positions for efficient program implementation in the abovementioned institutions, as well as upcoming requirements for implementation of IPA III programmes, it is necessary to develop staff retention plan and fully start with its enforcement. NIPAC Office and Management Structure are working on establishing a long-term solution for the IPA staff retention policy, which will entail number of measures aimed to motivate, stimulate and retain the IPA personnel across the entire IPA structure. Among them, but not exclusively, the Law on Administrative Service is planned to offer salary top-ups, improved conditions for career advancement and career development, improving working conditions (ex. flexible work hours, work from home), trainings at international organizations/academic institutions/schools for public administration, national training program (long-life learning), networking measures etc.

In the meantime, until the establishment of the permanent system solution, the Ministry of Finance (on initiative by NAO supported by the Minister of Finance) in coordination with the MEA prepared a temporary solution for 15% salary top up for the employees within IPA structures incorporated within the Law on Budget Execution for 2021, 2022,2023 and in 2024.

During 2024, Ministry for European Affairs' Training Centre participated in organisation of 41 capacity building events (workshops, trainings, seminars, capacity building sessions) for 944 participants from the administration. Topics mainly covered were related to the management of EU assistance and European integration process.

### **5.3 Management and control system functioning**

In 2024 supervision of the management and control system functioning by the national authorities has been implemented in line with the IPA II and IPA III requirements and prescribed procedures.

The general overview of the management and control system functioning can be marked with huge **delays in the process of implementation** of the projects under the area of environment and rail infrastructure leading to significant risk of current and future decommitment of IPA funds. The **turnover of staff and capacities** also remains the main problem during 2024 as of the lack of **long-term motivation and retention policy**.

To analyse effective functioning of management and control system, table with key performance indicators (KPIs) is developed which is composed of five groups of indicators as follows:

- Budget Execution of the Programme
- Rejection Rates in Tendering and Contracting
- Functioning of SIM (Operational Indicators)
- Staffing Rates
- Programming and monitoring under specific Annual/Multi-Annual Programme

The administration is currently in the process of improving the monitoring system of the KPIs by NAO and NIPAC and consequently setting up procedure for semi-annual reporting with this regard for IPA III programmes.

With regards to NIPAC's KPIs set, initial analysis shows that coverage of allocations by approved major project applications (MPA) and/or approved operational identification sheets (OIS) for IPA II SOP Transport is around 62% (65.8 million EUR of IPA funds). Until the end of 2023, 10 OISs have been approved and 2 Major Project Applications (MPAs) (Construction of rail section from Kriva Palanka - Border with Republic of Bulgaria; and Construction of road section Gradsko – Interchange Drenovo as part of road Corridor X-d). During 2024, one more OIS has been prepared in the value of 264, 500 EUR of EU contribution and currently is under revision in line with the EUD comments.

For IPA II SOP Environment 29 OISs have been approved and 5 MPAs until 2024. One more OIS is under preparation related to evaluation of the OP and currently is under revision in line with the EUD comments.

Final date of implementation for both SOPs is end of 2026. Due to the decommitments certain projects from the approved OISs/MPAs will not be implemented. Please see *Section 5.1* above related to progress in implementation.

During 2024, NAO/Management Structure performed **two verification visits regarding IPA II** implementing periods related to paid projects under AP 2017 and MAP 2014-2020. Findings and recommendations mainly refer to ensuring full sustainability of EU/IPA financed actions and projects, delayed implementation and not respecting rule of origin. Regular follow up of some critical cases regarding the sustainability of investment projects was also performed. The conclusions of this verification visit will be taken into consideration during the preparation of the AMD for the year 2024.

Under **IPA III**, two verifications were conducted as well, related to assessment of the Management and Control System for implementation of the Operational Programmes on Transport (2024 – 2027) and Human Capital (2024-2027) under indirect management.

The NAO shall continue to constantly monitor the indicators for effective functioning of the management and control system for implementation of IPA programmes under indirect management and where relevant propose corrections.

In the course of 2024, two Risk Management Panels were organized where high risks identified and internal control measures for mitigation had been discussed, reassessed and new mitigation measures were pondered and proposed. High risks refer to high percentage of staff turnover on the level of IPA structure; leaking of sensitive information and increased vulnerability of data loss due to lack of awareness for Information Security in the IPA structure; de-commitment of IPA II funds which may affect IPA III; delays in implementation of projects; not respecting the deadlines according to the Procurement Plan that might lead to delays and non-realisation of planned activities.

#### **5.4 Main audit findings and follow-up**

In 2024 in total **9 audit missions** related to functioning management and control system have been

implemented by the Audit Authority for IPA and DG NEAR audit team.

**DG NEAR's** final audit reports were issued on 12<sup>th</sup> December 2023, both for follow up of IPA II and for entrustment of Annual Action Programme for the year 2022 under indirect management for IPA III. For IPA II follow up audit, open findings remain regarding contribution of IPA assistance to the stabilization and association process; contents of the Annual Management Declaration; quality control of transaction in the CFCD; early warning for key performance indicators and internal audit capacity. Related to IPA III entrustment of Annual Action Programme for the year 2022, high risk findings and recommendations are related to adoption of the Law on Audit of IPA and medium risk findings are related to staff turnover, retention and motivation policy, training strategy, risk assessment, quality control function in CFCD and the new role of the Managing Authority including optimum number of human resources. In the first quarter of the 2024 NAO worked on the improvements of the contents of the Annual Management Declaration and early warning key performance indicators.

**Internal audits during 2024** have been performed in the following institutions within the IPA structure i.e. Ministry of Finance (Management structure and CFCD), Ministry for European Affairs (NIPAC Office), Ministry of Transport (MoT), , Public Enterprise for State Roads, Ministry of Education and Science (MoES) and Ministry of Social Policy, Demography and Youth (MoSPDY). Internal audits findings during 2024 are mainly related to human resources i.e., optimal number of staff, lack of specialized training for the IPA structures and absence of long-term retention policy.

In 2024 NAO received follow-up audit report from Internal Audit Department in the Ministry of Finance regarding the human resources management process within the Management Structure, highlighting deterioration of the staff turnover. Furthermore, one more follow-up audit on the human resources management process was performed in the CFCD (Audit Memorandum number 27-9911/2 as of 23.12.2024). The audit resulted in three recommendations for the human resources process regarding fulfilling the necessary vacant positions according to the WLA and appointment of the Head of CFCD; motivation and retention of the employees; and monitoring whether the generic trainings are realised.

During 2024, one internal audit was performed on the monitoring process of the IPA II programmes by the NIPAC Office during 2018/2019. Final report no.13-117/2 from 29.01.2025 was issued in January 2025 and one finding was identified regarding inappropriate performance of the procedure for monitoring of the sustainability. In the Ministry of Environment and Physical Planning (MA for IPA III OP Environment and AD 2022) during 2024 an internal audit mission was not conducted. One internal audit was conducted in the period May – August 2024 in the Ministry of Transport (MA for IPA III OP Transport). The following findings were identified: preliminary risk assessment on contract level was not performed; reports from the contractor were not submitted according to the dynamic plan; checklists were not filled in for draft reports issued by the contractor; and on the spot checks were not performed according to the annual monitoring plan. The internal audit final report was received No.45-2145/6 from 06.11.2024.

Internal audit function was established in Public Enterprise for Rail Infrastructure (PERI - IBPM for IPA III OP Transport) with employment of one internal auditor, but still no internal audit for IPA was performed during 2024. According to the annual plan for internal audit for 2024 (11-1259/2 dated 30.01.2024) in the Public Enterprise for State Roads (PESR - IBPM for IPA III OP Transport) one internal audit was planned to be performed in 2024 (Q2). The final audit report (number 11-10525/1 as of 03.10.2024) regarding the process of preparatory activities for implementation of the OP Transport under IPA III was issued in October 2024. According to this report one finding was identified regarding the need for additional training of the IPA staff within institution. In the Ministry of Education and Science (for the implementation of IPA II programme) an internal audit was conducted in 2024. Final audit report was submitted on 19.12.2024 (Ref. number 25-13449/2). Two findings were identified related to untimely submission of the interim reports and archiving.

In the Ministry of Social Policy, Demography and Youth (previously Ministry of Labour and Social Policy, MA for IPA III OP Human Capital) an internal audit mission was carried out in the period October - December 2024 concerning IPA project, Grant Contract “Labour Market Activation of vulnerable groups”. Final Internal Audit Report for 2024, Ref. No.15-6796/8 as of 23.12.2024 identifies mainly the findings related to respecting the deadlines, performance of the monitoring visits and approval of interim reports

**Audit Authority’s Annual Audit Activity Report (AAAR) and Annual Audit Opinion for 2023 related to IPA II programmes** was issued in March 2024. Seventeen (17) new findings were identified while 15 audit recommendation in total are considered as implemented. NAO set up an Action Plan defining deadlines, measures and responsibilities for implementation of the recommendation and overcoming the findings (adopted by NAO in May 2024).

Status of implementation of audit findings by AA for AAP 2017 and MAP 2014-2020 is presented in the table below.

Auditee	Open findings in AAR 2022	New finding as per AAR 2023	Implemented recommendations in 2024	Total open findings
NAO/MS	2	1	2	1
NIPAC	9	1	3	7
CFCF	5	3	1	7
MoEPP	5	1	4	2
MoTC	5	0	2	3
PESR	0	3	0	3
PERI	3	3	1	5
MoES	5	0	0	5
MoLSP	3	1	2	2
Audit of operations	0	4	0	4
Horizontal audit	1	0	0	1
<b>TOTAL</b>	<b>38</b>	<b>17</b>	<b>15</b>	<b>40</b>

High risk findings are mainly connected with design of the NIPAC Office’s Manual of Procedures; lack of long-term motivation and retention policy of the existing qualified and trained staff; disrespecting the procedure by the MoES; and lack of overall staff capacities at the level of IPA structure.

Regarding IPA III programmes and entrustment packages, Audit Authority issued Compliance Audit Report for assessment of the compliance of the indirect management system for the OP Transport 2024-2027 and all documents enclosed to the request for entrustment. Accordingly, Action plan was prepared and followed up during 2024. Out of 10 audit recommendations 8 were implemented and implementation of the 2 remaining audit recommendations are ongoing.

## 5.5 Irregularities

According to the Article 51 (2) of the Framework Agreement, the Republic of North Macedonia is responsible for ensuring the investigation and effective treatment of suspected cases of fraud, conflict of interest and irregularities. Under indirect management, the country must also establish and maintain a functioning control and reporting mechanism as outlined in Article 16 of the IPA II Implementing Regulation. In addition, any suspected fraud or irregularities that have been subject to a primary administrative or judicial finding must be reported without delay to the Commission, with continuous updates on the progress of administrative and legal proceedings. The reporting process is conducted electronically through the IMS module provided by the Commission.

As of 2019 the AFCOS in the Ministry of Finance is fully operational by coordinating the overall implementation of anti-fraud strategy, participating in quarterly irregularities meetings with the structure for implementation of IPA, monitoring reported cases of irregularities, conducts ongoing irregularities activities with OLAF and national structures and other activities related to the protection of EU financial interests. National Anti-fraud Strategy for protection of the EU financial interests in the Republic of North Macedonia 2022-2025 was adopted by the Government in June 2022. In 2025, AFCOS Unit in cooperation with the bodies and structures in the system for the management and control of EU funds and AFCOS network will carry out an activity to prepare a new National Anti-Fraud Strategy for the Protection of the Financial Interests of the European Union in the Republic of North Macedonia for the period 2026-2030.

During reporting period, eight (8) cases under IPA II 2024-2020 Multiannual Programme on Environment and Climate Change and for Transport were reported to NAO. All reported irregularities were related to SOP Environment and **none** related to the SOP Transport. Consequently, these

irregularities were reported through IMS.

NAO reports each suspected fraud and other irregularities which have been subject of a primary administrative or judicial finding without delay to the Commission and keep the latter informed of the progress of administrative and legal proceedings. Since the irregularities were detected in phase of evaluation procedure there is no damage to EC budget, however there is indirect loss of funds and potential damage due to cancelation of these projects and having no time for republishing the procedure. This issue was discussed with representatives of the Basic Public Prosecutor`s Office Skopje and Basic Public Prosecutor`s Office for Prosecuting Organised Crime and Corruption on the AFCOS network meeting in order to find a solution for this type of cases of irregularities where there are no direct financial consequences, but indirect damage is made.

In addition, some irregularities are open for a longer period of time, since final outcome from the investigations by the Basic Public Prosecutor`s Office. These cases were discussed with the Basic Public Prosecutor`s Office and the IPA structures at the AFCOS network meetings to find solutions for closing open irregularities in the situation when prosecutor has closed the case.

No irregularity case was reported in 2024 regarding AAP 2017.

## **5.6 Management Information System**

The Management Information System (MIS) is functional and fully operational in all modules., although it is continuously upgraded and adapted to the needs of the users and management structure, and to respond to all audit findings and recommendations. The regular upgrade and maintenance of the MIS includes preventive, corrective and adaptive maintenance which is funded by the national budget and is regularly renewed every 12 months. The CFCD and the IPA Funds Management Department are responsible for entering data into the system. However, delays may occur due to work overload and dependency on other data that should be entered by relevant institutions within the IPA structure. Despite this, the CFCD maintains regular communication with the other institutions using the MIS and ensures that data are updated regularly. In the upcoming period, further efforts will be put into the improvement of the coordination with the beneficiary institutions, improvement of the information provided in the system and capacity building with this regard.



## **ANNEXES**

**Annex 1 Overview of implementation at the action level (Table 1)**

**Annex 2: Outcome and output indicators per IPA action**

**Annex 3: Overview of the Union programmes status and focal points**

**Annex 4: Overview of the IPA III EUIF project pipeline status**

**Annex 5: Overview of the ongoing projects under territorial cooperation programmes**

**Annex 6: Annual procurement plan under IMBC**

**Annex 7: Overview of TAIEX support**