

**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

The National IPA Coordinator office in coordination with NAO, Management structure, CFCD and contribution from the Ministry of Justice, Ministry of Interior, Ministry of Transport and Communication, Ministry of Environment and Physical Planning, Ministry of Local Self Government, Cabinet of the Deputy Prime Minister for Economic Affairs, Ministry of Agriculture, Forestry and Water Economy, Ministry of Education and Science, Ministry of Labour and Social Policy, Ministry of Information Society and Administration and Ministry of Finance.

February 2024

Contents

I. EXECUTIVE SUMMARY	7
1.1. Progress in reaching objectives of the overarching IPA strategic documents	7
1.2. Main achievements and challenges in programming and implementation	15
1.3. Complementarity with multi-country actions and other donor support.....	20
1.4. Main achievements with communication and visibility activities	25
1.5. Monitoring and Evaluation	26
1.6. Main recommendations for the coming period	28
II. IMPLEMENTATION OF IPA ASSISTANCE PER IPA III WINDOW/THEMATIC PRIORITY AND IPA II SECTOR	29
2.1 WINDOW 1: Rule of Law and Fundamental Rights and Democracy	29
2.2 WINDOW 2: Good Governance, EU Acquis Alignment, Good Neighbourly Relations, and Strategic Communication - Subsector Public Administration Reform	53
2.3 WINDOW 2: Good Governance, EU Acquis Alignment, Good Neighbourly Relations, and Strategic Communication - Subsector PFM	61
2.4 WINDOW 3: Green Agenda and Sustainable Connectivity	72
2.3.1 Thematic Priority 1: Environment and climate change	72
2.3.2 Thematic Priority 2: Transport, digital economy and society, energy - Transport.....	85
2.3.3 Thematic Priority 2: Transport, digital economy and society, energy – Energy	93
2.5 WINDOW 4: Competitiveness and Inclusive Growth	100
2.4.1 Thematic Priority 1: Education, employment, social protection and inclusion policies, and health	100
2.4.2 Thematic Priority 2: Private sector development, trade, research and innovation	125
2.4.3 Thematic Priority 3: Agriculture and rural development and Thematic Priority 4: Fisheries	127
2.3 WINDOW 5: Territorial and Cross-Border Cooperation	138
2.5.1 Interreg cross-border cooperation (CBC) programmes with Member States and Transnational and Interregional cooperation programmes	138
2.5.2 CBC programmes between IPA beneficiaries	142
III. IMPLEMENTATION OF EU INTEGRATION FACILITY	145
IV. IMPLEMENTATION OF UNION PROGRAMMES	148
V. IMPLEMENTATION OF IPA ASSISTANCE UNDER INDIRECT MANAGEMENT	150
5.1 Progress in implementation of IPA programmes	150
5.2 Administrative capacities for management of IPA programmes	154
5.3 Management and control system functioning	157
5.4 Main audit findings and follow-up.....	158
5.5 Irregularities.....	159
5.6 Management Information System	160
ANNEXES	162
Annex 1 Overview of implementation at the action level (Table 1)	162
Annex 2: Outcome and output indicators per IPA action.....	162

Annex 3: Overview of the Union programmes status and focal points.....	162
Annex 4: Annual procurement plan	162
Annex 5: Transparency, visibility, information and communication activities under IMBC.....	162
Annex 6: Success stories	162
Annex 7: Overview of the ongoing projects under territorial cooperation programmes.....	162

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
MISA	Ministry of Information Society and Administration
MKD	Macedonian Denar (currency of North Macedonia)
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
SEA	Secretariat 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

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

Rule of Law and Fundamental Rights

The IPA supports the **Judiciary Sector** and the ongoing reforms for the period 2023-2027, as outlined in the new Justice Sector Strategy and Action Plan developed by a working group established in July 2022 by the Minister of Justice. This comprehensive strategy, consisting of 130 measures across various departments and strategic objectives, aims to address normative and institutional shortcomings within the sector, with a particular focus on mitigating executive interference and partisanship. Key elements for the strategy's successful implementation include coordination of reforms, 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 the strengthening of the capacities of the Judicial Council and courts, with efforts towards amending the Law on the Judicial Council and drafting a Judicial Communication Strategy. The Council of Public Prosecutors and the Public Prosecution Office have seen advancements in reviewing legal frameworks and disciplinary systems, alongside efforts to boost transparency. Progress has been made through the provision of cybersecurity training for IT specialists across various courts and prosecution offices, alongside the development and upgrade of case management systems and IT infrastructure, complemented by strategic IT recommendations for the judiciary's ICT Council. The Academy for Judges and Public Prosecutors is enhancing its training programs, particularly in IT-related areas. The Ministry of Justice and the Council for Monitoring the Implementation of Judicial Reform have made headway in finalizing the Developmental Strategy for Judiciary, 2024-2028 adopted in December 2023. The Developmental Sectoral Strategy for the Justice System 2024-2028, aligned with national development strategy and EU policies, emphasizes principles such as fiscal sustainability, transparency, and accountability and is part of the National Development Strategy 2023-2043, aligning with European Commission recommendations for advancing the rule of law, judicial system, and fundamental rights. The Bar Association's involvement in the drafting of the Judicial Strategy highlights a collaborative approach to strengthening the institutional framework.

In the area of improving the enforcement record in curbing corruption, key developments include strategic support for the State Commission for Prevention of Corruption (SCPC), involving drafting methodologies for personal data protection, incident response, and improvements in software solutions access management. The first staff survey at SCPC was conducted alongside basic communication training, with collaborations established for high-level academic programs and training initiatives. Efforts have also been made in improving the control and verification of assets declarations by public officials and members of Parliament, with a detailed plan developed in collaboration with SCPC and a comprehensive report on current status and future priorities for interoperability set for completion. Plans are in place to commence efforts on improving enforcement and awareness of the law on lobbying and facilitating ICT solutions for submissions and transparency. Additionally, an assessment of the e-procurement system and control measures has been completed, with further discussions and recommendations development scheduled, including exploring the Slovenian e-Supervisor system and its upgraded version, Erar.

The Ombudsman Office and the Commission for Prevention and Protection against Discrimination have enhanced their capabilities through specialized training, public consultations, and the initiation of thematic reports and forums focused on human rights and discrimination issues, setting the groundwork for further capacity-building initiatives including a study visit to EU Member States. The Ombudsman Office initiated the development of a quality management system, the Commission for Prevention and Protection against Discrimination conducted its first thematic training on discrimination in December 2023, and the first module of a Training of Trainers program on anti-discrimination and human rights

was completed in October 2023. Efforts to strengthen the application of the Human Rights-Based Approach within administration and enhance prevention of gender-based violence are underway, with research and methodology development in progress. Research methodologies for analysing gender-based violence prevention and under-reporting of gender-based discrimination have been established, with data collection already completed, setting the stage for the anticipated finalization of the research by mid-2024, and supporting the development of a thematic report on employment discrimination focused on Roma women. Support for child rights monitoring initiated in Q3 2023, with preparatory work for the National Action Plan for Child Rights underway, including stakeholder engagement and the development of monitoring mechanisms, alongside awareness-raising efforts through creative visuals celebrating the 30th anniversary of the UN Convention on the Rights of the Child. Awareness of the importance and role of human rights institutions is being raised through events and roundtable discussions. Improvements to the probation system and the application of alternative sanctions are supported by gap analyses, awareness-raising efforts, and capacity-building activities for relevant officials, with a focus on training for working with various offender groups.

The 2021 Action “EU for Rule of Law and Anti-corruption” aims to enhance the efficiency of the justice system and combat corruption. Reform efforts initiated in November 2023 include the development of a specific law for the Constitutional Court and an assessment of the legal framework for protecting freedoms and rights, involving stakeholder consultations and the drafting of reports, alongside an analysis of the Court's procedures and processes to enhance the protection of constitutional rights. Efforts to enhance the Constitutional Court's strategic planning and public relations began in November and December 2023, including developing a communication strategy and initiatives to increase the court's transparency. Activities to enhance performance management and the quality of constitutional justice have begun, such as assessing the Case Management System and developing a dedicated training system for Court staff and judges. Contracts for the digitalization of state institutions in the judiciary and anti-corruption areas, and the technical documentation for new premises for the Academy for Judges and Public Prosecutors, have not yet been initiated, and there are no developments to report on raising public intolerance to corruption.

IPA has been instrumental in supporting reforms within the **Home Affairs Sector**, providing crucial backing for the implementation of the sector's strategic framework. This framework encompasses strategies for combating money laundering, terrorism financing, financial crime, corruption, conflict of interest, human trafficking, illegal migration, terrorism, and violent extremism, as well as border management and migration policy. All strategies cover a period extending from 2021 to 2027, with each currently ongoing and approved or expected to be adopted.

The 2016 Action "Migration and asylum, border management and fight against terrorism and organized crime" has produced improvements in the national capacity for border control, migration management, and combating terrorism and organized crime. The construction and ISO 17025 accreditation of a new forensic laboratory, coupled with the ministry's issuance of a Use Permit, will enhance the technical and investigative capabilities against organized crime and terrorism. Additionally, the upgrade and implementation of the Tetra system alongside the operational System E 112 have markedly improved emergency response services. The system's full operational status, accessible 24/7 nationwide and its membership in the European Emergency Number Association (EENA), underscores progress in aligning national practices with the EU. The system's effectiveness is evident from the 2023 call statistics, showing a significant volume of genuine emergency calls, highlighting enhanced responsiveness and reliability in emergency services.

The 2020 Action "EU Support for Rule of Law" 2.0 is strengthening the ability to use modern investigative methods to combat corruption, terrorism, and organised crime. The Public Prosecutor's Office, the Customs Administration, the Financial Police, and anti-drug units have all received specialised training in a variety of complex criminal and financial investigations. The use of financial probes in organised crime cases, drug and darknet investigations, and money laundering prevention are all being prioritised. The formulation of a National Strategy for Organised Crime, which includes tactics to strengthen collaboration against migrant smuggling, is another area of progress. While anti-corruption initiatives are moving forward with focused investigations and strategy formulation, counterterrorism measures are moving forward with expert consultations. In addition to enhancing

intelligence-led police operations and employing analytical tools for serious crime detection, strategies against cybercrime are also being developed. Special investigative procedures are being improved to comply with fundamental rights, and best practices are being shared internationally through collaboration. The goal of the undertaken review of the National Coordination Centre's capabilities is to improve its ability to suppress serious crimes. Progress includes the review of the legal framework for Asset Management and Confiscation of Property, leading to the delivery of six key sub-legal instruments by November 2023, with plans to identify gaps in the ICT systems starting in mid-March 2024.

The 2021 Action "EU against organised crime, in support of trade" is currently in the preliminary stages, focusing on improving the prevention and control of organized crime. The Terms of Reference for the Law Enforcement Record Management System are being prepared, and while the twinning to strengthen institutional and technological capacities to investigate organised and cross-border crime and corruption was signed in 2023, the project's actual implementation is scheduled to begin in early 2024.

Democracy and Governance

The Government approved the Public Administration Reform (PAR) Strategy 2018-2022 in February 2018 to serve as an umbrella strategy for reforms, with annual progress reports prepared and adopted. An independent evaluation conducted in 2021 served to inform the new PAR Strategy 2023-2030 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 end-2023 to potentially extend the Programme to 2027 and align with IPA III funding. PFM SWG is now preparing a new PFM Reform Programme 2024-2027 expected to be drafted by January 2024. The strategies and progress reporting aim to strategically guide reforms in PAR and PFM, supported by IPA funding.

PAR Subsector has seen advancements under the 2017 Action "EU support for PAR & Statistics" towards optimizing the institutional framework and enhancing public service delivery. The programme, focused on strengthening ethics, integrity, transparency, and accountability, reports improvements in 96 out of 336 SIGMA indicators, particularly in service delivery with the average indicator value increasing to 3.3 from 2.8 in 2017. Efforts to streamline the institutional framework has led to the initiation of reorganization within three ministerial systems, enhancing public service delivery and alignment with EU standards. This includes the adoption of the Law for Network and Information System Security and the Law on Professional Development of Administrative Servants, establishing two new agencies aimed at boosting public servant skills and 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), affecting the establishment and accountability of new entities.

Progress has been made in strengthening transparency, integrity, and ethics in public institutions, with direct 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). By the end of 2023, 154 institutions adopted the Integrity Policy, marking a 55% increase in institutions implementing the integrity system. The legal framework for public information access improved with the 2019 Law on Free Access to Public Information, leading to an increase in the number of complaints handled by APRFAPI in 2023 compared to 2022. The Republic of North Macedonia, alongside Montenegro, ranks highly in the Openness Index for the transparency of core executive institutions. Efforts included hybrid focus groups to address implementation challenges of the transparency law, resulting in an analysis with recommendations for legal improvements. Additionally, training, awareness activities, and digitalization support enhanced APRFAPI's operations, culminating in the development of a new website and two electronic portals for information requesters and holders. The project's focus on e-Government is in its initial phase, with digital initiatives like the eSIR platform underway, aiming to improve the delivery and quality of public services.

On the statistical front, alignment with EU standards has reached 65.3%, with achievements in the compilation of indicators for GDP and the EDP notification table, as well as the implementation of IT tools in accordance with standardized guidelines. The State Statistical Office (SSO) has enhanced its capacity to produce EU-compliant statistics, marked by the publication of Tourism Satellite Accounts and regular engagement in this activity, indicating strengthened capabilities in the production and dissemination of EU-compliant statistics.

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 **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 been made in enhancing the legal compliance, efficiency, and transparency of 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

The 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.

The implementation of reforms under the IPA funded 2014-2020 OP 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. Yet, 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 beginning, with no substantial progress to report in the current period.

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 REPowerEU plan, a gap analysis of the Energy Efficiency Directive, and institutional reviews aimed at boosting operational efficiency.

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.

The “2014-2020 Sector Operational Programme for Transport” 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 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.

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 "EU for Youth" Sector Reform Performance Contract 2019 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.

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.

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. The upcoming 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 AID 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.

Looking ahead, the IPA III 2022 Action Document "EU for Improved Health and Social Protection and Gender" sets objectives for improving occupational safety, health standards, gender equality, and access to social services. However, implementation of the Action has yet to begin.

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.

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 includes the structured drafting of by-laws and the planned 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.

1.2. Main achievements and challenges in programming and implementation

Programming of IPA III Annual and Multi-Annual Action Programmes

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 Secretariat - Secretariat for European Affairs (SEA). In late 2020, the SWGs submitted 22 Action Fiches (AFs) for the 2021 and 2022 Annual Action Programmes (AAPs) to the Commission for relevance assessment. In March 2021, the IPA III Strategic Response was completed, which included 17 thematic priorities.

The Financing Decision for IPA 2021 was made in December 2021, and the corresponding Financing Agreement was finalised in November 2022. This agreement encompassed the following Action Documents (ADs):

- 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 2022 was made in December 2022, and the corresponding Financing Agreement was finalised in December 2023. This agreement encompassed the following ADs:

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

In July 2022, NIPAC submitted to the European Commission the AFs for the 2023 Annual Action Programme (AAP) for relevance assessment, along with the revised Strategic Response. AFs submitted included the following:

- EU for Economic Cohesion
- EU Integration Facility
- EU for Fundamental Rights
- EU for Enhanced Security and Fight Against Organized Crime, Terrorism and Radicalisation
- EU for an Improved Health Care System
- EU for Reforms and Resilience

In 2023, despite national authorities proposing a dedicated EESP Action, only the "EU for Fundamental Rights" Action Fiche under IPA III Window 1 was favourably reviewed. While programmed in Window 1, it addresses some EESP sector issues, like Roma housing and social service access.

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. 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 value of EUR 80 million.

In December 2022, the Commission presented the outcomes of its relevance assessment on the AFs submitted in July 2022, which were initially intended for the 2023 AAP. Based on this assessment, the projects slated for IPA 2023 were shifted to receive funding from the IPA 2024 budget.

On April 7, 2023, the NIPAC Secretariat submitted the following ADs for the IPA 2024 AAP to the European Commission for a maturity assessment:

- EU for Health.
- EU for Reform and Resilience
- EU for Economic Cohesion
- EU for Enhanced Security
- EU for Fundamental Rights.
- EU Integration Facility

The AD "EU for Fundamental Rights" document was later combined with the "EU for Ensured Security" into a unified "EU for Rights and Security" AD. Similarly, the AD "EU for Reform and Resilience" was combined with the AD "EU for Economic Cohesion" into single AD.

In addition, the AFs for the OPs covering the period 2024-2027 in the transport, human capital, and environment sectors were completed and submitted to the Commission for strategic relevance assessment in March 2023. The European Commission's relevance assessment for three OPs identified key areas for improvement, emphasising the importance of greater coherence with EU policies, detailed planning, and the incorporation of climate and environmental issues. For the Environment and Climate Change OP, the Commission stressed the importance of aligning with the Urban Wastewater Treatment Directive's revisions, incorporating lessons from previous projects, and enhancing cross-sectoral collaboration. The need for a more detailed performance framework, including climate risk assessments and exploring nature-based solutions, was also highlighted. In the Transport sector, the assessment

called for comprehensive support for key projects with a focus on green, sustainable practices and urban mobility. It suggested clarifying the financing of projects, particularly in relation to the TEN-T network, and incorporating environmental considerations and climate risk assessments into planning and implementation. The OP on Human Capital was advised to better align with EU and national policy priorities, including the Youth Action Plan and green mainstreaming. The assessment pointed out the need for detailed planning in education interventions, gender equality measures, and the inclusion of Roma communities, as well as the integration of environmental transition policies to foster green job creation.

Between April and June 2023, the second phase of programming resulted in the development of fully-fledged OPs. These were officially submitted by the SEA/NIPAC Secretariat to the Commission for a maturity assessment in July 2023. The OPs submitted included Environment (co-financed by IPA at EUR 70 million), Transport (IPA contribution EUR 50 million), and Human Capital (IPA contribution EUR 40 million). The Commission's maturity assessment and quality review for three OPs provided comprehensive feedback emphasizing the need for urgent actions to strengthen administrative capacities to address delays in the implementation of ongoing IPA II OPs. This is critical to prevent negative impacts on the management structures for IPA III, particularly for the new OPs. The Commission advised incorporating support for human resources as guided in a letter on staff retention and motivation under IPA III, and to consider a holistic approach in the OPs that includes a mix of investments, capacity building, legal and regulatory improvements, and sector reforms. For the OP on Transport, the Commission suggested a more comprehensive coverage of transport issues, including sector reforms, institutional support, and modernization, with a particular emphasis on green and sustainable transport and urban mobility. The OP on Environment was advised to focus more on sector reforms, institutional support, and alignment with EU standards, considering not just hard infrastructure but also nature-based solutions for resilience. The programme should include climate outputs, utilize IPA III and OPSYS core indicators, and ensure budget adherence to EU contribution limits and major project requests. For the OP on Human Capital, the Commission recommended a careful review of the programme components, particularly under the "Employment and Labour Mobility" area, to balance the focus among various groups. It also emphasized integrating environmental and climate change aspects in line with the European Green Deal and suggested reducing the number of indicators to only the most relevant ones.

The Commission highlighted the caps on EU financial contributions suggesting allocations for 2024 for each OP: EUR 7.3 million for Environment, EUR 6.9 million for Transport, and EUR 6.5 million for Human Capital. It emphasized that the approval of these programmes should address the priority needs in their respective sectors through the end of the Multiannual Financial Framework, without the expectation of further financial support for these sectors in upcoming programming exercises. The final versions of the OPs, along with budget entrustment requests were submitted to the Commission in mid of November 2023. Furthermore, the relevant IMBC structures developed operations throughout the programming phase by completing OIS in accordance with a template supplied by the EC. The Commission's final quality review of the IPA 2024 AAP and OPs 2024-2027 is currently ongoing.

Under the OP on Environment and Climate Action for the IPA II period, initially adopted in 2014 and amended in June 2018, the 2023 activities highlighted the progression of the Major Project Application (MPA) for the Tetovo wastewater investment project. After various revisions and submissions, the IPA MPA was approved in November 2022. The Bilateral Agreement (BA) was signed on 21.12.2023. The revised OIS for technical audits in the Environment Sector was circulated and approved by the EU Delegation on 22.06.2023, aimed to ensure the quality and efficiency of major environmental projects, now moving into the tendering phase.

Furthermore, within the IPA II OP on Transport, adopted in December 2014 and revised in November 2017, the 2023 programming introduced an OIS for developing the "National Aviation Strategy 2023-2032," expanding the scope of commitment to sectoral improvement and strategic planning.

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, with closure activities currently underway.

Looking ahead to IPA III, North Macedonia anticipates the implementation of 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, with the approval process for other programmes ongoing.

Financially, IPA funds allocated for 2014-2020 under indirect management amounted to 258.5 million EUR, supplemented by national contributions to reach 302.4 million EUR. By the end of 2023, the Central Financing and Contracting Department (CFCD) had contracted 58 projects worth 109.1 million EUR, of which 30 were completed, one terminated, and 27 ongoing. The contracting rate by the end of 2023 stood at approximately 34%, with a disbursement rate of 22%, resulting in 67.2 million EUR disbursed.

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 annual programmes for Justice and Home Affairs and Education, Employment, and Social Policy under IPA II exhibited better performance, with around 63% and 92% of available funds contracted, respectively. However, the OPs for Environment and Climate Action and Transport faced more significant challenges, with only 28% of funds contracted and 16% disbursed, highlighting issues such as project maturity, price increases, and administrative and procurement complexities.

The functioning of management and control system relies heavily on adequately staffing of IPA structures. By the end of 2023, these structures saw a 19% turnover rate, with 28 departures and 23 hires. Notably, turnover exceeded 30% in key ministries, including Justice, Education and Science, Environment and Physical Planning, and Transport and Communications, with some rates up to 50%. Additionally, horizontal institutions reported around 20% turnover. To align with Workload Analysis (WLA) recommendations, 48 more staff are required across IPA, particularly in the CFCD (11), Ministry of Transport and Communications (10), NIPAC Office (9), and the Ministry of Environment and Physical Planning (15).

With a 75% overall occupancy rate in 2023, reflecting a 48-staff gap and a 19% turnover, addressing the disparity between needed and actual staff is urgent. Priorities include filling managerial roles, creating a staff retention plan, and implementing long-term retention strategies like salary increases, career development opportunities, flexible work conditions, and training. Temporary solutions like a 15% salary increase have been introduced, with further financial incentives under IPA III considered to strengthen retention and motivation policies. Ongoing monitoring and adjustments are crucial for managing IPA programmes effectively.

In 2023, the Republic of North Macedonia diligently enforced the supervision of the IPA management and control systems, conforming to the stipulations set forth under both IPA II and IPA III framework agreements. However, significant delays in environmental and rail infrastructure projects posed risks of IPA fund decommitment. Staff turnover and capacity issues, driven by a lack of effective long-term motivation and retention strategies, remained key challenges.

Key developments under IPA III included the submission of the 2022 AAP's Environment request for budget implementation tasks to the EC in March 2023 with an update in May, and the finalisation of the Financing Agreement in December 2023 with conditionality related to legal basis under IPA III for Audit Authority (adoption of related Law). For the OP on Environment 2024-27, budget implementation request was submitted to the EC in July 2023, receiving a response from DG NEAR in December 2023. The OP on Transport 2024-27 underwent a compliance assessment by the Audit Authority with request

submitted in October 2023. Meanwhile, the OP on Human Capital 2024-27 was in the process of preparing its request for budget implementation task entrustment.

The year witnessed the execution of 11 audits by the Audit Authority and DG NEAR to assess the management and control systems of IPA, resulting in DG NEAR issuing final audit reports on December 12, 2023, focusing on IPA II and the entrustment of the 2022 AAP for IPA III. These reports identified high-risk issues related to the legislative framework for IPA audits, design of the Manual of Procedures of the NIPAC Office, internal audit function in the PERI, and medium-risk concerns regarding human resources, including staff turnover, retention policies, and the need for specialized training. The NAO also received internal audit reports highlighting similar HR issues and the financial management of funds. An Action Plan, initiated in May following the Annual Audit Activity Report (AAAR) for IPA II, was adopted by the government in October 2023 to address these findings, with scheduled updates and reviews to ensure compliance and improvement in the management of IPA funds.

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, with no irregularities reported for IPA II programs in 2023. A new National Anti-fraud Strategy was adopted in June 2022, emphasizing cooperation and coordination among stakeholders.

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 Annual Action Programmes Under Direct Management and Indirect Management with Entrusted Entities

Under IPA II, the EUD portfolio, encompassing Direct Management (DM) and Indirect Management with Entrusted Entities (IMEE), approximates EUR 279.55 million, accounting for 50.95% of the total allocated EU funds (which include all AAPs, MAAPs, CSO programmes, and IPARD). Of these, 43.20% are implemented under DM and 7.75% under IMEE. The contracting rates for DM and IMEE stand at 95.93% and 92.94% respectively, while the payment rates of contracted funds are 82.14% for DM and 80.33% for IMEE.

The implementation of the IPA 2021 AAP, under DM and IMEE, is currently in progress. The total EU contribution allocated for the implementation of the IPA 2021 is set at EUR 90.45 million. The implementation of the IPA 2022 AAP under DM will encompass a portion of EUR 46 million, out of EUR 72,5 million of EU funds. The AAP for 2023, also under DM, is dedicated to the Energy Support Package - State and Resilience Building Contract for North Macedonia. To date, EUR 72 million has been disbursed out of the EUR 80 million allocated EU funds.

Under the EUIF from 2014 to 2020, managed directly by the EUD, support is provided to various sectors in their alignment with EU standards. 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 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 EUR 18.39 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.

IPARD Programming and Implementation

The IPARD Programme, operational from 2014 to 2020 and approved in 2015, experienced significant evolution through five updates, including a pivotal financial revision in July 2023 that enabled the final call of the IPARD II Programme by Macedonian authorities. The Programme, with a total European Union contribution of EUR 69 million, was focused on five key development measures. Despite facing challenges such as the COVID-19 pandemic and its economic impacts, the Programme managed to retain about EUR 9 million in funding. This resilience led to an extension under the "N+4" rule and, by 2022, the full allocation of the budget, including the redistribution of funds from cancelled contracts to new ones.

The Programme saw high levels of engagement, evidenced by over 4,280 applications, which collectively requested more than the available EUR 234 million, indicating a strong demand for the Programme's support. The EU's contribution stood at EUR 62.44 million, with some contracts being cancelled and others fully paid. An improvement in the Programme's efficiency was achieved through the implementation of complete application packages.

Following this, the IPARD III Programme was launched in March 2022 and commenced its first public call in September 2023, focusing on two specific measures with a budget of EUR 30.3 million. This new phase aims to continue supporting North Macedonia's agricultural sector through eight diverse measures. However, some measures are experiencing delays due to capacity issues within the IPARD Agency. To ensure effective implementation and realization of the Programme's goals, a Monitoring Committee was established in February 2023.

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 four transnational and interregional cooperation programmes: Balkan Mediterranean 2014-2020, ADRION 2021-2027, Euro-MED 2021-2027, and URBACT IV 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 ADRION, Euro-MED, and URBACT, the SEA takes on this role. 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 EUR31.15 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; the first call for proposals saw 145 applications from North Macedonian partners, with assessment results anticipated in early 2024.

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.

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), the country is taking part in 12 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 127 projects in the value of up to 6 million EUR.

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 a 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.

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 established under IPA II. 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 on March 8, 2023, in a hybrid manner. During 2023, the following SMCs were organized:

SMC Meetings		
Transport and Environment and Climate Action	25 April 2023	25 October 2023
Democracy and Governance	19 May 2023	17 November 2023
Rule of Law and Fundamental Rights	12 April 2023	27 November 2023
Education, Employment and Social policies	22 March 2023	1 December 2023
Competitiveness, Innovation, Agriculture and Rural Development, and Energy	5 May 2023	3 November 2023

The main conclusions and recommendations from the Joint IPA Monitoring Committee meeting held on March 8, 2023, indicate following challenges:

- The institutions face significant challenges in attracting and retaining skilled personnel. Despite efforts to meet recruitment targets and implement staff retention policies, there is an ongoing struggle to ensure that the workforce is adequately equipped and motivated to drive the successful implementation of IPA programmes.
- 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.
- The execution of specific infrastructure projects, such as the modernization of the premises for the Academy of Judges and Public Prosecutors, the construction of new forensic laboratories, and environmental investments, reveals deep-seated issues in project management. These include complications in securing necessary documentation and funding, as well as delays in procurement processes, all of which are pivotal challenges that impact the timely and effective realization of project outcomes.
- 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 like the Idrizovo Prison reconstruction and 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 has 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

The IPA II 2020 Action “EU Support for Rule of Law” is a EUR 12.45 million initiative that began in January 2021 to strengthen rule of law in North Macedonia. It faced suspension in 2022 and was subsequently restarted as "EU Support for Rule of Law 2.0" in May 2023, focusing improvement of the capacities of justice institutions, enhancement of investigation techniques against organized crime, enhancement of anti-corruption measures, and protection of fundamental rights, with a budget of 12.45 million EUR and a projected duration of 36 months, plus a potential 6-month extension.

IPA 2021 Financing Agreement was signed 16.11.2021. In 2023, AD 2021 "EU for Rule of Law and Anti-corruption," a EUR 9.6 million initiative commenced with a focus on enhancing the rule of law in North Macedonia. This involves modernizing the ICT infrastructure in the judiciary and related institutions, strengthening the capacity of the Constitutional Court, preparing for the modernization of the Academy for Judges and Public Prosecutors, and increasing public and private sector intolerance towards corruption. A project under this Action, aimed at bolstering the efficiency of the Constitutional Court, began on September 18, 2023, with a 731-day duration, emphasizing the control of constitutionality, legality of normative acts, and protection of fundamental rights.

AD 2021 "EU against organised crime, in support of trade" aims to strengthen North Macedonia's fight against organized and cross-border crime and supports integrated border management by enhancing border controls and facilitating cross-border movement of people and goods. It focuses on improving crime prevention, detection, and combat capabilities, digitalizing law enforcement data, and

establishing capacities to fight environmental and cultural heritage crimes. The EU support will also enhance the effectiveness of border controls, upgrade Customs' IT systems in line with EU standards, and renovate Border Crossing Points with the EU, contributing to smoother traffic and trade. The main goal is to improve security and support free movement, aiming to reduce crime rates by 11% by 2027. The Action will result in better organized crime prevention, efficient border management, digitalization of investigation data, and upgraded institutional capacities. The total estimated cost is EUR 14 million, with the EU contributing EUR 10.6 million.

IPA 2023 programming \ was focused on the development of 2024 AD, "EU for Enhanced Security." This AD was merged with the Fundamental Rights AD in October 2023, leading to a revised budget. The revised AD aims to combat discrimination and promote social integration of vulnerable groups, including children, women, LGBTI individuals, persons with disabilities, and minorities. It targets gender-based violence and housing disparities for the Roma community, while also enhancing North Macedonia's response to security threats like cybercrime, organized crime, terrorism, radicalization, and violent extremism. The primary objective of the initiative is to enhance protection and rights for vulnerable groups and enhance security in North Macedonia. This includes reinforcing responses to gender-based violence and advocating for the legal housing rights of the Roma community, as well as fortifying the state's response to a range of security threats. The initiative's key deliverables encompass improved protection services and collaborative efforts at various institutional levels to support victims of gender-based violence, the development of detailed urban plans for Roma settlements, strengthening police and law enforcement capabilities, and the introduction of advanced tools to bolster cybersecurity resilience.

During 2023, the Crisis Management Center (CMC) has taken an active role in the planning for the second phase of the development and upgrade of the E112 system, a key component under the Instrument for Pre-accession Assistance (IPA III). CMC has communicated their requests and proposed content for this next phase to the Secretariat of European Affairs and the European Union Delegation (EUD). The proposal is comprehensive, aiming to enhance the system's capacity, security, and redundancy through hardware and platform development, which includes necessary licensing. Additionally, there is a significant focus on the evolution of incident management software. This includes the creation of a smartphone application to facilitate accessibility for disabled individuals and those unable to make traditional voice calls, in line with EU solutions. A tablet application is also proposed for first responder units to address the critical issue of accessibility for call-takers and coordinators at smaller emergency service points. Enhancements in geolocation services for emergency service actors and additional tools to support the field activities and reporting of first responders are also planned. Lastly, the proposal outlines an objective for further integration with mission-critical radio communications networks. However, a risk has been identified that the development of E112 could stagnate if the implementation of Phase II experiences delays.

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

AD 2016 “Migration and asylum, border management and fight against terrorism and organised crime”

Status and progress	
Specific objective: To improve the efficiency and effectiveness of the national authorities for border control, management of migration flows, fight against terrorism and organised crime	
Result 1: Technical and administrative capacities to detect, investigate and prevent organised crime and terrorism improved	Activity 2.2. Construction of new premises for the forensic laboratory and its accreditation under ISO 17025 The objective of the project, which is to increase the efficiency and effectiveness of national authorities in preventing crime and terrorism, is greatly advanced with the completion of the new forensic laboratory, which is accredited under ISO 17025, and the Ministry of Interior granting its Use Permit. This milestone directly aligns with the output of enhancing technical and administrative capacities to detect, investigate and prevent organised crime and terrorism.
Result 2:	Activity 1.4. Further upgrade of Tetra system and implementation of Tetra IV and 112 emergency call

<p>National legislation, policies and practices for management of border and fighting against human trafficking strengthened in line with the EU and international standards for human rights</p>	<p>Significant progress has been made that is evidenced by the full operational status of the System E 112, which is accessible to citizens throughout the country, 24 hours a day, 7 days a week. Membership and active participation in the European Emergency Number Association (EENA) ensure regular coordination and communication, enhancing the service's reliability and responsiveness.</p> <p>The system is well-staffed with dedicated call takers and IT personnel, ensuring that emergency services are delivered promptly and efficiently. The Emergency call 112, which is enhanced by the TETRA system, has been extensively utilized as reflected in the call statistics for the year 2023. The annual report indicates a total of 663,808 calls, with 43.36% (287,796 calls) being genuine emergency calls and 56.64% (376,012 calls) classified as other calls.</p> <p>Breaking down the call sources, the majority of calls were made from mobile phones, totalling 497,777. Landline calls were significantly fewer, amounting to 7,013. Additionally, there were 3,690 eCalls, 1,325 SMS messages, and 13,039 calls from foreign numbers. Notably, a substantial number of calls, 140,964 to be exact, were made from devices without a SIM card, highlighting the accessibility of the emergency service even for those without an active phone line. This comprehensive coverage and the system's ability to handle a high volume of various emergency communications demonstrate the marked progress made towards the output.</p>
---	---

AD 2020 “EU for rule of law”

<p align="center">Status and progress</p>	
<p>Specific Objective: To strengthen justice and home affairs systems and reinforce the respect to fundamental rights</p>	
<p>Component 1 To improve the capacities of justice institutions to deliver justice in transparent and accountable manner with the reference to the AD Output 1</p>	
<p>Output: Improved independence, accountability, quality, and effectiveness of the justice system</p>	
<p>Capacities of the Judicial Council and courts strengthened</p>	<p>The progress achieved includes ongoing daily support and active participation in the Working Group for amending the Law on the Judicial Council. Three-day workshops for Judicial Council members and staff are planned for 22-24 January 2024, focusing on implementing recommendations from the Peer Review Mission. A first draft of the Judicial Communication Strategy has been prepared and is currently under internal review. Plans are in place to start implementing the Human Resource Strategy from September 2024. The Judicial Council receives ongoing support from in-house experts, who have completed the Developmental Sectorial Strategy for the Justice System for 2023-2027. This strategy covers both the Judiciary and the Council. In addition, experts have prepared 13 reports based on the monitoring of Judicial Council sessions</p>
<p>Capacities of the Council of Public Prosecutors and the Public Prosecution Office strengthened</p>	<p>Progress includes drafting a report on the existing legal framework for the supervision of the public prosecutorial function, completing a report on the legal framework for disciplinary proceedings, and initiating a review of the disciplinary system in light of European standards and practices. Efforts to enhance transparency and accountability involve delivering commentary on draft guidelines for the code of conduct for prosecutors, particularly concerning freedom of expression and social media use. Additionally, a report on current regulations and practices in media communication has been prepared. The Developmental Sectorial Strategy for the Justice System 2023-2027, specific to the Public Prosecution Office and the Council of Public Prosecutors, has also seen delivery of conclusions.</p>
<p>Capacities of the ICT Council for the Judiciary for the implementation of the ICT Strategy strengthened</p>	<p>Progress includes providing cyber security training for IT specialists at the Supreme Court, Appeal Court, and Basic Court in Skopje. Assistance has been offered in developing a new case management system for prosecution offices, including drafting IT assessments and technical specifications, upgrading the LURIS case management system, and recommending IT infrastructure preparations for the new premises of the OC Prosecution Office. Cyber security training was</p>

	also extended to IT specialists in the Public Prosecution Office, Higher and Basic Prosecution Offices. Additionally, the ICT Council for the Judiciary received recommendations for IT-related actions in the Justice Sector Development Strategy 2023-2027 and an assessment of the implementation status of the Action Plan of the ICT Strategy 2019-2024.
Capacities of the Academy for Judges and Public Prosecutors strengthened	The progress includes the initiation and delivery of training for trainers on IT-related issues as part of the continuous training programme for judges and prosecutors. Additionally, a report detailing the capacity building needs of the Academy has been drafted. The activity to strengthen the initial training programme of judges and prosecutors is planned to commence after April 2024.
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	The capacities of the Ministry of Justice and the Council for Monitoring the Implementation of Judicial Reform have been enhanced, evidenced by the Ministry of Justice successfully finalizing the Developmental Strategy for Judiciary 2024 – 2028, which was adopted by the Government in December 2023. The Council for Monitoring the Implementation of Judicial Reform, however, did not conduct activities in the latter half of 2023 due to the Strategy's drafting being delegated to a working group. To ensure an inclusive and participatory process, two meetings were facilitated for this working group.
Institutional framework of the Bar Association strengthened	Progress for strengthening the institutional framework of the Bar Association includes the inclusion of its representative in meetings and contributions to the drafting of the Judicial Strategy 2023-2027.
Component 2: To strengthen the capacities to effectively implement modern investigation techniques in fighting organised crime Output: Stronger capacity to effectively implement modern investigation techniques in fighting organised crime, terrorism and corruption	
Improved investigation capacities with the emphasis on complex criminal and financial investigations	Progress in improving investigation capacities, particularly in complex criminal and financial investigations, includes several completed training sessions and workshops. These include training on SKY communication for various anti-drug units and the Public Prosecutor's Office, and a draft training programme for the Customs Administration and Financial Police covering various sensitive procedures and investigative techniques. However, several activities have yet to start, with planned commencement dates in early 2024. These include improving the prevention and detection of money laundering, enhancing capacities for combating drugs and darknet-related investigations, and conducting financial investigations as a tool in organized crime investigations. Additionally, there has been progress in formulating a National Strategy and Action Plan for Organized Crime, with discussions and planning meetings already held. Efforts to enhance cooperation in combating migrant smuggling have seen the drafting of an action plan and training related to data evaluation and human trafficking victim identification. In the fight against terrorism, consultations with experts have been conducted, with the first mission scheduled for mid-February 2024. Some progress has been made in anti-corruption efforts, including meetings with key individuals, identifying training needs, developing communication and visibility plans, and starting investigations into corruption in sports. Lastly, for cybercrime, preparatory work for the first National Cybercrime Strategy and Action Plan is underway, with the first mission planned for the end of February 2024.
Strengthening intelligence-led police operations and improving the use of analytical tools in the detection of	The progress includes delivering advanced training in criminal intelligence and analysis to 13 participants from different units, conducted over four days in September 2023. Additionally, an action

more serious forms of organised crime	plan for covert human intelligence training was prepared in September 2023, followed by a specialized training programme for 14 police officers in November 2023, focusing on criminal intelligence, including collection, analysis, and dissemination of information.
Improved use of special investigative measures in criminal investigations in compliance with fundamental rights and freedoms.	Progress has been made in line with fundamental rights and freedoms. This includes a detailed analysis of SIM's current implementation status, conducted in October 2023, and subsequent specialized workshops and round table discussions for various departments within the Ministry of Interior and the Public Prosecutor's Office in November 2023. Additionally, a working group dedicated to the standard operating procedures for Undercover Operations units convened its first session in November 2023, with a follow-up session planned. Further enhancing these efforts, a study visit to the Slovenian Ministry of Interior was undertaken by three police officers, focusing on the practical aspects of SIM, such as the use of GPS devices, audio-visual equipment, drones, and locksmithing. This visit, fostering an exchange of expertise with Slovenian technical personnel, is set to influence upcoming specialized on-the-job training activities, slated to start in spring 2024.
Support for the development of the National Coordination Centre for suppression of organised and serious crime (NCC)	Progress includes completing a comprehensive analysis of the NCC's current status in November 2023. This analysis provides a foundational understanding of the NCC's operational state and areas for development. The continuation of activities related to this analysis is scheduled for the end of March 2024. Training for NCC personnel, which is a crucial component of the support plan, has not yet started. The initiation of this training is contingent on the outcomes and recommendations derived from the completed analysis
Improved administrative and technical capacities for assets recovery and freezing and seizure management under EU standards.	Progress for Result 2.5 includes review the legal framework for the Asset Management and Confiscation of Property (AMCP), resulting in the delivery of six essential sub-legal instruments by the end of November 2023. The identification of potential gaps in the ICT systems of AMCP and ARO is scheduled to begin in mid-March 2024.
Component 3: To Improve the prevention and fight against corruption	
Output: Improved enforcement record in curbing corruption	
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	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 programmes and joint training initiatives. Support for the SCPC Training Centre has also been enhanced, furthering the organization's operational and methodological capabilities.
Improved control and verification of assets declarations submitted by elected and appointed public officials and members of Parliament	Under Result 3.2, advancements have been made with beginning the development and agreement of a detailed plan with SCPC. The first phase involved a thorough desk study of current regulations and guiding documents, scheduled for completion in January 2024. 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 is also set to be completed in January 2024.
Enforcement and awareness raising of the law on lobbying improved	Efforts to improve enforcement and awareness of the law on lobbying are planned to commence in the second quarter of 2024, with specific focus on the private sector.

Enforcement and awareness raising of the law on lobbying improved	Legal amendments to facilitate ICT solutions for submissions and transparency are scheduled to start towards the end of 2024.
Prevention of corruption in public procurement improved	<p>An assessment of the existing e-procurement system, processes, and control measures has been completed, with the report gaining approval from the SCPC Collegium in December 2023. Further discussions with key stakeholders and the development of recommendations are scheduled for January-February 2024, with completion expected by March 2024.</p> <p>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. Demonstrations of the Erar system, an upgraded version of e-Supervisor, are set to take place in January 2024.</p>
<p>Component 4: To enhance the protection of fundamental rights and strengthen the uptake of alternative means to detention</p> <p>Output: Enhanced protection of fundamental rights and stronger uptake of alternative means to detention</p>	
Capacities of the main HR bodies to effectively implement their mandates strengthened	<p>The Ombudsman Office (OO) has benefited from ongoing advice and on-the-job training in complex cases. This includes a two-day training session on reporting under the Convention on trafficking in persons, which included 15 and 14 participants, and 11 targeted questionnaires for data collection. In parallel, the Commission for Prevention and Protection against Discrimination (CPPD) has begun conceptualizing and public consultations for a Roma women-focused employment discrimination thematic report. These efforts ended the consultation, prepared the methodology, and agreed on report next steps. By April 2024, the first annual report on human rights protection system amendment recommendations will be drafted. The first human rights forum was also set up to gather data for this annual report. This March 26, 2024 forum will facilitate professional exchange among the main human rights bodies. Finally, an inter-institutional expert working group met on September 12, 2023, to collect data on human trafficking, a major collaboration milestone. First study visit to EU Member States preparations will begin in April 2024, supporting capacity-building.</p>
Capacities of the key HR oversight institutions strengthened	<p>The Ombudsman Office (OO) is supported to introduce the Common Assessment Framework and develop a quality management system, aiming to complete this by September 2024, and plans a workshop on complaint handling in early 2024. The Commission for Prevention and Protection against Discrimination (CPPD) successfully conducted its first thematic training on discrimination in December 2023 and has identified experts for future trainings on AI, automated decision making, and sexual orientation and gender identity issues. The Ministry of Labour and Social Policy (MLSP) will hold workshops in 2024 on data collection for preventing gender-based violence. Additionally, the first module of a Training of Trainers programme on anti-discrimination and human rights was completed in October 2023, with the rest scheduled for completion by September 2024.</p>
Capacities for applying the HRBA within administration assessed and strengthened	<p>E-learning to boost HR knowledge in public administration and an assessment of capacities for HRBA in policymaking and budgeting are both set to start in January 2024. The Ombudsman Office has already hosted Round Tables in Shtip and Strumica to improve implementation of the Ombudsman's recommendations at local levels, and revisions of these events are underway to enhance their effectiveness in 2024. Additionally, awareness-raising and advocacy activities for HRBA in policymaking and budgeting are scheduled for the second half of 2024.</p>

<p>Prevention of gender-based violence and gender-based discrimination enhanced</p>	<p>A research methodology for analysing gender-based violence prevention has been established, with questionnaires for non-state actors already disseminated and collected. This research is anticipated to conclude by June 2024. Concurrently, research on under-reporting of gender-based discrimination, for which methodology development and data collection are complete, is expected to be finalized by July 2024. Additionally, support for the National Action Plan for Roma Women and Girls has led to the completion of data collection for a thematic report on employment discrimination, with a focus on Roma women, and development of a joint report methodology on access to justice for Roma women facing multiple and intersectional discrimination. The thematic report on Roma women in health is scheduled to start in July 2024, with finalization planned for August 2024.</p>
<p>Child rights policy and child protection system strengthened</p>	<p>Research analysis on the national child protection system is planned to start in 2024, focusing on the rights of children using drugs, protection from violence, and education in correctional facilities over the next three years. Support for monitoring child rights implementation began in Q3 2023, including preparing a list of bodies monitoring children's rights and systematically exploring ways of monitoring during the National Action Plan (NAP) for Child Rights kick-off meeting. Recommendations for a national body to monitor NAP implementation were drafted. The drafting of the NAP for Child Rights is actively underway, marked by multiple workshops and meetings with diverse stakeholders, including the final NAP Working Group meeting scheduled for February 27, 2024. Additionally, awareness of child rights was raised through the creation and dissemination of 15 creative visuals highlighting diverse children's statements, coinciding with the 30th anniversary of the UN Convention on the Rights of the Child ratification.</p>
<p>Awareness on the importance and role of institutions and various HR bodies to protect HR raised</p>	<p>Progress includes the implementation of an awareness-raising event by the Ombudsman Office (OO) on December 12, 2023, featuring a Round Table on the OO's role in the EU accession process and a reception marking the OO's 25th anniversary, with 10 and 75 participants respectively. Additionally, plans for further awareness-raising activities in collaboration with the OO and the Commission for Prevention and Protection against Discrimination are underway.</p>
<p>Respect for HR in the judicial and home affairs system improved</p>	<p>The planned activities are yet to commence</p>
<p>Probation system and application of alternative sanctions improved</p>	<p>An in-depth analysis of gaps and needs in the probation system and alternative sanctions, conducted in a previous project, underpins ongoing activities. Awareness-raising efforts include training for 13 members of the Probation Offices' Public Relations Working Group, the development of a Communications and Visibility Strategy for the Probation Service, and the creation and dissemination of the brochure "Probation – Powerful Tool in the Criminal-Legal System". Additionally, four Round Tables focused on "Enhancing the uptake of alternative measures" were held in Skopje, Shtip, Gostivar, and Bitola, targeting criminal judges, public prosecutors, prison staff, and probation officers.</p> <p>Capacity-building activities for judges, prosecutors, and probation officers are ongoing, based on a curriculum finalized in a prior project. This included a special training session for 27 probation officers on working with violent offenders and plans for a training of trainers' programme in the first half of 2024. Future special trainings scheduled for 2024 and 2025 will focus on working with offenders who have addictions, psychological challenges, high-risk behaviours, and those who are unmotivated.</p>

Status and progress	
Outcome: Improved efficiency of the justice system and fight against corruption	
Output 1: 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.
Output 2: Strengthened capacities of the Constitutional Court to control the constitutionality and legality of adopted normative acts	
Component 1: The professional and administrative capacities, administrative autonomy, independence and efficiency of the Constitutional Court is strengthened	
Improved legislative, normative and jurisdictional competencies of the Constitutional Court and Protection of Fundamental Rights	<p>Activities initiated in November 2023 include the preparation of an analysis and drafting of a law specific to the Constitutional Court, with a team of experts engaging in meetings with the Constitutional Court and other stakeholders to understand the needs for a dedicated statutory basis and a comprehensive Constitutional Complaint system. Draft reports for these activities are currently in development.</p> <p>Additionally, an assessment of the current legal framework for the protection of freedoms and rights in the country commenced in November 2023, following a similar process of stakeholder meetings and draft report preparation.</p> <p>As for the analysis and drafting of amendments to the Rules of Procedure, particularly regarding the procedure for the protection of freedoms and rights, and the development of new internal acts, procedures, and a manual for the protection of these rights before the Constitutional Court, these activities are planned to start in the first quarter of 2024.</p> <p>Lastly, in December 2023, an analysis of the Procedure and Process of the Constitutional Court began, involving meetings with Constitutional Court staff and the initiation of a thorough examination of the Court's procedures and business processes, with a draft report being formulated.</p>
Component 2: The individual protection of the freedoms and rights of the individuals and the citizens in front the Constitutional Court is improved	
Strengthened Managerial, Administrative and HR Capacities of the Constitutional Court and Increased Transparency	<p>Starting in November 2023, work began on strengthening strategic and budgetary planning of the Constitutional Court, involving coordination with the Ministry of Justice and other stakeholders regarding the dedicated Constitutional Court chapter of the new Justice Reform Strategy.</p> <p>In December 2023, two important activities commenced. The first involves the development of a communication strategy and training curricula for Constitutional Court judges and staff, focusing on enhancing public relations. The second is aimed at increasing the transparency of the Constitutional Court, with meetings held with the Public Relations and Communication Advisor of the Court to discuss making reasoned and detailed decisions more publicly accessible.</p> <p>Several other activities are scheduled to start in the upcoming quarters of 2024 and 2025. These include developing a sustainable human resources strategic plan, analysing the budgetary independence of the Court, preparing recommendations for improving archival work and IT systems, creating templates for annual reports, organizing trainings and roundtables, conducting study visits for knowledge exchange, developing public awareness activities about citizen rights protection procedures, and assessing and upgrading the Court's website. The first study visit is planned for the fourth quarter of 2024, with a second visit scheduled for the third quarter of 2025.</p>
Component 3: Improved protection of the freedoms and rights of the individuals and the citizens in front of the Constitutional Court (CC)	

Improved Performance Management of the Constitutional Court and Quality of Constitutional Justice	Progress includes the initiation of an assessment of the Case Management System and electronic filing in November 2023. An initial analysis has been submitted, with a draft report currently in development. Furthermore, in November 2023, meetings were held with Constitutional Court staff and the Director of the Academy for Public Prosecutors and Judges to create a dedicated training system. This system focuses on providing tailor-made training for staff and Constitutional Court judges, including an overview of accessibility and searchability of European Court of Human Rights (ECHR) decisions and judgments in North Macedonia, along with proposals to improve existing databases and tools. Other planned activities, scheduled to start between the second quarter of 2024 and the third quarter of 2025, include drafting internal acts for performance management improvement, preparing templates and guidelines for decision reasoning, developing training curricula, delivering workshops, preparing a publication of selected decisions, conducting training on applying ECtHR legal standards, and training various professionals on filing applications to the Constitutional Court and on ECHR case law.
Output 3: Technical documentation for the construction of new premises for the Academy for Judges and Public Prosecutors	The contract has not been initiated, and there are no developments to report.
Output 4: Raised public intolerance to corruption	There are no developments to report.

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

Status and progress	
Outcome 1: Improved prevention and control of organised crime	
Output 1.1: Digitalisation and extended use of investigation and control records and data	The ToR for the establishment of the Law Enforcement Record Management System have been finalized. This step lays the groundwork for the system's development, indicating that foundational planning and design have been completed. It is anticipated that the actual implementation of this output will commence at the beginning of 2024. This timeline suggests readiness for the next phase of the project, moving from planning to execution.
Output 1.2. Strengthened institutional and technological capacities to investigate organised and cross-border crime and corruption.	The contract for the twinning project has been signed in 2023. This is a significant milestone indicating commitment and formalization of the project framework. The implementation for this output is expected to start at the beginning of 2024. The signing of the contract and setting a start date are indicators of progress, even though the actual implementation is yet to begin.

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), this project is implemented in partnership with the CILC (Centre for International Legal Cooperation) Netherlands, the Ministry of the Interior of the Republic of Slovenia,

		and the Ministry of Justice and Public Administration of the Republic of Croatia. The project is run under the overall coordination of the Team Leader Dieter Schindlauer, based in Skopje for the duration of the project. EU support for Rule of Law 2.0 started in May 2023.
--	--	---

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

Sector Monitoring Committee on Rule of Law and Fundamental Rights Seventh Meeting held on 12th April 2023	
Recommendations/conclusions	Follow up and measures undertaken/planned
Reconstruction of Idrizovo prison – the authorities will inform EUD on the progress in contracting the project by mid-October 2022.	New revised cost estimate has been made and submitted to CEB for surveying due to increased market prices. The Government of the Republic of North Macedonia has confirmed that additional financial resources will be provided for the realization of the project. The grant of EUR 3 million from the EU is not included in the total value of Segment 2 stage 1.
Twinning contract Support to the implementation of the modernised data protection legal framework – following an approval of recruitments of staff from the Ministry of Information Society and Administration and Ministry of Finance, the Agency for Personal Data Protection to recruit at least 4 persons by end of 2022. MISA to consider Agency's remarks on the new proposed salary system for administrative officers. (from previous SMC)	Open
The government to approve the Law on the Civil Registry by end-June 2023 and re-submit it to the parliamentary procedures by end-August 2023.	By the end of June 2023, the government is expected to give approval to the Law on the Civil Registry, and by the end of August 2023, they are expected to resubmit it for parliamentary procedures.
Justice children – EU for juvenile and child friendly justice project - Government to approve the Justice for Children law by end 2022.	The Law on Justice for Children is expected to be adopted by the Government in the first half of 2023.
Justice for Children project - Directorate for Execution of Sanctions and the Ministry of Education to agree on next steps for finding and ensure a systemic solution for the provision of education for the children in the educational correctional institutions Volkovija and Ohrid by the end of 2022.	<p>Directorate for Execution of Sanctions regarding with the education of children who are serving a prison sentence for juvenile in Prison Ohrid , as well as for the children who are serving an educational measure in Educational Correctional Institution Tetovo - village of Volkovija, by the authorized persons in the Ministry of Education whose scope of work is also have to solve the problem with education in these institutions the only thing that has been informed is that an amendment to the Law on Basic Education has been prepared.</p> <p>Within the framework of the law, it is foreseen that the School for Adult Education "Makarenko" from Skopje will receive the status of a state school and within the scope of its tasks it will also receive the education of the children in these two institutions, which would permanently solve this problem.</p> <p>This was found as the only option because in the previous practice it was not possible to impose the obligation on the local self-government, the municipalities (Ohrid and Brvenica) to solve the problem with the education of the children in these two institutions that are on the territory of these</p>

	municipalities, so years ago all attempts for a permanent solution were not successful.
Project Construction works of the New Forensic Laboratory under IPA 2016, the Ministry of Interior by the end of the 2023 to fulfil the following obligations: 1) the construction of the clean rooms; 2) construction of the retaining wall, parking area, entrance gate.	<ol style="list-style-type: none"> 1. Construction of retaining walls in the parking area, in relation to this activity, steps have been taken to realize it by: <ul style="list-style-type: none"> - An examination of the land was carried out with "Slope Analysis by IZIIS, - Part of the parking space (where there is no retaining wall) a base has been made, finishing layers remain, - Pre-Calculation with a performance value has been made, - Development of project documentation that will be needed for the realization of the retaining wall and the parking lots is in progress, - After the development of the project and obtaining the Approval from the competent institution - the Ministry of Transport and Communications will approach the realization of the activity. 2. Asphaltting the same parking area, for this activity, it is correlated with the steps outlined in point 1 (the implementation of paving the parking area follows the steps from point 1 are implemented). 3. Construction of the entrance gate, the entrance gate is realised. 4. Installation of an access control system, an installation has been made at the positions where the readers are planned to be placed according to the project documentation. 5. Installation of laboratory extraction ventilation system and BMC HVAC system. The installation and testing of the aggregate and chiller have been completed, according to the project documentation. 6. Installation of clean rooms, for the realization of the construction of clean rooms, project documentation was prepared, according to the necessary ISO standards, and two open procedures were carried out. There is no selection of a contractor, therefore the implementation of this activity may continue in the coming year, according to the deadlines of the Law on Public Procurement.
In relation to 112 emergency call, employment of personnel and operability from 2022.	Issue resolved. The Agreement for annual maintenance of E112 System was signed (No. 05-14/190 from 17.07.2023).
Ministry of Finance to approve recruitment plans of the institutions, including the Audit Authority, by end of October 2022.	Measures to be undertaken are ongoing.
Audit Authority and Ministry of Interior to be part of the general staff retention policy of the country by end of October 2022.	Ministry of Interior is part of the general staff retention policy. With the adoption of the Law on Budget Execution for 2023 in December 2022, the Audit Authority was included into the general staff retention policy of the country.
The EU Delegation will inform SEA on the resolution of the Rule of Law project managed by the EU Delegation.	The EUD has not informed SEA about the resolution of the Rule of Law project managed by the Delegation.
EU Delegation will discuss any possible solutions vis-à-vis the activities in the Rule of Law project with the line institutions.	The EUD discussed the possible solution/resuming the implementation of the Rule of Law project activities with the relevant counterparts such as Ministry of Justice, Directorate for the execution of Sanctions;

	Ministry of Labour and Social Policy; Ministry of Interior. Possible solutions were also discussed with DPM and also during Corrections Donors Working Group Meeting and with Antidiscrimination commission during the peer review mission on the independent and regulatory bodies.
--	--

Sector Monitoring Committee on Rule of Law and Fundamental Rights Seventh Meeting, held on 27.11.2023	
Recommendations/conclusions	Follow up and measures undertaken/planned
The framework contract 'Preparation of technical documentation of the premises of the Academy for Judges and Public Prosecutors (phase I)' –The government will decide on the location by the end of June 2024.	The Ministry of Justice and the Academy of Judges and Public Prosecutors will prepare information for the Government with a proposed location to prepare a technical specification of the premises of the Academy for Judges and Public Prosecutors.
Under IPA 2021, the Service contract 'Modernisation and integration of the ICT operational management and infrastructure across the justice sector' - The Ministry of Justice will provide, by the end of December 2023, a written update on the maturity of the ICT components with the definition of possible links with the ACCMS system.	Draft ToR is being currently reviewed by the ICT expert of the Rule of Law project (IPA 2020). It is agreed with the final beneficiaries to proceed with the Service contract, its going to be one contract, in the upcoming period a joint meeting with all the stakeholders will take place and a donors meeting will be organised.
The planned Framework contract 'Upgrade of the IT systems in public bodies keeping registries with information relevant for the fight against corruption' - the State Commission for Corruption will provide the names of the 17 institutions linked to this project for feasibility study of software compatibility of the other institutions with SCC by mid-December 2023.	It is agreed to implement one ICT contract with the final beneficiaries outlined in the Action Document 2021. In the upcoming period, there are planned coordination meetings with representatives from institutions. These meetings will involve participation from one employee of the IT department and a representative with decision-making authority from each institution.
Grant Scheme for Civil Society 'Increasing the intolerance of the private sector and citizens towards corruption and bribing' - the State Commission for Corruption and the Ministry of Justice will consult the EU Delegation to fine-tune the guidelines for applicants by the end of April 2024.	The Ministry of Justice, the State Commission for Corruption and the EU Delegation are currently in the process of reviewing the draft guidelines. In the upcoming period, there are plans to conduct coordination meetings.
Twinning contract Support to the implementation of the modernised data protection legal framework – following an approval of recruitments of staff from the Ministry of Information Society and Administration and Ministry of Finance, the Agency for Personal Data Protection to recruit at least 3 persons by end of 2023. (from previous SMC)	Open
The Government to approve the Law on the Civil Registry and re-submit it to the parliamentary procedures by end-June 2024. (from previous SMC)	Open
Justice children – EU for juvenile and child friendly justice project - Government to approve the Justice for Children law by end-January 2024. (from previous SMC).	The government has given its approval for the Justice for Children law. Currently, the draft of the law is undergoing the parliamentary procedure for formal adoption.

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

The Sector Working Group on Justice did not hold an operational or plenary meeting in 2023.

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

Donor for Justice sector	Value of the support	What is financed and complementarity with IPA?	Implementation period
British Embassy	7 million GBP	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 & accountability in Rule of Law institutions, and building public trust in the Rule of Law. The North Macedonia activity for 22/23 works 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 – October 2024
	900,000 GBP	Combating corruption and organised crime in 3 WB Countries through strengthening regional cooperation in asset recovery - develop capacity in the Western Balkans to prevent and pursue serious and organised crime by developing more effective asset recovery practices and increasing regional cooperation in the ordinary practice of asset recovery institutions.	October 2022 – March 2024
	981,400 GBP	Gender Equality and Fight against Gender Based Violence and Femicides in the Western Balkan - 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
	1,758,104 GBP	Citizens engagement for increased trust in Government - 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
	1,137,596 GBP	Establishment of Good Governance Standards at the Centre of Government - 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
	382,715 GBP	Establish an intelligence-led approach to safer prison management that promotes multi-agency working by embedding a model for collection, analysis and dissemination of intelligence for proactive management of identified risks.	February 2021 – March, 2023

Embassy of the Netherlands	188,251 EUR	<p>Law Students and Young Lawyers – Agents of Change</p> <p>The project aims to enhance the role of the law students and young lawyers as agents of change for protection of human rights and promoting rule of law. This will be done by improvements in the regulations and curricula at university and providing trainings, internship and career development.</p>	July 2022 – 31 December 2024
	167,421 EUR	<p>Quality and Accountability of the Macedonian Justice System</p> <p>The project is intended to support North Macedonia’s judicial institutions in their efforts to increase the transparency, accountability and quality of justice. This will be done by enhancing the capacities of the judges and the Judicial Council members via developing and implementing an induction programme for new judges and justices and enhancing the capacities of the Judicial Council and courts at all levels on the newly adopted methodology for complexity of cases. Also, there will be increased accountability of the judiciary through quality legal reasoning. Quality programmes for new and promoted judges will be set in place in courts at all levels (basic, appellate and supreme) and a ToT method will be developed by Dutch judges. There will also be analysis and promotion of the legal reasoning of the ECHR case law referring to North Macedonia and the judgements of the Macedonian courts.</p>	October 2021 – October 2023
	294,922 EUR	<p>Support to Judicial Academy</p> <p>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 a 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 will work on two aspects: increasing the capacities of JA to train highly professional, competent and independent judges and prosecutors; and improving the work and organizational functioning of JA, including managerial skills and internal mechanisms.</p>	April 2022 – April 2025
	954,850 EUR	<p>Enhancing the efficiency, accountability, and transparency of the Judicial Council of North Macedonia</p> <p>The project will strengthen the capacities and competencies of the Judicial Council (JC) through exchanging expertise with the Dutch Council for the Judiciary with a peer-to-peer approach: promoting court efficiency and establishing performance management system; promoting accountability and embedding integrity and ethics standards; promoting</p>	September 2020-September 2024

		regional cooperation among the Judicial Councils of WB.	
	1,901,624 EUR	Balkans Enforcement Strengthening project (NMAC, SER, KOS, ALB) Strengthening RoL in pre-accession countries of the WB by strengthening their capacities to ensure an efficient and effective enforcement of civil judgements and other enforceable titles; strengthen the private enforcement agents systems in dealing with cross-border enforcement and make them more accountable by strengthening relevant mechanisms for monitoring and control	September 2020- September 2024
	663,759 EUR	Strengthening Media Freedom in Bosnia and Herzegovina, North Macedonia and Serbia The overall objective of the project is to contribute to creating 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.	October 2020- October 2024
	157,140 EUR	Fight with Us – Fight for You The project is support to series of investigative journalistic stories that deal with the issues of corruption and organised crime. These stories are produced in documentary video format and aired at the first programme of the Macedonian National Television (the public broadcaster), followed by more in-depth coverage on the web site of Investigative Reporting Lab (irl.mk). As part of the broader investigative reporting network (occrp.org), these stories also cover cross-border cases of organised crime and corruptive activities. The stories are follow-ups of citizen reports that the organization received via a secure on-line platform.	March 2022 – March 2024
	299,279 EUR	Safeguards against Corruption The project is aimed at reducing corruption and misuse of public funds at local government level in North Macedonia. This is envisaged to be done with a comprehensive approach, involving all stakeholders – local governments, CSOs and media. The project will provide capacity building and networking for local CSOs to monitor local processes prone to corruption and advocate for changes in the public procurement resulting from this monitoring. The activities in the project will 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	November 2021- October 2024

		corruption and report about it will also be enhanced.	
	954,850 EUR	‘Enhancing the efficiency, accountability and transparency of the Judicial Council of North Macedonia.’ Objective: strengthen the capacities and competencies of the Judicial Council (JC); exchange expertise with the Dutch Council for the Judiciary (Cfj) through a peer-to-peer approach.	September 2020 - September 2024
Embassy of the Netherlands	1,901,624 EUR	Strengthening Enforcement in North Macedonia, Serbia, Kosovo, Albania Objective: Strengthening RoL in pre-accession countries of the WB by strengthening their capacities to ensure an efficient and effective enforcement of civil judgements and other enforceable titles; strengthen the private enforcement agents’ systems in dealing with cross-border enforcement and make them more accountable by strengthening relevant mechanisms for monitoring and control	September 2020- September 2024
UNHCR	436,123 USD	Greater reduction of statelessness - assist persons with undetermined nationality to confirm nationality and sensitize relevant national authorities to generate legislative changes aiming at systemic elimination of statelessness.	January 2021- December 2025
UNODC	4,450,000 EUR	To promote rule of law and good governance through targeted border control measures at ports and airports	2020-2023
GIZ	6.000.000 EUR GIZ & Ministry of Foreign Affairs of Norway	GIZ Global Programme Combating Illicit Financial Flows - Western Balkan (GP IFF) 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.	Ongoing procedure for commissioning October 2021 – September 2024
	17,915,000 EUR EU funding – IPA: 15,800,000 EUR German Government (BMZ): 1,215,000 EUR Italian Ministry of Interior: 900,000 EUR	Countering Serious Crimes in the Western Balkans - IPA 2019 To strengthen the operational capabilities of Western Balkan law enforcement and security authorities to fight serious and organised crime and terrorism (operational support). To support the relevant authorities to effectively participate in and contribute to EU and intra-regional cooperation structures and assessments (strategic cooperation). To strengthen the capabilities of Western Balkan law enforcement and security authorities to exchange information (interoperability of information systems).	July 2020-June 2023
	3,000,000 EUR	Regional project “Legal reform for economic development in the Western Balkans” – to strengthen the countries of the Western Balkans in the implementation of EU-relevant legal framework conditions to promote economic development.	Ongoing procedure for commissioning January 2022 – December 2024
	3,000,000 EUR	Regional project “Legal reform for economic development in the Western Balkans” – to strengthen the countries of the Western Balkans in the implementation of EU-relevant legal	Ongoing procedure for commissioning January 2022 – December 2024

		framework conditions to promote economic development.	
Council of Europe	835,000.00 EUR	Action against economic crime in North Macedonia	January 2023 – December 2026
	900,000.00 EUR	Towards a Consolidated and More Efficient Free Legal Aid (FLA) System in North Macedonia	January 2023 – December 2026
	680,000.00 EUR	Protecting Freedom of Expression and of the Media in North Macedonia – PRO-FREX-NM	January 2023 – December 2026
	450,000.00 EUR	Combating Hatred and Intolerance in North Macedonia	January 2023 – December 2026
	950,000.00 EUR	Strengthening anti-trafficking action in North Macedonia	January 2023 – December 2026
	950,000.00 EUR	Strengthening the capacities of the penitentiary system in North Macedonia	January 2023 – December 2026
	800,000.00 EUR	Quality Education for All - North Macedonia	January 2023 – December 2026
	116,000.00 EUR	Promoting Equality and combating racism and intolerance in the Western Balkans – regional project	January 2023 – December 2026
	86,000.00 EUR	Protecting Freedom of Expression and of the Media in the Western Balkans – PRO – FREX – regional project	January 2023 – December 2026
	110,000.00 EUR	Action against economic crime in the Western Balkans – regional project	January 2023 – December 2026
	275,000.00 EUR	Enhancing co-operation in the Western Balkans in managing violent extremism in prisons and preventing further radicalisation after release – regional project	January 2023 – December 2026
	234,000.00 EUR	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
	100,000.00 EUR	Women's Access to Justice in the Western Balkans (WAJ) – regional project	January 2023 – December 2026
	4,945.000 EUR out of which 700.000 EUR for North Macedonia	Regional project: iPROCEEDS – Targeting crime proceeds on the Internet in South-eastern Europe and Turkey	January 2020 – June 2023
	6,500. 000 EUR out of which around 723,608 EUR for North Macedonia	Promoting good governance and Roma empowerment at local level (ROMACTED II)	January 2021 – December 2024
Donor – Home Affairs sector	Value of the support	What is financed and complementarity with IPA?	Implementation period
IOM (lead agency), United Nations Population Fund-UNFPA, United Nations High Commissioner for Refugees- UNHCR	1,500,000 USD	„Evidence-based migration policy planning and discourse in North Macedonia” The overall goal of the project is to contribute to good migration governance in North Macedonia through enhanced migration discourse and evidence- and data-based policy development.	October 2020- October 2023
OSCE	3,735,139 EUR	“Assisting the national authorities of the Republic of North Macedonia to decrease the	2021-2023

		<p>risk of weapon proliferation and misuse of small arms and light weapons (SALW II)”</p> <p>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 Ministry Interior and other government organizations.</p>	
OSCE	/	<p>“Building a hybrid education system in the Ministry of Internal Affairs of the Republic of North Macedonia”</p> <p>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.</p>	September 2021-April 2024
IOM (implementer) Donor: MFA of the Kingdom of Denmark	3,000,000 EUR	<p>“Western Balkan Readmission Capacity Building Facility (WBCAP)”</p> <p>The overall goal is to contribute to strengthened national migration and readmission management systems in the countries of the Western Balkans.</p>	2021-2023
IOM (implementer) Donor: MFA of the Kingdom of Denmark	3,000,000 EUR	<p>“Western Balkans Integrated Border Management Capacity Building Facility (WBIBM)”</p> <p>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</p>	2021-2023
IOM (implementer) Donor: MFA of the Kingdom of Denmark	2,000,000 EUR	<p>“Support of national capacities in the fight against migrant smuggling and other types of transnational crime in Republic of North Macedoni”</p> <p>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.</p>	2021-2024
IOM (implementer) Donor: MFA of the Kingdom of Denmark	2,000,000 EUR	<p>“Western Balkans joint actions against smuggling of migrants and trafficking in human beings (WBJAST”</p> <p>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.</p>	2021-2024
DCAF – Geneva Centre for Security Sector Governance	4,739,219 CHF	<p>„Reform of the Security and Intelligence Community Programme in the Republic of North Macedonia”</p> <p>The purpose of this Programme is to continue the process of democratic reforms in the security sector in North Macedonia, in close</p>	June 2021-May 2024

		cooperation with national partners for operationalization 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.	
UNODC United Nations Office on Drugs and Crime	/	<p>UNODC/WCO/INTERPOL – Airport Communication Programme (AIRCOP) and the 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 Organization (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 globalized 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>	/
France The project is supported by other member	499,993.88 EUR	<p>„Common Airport Liaison Officers: CALO”</p> <p>The aim of the project is to deploy liaison officers acting for the benefit of the Member States, within airport "hot spots" in a fast and coordinated manner at European level, with the</p>	October 2021- September 2023

countries: Germany, the Netherlands and Norway and the European agencies: Europol and FRONTEX		aim of combating irregular migration, migrant smuggling and organized crime groups in charge of it, by strengthening the controls when entering the plane from the countries of origin of illegal immigration to the countries of transit and those of final destination. The main objective of this programme is to deal with migration tension, using flexibility, risk analysis, needs assessment and coordination between EU member states.	
International Center for Migration Policy Development (ICMPD) on behalf of the nominating EU Member States Hungary and Romania and in cooperation with the International Law Enforcement Cooperation Centre (ILECC) and the National Directorate General for Foreigners Police (NDGAP) in Hungary , as well as with the Romanian police.	454,415.40 EUR	„Further strengthening of International Law Enforcement Coordination Units (ILECUs) Network in South-eastern Europe (SEE) and Eastern Partnership (EaP) countries” The aim of the project is to strengthen the ILECU network in the regions - with a focus on Ukraine, Moldova, Georgia, North Macedonia, and Serbia - and support stakeholders in implementing joint law enforcement activities across neighbouring countries. The goal of the project is to encourage international cooperation and mutual assistance between the law enforcement agencies of EU Member States and IP/WB countries in their fight against transnational criminal activities with a special focus on cooperation between neighbouring countries.	January 2022- December 2023
Funded by the State Secretariat for Migration (SEM) of the Swiss Federation and implemented by IOM	/	„Strengthening cross-border cooperation and capacities for border management in the Republic of North Macedonia”	/
Radicalization Awareness Network (RAN)	/	„RAN in the Western Balkans” The project aims to support the prevention of radicalization in the region and to strengthen the synergy between professionals from the EU and the Western Balkans, in line with EU policy.	30 months
IOM	/	"Building institutional capacity in the Western Balkans to deal with the challenges related to the resocialization and rehabilitation of returnees from conflict zones and their families" The project aims to support host governments and institutions, receiving communities and	2020

		returnees in the complex issues surrounding the rehabilitation of returnees from conflict zones.	
OSCE Donators: Germany, France, Finland, Norway	1,982,582 EUR	„Enhancing Criminal Justice Capacities for Combating Gender-based Violence in South-Eastern Europe” 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.	July 2021-May2024

6. Sector strategies, institutional capacities and budgeting

Sector National Strategic Framework - Judiciary

Strategy: In light of the ongoing judicial reform processes in the Republic of North Macedonia (RNM) for the period 2023-2027, the Minister of Justice, in July 2022, resolved to form a working group tasked with drafting a new Justice Sector Strategy, accompanied by an Action Plan for 2023-2027. This initiative aims to finalise and present a comprehensive version of the Strategy along with its Action Plan. The Action Plan delineates a total of 130 measures, organised by department and strategic objectives. Each measure specifies strategic directions, activities, responsible and associated bodies, implementation timelines, required funding, and performance metrics. The Strategy aims to enhance the justice sector by addressing its normative and institutional deficiencies and prioritising the critical issue of executive interference and political bias, which have led to the sector's regression and dysfunction.

For the Strategy's effective execution, the following strategic directions have been established:

- Coordinating reforms within the justice sector
- Ensuring the active involvement of the Justice Sector Reform Council
- Establishing, coordinating, and funding working groups to conduct analyses and legal projects for Strategy implementation
- Monitoring the Strategy's implementation via the Action Plan's specified indicators

The Developmental Sectoral Strategy for the Justice System 2024-2028 is a strategic document adopted to guide and execute public policy development over the next five years within the judiciary and related sectors, thereby ensuring the effective realisation of citizens' and legal entities' rights and obligations before judicial entities.

The Strategy is founded on several principles:

- Alignment and consistency with the National Development Strategy and other strategic frameworks
- Fiscal policy sustainability
- Conformity with European Union policies
- Relevance and dependability
- Economic, efficient, and effective use of resources
- Transparency
- Accountability and responsibility
- Sustainability

In preparing this Strategy, we considered evaluations from both international and domestic reports on the 2017-2022 Justice Sector Reform Strategy and its Action Plan, alongside functional analyses, reports, and other pertinent documents concerning the judiciary, as detailed in Annex 1.

A comprehensive consultation process, engaging all pertinent judicial stakeholders, academia, the business sector, civil society, and other governmental bodies, has facilitated a balanced and objective assessment of previous reform outcomes and shortcomings. This process has also supported the development of new measures and activities aimed at achieving specific and overarching objectives

within the identified priority areas, in line with the Developmental Sectoral Strategy for the Justice System 2024-2028 and its Action Plan.

This Strategy forms an integral component of the National Development Strategy 2023-2043, which is currently under preparation. It aligns with the European Commission's recommendations for advancing the rule of law, the judicial system, and the foundational values and rights.

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
Development Sectoral Strategy for Justice	2024-2028	<i>Adopted</i>	2023	/
National Development Strategy	2023 -2043	<i>Adopted</i>	2022	/

Sector national strategic framework – Home Affairs

Strategy and relevant AP; national programme; national plan	Covered years	Status	Year of approval or expected
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 Combating 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 tasked with devising the Strategy comprised representatives from a diverse array of institutions, professions, international organisations, and civil society groups. At the outset, each member and affiliated institution was encouraged to contribute their insights, ensuring a rich and inclusive consultative process. This inclusivity, spanning the legal community, academia, the business sector, civil society, and various state entities, fostered a balanced and objective evaluation of past judicial reform efforts. It also facilitated the formulation of targeted measures and initiatives aimed at realising both broad and specific objectives within the priority areas identified for the Development Sectoral Strategy for the Judiciary 2023-2027 and its accompanying Action Plan. The Strategy's development also benefited from contributions by the EU Rule of Law Support Project and the European Commission.

Institutional Capacities in the Judiciary Sector

The Ministry of Justice plays a pivotal role in the justice sector's reform, leveraging its technical expertise throughout the development and reform process. To support its responsibilities, an organisational unit dedicated to the judiciary's strategic development has been established. This unit, tasked with gathering and analysing data pertinent to the Strategy's execution and liaising with equivalent units across other judicial bodies, is housed within the Ministry's Department of Justice under the designation "Unit for the Organisation of Judicial Bodies and Monitoring of Reform in the Judicial Sector". The unit comprises five positions, including the department head, and is committed to the transparent and accurate tracking of measure implementation and any relevant changes.

In collaboration with other state administrative bodies, judicial institutions, and organisations, the Ministry consolidates data to compile an annual report on the Strategy's measure implementation, which is then submitted to the Government of RNM. These updates focus on activity-based progress.

The Council for Justice Sector Reforms serves as an advisory entity to the Minister of Justice, offering expert analyses and consultations to inform policy and legal frameworks related to judiciary reforms. The Council's insights significantly influence the Ministry's strategic documentation, ensuring the Strategy's strategic directions and initiatives are effectively realised. This comprehensive approach includes numerous legal modifications and the introduction of new statutes.

Furthermore, the Council for Monitoring the Justice Sector Reform Strategy 2017-2022, chaired by the Prime Minister and including the Justice and Finance Ministers among other government and authority representatives, oversees the Strategy's implementation. This body has endorsed annual reports detailing the Strategy's execution from 2018 to 2022, prepared by the Ministry of Justice. These reports, accessible on the Ministry's website, offer an in-depth review of the measures and activities outlined in the Strategy's Action Plan.

Institutional Capacities in the Home Affairs Sector

Unit	Administrative Capacities
IPA Unit within Sector for IPA and community programmes in the Ministry of Interior	1 Head of Sector for IPA and Community programmes 1 Head of IPA Unit 2 Chief Advisers for Technical Implementation 1 Independent Adviser for Technical Implementation 1 Chief Adviser for Monitoring 1 Independent Adviser for Programming and Evaluation
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.

During the 2022 the Crisis Management Centre realized 50 new employments - "call takers" in the new formed Department E112.

National Budget Allocated for the Judiciary Sector

The fiscal implications of the Action Plan for the Development Sectoral Strategy for Justice 2024-2028 will be outlined in a separate indicative financial plan, to be approved by the Government of the Republic of North Macedonia at the start of 2024.

National budget allocated for the Home Affairs Sector

The 2023 budget anticipates total revenues of 282.051 billion denars, an 18.06% increase over 2022. Planned expenditures are set at 324.8 billion denars, marking a 19.2% rise from the previous year, with a forecasted deficit of 42.759 billion denars.

7. Communication and visibility activities

On 21st September 2023, the Ministry of Interior, a primary beneficiary of the 'EU Support for Rule of Law' 2.0 project under the IPA 2020 programme, hosted a significant event to celebrate its relaunch. The Honourable Minister of Interior, Mr. Oliver Spasovski, highlighted the project's importance and its anticipated contributions to the rule of law in his keynote speech. The event's communication with the public was facilitated through media, social networks, and institutional websites.

Key communication and visibility activities included:

- Designing a project-specific logo.
- Issuing press releases to national media services in advance of the Project Presentation and the Final Event.
- Publishing a bilingual newsletter featuring success stories and topics of public interest on the project's website and Facebook page, also to be featured on the websites of beneficiary institutions.
- Establishing a website and Facebook page to enhance public awareness of the project's benefits, supported by EU cooperation, and to promote ongoing activities. These platforms will also highlight human rights news, important dates, and interviews with stakeholders.
- Organising internal kick-off events to outline the project's main objectives, activities, and anticipated outcomes to beneficiaries and stakeholders.
- Holding a Project Presentation aimed at enhancing the project's visibility and demonstrating its impact on the rule of law.
- Conducting final meetings to showcase project results, highlight successful collaborations, and discuss key learnings.

The Project Steering Committee (PSC) and Component Committee meetings offered additional opportunities to boost the project's visibility and share achievements, with promotional materials featuring the EU and project logos distributed at these events. The PSC convenes biannually to review project progress and achievements, with the Delegation of the European Union (DEU) kept well-informed of all communication and visibility efforts.

During the inception phase of the project under the IPA Action Document 2021 'Strengthened Capacities of the Constitutional Court', a Communications Plan was implemented. The Project Team is committed to raising awareness and ensuring communication aligns with EU guidelines, including:

- Highlighting the EU's financial contribution and the project's sustainable impact.
- Adhering to the European Commission's visibility requirements for external actions.
- Branding the project with a distinct logo, used alongside the EU emblem where feasible.
- Proactively conducting interviews with project experts and preparing summaries for public and media consumption at the project's outset and conclusion.
- Regularly briefing the media to update on project progress and garner media attention.
- Organising field missions with media representatives to showcase project achievements on-site.
- Ensuring active participation from key beneficiaries and EU Delegation representatives in all communication events.
- Preparing press releases for significant project events in coordination with the EU Delegation, inviting media attendance as appropriate for visibility.

A ceremony on 25th October 2023 at the Ministry of Interior marked the opening of the new Department of Forensic Investigations building. This event, attended by the President of the Government of the Republic of North Macedonia, Dimitar Kovacevski, Minister of Internal Affairs, Oliver Spasovski, and the EU Ambassador in North Macedonia, H.E. David Gere, signified a significant advancement in forensic capabilities under the National IPA Programme for 2016.

On 20th November 2023, a high-profile visit to the Business Continuity and Disaster Recovery Data Centre in Prilep showcased the project's completion, led by Minister Spasovski, President Kovacevski, and the Minister of Transport and Communications, Mr. Blagoja Bochvarski. Funded by the EU's IPA, the Data Centre epitomises the effective application of EU funds in bolstering technological and infrastructural resilience in North Macedonia.

The BCDR Data Centre, pivotal for critical state operations, is used by the Crisis Management Centre, the State Statistics Office, and the Customs Administration, among others. Its strategic significance is underscored by the interest from various ministries and agencies, illustrating its potential as a collaborative platform for enhancing national preparedness and response capabilities.

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

The programming for IPA 2022 began in May 2020, when five Action Fiches were prepared and discussed in a plenary session of the Sector Working Group for Public Administration Reform. These Action Fiches served as the foundation for the development of the AD 2022 "EU for Modern Administration," which was finalised in 2022 after another plenary session. The Action will be implemented through a Sector Reform Performance Contract (SRPC) and project approach. The Financing Agreement for IPA 2022 Programme was signed in December 2023.

Overall objective of the Action is to improve the effectiveness and efficiency of the public administration of North Macedonia. The overall objective will be achieved through the following Specific Objectives:

- Specific objective 1: Improved use of statistical and financial data in policymaking and implementation. This objective will be pursued through a project-based approach, focusing on:
 - Output 1.1: Strengthened capacity for production and dissemination of environmental and health statistics and
 - Output 1.2: Strengthened capacity of the Central Bank to deal with external statistics and payment messaging standard.
- Specific objective 2: Increased confidence of the citizens in the performance of the public administration. This outcome will be achieved through a Sector Reform Performance Contract (SRPC – Budget support) aimed at producing the following Induced Outputs:
 - Output 2.1 Reorganised, modernised and transparent public administration and
 - Output 2.2. Enhanced Digital transformation in administration.

The accompanying technical assistance (complementary support) will strengthen the capacities of MISA to effectively develop, budget and implement sector policies, monitor the implementation and report on the results of sector reforms, and coordinate the efforts of numerous players (including national and local government bodies, social partners, organisations, and civil society organisations). Part of the assistance is foreseen to be flexible, so the sector may receive operational support for some urgently needed interventions.

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

AD 2017 “EU support for PAR & statistics”

Status and progress	
<p>Specific objective 1: To optimise overall institutional framework, enhance public service delivery and strengthen ethics, integrity, transparency and accountability of public administration.</p>	<p>96 out of 336 SIGMA indicators show improvements. The service delivery area has seen an improvement in the average indicator value, which now stands at 3.3, up from 2.8 in 2017. The report highlights the ongoing challenges in the central government organisation, but also acknowledges the positive developments in terms of accountability. There has been progress in the handling of information requests since the implementation of the new Law on Protection of the Right to Free Access to Public Information. However, there is still potential for improvement in terms of proactive transparency. Considering the indicators, the country remains moderately prepared in terms of PAR accession criteria.</p>

<p>Output 1.1 Streamlined and optimised institutional framework</p>	<p>The Government adopted the Synthesis report, which sublimates findings from the horizontal analysis and individual reports, as well as political decisions regarding the organization of central government bodies. As a result, with the support of the EU, the country has started the process of reorganising three ministerial systems. Plans for reorganising the Ministry of Economy and the Ministry of Agriculture, Forestry, and Water Economy have been adopted. Despite some concerns regarding the reorganisation of the ministerial system of information society and administration, the Government has approved two important laws. The first is the Law for Network and Information System Security, which aims to enhance security measures. The second is the Law on Professional Development of Administrative Servants, which will establish two separate agencies. The Agency for Professional Development of Administrative Servants will focus on improving the skills of public servants, while the Agency for Digital Transformation will play a crucial role in implementing digital technologies in the public sector. These initiatives are essential for ensuring effective delivery of public services and aligning with EU laws. Nevertheless, since the new LOSAB has not yet been adopted, there are still challenges regarding the typology, accountability lines, and criteria for establishing new bodies.</p>
<p>Output 1.2 Strengthened systems ensuring transparency, integrity and ethics in the public institutions</p>	<p>The particular result was supposed to be achieved through implementation of activities categorized in two components, one providing direct support to the State Commission For prevention of corruption and the second to the Agency for Protection of the Right to Free Access to Public Information ((APRFAPI).</p> <p>In the part of the implementation of the integrity system, by the end of 2023, at the request of the SCPC, a total number of 154 institutions signed the Integrity Policy - 71 institutions from the central government, 69 municipalities and 14 courts. With that, we have an increase in the number of institutions implementing the integrity system of 55% during 2023.</p> <p>Regarding whistleblower protection cases, it should first be mentioned that the institutions, especially the institutions from the central government become aware of the importance of this regulation, regularly inform the SCPC through periodic reports and accordingly, conferring to the letter of the law, during 2023 the SCPC had 11 reports from other institutions and 6 cases that reached the SCPC as reports.</p> <p>SIGMA notes that the legal framework for access to public information system has improved since 2017 through the adoption of a new Law on Free Access to Public Information (LFAPI) in 2019. In 2023 the Agency received 343 complaints, of which 195 were predominantly from CSOs, while 148 complaints were filed by individuals. This is a major milestone compared to 2022, when the Agency received 798 complaints, of which 608 were predominantly from civil society organisations, while 190 complaints were filed by individuals. Based on the annual monitoring transparency report prepared by APRFAPI, proactive transparency of state institutions on central level was rated with 74,17% Microsoft Word - Финален Извештај Од Мониторинг На Веб Страниците На Владата На Рсм Министерствата И Органите Во Состав -2023.Docx (Aspi.Mk). Based on the annual reports of the information holders who reported to APRFAPI that out of 7286 received requests, 6915 were positively answered, 246 were refused and 112 unanswered, or 4,19%.</p> <p>According to Openness Index as measured by ActionSEE, Republic of North Macedonia remains on the top together with</p>

	<p>Montenegro regarding the level of openness of the core executive institutions.</p> <p>In particular for Component 2, In July 2022, two hybrid focus groups and debates were held with officials of holders and Requesters of information, where problems that arose during the practical implementation of the Law on Free Access to Information were identified and discussed. Based on this, NKE produced Analysis of the application of the Law on free access to public information with recommendations for improving the system for free access to information. This analysis contains an ongoing analysis of the legal implementation and recommendations for future improvement of the legal provisions. The Report is a valuable document for further request for legislative amendments and improvements of the current Law on free access to public information (2019).</p> <p>Various trainings and awareness raising activities were implemented for both components, and support for digitalization of APRFAPI processes was provided, resulting in DMS system for archive work. In addition, new website for APRFAPI with updating of the website and enabling persons with disabilities to exercise their right to free access to public information and two electronic portals, one for Requesters (slobodenpristap.mk), and one for information holders (community portal) were developed.</p>
Output 1.3. Improved delivery, quality, number and scope of public services to citizens and to business (e-Government)	The project is in its final phase. The tangible results, such as eSIR platform (platform for digitization of registers), Registers of Registers, Registers of Authorisations and development of electronic services are expected to be completed in the following period.
Specific objective 2: To improve the quality and availability of statistical data and enhance their use in development and coordination of public policies.	Reaching 65.3% alignment with EU standards, represents a significant step towards the objective. 65% of the indicators for GDP on a quarterly basis, using the expenditure approach at both current and constant prices, are readily accessible. 44% of the indicators have been compiled for the EDP notification table, following the guidelines of ESA 2010. 40% of the IT tools have been implemented according to the standardised guidelines.
Output 2.1. Improved alignment with the acquis in the field of macroeconomic, business, and social statistics	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. SSO has recently released and published Tourism Satellite Accounts, marking a significant milestone. SSO now engages in this activity on a regular basis.
Output 2.2. Capacity in production and dissemination of EU compliant statistics is strengthened	

AD 2020 “EU for municipalities – EU4M”

Status and progress	
Specific objective: To pilot smart solutions for addressing community challenges in partnership with local authorities (LA) from EU Member States.	<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 spanning 36 months. Initially faced with procurement, monitoring, and project management challenges, the implementation phase has seen improvement, with all eight projects actively progressing and two excelling notably.</p> <p>In waste management, the Municipality of Aerodrom's "Clean AirDrom" project focuses on achieving zero solid waste. The Municipality of Ohrid's project in the tourism and innovation sector aims for a greener and more innovative environment. For urban mobility, the Municipality of Veles is working on "Smart Solutions Veles," and Strumica is enhancing its cycling infrastructure with the "Smart velo city" initiative. Tetovo is</p>

	<p>developing digital municipal solutions to improve administrative services. In the energy sector, Radovish is working on introducing efficient district heating systems. These projects reflect a collective effort towards sustainability, technological integration, and enhanced public services within their respective sectors.</p> <p>The Technical Assistance component is expanding its support to encompass training for staff across all 80+1 municipalities, regional offices, and ZELS (Association of Local Self-Government Units), focusing on critical areas such as procurement, legal aspects, and project management. Key activities of the TA include a procurement training and certification programme, a helpdesk for municipalities that has processed 568 tickets, and study tours to EU countries. The upcoming year's EU4M activities aim to foster inter-municipal cooperation and enhance waste management, urban mobility, and digitalization among others, with a strong emphasis on sustainability through institutional capacity building and staff incentives.</p>
--	---

AD 2022 “EU for modern public administration”

Status and progress	
Specific objective 2: Increased confidence of the citizens in the performance of the public administration	The implementation has not started yet.
Output 2.1 Reorganised, modernised, and transparent public administration	The implementation has not started yet.
Output 2.2. Enhanced Digital transformation in administration	The implementation has not started yet.

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>	The project "Support to state reorganisation" has developed 5 draft versions of the LOSAB to effectively tackle the issues highlighted in the SIGMA baseline measurement report, which were further validated by the SIGMA Monitoring report in 2021. Given the circumstances leading up to the election, the likelihood of passing a new LOSAB was diminished due to the political climate. The country will persist in its endeavours to draft and implement a new legal framework. Additionally, it will conduct thorough analysis to determine which state administrative bodies can be restructured without altering the existing LOSAB (institutions not specified in the LOSAB).
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 timeframe for completing tasks was extended, and the Contractor enhanced their human resources capabilities required for implementing the 2nd Component (Development of e-services). The Consortium has completed the development of around 60 electronic services, which falls short of the expected number of "at least 135" as stated in the Terms of Reference. The ongoing efforts to digitalize services should be sustained through SBS under IPA III, drawing from the lessons learned from this project. However, there is insufficient time to fully implement the requirements outlined in the ToR.
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, 17 November 2023	
Recommendations/conclusions	Follow up and measures undertaken/planned
Adopt the law on Organisation of the State Administrative Bodies by Q4 2024.	No major activities have been implemented since the SMC
Ministry of Information Society and Administration will complete the process of configuration and putting into production of all outputs of the contract for enhancing e-Government by Q1 2024.	MISA, other relevant institutions, and the Contractor intensified cooperation. The Contractor strengthened their HR capacities for better and faster implementation of remaining activities. Risk persists and probably not all outputs may be delivered within the implementation period.
Contract for State reorganisation – MISA, MoE and MAFWE will complete the activities related to reorganisation of the three piloting ministerial systems by the end of 2023. (From previous SMC)	Several draft laws (amendments) were prepared by the Contractor. Two laws (for System and Network Security and the Law on Professional development of public servants) were adopted by the Government and are in the parliamentary procedure.
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 Q1 2024. (From the previous SMC)	MISA prepares Information for the Government session to oblige institutions to incorporate applicable recommendations
The Government to provide sufficient budget for MISA to be able to achieve the indicators planned under the PAR sector budget support programme by Q4 2023.	MISA will submit additional information to the Government for usage of the tranches.
The national authorities will tackle the problem of administrative silence and ensure that all requests for public information are responded to within the statutory deadline [continuous]. The national authorities will take urgent measures to address the	The impossibility to further improvement of the working conditions and new staff employment are due to the fact, of the low allocated annual budget for the Agency (APRFAPI), which despite all demonstrated positive results in operation and attempts of the Agency's

technical, financial and human resources capacities of the Agency for Protection of the Right to Free Access to Public Information [Q3 2023].	management, remains unchanged. In 2024, two (2) new approvals were requested, and both are denied by MF. Regarding proactive transparency, the Agency commented that there has indeed been a significant 74%, while noting the discrepancy between institutions that have improved their transparency record and others, which have followed the opposite trend. With regards to the silence of administration, in 2023 out of 454 received appeals, 277 are registered as submitted due to unanswered request. To address the issue of appeals, the Agency has introduced the practice of mediation between information holders and requesters and as a result a certain number of appeals have been withdrawn.
---	--

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

The following meetings of the SWGs were organised in 2023:

Sector Working Group (SWG) meetings PAR		
Date	Number of participants	Discussed topics
05.07.2023	63	Presentation and discussion regarding the strategic priorities of the sector for Public Administration Reform (main challenges of the PAR strategies, presentation and discussion of the Annual Report Implementation), in order to ensure better coordination of donor support and national activities in this sector for the forthcoming period.

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

Donors	International Organisations	Embassies	CSOs
EU	RESPA	German Embassy	Macedonian Chambers of Commerce
	SIGMA	Spain Embassy	Foundation Open Society–Macedonia
	OSCE	Dutch Embassy	
	ORACLE	Italian Embassy	
	UN Woman	Bulgarian Embassy	

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
IFES / USAID	N/A	Support of the State Commission for the Prevention of Corruption related to the prevention of corruption and integrity: Preparation of the Report on the implementation of the National Strategy for the Prevention of Corruption and Conflict of Interest 2021-2025 (National Strategy); Annual conference for the presentation of the above report; Preparation of amendments and revision of the National Strategy; Support of the functioning of the Training Centre of DKSK including the development of e-courses; Building the capacities for risk assessment for integrity and corruption in the institutions of the central government and state bodies; Trainings, international exchange of experiences and awareness-raising activities for representatives of the SCPC and other involved stakeholders;	2023

		Maintenance and adjustment of various software solutions;	
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

6. Sector strategies, institutional capacities and budgeting

Sector National Strategic Framework

PAR sector strategies: With the collaboration of all key stakeholders and external technical support throughout the process, the Government approved the PAR Strategy 2018-2022 in February 2018, which was an umbrella strategy for the PAR sector. All annual reports were prepared, made public, consulted and consequently adopted by the Council and the Government. The fifth annual report will cover the whole period, summarizing the success rate and lessons learned. ResPA supported MISA in conducting independent evaluation on the implementation of the Strategy and its action plan was implemented in 2021, which served as a cornerstone for the preparation of the new Public Administration Reform Strategy 2023 – 2030 adopted in June 2023. As it is in the first year of implementation there are no progress reports, but all recommendations deriving from SIGMA reports and from the independent external evaluation on the previous strategy were taken into consideration. Other important strategies are also important for the PAR Sector, listed in the table below:

Strategy and relevant AP; national programme; national plan	Covered years	Status	Year of approval or expected
Public Administration Reform Strategy 2023 – 2030	2023 – 2030	<i>Adopted</i>	June 2023
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

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

The Ministry of Information Society and Administration (MISA) started implementing the model of the Common Assessment Framework (CAF) in December 2021, with the aim of improving the quality of the overall operation of the Ministry. As a part of this exercise, a plan for improvement has been prepared with clear tasks and objectives, as well as appointed persons for realization of the identified activities.

MISA is certified with ISO9001: 2015 and it covers 35 processes, whereas ISO 27001: 2013 covers 15 procedures. These procedures clearly define the roles and responsibilities of the employees. In addition, there is a clear division of responsibilities among the key institutions for implementation of PAR. Most of the state administrative bodies implemented vertical functional analysis, while the horizontal analyses and state reorganisation funded within IPA 2017 National Programmed is under implementation. The close collaboration of MISA staff, as well as the staff of Commission of the Prevention of Corruption (SCPC), State Statistical Office (SSO), Central Public Procurement and

Financial Accountability Institute (CPRFAPI), with the experts of the project "Support of the Management of the EU Funds" improved the capacity for legislative analysis, which will improve the capacity to transpose and implement the EU acquis. This cooperation continues with the SUPRAE project. "Support to state reorganisation" provided support to MISA to draft Law on Organisation of State administrative bodies, that should reshape institutional set-up of the state administrative bodies, and establish ministerial systems with clear roles:

- Ministries as creator of the policies
- Agencies that will deal mostly with the implementation of policies
- Inspectorates that will ensure proper implementation of the laws.

Although it is too early to make any assessment on the impact, the project is expected to have irreversible effect and ensure capacities that will be capable of meeting the standards of European Administrative Space. Knowledge and experience shared through the cooperation with the EU experts, as well as provision of IT tools has significantly strengthened the capacities of the Agency for protection of the right to free access to public information to meet the expectations and requirements stipulated in the law on protection of the right to free access to public information. This also applies to State Commission of the Prevention of Corruption, MISA and State Statistical Office.

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
SCPC	64	50	28	13	5	3
SSO	436	230	15%	/	/	10

PAR Budgeting

Total amount of 1,111,359,380 MKD (approximately 18 million EUR) were invested in the period 2018 – 2021 for the implementation of the Action plan of the Public Administration Reform Strategy, out of which 660,255,818 MKD (10,701,067 EUR) were from the national budget, donor funds (excluding IPA) participate in the amount of 9,744,632 MKD (157,935 EUR) and EU (IPA) funds in the amount of 441,358,930 MKD (7,153,305 EUR). According to the annual report on the implementation of the PAR Strategy, the funds spent in relation to the estimated funds is 61.67%. However, the Action Plan covers the whole 2022, while the amount mentioned above refers only to the period 2018 – 2021. The new PAR Strategy also identifies the indicative budget and potential source of funding, and it amounts to more than EUR 35million. Substantial part of the amount is foreseen to be covered by the IPA AD 2022 Sector Budget Support. Many activities will be implemented by the human resources that are at disposal of the institutions and this amount is not included in the estimations.

7. Communication and visibility activities

With the support of "Support to state reorganization" project under PAR sector, MISA organized an event with more than 80 participants, co-chaired by the Head of the EU Delegation, the first Deputy Prime-Minister, Minister of information society and administration, Minister of Economy and Minister of Agriculture, Forestry and Water Economy. The event was published on various social media, TV, newspapers, and websites, i.e. in more than 25 news media in Macedonian language and more than 20 news media in Albanian language.

The "EU for Municipalities" programme is well visible in the media and well known by the mayors and in the local administrations. The programme has its own logo, used jointly with the EU flag (funded by EU) and the "EU with You" logo. The media communication uses mainly social media channels (Facebook, Instagram, Twitter). All grant projects are linked to the EU4M.mk website. The network of focal point persons has been updated during the last reporting period. 73 re-confirmed or newly nominated contacts allow swift communication (in English language) to the mayors. The remaining eight municipalities will hopefully soon nominate a person as well.

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

Programming of the IPA II 2018 “EU Support to Public Finance Management” took place in 2017 and 2018 and the AD was adopted in June 2018. The whole process was elaborated in the previous IPA annual implementation reports. Programming of IPA III has started in spring 2020 and giving that Ministry of Finance currently is implementing two big twinning projects under IPA 2018, no programming activities were carried out in 2022 for PFM under IPA. The whole programming process of the IPA II 2017 “EU Support to Public Administration Reform & Statistics” has been thoroughly elaborated in previous reports and no activities were undertaken in 2023.

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

The **IPA 2018 Action Document “EU Support to Public Finance Management”** is under implementation. The Action supports the implementation of the Public Finance Management (PFM) Reform Programme 2018 – 2021. It will significantly improve the strategic framework and address key challenges identified in the PFM system, such as strengthening the fiscal consolidation and discipline, improving revenue collection, enhancing budget control and accountability. The value of this action is 22,270,000 EUR out of which EU contribution is 18,600,000 EUR and national contribution is 3,670,588 EUR. The expected impact is to improve governance and ensure fiscal sustainability and sound use and management of the public funds, while expected outcome is to raise stability, efficiency, effectiveness, and transparency of the public finance management. Regular quarterly meetings of the Steering Committee were held to closely follow the implementation of the projects. In the following table is presented implementation progress until the end of reporting year 2023.

AD 2018 “EU Support to Public Finance Management”

Status and progress	
<p>Result 1. Improved budget system based on implementation of a new organic budget law</p> <p>Project: Strengthening budget planning, execution, internal control functions</p>	<p>According to the latest fiscal projections outlined in the Fiscal Strategy of the Republic of North Macedonia (RSM) for the period 2024-2028, the annual budget deficit as a percentage of GDP is set to decrease to 4.8% in 2023, 3.4% in 2024, 3.0% in 2025, 3.0% in 2026, 2.8% in 2027, and 2.5% in 2028. Concurrently, the primary budget balance is projected to follow a downward trend, reaching 3.3% of GDP in 2023, 1.7% in 2024, 1.1% in 2025, 1.0% in 2026, 0.7% in 2027, and 0.5% in 2028. The allocation of capital expenditures, averaging around 5% of GDP annually, is crucial for fostering economic growth and development.</p> <p>The adoption of the new Organic Budget Law in September 2022 heralds a shift towards performance-based budgeting, incorporating key performance indicators for its measurement. This approach aims to enhance the efficiency and effectiveness of public spending, contributing to fiscal consolidation and the enhanced execution of capital projects. The Law introduces significant reforms in planning, management, performance, and execution of revenues and expenditures, alongside fiscal transparency and accountability. A notable reform is the adoption of medium-term projections, entailing medium-term budgeting and a five-year fiscal strategy, in line with the new Law on Budgets. The 5-year Fiscal Strategy, devised by the Ministry of Finance, encompasses a broad array of qualitative and quantitative data derived from sectoral expenditure analysis, aiming to maintain a sustainable fiscal policy over the medium term. This</p>

	<p>includes a framework for adhering to numerical fiscal rules, designed to align with EU fiscal standards.</p> <p>The establishment of a Fiscal Council will provide independent and expert analyses and opinions on macroeconomic and fiscal forecasts, fiscal strategy, budget reports, fiscal risks, and other pertinent areas.</p> <p>To enhance governmental accountability, a new fiscal policy statement will outline the fiscal strategy for the Government's tenure. Fiscal transparency is set to improve through the augmentation of both the quality and quantity of reporting. The Integrated Financial Management Information System (IFMIS) will bolster the planning and monitoring of budget revenue performance and expenditure execution. Moreover, the budget preparation process will be synchronised with the three-year Economic Reform Programme, evaluated by the European Commission, which will then issue policy and reform recommendations for the country.</p> <p>The law's implementation is deferred until 1 January 2025, except for specific provisions outlined in Article 121, which will take effect on 1 January 2023. The necessary bylaws as stipulated by this Law are to be enacted within 24 months following its commencement.</p> <p>Key activities aimed at enhancing medium-term planning include:</p> <ul style="list-style-type: none"> • Incorporating additional high-quality data and analyses to facilitate more reliable planning. • Expanding the narrative section with sector-based data, incorporating new tables and charts for the Central and local government budgets, including information on IPA-funded projects. • Conducting comparative analyses of current projections against previous Fiscal Strategies and benchmarks set by other domestic and international bodies. • Basing medium-term fiscal projections on a medium-term baseline scenario and new initiatives within the Fiscal Strategy and budget circular. • Adopting a consolidated and medium-term approach to presenting data on state-owned enterprises, laying a solid foundation for improved medium-term planning.
<p>Result 2. Improved stability, efficiency, and quality of revenue collection system (tax system and policy and customs system)</p> <p>Project: Supply for Improving Customs Control Capacities</p>	<p>Completed:</p> <p>The contract encompassed 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 bolster customs control, significantly aiding in combating fraud and illicit trade in goods. Final Acceptance Certificates have been signed, and maintenance contracts are in place.</p>
<p>Project: Supply of hardware and software for the Customs Administration and the State Audit Office</p>	<p>Ongoing:</p> <p>The procurement of equipment was aimed at ensuring the continuity of business processes within the Customs Administration and the consolidation of ICT systems. This led to the establishment of a Disaster Recovery Centre to mitigate the impact of crises and natural disasters. Migration and upgrades of the database, along with the replication of other ICT systems to a remote DR location, are currently underway, with the equipment fully operational. Maintenance contracts for the procured equipment have been arranged.</p>
<p>Project: Improving Revenue Collection and Tax and Customs Policy</p>	<p>Terminated:</p> <p>In May 2023, the EU Delegation (EUD), acting as the Contracting Authority and overseeing the implementation of the Twinning contract,</p>

	<p>notified the Ministry of Finance (MoF) that the contract had been terminated. This decision was based on Article 12.2(b) of the general conditions applicable to the contract, citing that the Agency for European Integration (AEI) no longer met the eligibility criteria to act as a Mandated Body.</p> <p>In March 2023, the Ministry of Finance submitted a proposal to the Delegation of the European Union (DEU) in North Macedonia for the approval of a Twinning Light Project titled "Further Harmonisation of Tax Legislation with the EU Acquis, Improving Revenue Forecasting and Reporting". The Ministry is currently awaiting official confirmation from the European Commission regarding this initiative.</p> <p>Efforts to improve the operations of the SAC have led to increased transparency and an improved decision-making process in line with the Public Procurement Law, fostering greater trust in the SAC and a reduction in the number of lawsuits accepted by the Administrative Court from economic operators against SAC decisions.</p>
<p>Result 3. Improved legal compliance, efficiency, and transparency of the public procurement system.</p> <p>Project: Developing platform for e-Marketplace and e-Catalogues and SAC processing system.</p>	<p>The project focused on developing a platform for e-Marketplace and e-Catalogues, along with a SAC processing system, has been successfully completed.</p> <p>In 2019, the New Law on Public Procurement (LPP) and the Law on Public Procurement in the Field of Defence and Security were enacted, aligning with the latest public procurement directives. Following this, all corresponding bylaws were also adopted. Furthermore, in March 2022, the Government of the Republic of North Macedonia (GoRN) adopted a comprehensive Strategy for the Improvement of the Public Procurement System for 2022-2026. The new LPP introduced administrative control as a novel competence of the Public Procurement Bureau (PPB), now regularly implemented.</p> <p>Training sessions covering various aspects of public procurement were conducted in 2021/2022 for contracting authorities and economic operators. Further capacity-building training for PPB and State Appeals Commission (SAC) employees took place in 2023. Efforts are underway to introduce and implement an enhanced education system for public procurement officers.</p> <p>The Electronic System for Public Procurement (ESPP) has been upgraded to include functionalities such as a module for reports, e-plans, e-appeals, and a platform for publishing concluded contracts. A new platform for the electronic market of small-value procurement was launched in October 2021, becoming operational for economic operators and Contracting Authorities from 1st January 2022. Various activities, including video tutorials and training sessions, were undertaken in 2023 to promote the E-market platform.</p> <p>Following the enactment of the new LPP, complaints can now be filed electronically, enhancing transparency and access to legal protection for economic operators.</p> <p>The SAC's website has been revamped and redesigned, incorporating a new module for efficient and accessible search of decisions and legal positions. This improvement contributes to the increased accessibility of legal protection in public procurement, concessions, and public-private partnerships for all stakeholders.</p> <p>Testing is underway for the enhancement of the electronic archive and the legal protection system for public procurement, along with the introduction of a complete electronic system for interoperability. By 2022, the entire appeal process before the SAC, in addition to other proceedings, is expected to be conducted electronically, including electronic sessions.</p>

<p>Result 4. Strengthened internal control in line with the new PIFC Policy Paper</p> <p>Project: Building Effective, Transparent and Accountable Public Financial Management Institutions Project</p> <p>Project: Strengthening budget planning, execution, internal control functions</p>	<p>Approved:</p> <p>The World Bank (WB) is managing the EC - World Bank Partnership Programme Part III for Europe and Central Asia, 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>The forthcoming PIFC Law, pending parliamentary approval, will establish a comprehensive public internal financial control system, encompassing financial management, internal audit, and the harmonisation and coordination of their establishment and development, in line with international standards.</p> <p>A Draft Law on the Public Financial Control System in the Public Sector has been prepared to define a framework for a modern, efficient, and effective internal financial control system in the public sector. This Draft Law was submitted to Parliament in January 2021, with the first reading occurring in May 2021. A second reading is anticipated.</p> <p>The law introduces a managerial accountability system, new criteria for establishing internal audits, and new reporting methods for financial management and control and internal audit, based exclusively on internal acts derived from relevant laws and bylaws.</p> <p>Most of the bylaws are either prepared or in the final stages of preparation, with methodological tools poised to facilitate the efficient implementation of the Law.</p> <p>For the ongoing national certification of internal auditors in the public sector, draft versions of the Rulebook, training materials/textbooks, and a certification programme have been prepared. The Public Finance Academy, established by the Rulebook on Organisational Setup of the Ministry of Finance dated 29.12.2022, will provide continuous education in public finance, enhancing service quality for citizens and businesses.</p>
<p>AD Result 5 Improved external audit efficiency and impact.</p> <p>Project: Improvement of external audit and Parliamentary oversight</p>	<p>Completed:</p> <p>From 01.02.2021 to 31.10.2022, the State Audit Office (SAO) executed the Twinning project "Improvement of External Audit and Parliamentary Oversight" with a budget of 1.5 million euros, in collaboration with the Supreme Audit Institutions (SAIs) of Croatia and Bulgaria as twinning partners.</p> <p>This project aligned with the SAO's vision of becoming an independent, transparent, and professional European supreme audit institution, enhancing the legal framework for external audit to ensure the SAO's full constitutional, financial, and operational independence through the drafting of a new Law on State Audit and proposals for constitutional amendments.</p> <p>The adoption of the new Strategy for the Development of the SAO for 2023-2027 defined the SAO's strategic goals for the next five years, aligning with its vision, mission, and professional values.</p> <p>The structure of the Annual Work Programme and the Annual Report on audits and SAO operations has been improved for greater transparency and accessibility. A new Code of Ethics for SAO employees has been adopted, reinforcing ethical values and principles, thereby enhancing stakeholders' trust in the institution's credibility.</p> <p>State auditors' knowledge and skills have been significantly enhanced by new methodological acts aligning with INTOSAI standards and EU best practices, the execution of 15 pilot audits across all audit types and significant areas, and the exchange of experiences with counterparts from Croatia, Bulgaria, and Estonia.</p>

	<p>A Memorandum of Cooperation between the SAO and the Assembly of the RNM, prepared under the Twinning project framework, marks a significant step in their collaboration.</p> <p>The Twinning project's outcomes have substantially strengthened the SAO's transparency and accountability by enhancing internal and external communication with stakeholders, increasing the visibility of the SAO website, and improving IT audits and system security.</p>
--	---

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

Regular quarterly meetings of the Steering Committee are convened to meticulously monitor the progress of projects and to promptly identify any emerging issues or risks.

The fulfilment of prerequisites is imperative to guarantee the seamless execution of projects. Equally crucial is the commitment and ownership demonstrated by the Beneficiary, ensuring effective communication and collaboration with the Contractor. This synergy is vital for the realisation of the anticipated outputs and outcomes, and subsequently, for the enduring sustainability of the project.

However, within the specific sub-sector, there was a challenge involving a Twinning contract for the "Improving Revenue Collection and Tax and Customs Policy" project. Due to contractual complications with the Member State Twinning partner, the project faced two suspensions and was ultimately terminated, resulting in the incomplete execution of project activities. Consequently, to facilitate the continuation of the remaining project tasks, a proposal was made for a new twinning light project, to be funded through the European Union Integration Fund (EUIF).

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, anew twinning light project was proposed, to be financed under EUIF

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

The Public Financial Management Programme is executed via annual action plans, ratified by the Government. Reporting on the PFM Programme is conducted through biannual and annual reports. These documents undergo thorough discussion with the PFM sector working group and other relevant parties before receiving approval from the PFM Council. Subsequently, they are reviewed and ratified by the Government.

Within the new PFM Reform Programme for 2022-2025, risk monitoring is seamlessly integrated into the monitoring and reporting framework; it constitutes an essential component of the progress monitoring reports. The risk assessment is annually updated within the Risk Assessment Plan. Priority Coordinators are tasked with routinely overseeing the execution of the Annual Action Plan, evaluating risk levels, and identifying appropriate mitigation strategies. These strategies, to be executed by the responsible institutions, must adhere to established timelines.

Below is a table outlining the principal recommendations/conclusions derived from the reporting period, encompassing both the monitoring activities and the measures either already implemented or planned for future implementation in response to the findings and recommendations.

Sector Monitoring Committee on Democracy and Governance, 19.05.2023	
Recommendations/conclusions	Follow up and measures undertaken/planned

Ministry of Finance to develop a detailed action plan for the implementation of OBL reforms and IFMIS by the end of July 2023.	<p>Established IFMIS system is governed by the new Organic Budget Law. In addition to IFMIS, new State Aid Management Information System and Tax Revenue Management Information System of the Public Revenue Office are to be implemented under the “Building Effective, Transparent and Accountable PFM Institutions” Project. Loan and Grant Agreements were signed with the World Bank on 25th January 2023, and the Project can be launched. The loan was declared effective on April 20, 2023.</p> <p>As the process evolves and the PIU for implementation of the WB Project has been established the sequences shall be developed precisely and according to the implementation activities and requirements.</p> <p>The MoF, in cooperation with the World Bank, as well as through the EU IPA twinning project "Strengthening budget planning, execution and internal control functions", is working on the preparation of bylaws, guidelines, manuals, etc., aimed at operationalizing the new Law on budgets, further improvements to the public financial management system, and the development of a detailed plan for all work processes.</p> <p>Rest of full implementation will be provided in cooperation with 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	In accordance with the act on systematisation of Ministry of finance, Project implementation unit (PIU) for the WB Project “Building Effective, Transparent and Accountable PFM Institutions” was established in December 2022 and all positions are filled. In addition, establishment of working body, which is in accordance with Organic Budget Law is expected in upcoming days.
The Ministry of Finance to make operational the Public Investment Management Department and Public Finance Academy by end-September 2023.	<p>MoF is taking steps to fill the core professional and management positions at the Academy of Public Finance. We expect that the Academy will be operational by the end of July 2023, and the training will be organized by the end of the year.</p> <p>The new PIM Dept. in the MoF has been established with the new acts on organizational set-up and systematization of the MoF adopted at the end of December 2022. Out of 13 positions systematised, 3 positions are staffed, through redeployment of existing MoF staff. In the next months, the process of recruitment of additional staff shall continue.</p>
The Ministry of Finance to launch the bidding process for procurement of IFMIS by June 2023.	The Ministry of Finance to launch the bidding process for procurement of IFMIS by end of 2023
The European Commission stresses on the importance that the PIFC Law is adopted by the parliament as a matter of urgency and by July 2023 at the latest	Open

Sector Monitoring Committee on Democracy and Governance, 17.11.2023	
Recommendations/conclusions	Follow up and measures undertaken/planned
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 currently consists of 7 employees. The procedure of transfer for an employee from another institution is underway. Also, they are ongoing procedures for the employment of 2 persons through a public announcement. We expect the selection process for these positions to be completed by the end of February 2024. The PIM department currently numbers 6 executors. The hiring procedure for two new executors is ongoing. Also, in 2024 there will be 5 new employments.
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 decree regulating the roles and responsibilities of the institutions within the PIM cycle is in the process of making. It will be done by the end of February 2024. The manual/guidelines for pre-appraisal, appraisal, prioritization, monitoring and ex-post review of public investment projects will be done by the end of May, 2024.
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 IFMIS working body was announced in August 2023, and is expected to be finalized by the end of the year. The bidding process for procurement of IFMIS was announced on 20 November 2023.
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)	Draft PIFC Law is in parliamentary procedure, pending adoption. This Law is harmonised with the new OBL and the international standards for internal control and internal audit. In December 2023, the Ministry of Finance submitted a Request to the Assembly of 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 coming period the New State Audit Law will be harmonized with the New Law for administrative servants (approved by the Government on December 6, 2023) after its adoption by the Assembly of the Republic of North Macedonia, then it will be submitted to the Government for approval.

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 meetings of the SWGs were organised in 2023:

Sector Working Group (SWG) meetings		
Date	Number of participants	Discussed topics
24.02.2023 by video conference call	Approximately 20 PFM SWG members	Programming of IPA III and future challenges and priorities in PFM
28.04.2023 by video conference call	Above 50 PFM SWG members	Draft Monitoring Report on Implementation of 2022 Action Plan for Public Financial Management Reform Programme for the period January – December 2022, Draft 2023 Action Plan
21.09.2023 by video conference call	Above 50 PFM SWG members	Draft Semi-Annual Monitoring Report on Implementation of 2023 Action Plan for Public Financial Management Reform Programme for the period January – June 2023

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

Donors International Organisations	Embassies	CSOs
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**:

Donor	Value of the support	What is financed and complementarity with IPA?	Implementation period
IMF-FAD (EU and SECO)	N/A	PIMA Follow-up activities	July 2021 – December 2023
Cooperation supported by United Nations Development Programme (UNDP)	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 advanced PFM reform in the area of external audit.	March 2022- March 2024
Cooperation supported by Centre of Excellence in Finance (CEF)	Based on Memorandum of Understanding signed in June 2022, between the SAO and Centre of Excellence in Finance (CEF)	Collaborating on continues professional development through courses, training, and qualifications in order to improve skills and capacity of SAO employees. Collaboration on joint activities in the region promote high quality of public finance management.	June 2022-June 2025
Cooperation supported by Chartered Institute of Public Finance and Accountancy (CIPFA)	Based on Memorandum of Understanding signed in June 2022, between the SAO, Chartered Institute of Public Finance and Accountancy (CIPFA)	Collaborating on continues professional development through courses, training, and qualifications in order to improve skills and capacity of SAO employees. Collaboration on joint activities in the region promote high quality of public finance management.	June 2022-June 2025
Cooperation supported by Office of the Auditor General of Norway. (OAGN)	Based on Memorandum of Understanding signed in June 2022, between the SAO, Office of the Auditor General of Norway. (OAGN)	Cooperation providing assistance for institutional capacity development of SAO.	June 2022- June 2027
Cooperation supported by Turkish Court	Based on Memorandum of Understanding signed in June 2023, between	Cooperation providing assistance for institutional capacity development of SAO.	July 2023- June 2027

of Account. (TCA)	the SAO, Turkish Court of Accounts (TCA)		
Cooperation supported by the Westminster Foundation for Democracy (WFD)	Based on Memorandum of Understanding signed in November 2023, between the SAO, WFD	The "Democracy works" project aims to contribute to increasing public trust through better governance and greater social inclusion.	2023 -2025
Cooperation supported by the National Democratic Institute (NDI)	Based on Memorandum of Understanding signed in May 2023, between the SAO, NDI	Cooperation providing assistance for institutional capacity development of SAO and strengthening cooperation with the Assembly.	2023
UN Women	Based on Memorandums of Understanding signed, between the SAO and UN WOMEN	Cooperation on joint activities promotion and for professional development for including gender perspectives in audit to enhance public institution's accountability.	May 2021- May 2023 December 2023- December 2025
IFES	Based on Memorandum of Cooperation signed in February 2023, between the SAO, IFES	Cooperation providing assistance for increasing effectiveness in the performance of audit functions, managing corruption risks, as well as improving communication with the public.	2023
SIGMA	N/A	Cooperation providing assistance for institutional capacity development of SAO	2023-2024
World Bank		Cooperation providing assistance for institutional capacity development of SAO	2023- 2024
ResPA	N/A	Evaluation on the implementation of the PAR Strategy 2018 - 2022	Final phase/Finished
ResPA	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**:

IFIs / International organisation	Value of the support	What is supported and complementarity with IPA?	Implementation period
World Bank	20,000,000 EUR (loan)	WB is acting as administrator of 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

Following public consultations with key stakeholders conducted between April and May 2022, the Government, in June 2022, ratified the new PFM Reform Programme for the period 2022-2025, alongside the Action Plan for 2022. The development of the Programme and the accompanying 2022 Action Plan was spearheaded by the Ministry of Finance, with significant contributions from the Ministry of Economy, the Customs Administration, the Public Revenue Office, the Public Procurement Bureau, the State Audit Office, and the State Appeal Commission for Public Procurement. This collaborative effort was further bolstered by technical support from SIGMA. The initiative for this

comprehensive reform was set in motion in September 2021, drawing upon insights from PEFA and SIGMA evaluations to pinpoint the forthcoming reform priorities.

The monitoring of the PFM Reform Programme is facilitated through biannual and annual reports, meticulously compiled by the Sector Working Group (SWG) dedicated to PFM. Prior to their formal endorsement by the PFM Council and subsequent ratification by the Government, these documents undergo a thorough public deliberation process involving the PFM SWG and other relevant parties. Following their approval, the reports are made accessible on the Ministry of Finance's website, available in both Macedonian and English, to ensure transparency and inclusivity. The PFM SWG encompasses representatives from civil society organisations and development partners, ensuring a broad-based and inclusive approach to PFM reform monitoring.

The Monitoring Report on the implementation of the 2022 Action Plan for the PFM Reform Programme, covering the period January to June 2022, was ratified by the Government in December 2022, following prior endorsement by the PFM Council. It was subsequently made available on the Ministry of Finance (MoF) website. The preparation of the annual Monitoring Report for the full year 2022 and the 2023 Action Plan commenced in January 2023 and was completed by the end of February 2023. Both documents received Government approval in July 2023, after obtaining the PFM Council's consent, and were published on the MoF website. The 2022 annual report details the progress in implementing the activities and achieving the indicator targets.

The progress achieved in the first half of 2023 under the PFM Reform Programme's Action Plan was detailed in the Monitoring Report for January to June 2023. This report was approved by the Government in October 2023, following consultations with the PFM Sector Working Group (SWG) in September 2023 and subsequent approval by the PFM Council.

The PFM Reform Programme is scheduled for a mid-term review of its objectives and indicators at the end of 2023. This review may lead to the extension of the Programme by an additional two years, through to 2027. The necessity for this mid-term review stems from the potential for revised actions within the PFM Reform Programme to be supported by EU financial assistance under the IPA III Programming Framework (2021-2027). With technical assistance from OECD/SIGMA, funded by the EU, the PFM SWG is currently developing the new PFM Reform Programme for 2024-2027. The initial draft of this Programme is expected to be completed by the end of January 2024.

Sector National Strategic Framework

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
Public Financial Management Reform Programme 2022-2025	2022-2025	<i>Adopted</i>	2022	N/A
Public Financial Management Reform Programme 2024-2027	2024-2027	<i>Under preparation</i>	2024	N/A

Institutional Capacities in the Sector

The 2022 self-assessment for PFM sub-sector has been conducted and report is prepared and submitted to SEA in February 2023. In general, the issue for strengthening administrative capacities in relation to the implementation of the PFM Reform Programme is addressed at 3 levels:

- PAR Strategy and Action Plan
- The PFM Reform Programme and annual action plans envisage a considerable investment in Human Resources as a part of the reform process.
- Strategic plans on institutional level are developed on 3 years basis and they provide overview of the human and financial resources needed.

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

Institution/ Org. Unit	Staffing levels					
	No. of Employees in System. Act	Current staff in No	% of senior managers	Plan for new employment 2021	Plan for new employment 2022	Plan for new employment 2023
Ministry of Finance	1133	608	21.2%	adopted	adopted	adopted
Customs Administration	1670	1184	16.16%	121	68	1 permanent 4 part-time
PRO	1929	995	2,31%	40 (realized 38 by public announcement, additional 100 by K-5 Programme and 14 by download/mobility	40 (realized 38 by public announcement, additional 100 by K-5 Programme and 14 by download/mobility	Plan for new employment 2023 has not been adopted
Public Procurement Bureau	81	36	47%	0	6 (realized:0)	4 (realized:4)
State Audit Office	245	120	23%	10	6	0

National Budget Allocated for the Sector

PFM budgeting: The PFM Reform Programme for 2022-2025 secures funding from two principal sources: the state budget and external funds. A detailed cost analysis has been conducted for each priority and measure, focusing on the activities within the Programme. The cost estimation is grounded on the premise that only additional expenses will be considered, alongside the identification of funding sources for these extra costs to ascertain the financial shortfall. It is stipulated that activities utilising existing human resources, which do not necessitate expenditure on new hires – such as administrative tasks including the drafting of laws and regulations (except where external expertise is required) – should not be included in the cost estimation. At the inception of the PFM Programme, the total budget was projected at 101.8 million EUR, comprising 44 million EUR from the national budget, 14.6 million EUR from external contributions, and a financing gap of 43.2 million EUR. This gap includes a specific requirement of EUR 27 million for the establishment of the Greening Business Facility.

The Government of the Republic of North Macedonia is committed to securing funds from external sources/donors to bridge the identified financing gap. It also pledges to allocate state budget funds for activities that are not covered by external financing, in accordance with the scheduled implementation timeline of the activities.

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. In 2023, these visibility materials were distributed regularly during workshops/seminars held on-site and among key Beneficiary Country (BC) stakeholders. The Member State Project Leader (MS PL) engages in consistent communication with pivotal project stakeholders through routine meetings with the Ministry of Finance's (MoF) top officials, representatives of the EU Delegation (EUD), and key MoF personnel to ensure the project's sustainability. The Communication and Visibility Plan will be updated as necessary.

The Project Steering Committee meets quarterly to review the project's progress and discuss the outcomes achieved.

A coordination conference was held on 14th June 2023, aiming to showcase the results obtained thus far, deliberate on future project directions and priorities, and share insights gained, fostering higher-level cooperation and coordination with other projects, donors, and civil society organisations. This event also served to enhance the visibility of the Twinning Project, with the dissemination of promotional materials highlighting EU support for the project, including a brochure and a video.

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

The **Sector Operational Programme on Environment and Climate Action for the period 2014-2016** was adopted in 2014 and subsequently modified in June 2018. Programming process was elaborated in the previous reports. The table below summarise the information for programming activities in 2023.

Title of the Major Projects/OIS	Status
Major project: Wastewater investment project in the agglomeration of Tetovo	The revised IPA Application has been submitted to SEA on 21.04.2021. SEA submitted the revised IPA application to EUD on 26.04.2021. Comments from EUD were submitted to MoEPP unofficially on 08.07.2021 and with a Letter from SEA on 12.07.2021. MoEPP submitted the revised IPA application on 21.10.2021 while SEA submitted it to EUD on 25.10.2021. IPA Application is approved in November 2022. The Bilateral Agreement was submitted for signature by EUD to SEA on 15.05.2023. SEA submitted to MoEPP on 28.07.2023. The Government of RNM has authorized the Minister of Environment and Physical Planning to sign the BA on 28.11.2023. The BA was signed on 21.12.2023.
OIS: Technical audit for investment projects in Environment Sector.	Revised OIS is approved by Delegation of EU on 22.06.2023. This OIS outlines the framework for conducting technical audits to ensure the quality and efficiency of construction activities within major environmental sector projects, covering various aspects such as organizational, technical, safety, contractual, and financial considerations. This project is currently in the tendering phase.

In late 2020, 4 Action Fiches (AFs) for the 2021 and 2022 Annual Action Programmes, in Window 3, Thematic Priority 1, were submitted to the Commission for relevance assessment. Actions under Thematic Priority 1 address the specific objective “to support the protection of the environment, improve its quality and contribute to actions and policies against climate change to accelerate the shift towards a low carbon economy” and the strengthening of the administrative capacity for disaster risk reduction, disaster risk management and emergency response with enhanced participation in the Union civil protection mechanism. The Financing Decision for IPA 2021 was made on December 16, 2021, and the corresponding Financing Agreement was finalized on November 16, 2021. The Financing Decision for IPA 2022 was made on December 5, 2022, and the corresponding Financing Agreement was finalized in December 2023.

The main elaborated draft documents are as follows:

Title of the Strategic Response(s)	Title of the Action Fiche(s)	Title of the Action Document(s)
Window 3 – Green agenda and sustainable connectivity (Thematic Priority 1: Environment and climate change)	Environmental standards (2021) EU for Clean Air (2021) EU for Prespa (2021) EU for modern wastewater system (2022)	EU for Environment standard and clean air (IPA 2021) EU for Prespa (IPA 2021) EU for modern wastewater system (IPA 2022)

The **2021 AD "EU for Prespa"** initiative aims to align the Prespa Lake area with the Green Agenda for the Western Balkans, focusing on biodiversity, detoxification, and sustainable practices in agriculture and local businesses. With an EU investment of 18 million EUR, complemented by a national contribution of 3.726 million EUR, the project seeks to restore the ecological status of Macro Prespa Lake, combat pollution, protect endangered species, and promote sustainable economic activities. Key components include waste management systems, habitat conservation, sustainable food production, and tourism, alongside renewable energy and energy efficiency measures to support North

Macedonia's climate goals. The action is expected to enhance cross-border cooperation, increase green jobs by 15%, and drive socio-economic development in the region, although it is currently under revision, particularly concerning waste-related activities.

The **2021 AD "EU for Environmental Standards and Clean Air"** is a comprehensive initiative aimed at supporting North Macedonia in aligning its environmental and climate change legislation with the EU acquis, enhancing institutional capacities, and ensuring effective implementation and enforcement of laws. With a total budget of 26 million EUR, including 22 million EUR from the EU and a national contribution of 4 million EUR, the Action focuses on mitigating soil pollution and improving solid waste management, including cleaning up a lindane-contaminated pond at the OHIS site and planning a regional waste management centre for the Skopje region. Furthermore, it addresses air quality issues in major cities like Skopje, Kumanovo, Tetovo, and Bitola by targeting pollution from heating and transport, including upgrading public building heating systems, expanding district heating, renewing the bus fleet, and enhancing urban green spaces. The ultimate goal is to reduce pollution-related environmental and health risks, with specific outcomes aimed at better application of environmental laws and standards, and notably improved air quality in urban areas.

The **2022 AD "EU for Modern Wastewater Systems"** targets reducing water pollution in the Vardar River basin in North Macedonia, promoting a green economy transition, and addressing climate change. With €26.5 million in EU funding and a significant national contribution of €36.5 million, the Action plans to enhance urban wastewater collection and treatment in Shtip and Vinica, initially including Veles but with plans to transfer it to the OP 2024–2027 due to revisions. The initiative aligns with the Economic and Investment Plan and the Green Agenda for the Western Balkans, focusing on infrastructure improvements compliant with EU Directive 91/271/EEC. Key outputs include rehabilitating sewerage systems, constructing operational wastewater treatment plants (WWTPs) in Shtip, offsetting increased GHG emissions from WWTP operations, and promoting reclaimed wastewater for productive uses, aiming for a significant impact on environmental protection and sustainability.

Programming of **Operational Programme under IPA III for the period 2024-2027** started with preparation of OP Fiche was submitted to the Commission for relevance assessment in March 2023, and received a positive assessment in June 2023. The OP on Environment was formulated in period from April to June 2023. The SEA/NIPAC subsequently submitted the document to EC for a maturity assessment in July 2023. The EC's maturity assessment concluded with comments in late September 2023. Final improved version of the OP was submitted to the EC in mid-November 2023. 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. Along with the revised OP effective November 2023, one OIS was prepared to outline specific initiatives under the OP. This OIS is 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.

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	
Action 1 - Approximation of environmental and climate action legislation in priority areas and gradual move to sector-based approach	The progress in approximation of environmental and climate action legislation, as reflected in the provided data, illustrates a mix of achievements and areas in need of further action. The completion of conditions/framework for a sector-based

The aim is to improve the environmental situation in the country through approximation of Environmental and Climate Action acquis in order to reach high level of environmental management and ensure quality of life.

approach was achieved "In time" by 2020 and maintained through 2023. The level of advancement in public information and decision-making has remained at "Advanced" from 2022 to 2023, meeting the milestone set for this period. The goal is to reach "Very Advanced" by 2025, necessitating continued efforts to enhance transparency and public engagement. Institutions have progressed from "Early stage" in 2015 to "Advanced" by 2023, showing significant development in capacity to undertake approximation tasks. Continued support and capacity-building are crucial for reaching the "Very Advanced" target by 2025.

The Environmental Statistics Framework's completion has not progressed beyond the baseline level of "At least 20" from 2015 to 2023. The legislative progress in aligning with EU environmental standards shows a nuanced picture. By 2023, a total of 132 measures had been taken, which included laws, by-laws, and actions in progress towards compliance with EU legislation. In the specific year of 2023, 15 measures were adopted, contributing to this total. This shows positive momentum, but continuous effort is needed to reach the target of 200 by 2025.

In advancing Action 1, several projects are actively contributing to the Action's objective. Initiatives also include enhancing industrial pollution control, implementing waste management legislation, and developing regional waste management systems, highlighting a focus on sustainable waste handling and pollution reduction.

Until the end of 2023 the following has been developed in the scope of EU projects:

- Report on assessment of the capacity, administrative and financial needs for implementation of strategies and laws, and on the legal competences of governmental and executive bodies.
- Report on the road map for transposition and implementation of EU climate acquis, with recommendations on the legal framework to be established by the Law on Climate Action.
- Long-term Strategy on Climate Action.
- Draft legal text of the Law on Climate Action with secondary legislation.
- Secondary legislation transposing MMR and consequent amendments and Implementation plan of MMR developed.
- Draft Action Plan on implementation of the initial phase of Strategy and Law.
- Implementation plan and legal framework for the system for the monitoring mechanism of GHG emissions, in line with the EU Monitoring Mechanism Regulation No 525/2013.
- Strategic Environmental Impact Assessment report on the long-term Strategy on Climate Action.
- Sector strategic planning documents and directive specific implementation plans, addressing priority needs.

Also, successfully has been developed an Environmental Monitoring and Information System, boosting data collection and analysis capabilities. Under the same framework it is developed: the National Environmental Monitoring Strategy and Action Plan; legal acts in the area of the Environment information system on the structure, content form, the method of management and maintenance of the information system; assessment report of legal and administrative capacity for performing environmental monitoring; secondary legislation prepared for performing environmental monitoring; National Environmental Monitoring Programme; institutional Plan for

	<p>Strengthening the Capacity for Implementation of NEIS and NEMN; and procedures for environmental information dissemination and access to information.</p> <p>Ongoing efforts also target biodiversity conservation through Natura 2000 and CITES, as well as air quality improvement with new monitoring equipment. Additionally, a contract is underway to update National Waste Planning documents, reflecting a comprehensive strategy towards improved environmental governance and infrastructure.</p>
<p>Action 2 – Investment in water and waste management</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 no progress from 2022 to 2023, with many at 0% achievement. 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> <p>For Action 2, there is a mix of the status of various projects. Part of establishing a Regional Waste Management System related to equipping East and North-East Regions with the waste collection equipment has been completed, with the final acceptance certificate signed in March 2023. This marks a step towards improved waste management practices; promotion of sustainable development, especially through minimizing the adverse effects of inappropriate management of wastewater and waste; and reduction of environment deterioration incurred by inappropriate waste management through the introduction of integrated waste management system on the regional level, in compliance with the Framework Waste Directive, with emphasis on increased waste separation at source, recycling and composting. Nevertheless, projects related to the closure of non-compliance landfills in East and North-East regions that will significantly contribute to this are still in the early stage of implementation, facing difficulties in the implementation.</p> <p>In February 2023 started rehabilitation and extension of the sewerage network in the Municipality of Kichevo. It is expected that project results contribute to the reduction of untreated wastewater discharged to recipients in larger agglomerations (over 10000 PE) where collection of wastewaters is insufficient. Project will improve the municipal wastewater collection infrastructure in compliance with the directive 91/271/EEC and national law.</p>

AD 2021 - EU for Environmental Standards and Clean Air

Status and progress	
<p>Outcome 1 : Improved application of environmental legislation and standards in North Macedonia Outcome 2: Improved air quality in large cities in North Macedonia</p>	
<p>Outputs:</p> <ol style="list-style-type: none"> 1.1. Legislative framework better aligned with the EU acquis and institutional framework enforced. 1.2. Natural resources preserved and protected. 1.3. The small pond of OHIS industrial site cleaned-up. 2.1. Increased share of environmentally friendly agriculture 2.2. Sustainable tourism products promoted and diversified 2.3. Green belts created 	<p>The implementation of the Action is in its early stages, with the contract signed in 2023, and there is no progress to report in this reporting period.</p>

2.4. Preconditions for expansion of the central district heating in Skopje established	
--	--

AD 2021-EU for Prespa

Status and progress	
Outcome 1: The ecological system in Prespa lake area preserved and improved Outcome 2: Sustainable economic activities in Prespa area boosted Outcome 3: Enhanced crossborder cooperation	
Outputs: 1.1. Decreased pollution from human activities 1.2. Natural resources preserved and protected 2.1. Increased share of environmentally friendly agriculture 2.2. Sustainable tourism products promoted and diversified 3.1. Strengthened strategic vision on the development of Prespa Transboundary Area 3.2. Established border crossing point with Greece	The implementation of the Action is in its early stages, with the contract signed in 2023, and there is no progress to report in this reporting period.

AD 2022 - EU for Modern Wastewater Systems

Status and progress	
Outcome: Improved wastewater collection and treatment infrastructure in the Municipalities of Shtip, Veles and Vinica in compliance with the Directive 91/271/EEC	
Outputs: 1.1. Sewerage systems in the municipalities of Shtip, Veles and Vinica rehabilitated/extended. 1.2. Wastewater treatment plants in Shtip and Veles built and operational. 1.3. Increase of GHG emissions due to the operation of the WWTPs partly offset. 1.4. Stewardship of reclaimed streams of wastewater treatment for productive uses provided.	There is no progress to report in this reporting period. Due to the maturity issues of the project planned in Veles (sewerage and WWTP), AD 2022 is under revision to exclude project in Veles which was included in the Operational Programme 2024-2027 as major project.

3. Problems encountered in implementation and corrective measures taken and/or planned, and recommendations for further action, in order to ensure sustainability^{1,2}

Encountered problem	Status	Measures undertaken/planned to ensure sustainability
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 (in 2023, 3 employees have left the	<i>Open</i>	New recruitments, motivation, and stimulation measures as well as promotion of the existing employees in the IPA structure is crucial in order to retain them in the IPA structure. In December 2022, one promotion of the current employee was published, completed in January 2023 and 3 promotions of the existing employees in the IPA Structure was published in December 2023 and completed in January 2024.

¹ 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.

position). Capacities remain limited. No retention policy. No motivation.		A 15% increase of salaries for the staff within the IPA structure is secured through the annual budget. However, this is not a long-term solution and for next year another request must be submitted for inclusion in the new annual budget if possible. Public call for engagement of staff which is necessary for operation of the Project's implementation units for the infrastructure projects has been published (no candidates have been selected)
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.	<i>Open</i>	Ongoing implementation of corrective measures. Supply of technical equipment is needed for proper functioning.
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.	<i>Open</i>	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.
The technical documentation prepared under IPA I was not of adequate quality and therefore 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.	<i>Open</i>	Ongoing implementation of corrective measures. The EUD assists the IPA structure 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
The registration of the projects in SEA 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 SEA.

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

Regular coordination and monthly monitoring meetings with representatives from the CFCD, EUD, and NIPAC office were held. These meetings were held to discuss ongoing projects and projects to be prepared, regardless of management modality, and to find solutions to delays or other problems.

The tables below present the main recommendations/conclusions from monitoring and audit missions during the reporting period, as well as the measures implemented or planned to be implemented in response to the findings and recommendations.

The Sector Monitoring Committee met twice in 2023, on April 25 and October 25.

1st IPA III Sectoral Monitoring Committee on Transport and Environment and Climate Action, held on 25.04.2023	
Recommendations/conclusions	Follow up and measures undertaken/planned
The NIPAC to propose a Secretariat of the SMC on transport and environment to the EU Delegation by end-August 2023. If it requires change of the established secretariat in NIPAC's office, the EU Delegation will propose amendment of the rules of procedures by mid - September 2023.	NIPAC office prepared necessary modification of the draft rules of procedures as follow up measure of the SCM recommendation. Currently, it is in the process of approval.
National authorities will fully implement its staff recruitment targets as per the workload analysis for 2023 by end-October 2023.	Recruitment Plan (RP) of the MoEPP approved by MF on 10.10.2023. Pending approval from MISA and Ministry of Political System and Inter community Relations. According WLA 2023 – 4 new employments and 4 promotions are envisaged. According to RP of MoEPP for 2023 – 2 new employments and 3 promotions approved.
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 2023.	Open
There are ongoing procurement procedures and evaluations for three EU projects - TA for horizontal legislation, TA for implementation of climate change priorities and TA to support the OS, in the MoEPP that could be accelerated to speed up the process of contracting.	Corrective measures were undertaken to speed up the process of preparation of tender documentation and contracting. Until the end of 2023, the status is the following: <ul style="list-style-type: none"> • Related to the TA for Horizontal Legislation, tender documentation has been completed in October 2023 when tender is launched. • Related to the TA for Climate Change, tender evaluation is ongoing as of September 2023. • Related to the TA for support the OS, due to the difficulties in the nomination of the EvC, procedure was cancelled, and it is expected to be relaunch the tender.
The Regional Waste Management Company for Northeast and East region will be operational by August 2023 (prior to the start of the implementation of the EU funded project "Supporting the Implementation of the Regional Waste Management Systems in the East and North-East Regions")	Acting Director was appointed. Meetings of the Managing board and Supervisory board were held on 18.10.2023. The Company will be operational prior to the start of the project "Supporting the Implementation of the Regional Waste Management Systems in the East and North-East Regions". In progress
The Ministry of Environment and Physical Planning will coordinate the other line institutions (MoTC, CFCD, NIPAC, etc.) and targeted municipalities, and will ensure launching of the tender for the major project in solid waste by the end of June 2023.	MoEPP is working on additional corrections of TD.
The IPA Operating Structure will coordinate with all other institutions at central and local level and ensure that the works tender procedure for the Tetovo major wastewater project be launched by the end of June 2023 and the two works contracts are signed by the end of December 2023.	Continuous coordination with the Municipality of Tetovo, PCE Tetovo, Expropriation Unit Tetovo, Cadaster Skopje and Tetovo.

<p>The tender documents for the works of the Tetovo major wastewater project are submitted to the EU Delegation by the end of April 2023.</p>	<p>Several revisions of the TD have been in the period March-August 2023. MoEPP submitted revised TD according to EUD ex-ante control comments to CFCD in March 2023. After consultations with CFCD and additional modifications, revised TD has been submitted to EUD for ex-ante control in May 2023. However, further improvements and revisions are required. Several coordination meetings were organized with EUD and CFCD regarding the Procurement Strategy. The government has approved additional national cofinancing for the project on 189 sessions held in October 2023.</p>
<p>All stakeholders to ensure timely and full implementation of the Audit Authority recommendations (continuous deadline).</p>	<p>Open</p>

<p align="center">2nd IPA III Sectoral Monitoring Committee on Transport and Environment and Climate Action, held on 25.10.2023</p>	
<p align="center">Recommendations/conclusions</p>	<p align="center">Follow up and measures undertaken/planned</p>
<p>The national authorities will fully implement its staff recruitment targets as per the recruitment plan for 2023 by end-December 2023. (From previous SMC)</p>	<p>The revised Recruitment plan for 2023 of the Ministry of environment and physical planning was approved on 10.10.2023 by Ministry of Finance, on 10.11.2023 by Ministry of Political System and Inter-Community Relations and on 16.11.2023 by Ministry of Information Society and Administration. According to WLA 2023 – 4 new employments and 4 promotions are envisaged. However, according to the Recruitment Plan of MoEPP for 2023 – 2 new employments and 3 promotions have been approved.</p> <p>During 2023, the Ministry of Environment and Physical Planning published one internal announcement in December 2023 for promotion of (3) three executors (Assistant Head of Department for implementation of IPA – 2 executors and Head of the Unit for Internal Control and Coordination of the Implementation of Instrument for Pre-accession Assistance (IPA) – 1 executor); two public announcement out of which one in December 2023 for employment of (2) two executors (Advisor for Internal Control of the Implementation of Instrument for Pre-accession Assistance, Unit for Internal Control and Coordination of the Implementation of Instrument for Pre-accession Assistance – 1 executor and Junior Associate for Administrative Support, Unit for Internal Control and Coordination of the Implementation of Instrument for Pre-accession Assistance – 1 executor) and the other in July 2023 for seven (7) temporary executors which was unsuccessful (Head of the Project Unit for Implementation of Infrastructure Projects within the Instrument for Pre-Accession Assistance (IPA), within the Project Unit for Implementation of Infrastructure Projects under the Instrument for Pre-Accession Assistance (IPA) - 1 executor, Advisor for monitoring of the implementation of the infrastructure projects for waste management – 2 executors, Advisor for monitoring of the implementation of the infrastructure projects for wastewater - 4 executors).</p>
<p>Staff retention policy covering all entities in the IPA</p>	<p>Open</p>

programming, implementation and control process, compatible with the PAR principles, to be adopted and in implementation by the end of 2023 (from the previous SMC).	
The Ministry of Environment, Ministry of Transport, and the other relevant institutions will respect the internal procedures related to the work of the evaluation committees.	Institutions are putting additional efforts to comply and respect internal operational procedures with regards to EvC functioning.
There are ongoing procurement procedures and evaluations under IPA II for three EU projects that could be accelerated to speed up the process of contracting: 1) TA for horizontal legislation – CFCD to submit full evaluation report by 1 February 2024; TA for implementation of climate change priorities – CFCD to submit full evaluation report by 10 November 2023; and TA to support the air quality sector –CFCD to submit short list report by 25 November 2023.	Corrective measures were undertaken to speed up the process of tender preparation and contracting. Until the end of 2023, the status is the following: <ul style="list-style-type: none"> • Related to the TA for Horizontal Legislation, tender documentation has been completed in October 2023 when tender is launched. • Related to the TA for Climate Change, tender evaluation is ongoing as of September 2023. • Related to the TA for the Air Quality sector, TD has been approved by EUD in December 2023.
All stakeholders to ensure timely and full implementation of the Audit Authority recommendations (continuous deadline).	Implementation of the Audit Authority recommendation is ongoing.

Draft Audit report prepared by Audit Authority for Audit of IPA, 15th of December 2023	
Findings/recommendations	Follow up and measures undertaken/planned
<p><u>Finding no.1:</u></p> <p>Delay in implementation of technical implementation of the contracts.</p> <p>During the system audit for IPA II for OP 2, during the audit of the internal control framework Requirement 3 – Control activities, in relation to the MoP for IPA II, version 1.0, April 2017, the audit determined that there is a delay in the implementation of the technical implementation of the contracts due to the unsecured optimal number of human resources, difficulties in securing members in the tender Evaluation Committees, which leads to the prolongation and non-compliance with the deadlines for the preparation of the tender documentation and the conclusion of contracts given in the Procurement Plan (MF no. 12-5245/1 dated 21.07.2023) which results in the conclusion of only three contracts during 2023.</p> <p>The above situation is not in accordance with Article 11 (1) and 12 (3) of the Framework Agreement, Annex B – Internal control framework Requirement 3 - Control activities, 3(a) - Selection and development of control activities.</p> <p><u>Recommendation:</u></p> <p>In cooperation with the Minister of Environment and Physical Planning and HOS, to take measures and activities for the timely implementation of the technical implementation of the projects and compliance with the deadlines with the aim of timely conclusion of contracts and greater, more efficient absorption of the IPA funds.</p>	Open
<p><u>Finding no.2:</u></p>	Table for monitoring the audit findings for 3 rd quarter was sent to Ministry of Finance on 20.11.2023.

<p>Non-compliance with the Manual of Procedures of IPA C in the part of following up the recommendations from audit findings.</p> <p>During the system audit for IPA II for OP 2, during the audit of the internal control framework Requirement 3 – Control activities, the audit that during the year 2023, a Table for monitoring the audit findings by quarters was not performed.</p> <p>The above-mentioned situation leads to non-continuous monitoring of audit claims, non-delivery of information to HOS regarding the actions undertaken to overcome the audit advice and the absence of an audit trail for full and documented monitoring of audit findings, which is not in accordance with Article 11 (1) and 12 (3) of the Framework Agreement, Annex B – Internal Control Framework Requirement 3- Control Activities, 3(c) – Policies and Procedures Related to Control Activities, Requirement 5 – Monitoring of Internal Control Framework, 5(a) – Current and specific monitoring and MoP of IPA C version 1.0, April 2017, section A.2.11, Monitoring of audit comments.</p> <p>Recommendation:</p> <p>IPA C to undertake measures and activities for consistent compliance with the established procedures specified in the MoP of IPA C.</p>	<p>Notification for submission of the Table for monitoring the audit findings also was sent to Audit Authority for Audit of Instrument for Pre-Accession Assistance on 20.11.2023.</p> <p>Table for monitoring the audit findings for 4th quarter was sent to Ministry of Finance on 26.12.2023. Notification for submission of the Table for monitoring the audit findings was sent to Audit Authority for Audit of Instrument for Pre-Accession Assistance on 26.12.2023.</p>
<p>Audit Report prepared by Internal Control Unit in the Ministry of Environment and Physical Planning, August 2023</p>	
<p>Finding:</p> <p>Internal audit mission for 2023 commenced as of 15 of March 2023 until 30th of June 2023 was conducted on the compliance with legal regulation on the monitoring on implementation of IPA project "Improving capacities for Natura 2000 and CITES, NEAR/SKP/2021/EA-RP/0038, Contract no.12-2879". During the audit mission is noted that there are some delays in the implementation of the activities that were determined in the work plan.</p> <p>Recommendation:</p> <p>As a recommendation from the audit - Since the mentioned weaknesses in the Final Audit Report has not been overcome by the end of conducting the audit, additional measures should be taken by all involved parties in the project to overcome the described situation in order to ensure the smooth functioning of the project.</p>	<p>Monthly meetings, SC meetings and weekly brief meetings are regularly held.</p>

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

The following meetings of the SWGs were organized in 2023:

Sector Working Group (SWG) meetings on <insert sector>		
Date	Number of participants	Discussed topics

10.05.2023	60	Presentation of Multiannual Sector Operational Programme for Environment for the Instrument of Pre-Accession Assistance (IPA III) for the period 2024 – 2027
13.11.2023	44	National strategic priorities and challenges deriving from CH 27 screening process Challenges in the waste management sector and related plans to overcome them

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		
	UNOPS		
	WHO		
	FAO		
	UN RCO		
	UN Women		

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

In the NATURA sector, the following programmes financed by the donors are under implementation:

Donor	Value of the support	What is financed and complementarity with IPA?	Implementation period
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
SECO	3,798,402 CHF	Programme for Nature Protection in North Macedonia (egzit phase)	2021 – 2023
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
GEF 7	3,713,422 USD	Biodiversity Conservation, Sustainable Land Management and Sustainable Tourism Development in North Macedonia	2023-2028

In the WATER sector, the following programmes financed by the donors are under implementation:

Donor	Value of the support	What is financed and complementarity with IPA?	Implementation period
SECO	7,254,000 CHF	Construction of WWTP for the Municipality of Delcevo, extension and rehabilitation of water supply system	2018 - 2023
SDC	+ 100,000 CHF (register of GW)	Register of GW	2016-2023
WBIF	70,000,000 EUR	Investment Grant Skopje WWTP	2023-
WBIF	22,000,000 EUR	TA and Investment Grant for Polog, Vardar, South-East, Pelagonia and South-West regions	2023-
EIB(ERI)	499,999 EUR	Technical Assistance to the Skopje Wastewater Treatment Plant Project Implementation Unit (PIU)	2021 – 2023

SDC (implemented by UNDP)	3,504,238 USD	Improving Resilience to Floods in the Polog Region	2017- 2023
UNDP	9,927,750 USD	Building Integrated Climate Resilient Trans boundary Flood Risk Management in Drin River Basen	2020-2025
SDC	11,000,000 CHF	Groundwater Management, Use and Protection Programme (GWP)	2023-2034

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

IFI	Value of the support	What is financed and complementarity with IPA?	Implementation period
EBRD	58 million EUR	Construction of WWTP for the City of Skopje	3.2023 – 3.2028
EIB	68 million EUR	Construction of WWTP for the City of Skopje	3.2023 – 3.2028
EIB	50 million EUR	Municipal infrastructure in the water sector - North Macedonia - Framework loan	2022 -2026

In the AIR Quality sector, the following programmes financed by the Donors are under implementation:

Donor	Value of the support	What is financed and complementarity with IPA?	Implementation period
SIDA	453,920 EUR	Repair and replacement instruments in strategic monitoring stations (5 stations)	2019 – December 2022
IAEA	235,990 EUR	Strengthening capacity at the central level for reduction of solid particles in the air through use of nuclear technology	03.2020-June .2022

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

IFI	Value of the support	What is financed and complementarity with IPA?	Implementation period
EBRD	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

6. Sector strategies, institutional capacities and budgeting

Sector National Strategic Framework

The following strategic documents are relevant for the sector:

Strategy and relevant AP; national programme; national plan	Covered years	Status	Year of approval	Problems encountered or remarks, if applicable
National Strategy for Nature Protection	2017-2027	<i>Adopted</i>	2017	
National Biodiversity Strategy and Action Plan	2018-2023	<i>Adopted</i>	2018	
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	
Waste Management Strategy	2024-2036	<i>Under preparation</i>	2025	In force old strategy 2008-2020 until new strategy is developed.
Fourth National Communication on Climate Change	2023	<i>Completed</i>	2023	
National Strategy on Environment and Climate Change	N/A	<i>Under preparation</i>	N/A	A new strategy in the process of elaboration.

				Measures covered under the existing National Strategy on Environment and Climate Change 2018-2023 are under implementation by the Operational Programmes.
Long term Strategy on Climate Action and Action Plan	2020-2050	<i>Adopted</i>	2021	

Institutional capacities in the sector

Systematization Act of Ministry for Environment and Physical Planning was taken in May 2017 according to the new Law on public sector employees and Law on administrative officers no.01-2372/1 from 03.05.2017. IPA operational structure was part of the Department for EU (Unit for Coordination and Technical Implementation of the Instrument for Pre-accession Assistance (IPA) and Unit for Programming and Monitoring of the Implementation of Instrument for Pre-accession Assistance (IPA)) and Project Implementation Unit for Infrastructure Projects (PIUIPs) within MoEPP for implementation of infrastructure projects funded by IPA. Taking into account that the IPA structure and new IPA III developments MoEPP has proposed a modification in its structure. The proposal with changes of Rulebook on Systematization / Organization of Job Positions in the Ministry of Environment and Physical Planning Systematization Act of Ministry for Environment and Physical Planning was submitted for approval on 12.10.2022. The Ministry of Information Society and Administration approved the changes of the acts on 19.10.2022. The planned number of employees in the MoEPP IPA Implementation Department is 31 (thirty-one) posts.

The new designed Department for Implementation of Instrument for Pre-accession Assistance (IPA Department) have three (3) Units: Unit for Technical Implementation of the Instrument for Pre-accession Assistance (IPA), Unit for Programming and Monitoring of the Implementation of Instrument for Pre-accession Assistance (IPA) and newly designed Unit for Internal Control and Coordination of the Implementation of Instrument for Pre-accession Assistance (IPA). The Project Implementation Unit for Infrastructure Projects (PIUIPs) status remains the same. Currently, the operating structure within the Ministry of Environment and Physical Planning includes twelve (12) employees (two employees have left the IPA Structure - 2 Advisors).

According to the obligations in process of implementation of the Sector Operational Programme for Environment and Climate Action (SOPECA) in general organizational set up is satisfactory but facing challenges in fulfilling the positions in terms on number and qualifications. The call for recruitment of the Head of PIUIP and 6 monitoring officers was published in July 2023. The procedure was cancelled since no candidates applied. According to the latest WLA for 2024, the optimal number of employees is 23 in IPA Units and 8 in PIUIPs.

National budget allocated for the sector

The MoEPP budget for 2023 is 27,354,818 EUR which is compared to 2022 increase of 8,188,977 EUR. The following budgetary and governmental programmes are instrumental to the sector strategies:

- Water management and protection – 5,330,363 EUR
- Air quality – 838,147 EUR
- Wastewater treatment – 11,632,336 EUR
- Waste management – 3,051,790 EUR.
- Spatial Planning – 1,045,575 EUR
- Improvement of the environment – 6,164,747 EUR

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 columns, with details published on its website (www.moepp.gov.mk) and Facebook page (Министерство за животна средина и пп). The publications were carried out consistently throughout 2023, with key publications spanning from February to December.

On June 22, 2023, the Twinning Project "Further strengthening the capacities for effective implementation of the acquis in the field of industrial pollution" launched with an event at Hotel Solun, Skopje. The event welcomed representatives from the private sector of relevant industries, academia, NGOs, environmental inspection bodies, MoEPP staff, and members of the steering committee, among others. During the technical segment, attendees were briefed on the project's main goals through detailed presentations by the Member State Project Leader, Component Leaders, and Twinning experts. Discussions centred on critical areas such as the Industrial Emissions Directive, legal harmonization, enhanced Environmental Impact Assessment procedures related to the Directive, improved IPPC permitting processes, and operator obligations for IED implementation. The event attracted 70 guests.

On June 1, 2023, the Twinning Project "Support in the implementation of waste management legislation and Extended Producer Responsibility (EPR) scheme" commenced at the Marriott Hotel, Skopje. This event offered a valuable chance for stakeholders to network, understand the project's aims and upcoming activities, and lay the groundwork for fruitful cooperation throughout the project's duration.

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

The multiannual Action Programme for the Republic of Macedonia for Transport for the years 2014 - 2016 was adopted on the 17.12.2014. The amended programme was adopted in November 2017. The transport sector programming was carried out in close collaboration with all the relevant sector institutions including the Public Enterprise for State Roads-PESR, Public Enterprise Macedonian Railways Infrastructure-PEMRI, Macedonian Railways Transport Ltd, NIPAC TS and with the CFCD (Ministry of Finance), among others. All the relevant stakeholders were also a part of the Sector Working Group for Transport (SWGTT).

The programme includes both major projects exceeding EUR 10 million and non-major projects under this threshold, approved through IPA major project applications and OISs, respectively. In 2023, one OIS related to preparation of National Aviation Strategy 2023-2032 was circulated. The overall objective of the project is creation of a modern, safe and efficient air transport, entirely integrated within the transportation network of Europe, which will contribute to the sustainable development of Republic of North Macedonia and will meet the growing needs of the country, at the same time maintaining the standards for sustainability of the environment and financial responsibility.

A major project under this programme is the Construction of the Gradsko – Interchange Drenovo road section, part of road Corridor X-d. This major project, with a Works Contract, has seen substantial progress, reaching over 84% completion by December 2023. It has undergone several contractual amendments and addendums, including discussions on the extension of the construction period. The supervision of this construction, under Service Contract, is also in progress.

The OP on Transport for 2024-2027, represents a strategic document designed to align with both for implementing the national and European strategic priorities. It is fully coherent with the objectives under the IPA III Programming Framework. The OP on Transport was developed through a comprehensive and collaborative approach, engaging partner institutions and organizations at various levels. This process, integral to the country's IPA III Strategic Response, included SWGTT meetings to align with strategic priorities for EU financial support.

The OP Fiche for this OP was prepared in March 2023 and received a positive relevance assessment from EC services in June 2023. The OP was formulated by the Ministry of Transport and

Communications (MoTC) from April to June 2023. The SEA/NIPAC subsequently submitted the document to EC for a maturity assessment in July 2023. The EC’s maturity assessment concluded with positive feedback and comments in late September 2023. Final improved version of the OP was submitted to the EC in mid-November 2023. 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.

Along with the revised OP effective November 2023, three OIS were prepared to outline specific initiatives under the Transport OP. First OIS details the enhancement of the rail network on Corridor X, aiming to set the stage for bridge reconstruction and enhance the national railway authorities' capacities for EU policy implementation. Second OIS emphasizes the preparation of technical and tender documentation for significant road infrastructure projects, ensuring readiness for investment and strengthening the capacities of national authorities in road safety and asset management. Third OIS is 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. Each OIS is structured to deliver key outputs that will bring North Macedonia's transport infrastructure closer to EU integration.

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>Priority action 1 Rail transport infrastructure 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 along the SEETO comprehensive network (Corridors VIII, X and Branch Xd)</p>	<p>In 2023, significant steps were taken to advance the Priority Action 1 for Rail Transport Infrastructure. A working group was established for the preparation of tender documentation (TD) for the construction and supervision of the Kriva Palanka - Border with the Republic of Bulgaria rail section. This process included multiple revisions and consultations with European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), and CONNECTA, to ensure compliance with FIDIC YELLOW Book standards. The tender was successfully published in December 2023 after comprehensive reviews and the incorporation of feedback from the IPA operating structure and the EU Delegation (EUD). Furthermore, efforts in project supervision and technical assistance, funded by Western Balkans Investment Framework (WBIF) Technical Assistance grants and IFI loans, were aligned with the project objectives, and Environmental & Social (E&S) deliverables were completed and shared with stakeholders, marking a cohesive approach to developing the country’s railway infrastructure as per the SEETO comprehensive network strategy.</p>
<p>Priority action 2 Road transport infrastructure 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 the country. For the programming period 2014-2020 the priority will be given to the road infrastructure along the SEETO</p>	<p>The Gradsko-Drenovo section on Corridor X-d progressed significantly with a works contract signed in 2017 and subsequent amendments. Despite delays due to unresolved issues around Addendum No.3 concerning an extension request, by December 2023, the project had over 84% physical completion. The supervision contract saw amendments and team leader</p>

<p>comprehensive network (Corridors VIII, X and Branch X d)</p>	<p>changes, with continuous oversight to ensure the project's alignment with the operational objectives. For the State Road A2 section Kumanovo – Stracin, works commenced in April 2021 with an expected 15-month completion timeframe. However, the project faced delays, with additional time and funds requested for bridge rehabilitation and guardrail installation. The project proceeded to the Defect Liability Period with the contractor adhering to the original guardrail design after discussions.</p> <p>The expressway from Prilep and the third lane from village Belovodica to Mavrovo quarry experienced administrative adjustments, with the request to exempt from the Procurement Plan.</p> <p>The project for replacing guardrails on 100 km of motorways on Corridor X to meet EN standards faced delays, prompting the reallocation of funds and a shift to the Safe and Sustainable Transport Programme to maintain momentum and ensure the achievement of the strategic connectivity goals.</p>
<p>Priority action 3 Horizontal assistance 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 Sector Operational Programme 2014-2020</p>	<p>Under Priority Action 3, there has been varied progress across different contracts:</p> <p>The project documentation for the multimodal node Trubarevo was contracted, with progress marked by a contract signing, administrative orders, and a series of meetings and reports by the consultant.</p> <p>The technical audit for the Gradsko – Interchange Drenovo road section underwent several administrative steps, including submission and approval of tender documentation (TD), and a request for evaluation committee nomination. However, a request for cancellation of the procedure was eventually submitted, reflecting potential procedural or administrative challenges.</p> <p>The City of Skopje's Sustainable Urban Mobility Plan faced a meticulous process of document revisions and clarifications with multiple stakeholders, indicating an engaged and detailed approach to ensuring the plan's alignment with expectations and requirements.</p> <p>The Development of an Implementation Plan under the National Transport Strategy 2018-2030 witnessed a thorough evaluation process, with several rounds of feedback from the EU Delegation. Despite an initial approval of the TD, the procedure was eventually cancelled, signalling a need for reassessment or reallocation.</p> <p>The Preparation of the National Aviation Strategy 2023-2032 encountered eligibility issues, prompting a change in the tender procedure. Following this, the Operational Identification Sheet (OIS) and TD received approval, with the Terms of Reference (ToR) being revised after minor remarks.</p>

3. Problems encountered in implementation and corrective measures taken and/or planned, and recommendations for further action, in order to ensure sustainability³

Encountered problem	Status	Measures undertaken/planned to ensure sustainability
<p>There have been considerable procedural delays, notably in the approval of Operation Identification Sheets (OIS). The multi-step OIS approval process involves submissions and revisions between the MoTC, the NIPAC, and the DEU/ EC. This process is time-consuming, as illustrated by an instance where the OIS submission in July 2016 only received approval in May 2018, taking 22 months. Additionally, the requirement for the draft OIS to be submitted to DG NEAR for comments introduces further delays. There is also a noticeable lack of ownership by final beneficiaries over the projects.</p>	<p><i>Open/Pending</i></p>	<p>To address these delays and enhance efficiency, measures are being considered to expedite the approval of documents. This includes streamlining the process for quicker responses and fewer back-and-forth steps. 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 of ownership and contributing to the sustainability of the initiatives.</p>
<p>Final beneficiaries are experiencing substantial delays in preparing and submitting tender documents for procurement procedures, which has been further exacerbated by the COVID-19 pandemic due to the transition to remote work. Additionally, there is a noted decline in the quality of the submitted tender documents.</p>	<p><i>Open</i></p>	<p>In response to these issues, the Ministry of Transport and Communications (MoTC) 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.</p>
<p>The Sector Working Group on Transport (SWGTT) faced challenges before its re-nomination in 2017-2018, leading to unsatisfactory performance. As a result, the burden of completing tasks, particularly in programming and technical implementation, has heavily fallen on the IPA structure within the Ministry of Transport and Communications (MoTC), creating a significant workload.</p>	<p><i>Open</i></p>	<p>To mitigate this issue, MoTC has initiated a number of discussions during SWGTT meetings to increase the involvement and ownership of the final beneficiaries. Additionally, input from other SWGTT members and institutions has been solicited, but only upon special request. These steps are aimed at distributing the workload more evenly among SWGTT members and ensuring that all parties contribute effectively to the group's objectives.</p>
<p>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.</p>	<p><i>Open</i></p>	<p>Actions are being taken to secure the required number of skilled staff in a timely manner, as outlined in the Workload Analysis (WLA) and the Recruitment Plan. This is to ensure efficient and effective execution of delegated tasks under IPA 2 and 3. Discussions have been held on the necessity of building administrative capacities, particularly within the Department for EU/Negotiation and Integration, which requires additional staffing, training, and investment. This is to support the monitoring and implementation of the NTS 2018-2030, development of</p>

³ 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.

		TEN-T, TEN-E, and TEN-C networks, and to prepare for the anticipated start of accession negotiations. Furthermore, to meet obligations under the Transport Community Treaty, there is a need to monitor cooperation with relevant bodies. The NTS 2018-2030 has formulated measures for this purpose. Given that the Ministry of Transport and Communications is to become the Managing Authority for Transport sector action/operational programmes, there is a projected need for ten additional employees to manage and control the system for IPA III implementation according to the latest WLA for 2023-2025.
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>	Stakeholder negotiations are actively ongoing to finalize both Addendum No. 3 and Addendum No. 4. The intent is to reconcile differences over the additional funding and construction period extension to ensure the project's completion.

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

Sector Monitoring Committee on Transport and Environment and Climate Action, held on 25.04.2023 and 25.10.2023	
Recommendations/conclusions	Follow up and measures undertaken/planned
The national authorities to implement fully its staff recruitment targets as per the workload analysis for 2023 by end-October 2023.	New job announcements were released at the end of 2023.
The national authorities to start with the preparations of the precise actions (ToR, TD) for the Action Document 2024, as well to put efforts to meet the deadline for preparation of the multi-annual SOP-Transport 2024-27 by June 2023.	The preparation of precise actions (Terms of Reference [ToR], Tender Documents [TD]) for the Action Document 2024 targeting transport has been halted due to its cancellation. The national authorities have successfully prepared the OP 2024-27 in line with the specified deadlines.
The Government shall appoint a governance structure for the just transition process such as an Inter-ministerial Committee by the end of September 2023.	Up to now no measures are undertaken.
All stakeholders to ensure timely and full implementation of the Audit Authority recommendations (continuous deadline).	Implementation of the Audit Authority recommendation is ongoing.
The Ministry of Environment, Ministry of Transport, and the other relevant institutions will respect the internal procedures related to the work of the evaluation committees.	Institutions are putting additional efforts to comply and respect internal operational procedures with regards to EvC functioning.
IPA II major project for corridor 8 railway section towards Bulgaria – CFCD by 27 October 2023 will resubmit the revised works tender documents and, depending on the quality of the file assessed by EU	Closed. Tender is published in December 2023.

Delegation, will launch the works tender procedure by 3 November 2023.	
(Both SCM) 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 2023	The process is ongoing.

Audit report prepared by Internal Audit Department of the MoTC, April - July 2023	
Findings/recommendations	Follow up and measures undertaken/planned
3 findings were identified: The first finding - Employees in the IPA Department had authorizations for working in other departments in the Ministry or have authorization for higher position within the IPA structure. Second finding - Results from the WLA and Recruitment Plan of the IPA structure are not incorporated in the Annual Employment Plan of the Ministry. Third finding - Inconsistencies in the archiving process	First finding is being resolved and the employees now work in the IPA Department and one employee is assigned to work in another department. Resolving of the second finding is ongoing – procedures for new employments are started. - for the third finding archiving process to be improved.
High-risk finding for a new employment or promotion	High risk finding is partially mitigated because it is not directly dependent on the Ministry of Transport and Communications. For example, for a new employment or promotion consent is required by the Ministry of Finance.
Audit report prepared by the Audit Authority for Audit of Instrument for Pre-Accession Assistance, October-December 2023 (System Audit)	
1. Inappropriate appointment of IPA Coordinator 1. 2.Insufficient number of human resources in the department 2. 3.Partially prescribed risks and duties of IPA Coordinator in risk management 3. 4.Problems with the procedure for creating 6 months Progress Report and Self-assessment declaration 4. 5.Conducting work assignments with authorizations	1. The employee who was appointed to be IPA Coordinator was first promoted as Head of Unit for General Affairs and Controls to meet the condition to be appointed on a higher position. 2. Job announcement for 7 employees is being processed. 3. Changes in the IPA Manual will be initiated. 4. Changes in the IPA Manual will be initiated. 5. The existing problem is being solved and employees are promoted or, to one employee the contract was not extended.

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

The following meetings of the SWGs were organised in 2023:

Sector Working Group (SWG) meetings on <Transport>		
Date	Number of participants	Discussed topics
21.11.2023	49	Presentation of the National Transport Strategy 2018-2030 Presentation of the National Intelligent Transport Strategy 2023-2032 Bilateral screening for Chapter 14 and Chapter 21
29.05.2023	40	Presentation and discussion of the main priorities and challenges of the Ministry of Transport and Communication (MoTC) Presentation of Operational Programme on Transport 2024-2027

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

Donors	International Organisations	Embassies	CSOs
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
WBIF	Investment: Orient/East-Med Corridor: Construction of Rail Corridor VIII in North Macedonia, Kumanovo - Kriva Palanka Sections Status: Implementation	Completion (estimated): 30 Dec 2025
	Investment: Orient/East-Med Corridor: North Macedonia – Kosovo Road Interconnection, Blace – Skopje (Stenkovec Interchange) Motorway Section Status: Implementation	Completion (estimated): 31 Dec 2025
	Investment: Orient/East-Med Corridor: North Macedonia – Serbia Rail Interconnection, Tabanovce Joint Border Station Status: Tender Preparation	Completion (estimated): 30 Sep 2024
	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): 31 May 2023
	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): 14 Dec 2025
	Update of the Regional Transport Study (REBIS) Investment: Regional Transport Study (REBIS) Status: Completed	
	Regional Connectivity Networks Gap Analysis Investment: Regional Connectivity Networks Gap Analysis Status: Completed	
Submitted for GAF approval: Support for deployment of the ITS on highway A1 (Corridor 10) Construction of the Express Road A2 Kriva Palanka-Stracin		
World Bank	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
EBRD	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 European Union, well ahead of accession. A primary goal⁴ 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 Industry, innovation, and infrastructure. This involves enhancing connectivity, reducing transport emissions, and fostering efficient transportation services to drive economic development⁵. The National State Statistical Office supports these efforts by developing indicators to monitor sustainable development implementation in the country⁶. 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

Workload analysis is prepared annually for a three-year period for the IPA structure in the Ministry of Transport and Communications. In March 2023 from the EU Department were created 2 new departments – Department for EU and Department for IPA. In addition are the information for the IPA Department. The latest IPA WLA is from June 2023. The result from the analysis shows that currently there are 9 employees within the IPA units, including the IPA coordinator for Regional Development component and IPA2 Coordinator for transport who is acting Head of the Department. The result from the analysis shows that the optimal number of employees in the IPA units in MoTC for 2024 is 23 employees. Currently there are 9 employees working in the IPA Department.

According to the WLA, 14 (fourteen) additional employees are needed for 2024, 2 (two) Deputy Heads of IPA Department, 4 (four) employees in the Unit for General affairs and control activities, 1 (one) Head Unit for IPA Planning and Preparation of project documentation 4 (four) employees in the Unit for IPA Planning and Preparation of project documentation and 2 (two) employees in the Unit for IPA Monitoring. In March 2023 the Head of the department for the instrument for pre-accession assistance of EU (IPA) resigned and in April 2023 new Head was appointed on the position. In addition, the new Head of Department on 26th September 2023 went on unpaid leave and was replaced by new Head of Department with authorization. Furthermore, the authorizations of 2 employees who were employed in the IPA department with decision but worked in other departments were cancelled and from May 2023 they began working in the IPA department. Also, the contract of 1 employee who was hired with contract by Agency for temporary work after the contracted period was not renewed.

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

In May 2023 an event was held to promote rehabilitated section Kumanovo – Stracin. It was attended by high officials from the Government.

⁴ General objective Nr. 3, NTS 2018-2030; National strategy for environment and climate changes 2014-2020.

⁵ All four General objectives of the NTS 2018-2030; National strategy for environment and climate changes 2014-2020; Economic reform programme 2020-2022.

⁶ SSO 2019 report publication (Macedonian version only), http://www.stat.gov.mk/PrikaziPoslednaPublikacija_en.aspx?id=47

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 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.

IPA 2024 AD “EU for Reform and Resilience”, part of IPA 2024 Annual Action Programme was submitted in April 2027 by NIPAC Office to the European Commission for a maturity assessment. The AD has been assessed as relevant and mature and comments were provided by Commission in September 2024, implying merging activities related to energy sector into the AD “EU for Economic Cohesion” which was applied and resubmitted to Commission in November 2023. In the realm of Energy Sector, the action will enhance North Macedonia's energy policy and capacity to lead a climate-responsive strategy, aligning with EU goals and supporting the transition to clean energy in line with the Green Agenda for the Western Balkans, while also improving energy awareness, promoting renewable energy, and preparing for future EU investments in green energy.

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

FwC SIEA 2018 “Supporting Energy Reforms Project”

The Ministry of Economy, in collaboration with the EU Delegation (EUD), has 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. Recognized 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.

Status and progress	
Strategic objective: Effective energy policy and strategic framework in place, duly implemented and monitored	
<p>Results: 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>Output: Recommendations and support for the implementation of actions aiming at improving the overall policy coordination concerning energy</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>
Specific objective: National legislation aligned with the EU Energy acquis	
<p>Results: 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 stable legal and regulatory</p>	<p>Advancements were made towards aligning 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 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</p>

<p>framework and higher potential for investments in the energy sector. Output: Increased harmonisation with the acquis under the Energy Community Treaty and the EU energy acquis</p>	<p>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>Strategic objective: Institutional capacities for implementation and enforcement of the legislation strengthened</p>	
<p>Results: The institutional strengthening of the Energy Department within the Ministry of Economy will result in the Department being able to operate more efficiently as well as providing higher quality outputs. Further to this, employees will have the 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. Output: 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 centralized 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 sustainability⁷⁸

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>

⁷ 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.

Stakeholder fragmentation: The energy sector has shared competencies between several institutions and stakeholders.	Closed	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.
Timely access to information required in policy and energy regulatory sectors.	Closed	Efficient communication between the project team and the beneficiary in North Macedonia with regards to meeting expectations and the data and information needs. Advanced planning of information collection efforts, meetings, and networking among the relevant parties.

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 05.05.2023	
Findings/recommendations	Follow up and measures undertaken/planned
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.	Ongoing. 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). 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).
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.	In June 2023, the Government of the Republic of North Macedonia adopted a Just Transition Roadmap and made the following declarations: <ul style="list-style-type: none"> • 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, • 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

	<p>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.</p> <ul style="list-style-type: none"> • The Ministry of Economy was assigned by the Government to establish three working groups: one for energy transition, another for economic transition, and a third for prequalification and training. • The Association of Local Self-Government Units was advised to create regional forums for just transition in the municipalities of Bitola and Kichevo.
IPA III Sectoral Monitoring Committee on Competitiveness, Innovation, Agriculture and Rural Development, and Energy, held on 03.11.2023	
Findings/recommendations	Follow up and measures undertaken/planned
<p>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)</p>	<p>Please see follow up in the table above related to SMC held in May 2023.</p>
<p>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>	<p>Ongoing</p> <p>In the period November 2023 – January 2024, The Ministry of Economy officially set up three working groups for the just transition. 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 Investment Plan for Accelerated Coal Transition, 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 regional forums. 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:

Sector Working Group (SWG) meetings
--

Date	Number of participants	Discussed topics
10.11.2023	57	<ul style="list-style-type: none"> • EU-funded project Supporting Energy Reforms • Just Transition process and activities • USAID-funded project Connect for Growth • Renewable energy investment progress in the country • Anticipated energy reforms

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"> • Renewable Energy Investment screening and Promotion – streamlining the Renewable energy investment process • Legal support on market reforms/transposition of the IV EU Energy Package (Clean Energy Package) • Comprehensive Gas Sector Development • Regulatory support on market reforms 	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"> • Establishing EE Fund • Developing energy audits, project designs and refurbishment of municipal buildings 	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 is currently imposing a significant workload on the Department as it strives to fulfil the remaining legislative and regulatory requirements for complete compliance with the relevant energy acquis. This burden may be partially alleviated by short-term consultancy support, but the Department must maintain effective leadership, supported by sufficient technical resources, to ensure full adherence to legal and regulatory obligations.

However, it is also essential not to underestimate the underlying trend in government workload in respect of the energy sectors (and indeed other sectors): EU accession is the Government objective but is a milestone rather than a one-time achievement. The EU internal market has been evolving since 1992 and the pace of change is accelerating rather than slowing. This means that North Macedonia, whether continuing as an Energy Community Member or succeeding as an EU Member State will face a continuing and ever-increasing burden of adaption and harmonisation with the evolving rules of the Internal Market.

A key consideration for the Ministry's (Energy Department's) mid-term resource planning is that mere legal adoption of the energy acquis is not enough; effective implementation involves enacting detailed secondary legislation and administrative procedures. Ensuring that these legal frameworks are practically applied requires continuous monitoring and supervision by the government, a responsibility shared between the Energy Department and the Energy Agency. However, a significant lack of resources hampers effective monitoring by both entities. Although the proposed recruitment will not entirely resolve the monitoring and supervision shortfall, it will substantially enhance the Department's capacity in this critical area.

The Energy Department needs to develop in-house expertise across various skill sets, including industry-specific, professional, workplace, and personal competencies. The Department currently has a significant shortage of senior officers, and it is proposed to recruit two of the five new personnel at advisor level. However, in order to minimise the financial consequences of the recruitment of these new personnel, it is proposed to induct three relatively junior individuals and provide both on-the-job training and specialised training abroad with the support of international partners. At the same time, more experienced staff within the Department / Agency will be promoted into more senior positions within the rules of existing Ministry policy, as follows:

- Based on the needs of the Energy Department and its leadership, promote existing and experienced personnel who meet the legal conditions for promotion to unit heads and other positions within units in line with the approved organisational structure in order to improve the functioning of the overall Energy Department.
- All employees should receive professional training in their specialty.
- Appoint the five new technical personnel to a mix of advisor and junior support positions to strengthen the technical resource of the Department.

This approach will achieve multiple aims:

- Relieve the management/administrative burden of the Head of Department, allowing greater focus on policy formation, strategy development and direction.
- Facilitate the Department's negotiations / dialogue with the EU institutions (screening *and* as future Member State)

- Provide a lower-cost route to additional technical resource, by introducing some junior individuals who can be trained on-post by existing staff, allowing existing staff to delegate some of their work and apply their expertise to urgent implementation and monitoring tasks, as well as the technical analysis required for policy development.
- Provide technical expertise where significant gaps exist.

For the Energy Department at the Ministry of Economy it is recommended to recruit:

- 2 electrical engineers (energy)
- 1 mechanical engineer (energy)
- 1 chemical engineer
- 1 architect (buildings)

Energy Agency

The tasks assigned to the Agency encompass various aspects, including legal, economic, and technical considerations. The extensive technical requirements that stem from the Agency's statutory functions are essential to guarantee the complete, secure, and accurate execution of policy-driven energy programmes and measures, especially in the areas of renewable energy and energy efficiency. While it is necessary to have various professional profiles, these technical requirements are logical and crucial. Furthermore, the Agency's responsibility for energy efficiency implementation and monitoring is closely linked to the country's building stock and transport, necessitating a diverse range of engineering and construction expertise. Similarly to the Energy Department, the Government is burdened with ongoing and important monitoring and supervision responsibilities due to legal obligations. However, just like the Energy Department, the lack of sufficient resources hinders effective monitoring. The recruitment proposals discussed in this document will not completely solve the existing issue of insufficient monitoring and supervisory capacity in the Agency. However, they will greatly enhance the resources dedicated to this crucial responsibility.

The Energy Agency also faces a notable lack of senior officers. It appears that the skills levels within the Agency are lower compared to those of the Department. Given the circumstances, it is imperative and fitting to elevate the status of the five new personnel. We propose filling three advisor-level positions, one senior associate position, and one associate-level position. This proposal seeks to:

- Address the current very low skills levels within the Agency.
- Provide a minimum level of skilled resource to discharge the current obligations of the Agency under National Law.
- Provide better in-house direction to and on-the-job training of existing junior staff to enhance their performance.

The proposal for recruitment at the Energy Agency is as follows:

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

National Budget Allocated for the Sector

No information provided.

7. Communication and visibility activities

In November 2023, a public consultation was conducted to review the draft Rulebook for Municipal Energy Efficiency Programs. Another consultation took place on November 23, 2023, focusing on the drafted EPC Decree, which included two model contracts based on guaranteed and shared savings. Additionally, the Technical Working Group convened on May 26, 2023, to discuss the collection of input data for the three-year renovation plan of central government buildings.

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

Annual Action Plan 2022

Within the context of the IPA Annual Action Plan 2022, a Financing Agreement was signed in December 2023, leading to the approval of an AD titled "EU for Improved Health, Social Protection, and Gender Equality." This initiative commenced in 2020 with the development of the Action Fiche followed by the development of the AD, valued at 11 million EUR, inclusive of a national contribution of 1.5 million EUR. Overall objective of the Action to improve the health and well-being and promote equal opportunities and access to quality employment and social protection for all. Expected outcomes are improved OSH system and practices; enhanced effectiveness of the system for prevention and protection of gender-based and domestic violence; improved quality of social services; and improved state response to the major health threats in the country.

Operational programme "Jobs and opportunities" 2024-2027

The Multi-Annual Operational Programme "Jobs and Opportunities" in favour of North Macedonia, spanning 2024-2027, represents a strategic document designed to align with both for national and European strategic priorities. It is fully coherent with the objectives under the IPA III Programming Framework.

In 2021 the national authorities initiated programme identification by compiling a tentative list of project ideas eligible for financing during years of 2023-2024. This list includes diverse initiatives such as Reinforced Youth Guarantee, Social and micro-enterprises development and (self)employment among vulnerable groups), Workforce Development, Social Dialogue, Local Employment Partnerships, Further reform of pre-school education, Roma Integration. The EC services provided official feedback on these project ideas in February 2022. Subsequently, policy priorities in the EESP sector were further developed and discussed in two plenary sessions of the SWG and expert level meetings in 2022.

The Action Fiche for this OP was prepared in March and received a positive assessment from EC services in June 2023. Between April and June 2023, the MLSP drafted the OP, which was then submitted by the SEA/NIPAC for a maturity assessment in July 2023. The EC's maturity assessment concluded with positive feedback and comments in late September 2023. Final improved version of the OP was submitted to the EC in mid-November.

The Programme aims to promote equal opportunities, employment access, and quality social protection. The specific objectives are to enhance 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, focusing on vulnerable groups.

The OP "Jobs and Opportunities" amounts to 49.7 mil EUR for the period 2024-2027 with approximately 80.53% of this funding comprising the EU contribution complemented with national public funds. The programme strategy focuses on the limited number of operations in three priority areas of support: 1) Employment and Labour Mobility, 2) Social Protection and Reduction of Poverty and 3) Other Support. The planned outcomes and outputs are as follows:

Area of support 1: Employment and Labour Mobility

Specific Objective (Outcome): Enhanced employment and employability of the labour force focusing on youth, women, and vulnerable groups.

Outputs:

1.1 Improved employment outcomes of young people (15 -29) through the implementation of reinforced YG and improved capacities of ESA.

1.2 Improved employment of vulnerable groups in the labour market through ALMPMSs and employment services.

1.3 Boosted development of social and micro-enterprises for (self)employment among vulnerable groups, including focus to green and circular economy.

1.4 Promoted social dialogue and local employment partnerships.

Area of support 2: Social Inclusion and reduction of poverty

Specific Objective (Outcome): Improved social inclusion and quality of social services, focusing on vulnerable groups.

Outputs:

2.1 Supported development of high-quality, affordable, and accessible social (care) services.

2.2 Improved social inclusion of Roma and impoverished people.

Area of support 3: Other support

Specific Objective (Outcome): Increased readiness of North Macedonia for EU accession negotiations under Chapter 22.

Output:

3.1 Improved management of EU financial assistance in the human resources development sector in accordance with EU requirements and best practices.

Annual Action Plan 2024

In July 2022, the National IPA Coordinator (NIPAC) submitted the 2023 Annual Action Program's Action Fiches to the European Commission (EC), which then underwent a relevance assessment by the EC services. Despite the national authorities' suggestion to fund a separate EESP Action within the 2023 envelope, only the "EU for Fundamental Rights" Action Fiche, under IPA III Window 1 (Rule of Law, Fundamental Rights, and Democracy), received positive feedback. Although programmed in Window 1, this action will address certain EESP sector aspects, including Roma housing and the enhancement of specific social services. The "EU for an Improved Health Care System" Action Fiche also garnered positive feedback.

The EC's October 2022 adoption of the Commission Implementing Decision for the Annual Action Plan, in response to the energy and pricing crises, supported the Western Balkans Energy Support Package for 2023. This decision postponed the maturity assessment of actions slated under the IPA 2023 program. 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 early 2023, the EC notified national authorities that the actions planned for 2023 funding would be deferred to the 2024 funding cycle. By September 2023, the "EU for Fundamental Rights" and "EU for Ensured Security" Action Documents, under Window 1, were consolidated into a single document, "EU for Rights and Security," with a budget of 11,500,000 EUR (including a 550,000 EUR national contribution). This document aims to enhance responses to gender-based and domestic violence and promote Roma legal housing rights, relevant to EESP sector.

The "EU for Health" Action for IPA 2024, valued at 14,160,000 EUR (with a 2,160,000 EUR national contribution), received a positive assessment for its strategic relevance and readiness for implementation. It focuses on improving the health and well-being of Macedonian citizens through several key outputs, including the enhancement of the National Tele-radiology System, non-communicable disease prevention and control, health cloud infrastructure, mobile primary healthcare services, and the modernization of the Emergency Medical Service (EMS).

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"

Status and progress	
Specific objective/Outcome/Result: To reduce the high rate of unemployment, increase labour market participation, in	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

<p>particular of young people and women, increase access to quality education and training, improve skills matches and modernize the social protection system.</p>	<p>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. However, 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.</p>
<p>Output (Result 1): 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. Trade Unions and Employer's organisations were strengthened and attracted new membership. However, despite the increase of the number of trade union members, the trade union density rate declined, which is attributed to the fact that the number of employees in the country is growing faster than the number of unionized workers.</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 is in its final phase, enhancing educational governance, policy, and data accuracy by centralizing information, with remaining steps including source code handover and cloud platform establishment.</p>
<p>Output (Result 2): Equitable access to quality inclusive education at all levels</p>	<p>Quality pre-school means access to affordable education of good quality. The programme contributed to the overall efforts of the Government to increase the availability of public pre-school. The opening of the newly erected kindergartens (expected in 2024) in Tetovo and Tearce will create opportunity for more than 320 pre-school children in the Polog region.</p> <p>The Ministry of Labour and Social Policy was assisted with the development of proposals for amendments of the Child Protection Law and 17 by-laws which will modernise the framework for professional and career development and licencing of the pre-school staff. The project reached more than 2600 practitioners in the area of pre-school education and care, either through trainings or various consultations. 15 kindergartens were supported in establishing or improving the work of the counselling centres for parents of disadvantaged background,</p>

	<p>The implementation of the National Qualifications Framework in North Macedonia has seen reform progress, characterized by the establishment of a more inclusive and evidence-based quality assurance framework, alignment of higher education programs with international standards, and enhancement of evaluation and accreditation processes. This reform effort has been supported by the development of methodologies, guidelines, and training initiatives aimed at improving the quality of qualifications and curricula. Additionally, there have been significant strides in simplifying qualification standards, boosting operational and administrative capacities, and increasing transparency. The reforms have also focused on enhancing the visibility and recognition of the framework through multilingual materials and an international conference, alongside technical advancements to ensure compliance with qualification data sets and the digital registry's maintenance, marking a comprehensive approach to educational quality assurance and framework implementation.</p>
<p>Output (Result 3): Improved employability and access to labour market and decent work</p>	<p>In line with the aspirations, a total of 4298 unemployed persons benefited some type of support under the Action (60% women, 40% young, 10% Roma). About 38% of the participants were long-term unemployed and roughly same percent recipient of the Guaranteed Minimum Assistance (GMA). The project was instrumental to the implementation of the social protection reform in regard to the activation in the labour market of the recipients of guaranteed minimum assistance.</p> <p>To this end, the project triggered new way of cooperation between the employment and social services. The project enabled testing of a new set of counselling and motivating services (psycho-social or mentorship support) to empower the hard-to-employee individuals, such as GMA recipient to enter the labour market A new pilot measure, i.e., a Second chance programme for completion of secondary education.</p> <p>However, with only 154 persons in employment, the outcome of this Action is way below the expectations, revealing a number of legal, systemic, governance and institutional weaknesses. Important lessons may be drawn on all legal and institutional changes that are further needed to make the activation effective. Furthermore, the Action contributed to the implementation of the National Informal Economy Strategy by developing two measures in line with the set target in the AD. First, a proposal of Law on simplified work engagement of workers performing seasonal, temporary, and occasional work was drafted and since December 2023 it is in governmental procedure for adoption.</p> <p>Second, legal, and technical options for introduction of Workplace ID were prepared and are ready to be deployed in the construction sector provided the legal amendments get adopted. Moreover, in line with the set AD target, four private companies piloted flexible forms of work organization and received award for being family-friendly employers.</p> <p>The reform efforts focused on enhancing the VET and adult education sectors in North Macedonia through a series of targeted tasks. Key initiatives included the establishment of Regional VET Centres in the Southeast and Vardar regions, supported by analytical reports and validation workshops. Training programs for VET staff were developed and partially delivered, with ongoing efforts to complete the remaining programs. Capacity-building for municipal staff was achieved through workshops and the creation of guidelines and a training plan.</p> <p>The implementation of a VNFIL system was advanced with the development of quality assurance procedures and tools, alongside</p>

	<p>efforts to improve remedial education programs. Post-secondary education saw the development of a strategic roadmap and legal framework, with two new education programs initiated. Efforts to align the national VET system with EQAVET standards included training sessions and the development of quality assurance materials. These activities represent steps toward improving the VET and adult education landscape, though the extent of progress varies across tasks.</p> <p>Efforts have been made in enhancing adult education and aligning vocational education and training (VET) with European standards. Key achievements include the implementation of the VNFIL system for several qualifications, the establishment of comprehensive monitoring and evaluation tools for adult education, and the improvement of remedial and compulsory education completion programs. In post-secondary education, strategic frameworks and new programs have been launched, with the development of a novel post-secondary education concept underway, supported by dedicated working groups. The alignment of VET and adult education quality assurance systems with the EQAVET framework has also been successfully completed, marking a comprehensive effort to elevate education quality, ensure inclusivity, and meet European benchmarks, reflecting a dynamic progression in educational reforms.</p>
<p>Output (Result 4): Improved quality and availability of social services</p>	<p>The contribution of the Action to improvement of the quality and availability of social services were manifold. The Action contributed to the implementation of the Strategy on Deinstitutionalisation by establishing about 20 new services for supported living, thus allowing resettlement of about 100 (former) residents of the Special Institute in Demir Kapija. The services got licensed and the Ministry of Labour and Social Policy assumed their financing after each of the contracts ended. The legal body regulating delivery of social services was completed with standard setting bylaws for a couple social services, which were developed, published and are in force. A Guide was produced to steer potential social providers through the licensing process. To date, there are 118 licensed service providers. The number of users increased to about 2500 (see Annex a).</p> <p>Further on, the Action supported operation of a Centre for social enterprises in Skopje along with regional focal points. More than 40 trainings for support of social enterprises were delivered to some 150 entities, while 13 organisations received investment readiness and 16 grant support.</p> <p>A Law on Social Enterprises was drafted, which was further finalized by the Working group established by the Minister of Labour and Social Policy. The Law has been in governmental procedure for adoption since December 2023. The Law will create legal ground for operation of the Centre for social enterprises and a robust support to the social enterprises.</p>

EUIF 2018

Status and progress	
<p>Enhancing protection of employees in the case of insolvency of their employers</p>	<p>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, adjusting ESA IT systems, and training 60 individuals on these protections, accompanied by promotional materials and a roadmap for implementing a new guarantee mechanism.</p>

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"

Status and progress	
Outcome 1 - To improve social, education and economic inclusion of people belonging to most vulnerable groups.	This outcome requires continuous policy level efforts and commitments as reflected in the National Deinstitutionalisation Strategy 'Timjanik' 2018-2027, National Strategy for Roma Integration 2022-2030 and the most Strategy for the Rights of the Persons with Disabilities. The Ministry of Labour and Social Policy annually increases budgetary commitments linked to deinstitutionalization. Thus, in total 300 benefit from supported housing living, while 108 individuals with disabilities are still in residential care.
Output 1 - Improved housing, education, and economic opportunities for Roma and people living in deep poverty	The four grant contracts signed in December 2020 are currently being implemented, each targeting the enhancement of Roma communities' living conditions in specific municipalities: Shtip, Berovo, Bitola, Prilep, and Kichevo. The main activities involve land parcel identification, urbanization processes, and the advancement of social housing projects.
Output 2 - Improved accessibility of educational facilities to persons with disabilities.	Output 2 has led to enhanced accessibility of educational facilities for individuals with disabilities through renovations and supervisory work across fifteen education institutions in the Republic of North Macedonia. These include a mix of secondary vocational schools, primary schools, and faculties within the Ss. Cyril and Methodius University in Skopje (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.
Output 3 - Improved access to community-based services for vulnerable groups of people.	Investments will support establishment of new community-based services in the Institute for Rehabilitation of Children and Youth-Skopje, in Topansko Pole. Due to delays in implementation, the output is expected to be achieved in 2024. In 2023, the Ministry of Labour and Social Policy and the Institute resettled all 20 users 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	
Outcome 1 - 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	The enrolment in VET schools is increased by 2,12 % in 2022/2023 compared to the previous school year.
Outcome 2 - To contribute to the efforts of the Government of North Macedonia to	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

improve employment opportunities for the young women and men	<p>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.</p> <p>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”.</p>
Output 1 (induced) - Improved offer of accredited VET programmes and providers	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 expected by September 2024, thereby enhancing the range of accredited VET programs and providers.
Output 2 (induced) - Competences of staff of the regional VET centres aligned with Human Resource Development Plans and accreditation criteria	In alignment with the revised VET Law, comprehensive HR frameworks were developed in 2021, transforming three local secondary vocational schools into state-operated regional centres. These frameworks included by-laws, 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.
Output 3 (induced) - Youth Guarantee implemented	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.
Output 4 (direct) - Improved policy dialogue on sector reforms	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.
Output 5 (direct) - Improved system for monitoring of the sector reforms	<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>
Output 6 (direct) - Complementary support - Improved capacity of the Ministries of Labour and Social Policy and of Education and Science to coordinate, implement and monitor the EESP reform agenda with	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.

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.
Output 7 (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”

Status and progress	
Specific objective/Outcome: Strengthening of the health system and rapid response to communicable diseases	
Output: Supply of equipment for response to health threats	<p>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.</p> <p>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.</p>

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

Status and progress	
Specific objective/Outcome/Result: 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	
Output 1: Assessment of the needs for development of a national comprehensive psychiatric service focused on children and adolescents	<p>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.</p> <p>The process of accomplishing outputs 2, 3, 4, 5, and 6 is currently in progress, showcasing a strong dedication to diligent planning and development. These outputs cover important areas such as evaluating need for general hospital in Skopje, developing comprehensive palliative care services, researching new hospital classification systems, analysing financing strategies, and evaluating annual public health programmes. As these activities continue, they highlight a strategic approach to shaping the future of healthcare in accordance with European best practices.</p>
Output 2: Feasibility study for general Hospital needs for the City of Skopje	
Output 3: Design and develop a comprehensive service framework for palliative care services and the application of medical care at home in line with best European practices	
Output 4: Feasibility study for new hospital classification system to form the basis of a more efficient and affordable hospital network	
Output 5: Evaluation of the strategic and operational financing of the health system	
Output 6: Assessment of the annual public health programs	

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

Status and progress	
Specific objective/Outcome/Result: 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	
Output 1: Draft regulations prepared completing the alignment with the EU regulations on blood, tissue, cells and organs	The project officially started on June 1, 2023, and is currently in the early phase of implementation.
Output 2: Developed standard operating procedures for organ and tissue banking	
Output 3: Developed organ and tissue banking software, compatible with existing IT system for blood and cells.	
Output 4: Health staff involved in the transplantation programme is trained and educated	
Output 5: Developed strategy for social integration of persons with donated organ	
Output 6: 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	
Specific objective/Outcome/Result:	
Output 1: COVID 19 vaccines are procured for the Republic of North Macedonia	<p>Significant advancements have been achieved in the procurement process of 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.</p> <p>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.</p> <p>Those activities contributed to safeguarding the health and welfare of people as well as to strengthening the country's capacity to address health crises.</p>

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

Status and progress	
Output 1.1 (direct) - Increased capacities for implementation, compliance and enforcement of the OSH legislation	No result could be reported as the Action is in early stage of implementation.
Output 1.2 (direct) - Improved and upgraded OSH information system	No result could be reported as the Action is in early stage of implementation.
Output 1.3 (direct) - Promoted positive OSH culture, practices and awareness	No result could be reported as the Action is in early stage of implementation.
Output 2.1 (direct) - Increased availability and access to specialised and other essential social services for whoever experience gender-based violence	No result could be reported as the Action is in early stage of implementation.
Output 3.1 (direct) - Strengthened monitoring and quality assurance of social services at all levels	No result could be reported as the Action is in early stage of implementation.
Output 4.1 (direct) - Improved maternal and neonatal health	No result could be reported as the Action is in early stage of implementation.

Output 4.2 (direct) - Improved prevention and control of oncological diseases	No result could be reported as the Action is in early stage of implementation.
Output 4.3 (direct) - Improved quality of data management	No result could be reported as the Action is in early stage of implementation.

Update on the programme indicators is provided in *Annex 2*.

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 with the IPA structure on-demand only	<i>Open</i>	Proposed measure: Occasional (quarterly, semi-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>Pending</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>Open</i>	Adopt non-cost extension to finalise the outputs.
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 shall be secured for covering the additions, while the municipality will cover the additional construction works. Also, municipalities cover the unforeseen works.
Municipalities fulfil their commitments with delay, which affects issuance of provisional acceptance and opening of kindergartens as per national legislation.	<i>Pending</i>	High-level and technical meetings and correspondence. 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>Pending</i>	Modification of social protection regulations and further guidance and trainings will be implemented in 2024.
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

Encountered problem	Status	Measures undertaken/planned to ensure sustainability
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
Complex procedures for adoption of general and municipal urban plans which	<i>Pending</i>	Revisiting the sequencing

fall under competences of the municipalities.		of administrative procedures from urbanization aspects and renovations of houses of Roma families.
---	--	--

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. MLSP and ESA requested additional funds for active measures and capital investments to be allocated in ESA's budget in the 2023 Budget rebalance, which however did not end with positive outcome.

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

Encountered problem	Status	Measures undertaken/planned to ensure sustainability
In 2 health institution there is a limited use of diagnostic equipment due to the staff shortage. The equipment is used only for the patients admitted to those health institutions.	<i>Open</i>	Continuous monitoring and reporting to SMCs

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

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

Sector Monitoring Committee on EESP, 22 March 2023	
Recommendations/conclusions	Follow up and measures undertaken/planned
The Ministry of Education will ensure constant follow up of the Action plan for reaching targets/indicators related to the Sector Reform Performance Contract EU for Youth by reporting to the EU Delegation on quarterly basis.	No information provided about the follow up activities.
The CFCD and the Ministry of Education will organize regular meetings between the monitoring officers to accelerate admin procedures with immediate effect.	No information provided about the follow up activities.
Addendum to the project Improving the Quality of Education to be sent to EU Delegation (with a revised action plan) by the end of March 2023.	No information provided about the follow up activities.
The Ministry of Labour and Social Policy will ensure temporary funding for functioning of the Centre for Social Enterprises (for the period between finalisation of EU funded project on 7 April 2023 until the solution provided with the adoption of relevant legislation).	The Centre for Social Enterprises has continued operating and providing support to social enterprises. Since 30 July 2023, most of its activities receive expert and financial support from the Polish Government, while operating costs are covered by the Ministry of Labour and Social Policy.
The Ministry of Labour and Social Policy will ensure follow up to the IPA projects in order to continue the started reforms (e.g., further implementation of the strategy and action plan for de-institutionalisation,	<i>De-institutionalization</i> More than 70% of all actions envisaged within the National Strategy for Deinstitutionalization 2017–2027 Timjanik have been implemented, and the

adoption and implementation of legislation on social entrepreneurship). (repetition of last SMC conclusion)	<p>implementation of the second Action Plan 2023–2025 is underway.</p> <p>*The number of residential units increased from 54 to 57, and the number of persons provided with care amounts to 300.</p> <p>*The number of licensed social service providers has been rising (110 service providers were licensed, with capacity to serve about 4000 beneficiaries).</p> <p>*A total of 7.8 mil EUR of budgetary funds for 2023 were provided for financing social services, i.e., an additional 5.5 mil EUR compared to 2022.</p> <p><u>Social Entrepreneurship</u></p> <p>The Proposal of the Law on Social Enterprises was published for the public consultations on 6 November 2023. Three public debates were organised. Since December, the proposal is with the Government for adoption.</p>
The CFCD will organise monthly progress review meetings with all stakeholders in the sectors of education, employment and social policy as of April 2023.	The meetings are being organized on a monthly basis
All stakeholders to ensure timely and full implementation of the Audit Authority recommendations (continuous deadline).	MLSP: Out of 4 audit findings, one was closed. The active ones are with low or medium importance and are planned to be closed by the end of 2023.
The Audit Authority will recruit an IT expert with relevant technical qualifications by end-May 2023.	The IT expert is already employed in IPA AA as of June 2023
The Audit Authority will recruit additional staff as per the workload analysis for 2023 by the end of 2023 and implement the yearly training plan.	4 new employments are realised, during 2023
The Ministry of Health to ensure the full use of imaging diagnostic equipment delivered with EU funds by including the equipment in the “Moj termin”, and ensuring staff working with it in two shifts (deadline end of September 2023)	All devices are entered into the system “Moj Termin”. Their use and utilization depend on the available human capacities (there are insufficient number of radiologists), and therefore some of them are used only for patients admitted to hospital.
The e-Health Directorate of the Ministry of Health to provide free access to the requested data to the IPA project for supporting the implementation of the health strategy 2021-2030. (Immediately effective)	Requested data provided.

Sector Monitoring Committee on EESP, 1 December 2023	
Recommendations/conclusions	Follow up and measures undertaken/planned
The Ministry of Education and Science (MES) will ensure constant follow up of the Action plan for reaching targets/indicators related to the Sector Reform Performance Contract EU for Youth by reporting to the EU Delegation on a quarterly basis.	No information provided about the follow up activities.
Contract Improving the Quality of Education - the Ministry of Education and Science will provide by end-January 2024 the EU Delegation with the updated work plan for implementation of the contract, including clear prioritisation of the activities.	No information provided about the follow up activities.
IPA 2017 contract "Raising the quality of pre-school education and care" - by 6 February 2024, the MLSP	Ongoing.

and the Contractor agree upon an exit strategy for closure of the project with regards to the finalisation of the legal framework and upgrade of the pre-school database.	Discussions are scheduled for January.
Grant Contract "Support for the active labour measures - Labour Market Activation of Vulnerable Groups" - CFCD will send the Addendum of the contract to the EUD by the end of January 2024.	Ongoing. Proposal for amendment for submitted by the Employment Service Agency in December and is under review by the MLSP and the CFCD.
The Ministry of Labour and Social Policy will ensure temporary funding for functioning of the Centre for Social Enterprises until the solution provided with the adoption of Proposal of the Law on Social Enterprises.	Ongoing. Bilateral donors were approached to support the operation of the Center in the transition period.
The Ministry of Labour and Social Policy will ensure follow up to the IPA projects in order to continue the started reforms by 1) further implementation of the National Deinstitutionalization Strategy and its Action Plan, and 2) adoption and implementation of Draft Law on Social Entrepreneurship. (from last SMC).	Ongoing. 1) The Ministry of Labour and Social Policy started a new loan project that will enable development of new home care and community-based care services. Transformation of the residential institutions will be implemented with IPA support. 2) Since December 2023, the proposal of the Law on Social Enterprises has been with the Government for adoption.
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 2023, and will further report on the usage and utilisation of the equipment at the next SMCs – (continuous deadline).	All devices are entered into the system "Moj Termin". Their use and utilization depend on the available human capacities (there are insufficient number of radiologists), and therefore some of them are used only for patients admitted to hospital.
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 Q2 2025.	
The EU Delegation 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 in Q2 2024.	Ongoing. The Contracting Authority (the EUD) resumed with the preparation of tender documents and calls for proposals.
Ensure timely finalisation of the works planned under IPA II 2019 project "Transformation and Rehabilitation of the Institute Topansko Pole - Skopje" by the end of June 2024.	Ongoing. Implementation of the project is monitored closely by the Contracting Authority, the Beneficiary and the supervisor.
All stakeholders to ensure timely and full implementation of the Audit Authority recommendations (continuous deadline).	Ongoing preparation of the Action plans.

Findings/recommendations	Follow up and measures undertaken/planned
<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 – Internal Control Framework – Control environment 1 (g).</p> <p>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"> • Timely ensuring of optimal required number of employees, and • Ensuring appropriate policy of human resources management in the part of motivation and retention of existing trained and professional staff. 	<p>Implementation ongoing.</p> <p>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 Authority for the Operational Programme Jobs and Opportunities 2024-2027.</p> <p>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>

Audit report prepared by the Audit Authority for Audit of Instrument for Pre-Accession Assistance in the period November - December 2021 (System Audit) 7.1; 4.1-MLSP – S / R – 21v	
Findings/recommendations	Follow up and measures undertaken/planned
<p>Finding: Incomplete implementation of the contract monitoring procedure ...[]...</p> <p>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>Recommendation: 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" In the first quarter of 2022, the activities included office work and coordination meetings with the Contractor, which were attended by the Monitoring Officer and the IPA Coordinator. There were no trainings and/ or field activities conducted, and incidentals were not used at that time.</p> <p>On-the-spot visit was conducted on 31.8.2022. The project implementation ended on 17 July and the project resumed with its implementation after the approval of Addendum No.3 to SC for extension of contract duration on 8.3.2023. On-the-spot check was conducted on 7-9.6.2023. Project's implementation ended on 17.12.2023.</p> <p>Grant Contract “Labour market activation of vulnerable groups” On-the-spot check was implemented on 9-10.3.2023 and on 28.4.2023, which included check of:</p> <ul style="list-style-type: none"> • all purchased equipment under the Grant Contract No.12-7581/1 located in the premises of ESA; • the procurement procedures and documents related with identified disputed amounts within 2nd and 3rd Interim Narrative and Financial Reports; • implementation of the activities such as monitoring/quality controls over the implementation of the reported activities and modifications made in the Activity 1.1.4 – Developing of the IT tool. <p>Additionally, on-the-spot visit on 1.8.2023 was conducted in ESARNM regarding to implementation of activities of Component 2 Support employability by trainings (Activity 2.1 Training for vocational occupation). The on-the-spot visit is still ongoing in</p>

	<p>regard to further checking of documentation and on 27.12.2023 additional on-the-spot visit was organised with the providers contracted to deliver trainings under the grant contract.</p> <p>Service Contract "Raising the Quality of Preschool Education and Care"</p> <p>In the first quarter of 2022, in accordance with the Monitoring Plan for 2022, a representative of the IPA structure joined unannounced on training conducted for practitioners on 9.2.2022 and based on it the checklist for on-the-spot visit was prepared.</p> <p>Monthly coordination meetings were held in regard to project implementation.</p> <p>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.</p> <p>Nine on-the-spot visits and regular project meetings were conducted in Municipality of Tearce (17.12.2021, 31.3.2022, 29.4.2022, 3.6.2022, 17.8.2022, 26.9.2022, 7.11.2022, 30.3.2023 and 19.4.2023, for keys transfer to the municipality) and relevant checklists are prepared by the Monitoring officer.</p> <p>Twelve on-the-spot visits and regular project meetings were conducted in Municipality of Tetovo (2.12.2021, 1.3.2022, 31.3.2022, 29.4.2022, 3.6.2022, 17.8.2022, 26.9.2022; 7.11.2022, 30.3.2023, 19.4.2023, 9.11.2023 and 22.11.2023) and checklists were accordingly prepared, except for the on-the-spot on 9.11.2023 and 22.11.2023.</p> <p>Status of audit finding = Implementation ongoing.</p>
<p>Finding: 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>Recommendation: 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) are planned to be part of modifications of the Manual for Internal Procedures of IPA Coordinator in the MLSP (version 1), together with the previous requests by CFCD / MF and AFCOS / MF in 2020 and 2021 for modifications proposed in several other procedures. Last updated draft of the IC MoP in the MLSP dates 6.2.2023.</p> <p>The deadline is extended till 1.4.2024.</p> <p>Status of audit finding = Implementation ongoing.</p>

Audit report prepared by the DG NEAR in July 2019 (System Audit)	
Findings/recommendations	Follow up and measures undertaken/planned

<p>Finding: MK 05 Communication with the NIPAC Office at working level</p> <p>Recommendation: Respecting provisions for regular channels of communication set with NIPAC/SEA in signed Operational Agreements among NIPAC/SEA, 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/SEA, CFCD, NAO and MLSP/IPA Coordinator and IC Manual of Internal Procedures. Regular official and unofficial communication (through e-mail correspondence) is maintained. The audit trail is kept regardless of channel of communication.</p> <p>Status of audit findings = Implementation ongoing.</p>
<p>Finding: MK 14 Internal audit capacity</p> <p>Recommendation: Finalization 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.</p> <p>The internal auditors attended a set of trainings during 2019.</p> <p>Status of audit findings = Implementation ongoing.</p>
<p>Finding: MK 15 ISO 27002 audit in North Macedonia</p> <p>Recommendation: 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 = Implementation ongoing.</p>

Audit report prepared by the Audit Authority for Audit of Instrument for Pre-Accession Assistance in the period December 2018 - March 2019 (System Audit) 7.1;4.1-MLSP-S/A-18	
Findings/recommendations	Follow up and measures undertaken/planned
<p>Finding: 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>Recommendation: 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>Meetings were held on 15.3.2019 and 27.3.2019 within the IPA II OS in MLSP with representatives of CFCD/MF, NIPAC and MES. Draft guidelines regarding the responsibilities of NIPAC and line ministries for data entry, validation and deadlines for data entry in MIS were introduced.</p> <p>The modification of the Manual of Internal Procedures of the IPA Coordinator is yet to be formalised along with interventions in other sections.</p> <p>The deadline was extended till 1.4.2024.</p> <p>Status of audit findings = Implementation ongoing.</p>

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 on <insert sector>

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"> • Strategic directions for health transformation • The way forward in health system transformation • Overview of activities supported by the EU and other donors • Status of implementation of the project for implementation of Health Strategy 2030
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 Donors, IFIs, Embassies and CSOs were present at the SWG meetings:

Donors	International Organisations	Embassies	CSOs
EU	IOM	United Kingdom	Federation of Trade Unions of Macedonia
USAID	OSCE SMMS	Swiss Federation	Employers’ Organisation of Macedonia
	MCEC	Austria	Foundation Open Society Macedonia
	WB	Spain	Gender Equality Platform
	UNDD	Germany	National Network to End Violence Against Women and Domestic Violence
	UNDP UNFPA		Coalition Sexual and Health Rights of Marginalized Communities
	UNICEF		CSO Reactor
	ILO		Foundation for Education and 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 of Youth Organizations - SEGA
			Foundation Agro-Centre for education
			European Training Foundation
			HERA
			HOPS
			Zaedno posilni

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

Donor	Value of the support	What is financed and complementarity with IPA?	Implementation period
EU/IPA EUIF	700,000 €	Strengthening coordination and partner support	2021-2023

Swiss Agency for Development and Cooperation	809,862 €	Creating possibilities for work for all	2020-2023
UNDP/UNOPS	600,940 €	Support for self-employment	2020-2023
Sweden	2,080,000 €	Income Increase and Socio-Economic Empowerment of Vulnerable Groups from Rural and Suburban Areas (IISEE) Project	2020-2023
Sweden	460,000 €	Re-economy	2021-2023
Austria⁹	434,000€	Roma und COVID-19: Build Back Better through sustainable waste management	2021-2023
Austria¹⁰	526,315 €	Sustainable strengthening of local health systems in the Western Balkans: Improving the health of older people affected by the COVID-19 pandemic through know-how transfer in homecare and support from Austria to the Western Balkan region	2021-2023
Austria¹¹	209,583€	Alleviation of COVID-19 Effects and Consequences on the most Vulnerable in Society with a Special Focus on Older People (ACCOP) – Development and piloting of home help services in North Macedonia	2021-2023
Poland	150,000 €	Grant support to social enterprises as well as support to the Centre for social enterprises	2022-2023
ADA/ILO	728,000 €	Inclusive labour market in WB (regional project)	2018-2023
EU/ILO	2,500,000 €	Platform for employment and social affairs in WB	2019-2023
UNHCR	93,000 €	Policy Developments in the Area of Social Protection, Asylum and Migration	2021-2023
UNHCR	119,587 €	Social protection capacity building and support for persons of concern	2019-2023
UNICEF	5.272,034 €	Monitoring of justice for children, with focus on the most marginalized groups, prevention and protection of violence and abuse, welfare of children and social protection	2016-2023
EU IPA regional/ UN Women	480,586 €	Support of gender-based violence	2018 - 2023
SDC/ UN Women	3,000,000 €	Gender Responsive Policies and Budgets: Towards Transparent, Inclusive and Accountable Governance in North Macedonia	2018 -2023
USAID	1,394,935 €	Youth Guarantee – Strengthen literacy and numeracy skills of early grade students.	2018-2023
USAID	966,600 €	Roma Inclusion Activity	2021-2024
USAID	5,800,000 €	Youth Ethnic Integration	2017-2023
USAID	4,000,000 €	YouThink (Media literacy and critical thinking)	2019- 2024
GIZ-GCF SHCD Green Climate Fund	822,000€	Building capacity towards sustainable human capital development in North Macedonia	2022 - 2024
EU DG NEAR	10,000 \$	Initiation of implementation of the LIS digitalized lab information system over the public health lab network	2022-2023
EU DG NEAR	25,000 \$	Developing and costing Strategic National Action Plan for Health Security (NAPHS).	2023
WHO/WHE/CDC	65,000 \$	Vaccination Effectiveness study This type of study was used to measure overall COVID-19 vaccine effectiveness (CVE) against laboratory confirmed SARS-CoV-2 in hospitalized SARI patients belonging to the target group(s) for COVID-19 vaccination.	2023

⁹Federal Ministry of Social Affairs, Health, Care and Consumer Protection

¹⁰Federal Ministry of Social Affairs, Health, Care and Consumer Protection

¹¹Federal Ministry of Social Affairs, Health, Care and Consumer Protection

EU DG NEAR	200,000 \$	Efforts to enhance immunization included the creation of informative brochures on vaccines, implementation of extensive awareness campaigns, development of training for COVID-19 vaccines, and establishment of SOPs for vaccine handling. Additionally, updates to the National Immunization Rulebook were supported, along with the integration of COVID-19 vaccines into routine immunization. A report on the digitalization of immunization and upgrades to the national electronic health records system were also undertaken to improve vaccine management and recording processes.	2023
USAID	250,000 \$	Initiatives aimed at reducing irrational antibiotic use include promoting immunization and its impact on lowering antibiotic dependency. Microplanning efforts in 16 municipalities and ongoing training of healthcare workers emphasize the importance of effective vaccine delivery and best practices. Furthermore, capacity-building activities focus on leveraging behavioral and social data to inform health strategies. Risk communication and community engagement are key to increasing COVID-19 vaccine uptake and supporting routine vaccinations, involving collaboration with local authorities, healthcare stakeholders, and community leaders to reach diverse populations.	2023
WHO	21,500 \$	Health promoting schools Support to the implementation of the health promoting schools initiative in four demonstration schools	2023
UHC partnership	85,000 \$	Support for primary healthcare reform includes training for health workers on new protocols, a nationwide campaign to promote the reform, and mapping PHC provider distribution for a Master Plan. Insights were gained through a study visit to Scotland and a workshop on healthcare human resource planning. Additionally, a targeted hypertension initiative was implemented at a demonstration site to improve health outcomes.	2023
WHO HQ Mental Health of children and adolescents	/	A national initiative, supported by WHO and UNICEF and led by the Ministry of Health, has been launched to enhance Child and Adolescent Mental Health (CAMH) in North Macedonia. This includes mapping mental health services, developing a strategic plan, and training 500 healthcare professionals to improve early detection and intervention in mental health issues among youth. The initiative, expected to impact over 50,000 households, also features community-based awareness campaigns in four municipalities, focusing on engaging local female leaders to promote mental health awareness and prevention in children and adolescents.	/
WHO	25000 \$	An economic and contextual analysis of the costs of tobacco consumption, the associated benefits, and the return on investment from investing in nine WHO FCTC policy actions was completed in May 2023 with the support of WHO and UNDP. This	/

		marks the first such analysis as the foundation for evidence-based tobacco control actions. Qualitative and quantitative Behavior and Cultural Insights studies in the area of tobacco completed.	
USAID, UNICEF implementing partner	75,787 \$	Enhancing Vaccination Coverage and Healthcare (Strengthening interpersonal communication capacities of health workers / capacity development of healthcare practitioners in use of digital tools to communicate between primary, secondary and tertiary health institutions)	Jan - Dec 2023
USAID, UNICEF implementing partner	21,214 \$	Development of digital solutions for quality improvement and increase accountability in primary healthcare	Jan - Dec 2023
USAID, UNICEF implementing partner	42,538 \$	Functional and financial analysis of vaccination services	Jan - Dec 2023
USAID, UNICEF implementing partner	6,036 \$	Healthy eating habits in pre-schools	Jan - Dec 2023
UNFPA	22,500 \$	Interventions towards strengthening of the effective perinatal care and maternal health	2023
UNFPA	8,000 \$	Cervical Cancer prevention - interventions to strengthen primary prevention (HPV vaccination) and secondary prevention (screening)	2023
UNFPA	37,100 \$	Improving access and capacity building of service providers in relation to SRH and GBV services for persons with disabilities, and capacity building on Family Planning among service providers	2023

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
WB-IBRD	33.4 mil \$	Social Service Improvement Project ¹² (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	September 2019 – June 2024
WB-IBRD	15.17 mil \$	Social Insurance Administration Project (SIAP) ¹³ (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	February 2020 - June 2026

¹² More information for the project: <http://mtsp.gov.mk/siap-proekt-za-administriranje-na-socijalnoto-osiguruvanje.nsp> and <https://projects.worldbank.org/en/projects-operations/project-detail/P170343>

¹³ More information for the project: <http://projects.worldbank.org/P103974/conditional-cash-transfers-project?lang=en&tab=overview>

		and for hazardous occupations and Component 3. Project management, monitoring and evaluation	
WB-IBRD	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 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.	January 2014 – May 2021
IBRD	25 mil \$	Construction of 145 school sports halls and rehabilitation of schools	2008- 2024
WB-IBRD	24 mil \$	“Primary Education Improvement Project (PEIP) P171973”	2020-2027
KFD	20 mil €	“Energy efficient rehabilitation of student dormitories in North Macedonia“	2021-2027

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 Ministry of Labour and Social Policy initiated the process of review of the Action Plan 2021-2023 and formulating an updated version 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 Strategy on Deinstitutionalisation and finalizing of a new Action Plan. Monitoring and reporting mechanism of social services was piloted in 2022.
- Third, the Ministry of Labour and Social Policy and national stakeholders received targeted technical assistance to finalise the policy framework for the development of social enterprises. The Government adopted the first-ever 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	
Strategy for Development of Women's Entrepreneurship 2019-2023	2019-2023	<i>Adopted</i>	2019	
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	
National Health strategy 2021-2030	2021-2030	<i>Adopted</i>	2021	
National mental health strategy	2018-2025	<i>Adopted</i>	2018	
National strategy on AMR control with AP	2019-2023	<i>Adopted</i>	2019	
Other strategic documents governing the EESP sector		<i>Adopted</i>		

Economic Reform Programme (ERP) 2024-2026	2024-2026	<i>Adopted</i>	2024	
Governmental Programme 2022-2024	2022-2024	<i>Adopted</i>	2021	
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>Under preparation</i>	/	

Institutional Capacities in the Sector

Human resources in leading ministries have been strengthened, though increased turnover of employees could be observed over the last couple of years. There were promotions or new employments in the **Ministry of Labour and Social Policy (MLSP)**. **At the end of 2023, there were 250 people employed, which is 47,8% of the initially planned number of staff.**

The Labour Department in particular needs further capacity strengthening on all levels. The later was pointed out in the Capacity assessment of the key institutions in sub-sectors Employment and Education was completed in the frame of the Technical Assistance to the Sector Reform Performance Contract ‘EU for Youth’ and follow-up trainings were implemented in 2023. Similarly, the Social Protection Department saw significant changes as several key staff and advisers left due to retirement or to another job.

Capacity building was implemented with own resources, EU, UN agencies, and other donors. In terms of policymaking, further work is needed with regards to the introduction of programme budgeting and policy monitoring.

Moreover, since October 2022, the MLSP has been developing new integrated software for cash benefits and social services in an effort to aid in the delivery of services to clients and strengthen governance in social protection benefits and services. It should be completed by the middle of 2024

As noted in the National Employment Strategy, despite the improvement of performance indicators related to the delivery of employment services and programmes and the targeting of groups at risk of exclusion – the much-needed policy reforms of the structure, organization and workflow of **Employment Service Agency (ESA)** have been largely neglected. **At the end of 2023, ESA had 489 employees, accounting for 74% of total planned staff and 17% more than in 2022**

The **State Labour Inspectorate** is a key institution when it comes to enforcement of labour and employment legislation. There was good progress in staffing over the past years. **At the end of 2023, it had 201 employees, which represents 70% of the planned number.**

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

Institution	Administrative capacities
Ministry of Health	114 persons
Agency for medicines and medical devices	39
E-Health Directorate	13
State sanitary and Health Inspectorate	45
Institute for public Health	192
Health Insurance Fund	805
Health workers and associates	33518 (data from 2021)

There is a slow trend of decrease of the number of persons in the administration, while the number of personnel in the health institutions is relatively permanent.

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 MLSP Budget for 2023 compared to 2022 increased to 53.368.554 thousand denars. The following budgetary programmes noted an increase: Social Protection Programme (an increase of 16,9%), Social Protection Benefits Programme (increase of 12,66%), Programme for Decentralization (an increase of 32,2%) and Programme for Support of Social Funds (an increase of 6,21%). The budget of the Employment Service Agency for 2023 was 3.804.000 thousand denars, including active labour market measures, an increase of 2.73% compared to 2022.

The total budget of the State Labour Inspectorate in 2023 was 146.880 thousand MKD, an increase of 3.27% compared to 2022.

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

Year	Budget in EUR
2021	109,351,870
2022	119,941,000
2023	110,528,516

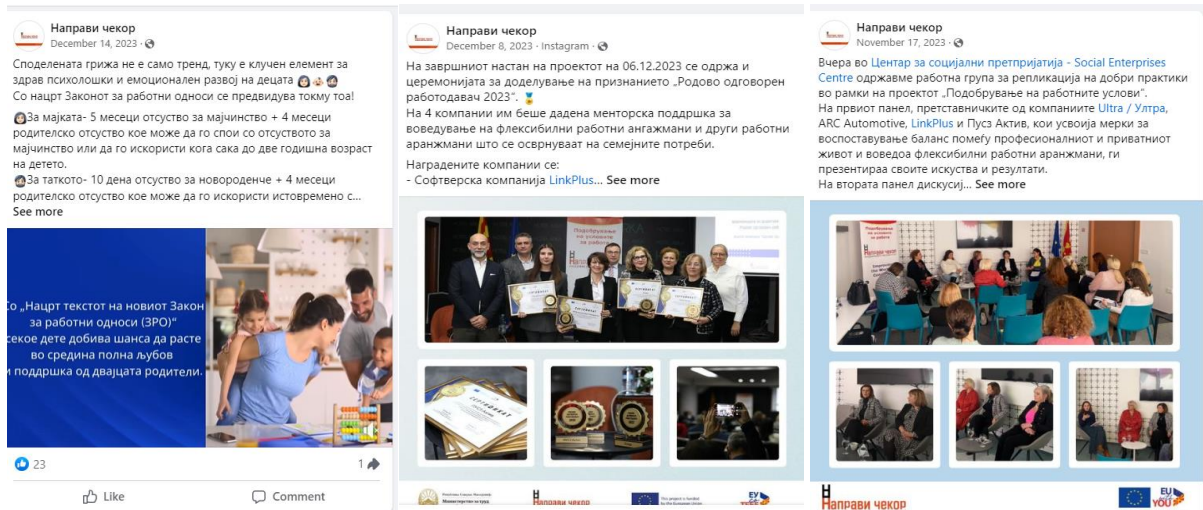
Loan from CEB for new Clinical centre in Skopje and Shtip is still active (included in the budget).

7. Communication and visibility activities

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”.

The image shows three social media posts from the Facebook page 'Направи чекор' (Make a step). The posts are in Macedonian and discuss the issues of undeclared work (непријавената работа).

- Post 1 (December 17, 2023):** Discusses the complex problem of undeclared work affecting workers, businesses, and society as a whole. Lists sectors where undeclared work is common: Construction, Agriculture, Tourism, and Retail. Includes a video thumbnail with the text 'Таа е поврзана со времнатата и сезонска работа' (It is connected to seasonal and temporary work).
- Post 2 (December 8, 2023):** States that undeclared work is expensive for the worker and their family. Encourages reporting hidden costs. Hashtags: #НаправиЧекор and #ФормалнаРабота.
- Post 3 (December 8, 2023):** A graphic titled 'СКРИЕНИТЕ ТРОШОЦИ НА НЕПРИЈАВЕНАТА РАБОТА' (Hidden costs of undeclared work). It lists:
 - Безбедно извршување на работните задачи** (Safe execution of work tasks): Undeclared workers lack social security and health insurance, and may not be covered by accident insurance.
 - Пензиско и инвалидско осигурување** (Pension and disability insurance): Undeclared workers lack social security, meaning no pension or disability benefits.
 - Економски загуби** (Economic losses): Undeclared work can be a competitive advantage for the client but a disadvantage for the undeclared worker.

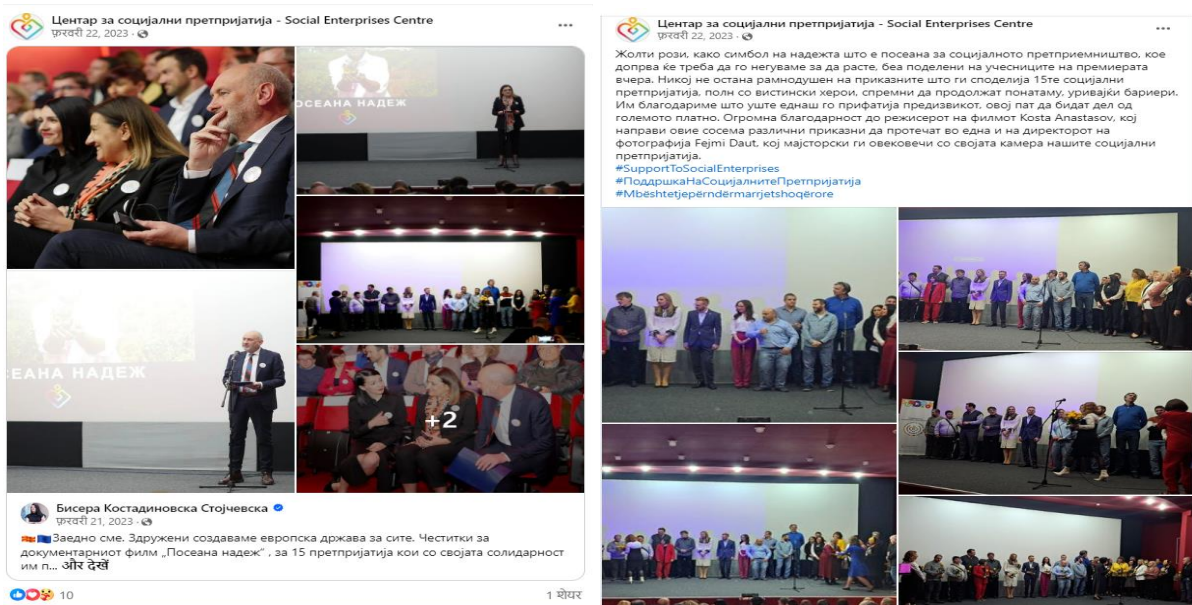


A total of one thousand children, 900 parents, and over 150 teachers and carers participated in the workshops across the country as part of the "Raising the Quality for Pre-School Care and Education" initiative. Staff, children, and parents all spent time together and engaged in extremely meaningful,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



The project “Labour Market Activation of Vulnerable Groups” was promoted with each public announcement publish 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).

Rich campaigns to promote social entrepreneurship were implemented as part of the "Support for social enterprises" project. The February 2023 premiere of the film "Seeds of Hope" is well received and consistently attended by prominent figures. The film serves as an extension of the project's promotion of the concept. This endeavour exhibits a remarkable capacity to engage a broad spectrum of stakeholders, including customers, local self-government units, students, ex-convicts, and social entrepreneurs.



On October 7, 2023, a significant event at Euro House in Skopje marked the launch of the transformative "Support to Transplantation System" project, funded by the European Union. This day, also observed as Organ Donation Day, underscores the EU's commitment to health and wellbeing. The event was emblematic of new beginnings, symbolized by the planting of a young tree, representing the nurturing of new life. This powerful gesture paid homage to the 19 selfless organ donors and their families, who, in the past three years, have enabled 67 individuals to receive life-saving organ transplants. Among the beneficiaries is 57-year-old Ivan Ognjanovski, who received a heart transplant in May 2020. His presence at the event was a testament to the project's profound impact.

This EU-funded initiative not only celebrates the gift of life but also highlights the European Union's pivotal role in enhancing healthcare systems. By supporting such crucial projects, the EU demonstrates its unwavering commitment to improving lives and fostering hope across communities.

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

Annual Action Plan 2024

The IPA 2024 Action “EU for Economic Cohesion”, which is currently undergoing a maturity assessment by the EC, 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.

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	
Specific objective1: To improve compliance of the local economy with the EU acquis	
<p>Output 1: 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>	<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.</p> <p>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>

FwC SIEA 2018 “Corporate Social responsibility and Business Angels - driving force for private sector development”

Status and progress	
<p>Specific objective/Outcome 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.</p>	<p>No result could be reported as the Action is in early stage of implementation.</p>
<p>Output 1: Developing policy framework for further improvement of the corporate social responsibility in companies</p>	

Output 2: Creating favorable ecosystem for business angels	
---	--

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

Sector Monitoring Committee on IPA III Sectoral Monitoring Committee on Competitiveness, Innovation, Agriculture and Rural Development, and Energy, 5 May 2023	
Recommendations/conclusions	Follow up and measures undertaken/planned
The Ministry of Economy to make sure that there is office space for a number of forthcoming IPA contracts to support business angels and corporate social responsibility prior to their start. Immediately effective.	No information provided.
Linked to the project Technical Assistance for strengthening the integral market –The Strategy for FMG (Free Movement of Goods) has been prepared as the first draft and sent to the Ministry of economy for comments, whereas the 10 Bylaws we report that till now 7 of the bylaws are completed and 3 others will be completed till the end of the year, and all of them 19 Bylaws will be adopted during the year 2024 (Q1).	No information provided.
The Government will make a decision on the host body for the web platform on consumer protection by June 2023.	No information provided.

Sector Monitoring Committee on IPA III Sectoral Monitoring Committee on Competitiveness, Innovation, Agriculture and Rural Development, and Energy, 3 November 2023	
Recommendations/conclusions (draft)	Follow up and measures undertaken/planned
Linked to the project Technical Assistance for strengthening the internal market – The Government will adopt by end-March 2024 the Strategy for Free Movement of Goods, and 10 by-laws linked to the Law on General Product Safety and Law on Technical Requirements and Conformity Assessment. (From previous SMC).	No information provided.
The Government will make a decision on the host body for the web platform on consumer protection by end-June 2024. (From previous SMC).	No information provided.
Fund for Innovations to meet the conditionality of IPA 2021 project by the end of July 2024.	No information provided.

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

Annual Action Plan 2024

In agriculture, the IPA 2024 Action "EU for Economic Cohesion" (please see more about the Action under section Thematic Priority 2: Private sector development, trade, research and innovation) 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, aquaculture, and fisheries. 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	
Specific Objective/Outcome: To improve farm productivity and a sustainable use of forests	
Output 1: Modernised and optimised farming and forestry	<p>The Activity 1 “Modernisation of the advisory services for operators in the agriculture field” shows significant progress. With its start date on January 31, 2022, and an extension to April 30, 2024, the key progress includes the enactment of a new law for the Advisory System for Agriculture and Rural Development on December 11, 2023, the drafting and structure of the by-laws resulting from the law were defined, and the planned awarding of certificates to 91 advisors by January 25, 2024. These milestones reflect an advancement in the quality and structure of agricultural advisory services, pertinent to the indicator "Number of farmers benefitting from advisory services (men and women), for which the current status is still under processing. The development and upcoming implementation of an IT system for monitoring and evaluation by selected service providers are crucial steps forward. The completion of an assessment report of the advisory services and the approval of an e-catalogue of services, integrated into the IT system, further demonstrate progress. However, ensuring the sustainability of these improvements post-project and strengthening the MAFWE's capacity are essential for maintaining momentum, which aligns with the project's objectives and the ultimate goal of increasing the number of farmers who benefit from such services.</p> <p>The Activity 2 "Support to modernization and innovative management in the agricultural sector", focused on cooperatives, has completed its evaluation process and launched two grants started in January/February 2023. The contracts with the Združenje za unapređivanje na zemjodjelski zadruzi makedonska asocijacija na zemjodjelskite zadruzi (MAZZ) (Lot 2) and the Makedonska razvojna fondacija za pretprijatija (Lot 1) underscore a commitment to modernization within the sector. For LOT 1, the AgroSmart initiative aims to stimulate modern and innovative practices among farmers and cooperatives. The current progress includes holding 8 out of 10 planned networking meetings across various locations, indicating proactive engagement with key stakeholders. LOT 2's progress from August to November 2023 includes administrative and project activities such as expert engagement, the establishment of a sub-granting scheme, the organisation of information sessions, and business plan development training. These activities are aimed at empowering agricultural cooperatives, which will result in future improvements to the sector's procedures and practices. The ongoing meetings to establish new cooperatives, as well as the development of criteria and business plan templates for grant applications, are preparatory steps that will lead to measurable outcomes affecting indicators such as advisory services, new procedures, and certified hectares of high forests. The project's comprehensive approach implies a dynamic push for sustainable modernization in North Macedonia's agricultural framework.</p> <p>The Activity "Enhancing land consolidation" 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 four selected areas," the processing of which is ongoing at present. 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</p>

	<p>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 measures are indicative of a methodical approach to achieving land consolidation objectives and are vital to the project's success.</p> <p>The successful implementation of three small-scale irrigation systems in a single undertaking Activity 4 “Construction of five small scale irrigation systems” is a significant accomplishment that has improved agricultural irrigation infrastructure in numerous locations. 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. 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. 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.</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>Under the Activity 5 "Strengthening the management of the forestry sector" progress has been made during its first interim reporting period from 8th of March 2023 to 9th of September 2023. Key achievements include the drafting and stakeholder agreement of the new Law on Forests and the Forest Agency, both of which have been uploaded to ENER. The project has also made strides in supporting the transformation of the Public Enterprise "National Forests" into a State Forest Company LLC, a move towards more efficient forest management. Additionally, the completion of tender procedures for the National Forest Inventory marks a significant step toward enhanced data-driven forestry management. These developments align with efforts to improve forest management practices and contribute to the certification and sustainable management of high-quality forests in the region.</p>
<p>Specific Objective/Outcome: To ensure food safety and improved animal and plant health.</p>	
<p>Output 2: Decreased risks to human, animal and plant health</p>	<p>Activity 6 "Improvements of food safety standards, legislation, and control systems" 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>Regarding the construction of a Rendering Plant under Activity 7, 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.</p>

	<p>Regarding Activity 8 “Harmonisation of the Phytosanitary legislation and introduction of best practices on plant protection”, the efforts to align phytosanitary legislation with EU acquis, particularly Regulation (EU) 2017/625, mark a critical stride towards international compliance and improved plant health standards. The increase in the number of plant protection products approved from 400 in 2018 to 473 in 2023 demonstrates tangible advancements in plant health management. Moreover, the revision of the draft law on seeds, seedlings, and plant protection products, coupled with the progression towards the derogation from the ban on exports to the EU, as per the recommendations from the DG SANTE Audit Report, signifies progress towards international market integration. The development of communication strategies and technical specifications for Laboratory Information Management Systems (LIMS) in the State Phytosanitary Laboratory (SPL), along with the preparation of Standard Operating Procedures for sampling, are aligned with the progress indicator 'Number of accredited methods', with 89 methods accredited for 2023 out of a target of 169.</p> <p>The collective progression in these activities demonstrates a strategic and focused approach towards achieving the desired outcomes of food safety and improved animal and plant health. While some projects are in the early stages, their strategic direction and alignment with EU standards indicate a positive trajectory towards the overarching goals.</p>
--	--

Action Document IPA 2020 “EU Integration facility”

Status and progress	
Alignment of Legislation and Implementation of the Union Acquis in the Area of Fisheries and Aquaculture in the Republic of North Macedonia	The completion of the Rulebook(s) on fishery and aquaculture product marketing standards marked the progress, with the Rulebook now fully translated. In alignment with EU requirements, rules for the recognition of producer and inter-branch organizations have been established. The new Law on Fisheries and Aquaculture successfully passed its first reading in Parliament on January 15, 2024, indicating progress towards regulatory updates. Additionally, new legal acts for structural support and state aid have been prepared, reflecting ongoing efforts to enhance the sector's regulatory framework. A final event on March 1, 2023, underscored these developments, highlighting the strides made in updating and refining fishery and aquaculture regulations.

Action Document 2021 “EU for Green Economy”

Status and progress	
Specific Objective/Outcome: Greened, recovered and modernised economy	
Output 2: Enhanced cooperation and position of farmers in supply chain	The progress towards output 2 is still in its early stages. Preparatory efforts have been made under Activity 2.2, "Enhancing farmer self-organisation in the development and management of small-scale irrigation systems." These efforts, as evidenced by the engagement of experts, the formation of a working group, the execution of expert missions, and the drafting of a grant application, demonstrate a forward-thinking approach and commitment. However, the yet-to-begin Activity 2.1, "Implementation of Common Market Organisation (CMO) measures," emphasises an important segment where initiation and progress are required to fully realise the intended output.

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	<i>Open</i>	These issues suggest the need for strategic human resource management, including

Unit have not been promoted; Insufficient number of staff in Negotiation Unit		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	<i>Open/pending</i>	Reporting of the implementation data and its submission towards is strengthened between MAFWE is done untimely, with low quality and dependant on one and AFSARD employee. Improvements are expected with the implementation of the project for development of new AFSARD/IACS software and interoperability among different IACS elements, where MA shall receive read only access in the AFSARD IPARD data base.

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 2024.	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 Associations and improved legislative framework in case of Agriculture Cooperatives” by end December 2023.	Open
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.	In process of preparation
The government will adopt the National Action Plan for integrated plant protection by the end of 2023.	In process of preparation

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

The following meetings of the SWGs were organised in 2023:

Sector Working Group (SWG) meetings on <insert sector>		
Date	Number of participants	Discussed topics
07.12.2023	35	Agriculture and Rural Development Sector priorities and reforms

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

Donors	International Organisations	Embassies	CSOs
GIZ	KFW	N/A	CARE
EUD	WB		UN WOMAN
UNDP	EBRD		CNVP
USAID			NFF
FAO			

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

Donor	Value of the support	What is financed and complementarity with IPA?	Implementation period
FAO – Regional project in: North Macedonia, Albania, Armenia, Moldova	420,000 \$	Strengthening Capacity in Price and Market Information Systems and Policy Monitoring in Response to COVID-19 and Other Shocks	10/08/2020 09/01/2023
FAO - Regional project in: North Macedonia, Ukraine, Armenia, Belarus, Bosnia and Herzegovina, Georgia, Moldova	405,000 \$	Support for the enhancement of national plant pest surveillance and phytosanitary certification systems -Support to the efficient phytosanitary services required for sustainable and climate resilient transitions to address threats caused by climate change such as plant pests to food systems and trade.	01/5/2020 30/4/2023
FAO- Regional project in: North Macedonia, Albania, Bosnia and Herzegovina, Montenegro, Serbia	57,000\$	TCPF: Support to the assessment of Disaster Risk Reduction in the agricultural sector in the Western Balkans - The aim of the project is to support the reduction of vulnerability and improve resilience in disaster risk reduction in the agriculture sector through increased capacity in the Balkan region, including in North Macedonia.	21/6/2021 20/6/2023
GCP/MCD/008/EC	1,053,740\$	Enhancing Land Consolidation in North Macedonia	08/1/2022 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 31/05/2025
TCP/MCD/3901: Enhancing Land Consolidation in North Macedonia (FAO co-financing)	350,000€	This project is the FAO co-financing contribution to GCP/MCD/008/EC: Enhancing land consolidation through support to the process of national strategic planning (EU contribution)	01/01/2023 31/01/2026
TCP/MCD/3904: Technical Assistance for the development	120,000\$	In order to ensure that digitalization in agriculture is on the proper track beyond the existing efforts and encompasses the needs of the farmers and policy makers this project	01/01/2024 31/07/2025

of a National E-Agriculture Strategy		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	
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.	10/03/2023 10/02/2025
TCP/MCD/3903: Strengthened national capacities for sustainable forest management and biodiversity conservation in the agriculture 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 31/12/2025
PGM/MUL/2022-2027/CODEX	24,100\$ (TBC)	To meet the emerging challenges of food safety and public health in the context of food trade, North Macedonia through the Food and Veterinary Agency has accessed funds from the FAO/WHO Codex Trust Fund to increase capacity of the national Codex structure to engage in Codex Alimentarius work. On 31.10.2023, the Codex Trust Fund (CTF) approved the second and final extension of the project, until 31 July 2024	10/01/ 31/07/2024 (TBC)
TCP/MCD/3803/C2: TCPF: Support to Development of Adaptive Capacity for Climate Resilience of Agricultural Production	99,000\$	The project will support the MAFWE in its efforts to prepare and submit a pre-concept note on "Building agricultural climate resilience in Radovish region through improved water management and farm landscape adaptation to climate change" and to develop a full project proposal. In addition, the TCPF will support the preparation of a comprehensive nationwide assessment of the state-owned irrigation and drainage systems operated and maintained by the Joint Stock Company (JSP) "Vodostopanstvo"	20/05/2021 30/11/2023
TCP/MCD/3803: Supporting Development of Agriculture Land Markets to Bring	335,000\$	The project will mainly focus on the state-owned agricultural land support to bring abandoned arable agricultural land back into production. In addition, the project will test/pilot the legal mechanisms for bring the abandoned land into production as an	15/12/2020 14/12/2023

Abandoned Land into Production		integral part of the ongoing land consolidation projects within the country, as well as provide recommendations for improvement.	
--------------------------------	--	--	--

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 South Vardar Valley Irrigation Program - Phase 3 KfW bank (loan) - €80,000,000 KfW bank (grant) - €2,800,000 Contribution of the Ministry of Education and Culture - 27,200,000 euros (minimum)	1/1/2022 Implementation period: 6 years, plus 1 year (additional period)
World Bank	World Bank 50,500,000\$ (loan) EU 4,400,000\$ (grant) Total 54,900,000\$	Agricultural Modernization Project by creating purchasing centers in Resen and Strumica and an Agrifood platform in Skopje	02/12/2020 20/05/2026

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; New Law on agriculture and rural development – LARD is currently under preparation; Rulebook for FADN is fully approximated with actual EU farm return methodology; The new food safety strategy for 2021-2025 is adopted by the Government in January 2021; National Action Plan (NAP) for sustainable use of plant protection products is under preparation; 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 Development for the period 2021 – 2027	2021 – 2027	<i>Adopted</i>	2021	
Strategy on Food safety	2021 – 2025	<i>Adopted</i>	2021	
Strategy on Animal Health		<i>Under preparation</i>		

Programme for fisheries and aquaculture development in the Republic of Macedonia for period 2013-2024	2013-2024	<i>Adopted</i>	2012	
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	
Phytosanitary Country Strategy Paper		<i>Under preparation</i>		
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 review for 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 new IPA project “Support to state reorganisation” started in MoIOA, is preparing Functional Review for Public Administration in the Country and the MAFWE is included in this analysis. The sublimates of the recommendations will be implemented by MAFWE accordingly. One of the main critical aspects in the administrative capacity is the absent of a retention policy for high performing staff in all institutions. Responsibilities of MAFWE staff are delegated to individuals that become overloaded and inefficient while bulk of staff remains underused and somehow demotivated.

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. The actions are elaborated in details under the respective agenda points.

In brief, the Integrated Administration and Control System elements (Farm Register, Land Parcel Identification System and IACS Software of the IPARD Paying Agency) have confirmed the achieved level of their functionality and interoperability being in operational status for implementation of state support schemes in agriculture and rural development since 2011. Additionally, the project “Improvement of interoperability and effectiveness of IACS in AFSARD” will contribute for fully operational IACS system in the IPARD Paying Agency, especially on operational level in the branch offices.

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 for the year 2023 in the area of agriculture, rural development, forestry, water economy, fisheries and plant health and protection, the total budget of MAFWE amounts to 2,034.88 million MKD in total. Compared to the 2022 budget (2,407.29 million MKD), the budget for the year 2023 is reduced by 15.47 %.

The total scope of allocation of the state funds for agriculture, rural development and food safety can be acknowledged only if the 2023 budgets of the implementing agencies for Financial Support in Agriculture and Rural Development (IPARD/Paying Agency – ASFARD), the budget of Food and Veterinary Agency, as well as the budgets of the State Agriculture Inspectorate and State Forestry and Hunting Inspectorate are taken into consideration.

Accordingly, the total funds allocated for agriculture and rural development in 2023 amount to about 11,819,755 MKD, mainly distributed as state support for agriculture and rural development. The share of this budget in 2023 in the total national budget is 3.14%.

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. The total amount of funds to support the sector and rural areas allocated from the national budget and IPARD funds for the period 2021-2027 is 1.35 billion EUR, while from the national budget alone the amount is 1.26 billion. Over the years, the allocations are planned to increase from 138 million EUR in 2020 to 200 million EUR in 2024 and beyond. The difference of 82 million EUR is planned for the implementation of the measures from the IPARD program financed by the IPA funds.

7. Communication and visibility activities

The NEAR/SKP/2022/EA-RP/0036 project "Supporting the Reforms in Forestry in North Macedonia" held its opening ceremony at Klub na Pratenici in Skopje in May 2023.

IPA Rural Development (IPARD) programmes

The IPARD Programme for the 2014-2020 programming period was approved on 13th 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 2023, 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.

Having in mind the Corona outbreak crisis followed by significant inflation and increase of prices of commodities, the IPARD Agency informed on great number of terminated contracts. Considering the amount of near 9 million € available in the Programme and the extended time for implementation of the Programme (N+4 rule for the 2020 financial allocation, asked by Macedonian authorities in April 2023), Macedonian authorities announced the last IPARD II Programme measure 3 call in August 2023.

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	888	13.419.759
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	589	5.468.574
01/2019	261	43.884.372	78	6.128.138	10	68	4.682.633
02/2019	61	16.763.738	48	8.757.532	1	40	6.394.758
01/2020	748	21.012.213	450	5.929.425	33	378	3.260.547
01/2021	250	32.490.820	112	9.155.414	5	71	3.123.785
01/2022	42	4.589.390	28	2.944.297	0	18	1.286.606
01/2023	58	8.647.742	0	0	0	0	0
Total	4.232	234.082.725	2.340	62.107.484	109	2.067	43.629.665
M 9	48	/	25	336.155	/	22	231.799
Total	4.280	234.082.725	2.365	62.443.639	109	2.089	43.861.464

Source: Info on public calls 04.12.2023

The IPARD Agency managed to contract the entire financial envelope of the Programme by the end of 2022. Having in mind cancelation of contracts (at the request of the beneficiaries), contracted amounts have been made available for new contracts. Having in mind the “N+4” rule for the financial allocation of 2020, the pressure for utilization of Programme’s funds is now transferred towards the contracted applicants themselves (to speed up the investments and submit claim for payment) and also the Sector for authorization of payments in the IPARD Agency.

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

Source: Managing Authority, Monitoring System, 2023

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 15th 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 due to lack of human capacity in the IPARD Agency),
- **Measure 7** - Farm diversification and business development,
- **Measure 9** - Technical assistance,
- **Measure 10** - Advisory services (conferral of management power not yet received).

The first public call from the IPARD III Programme that included measures 1 and 7, was announced in September 2023 and ended in October 2023. The total financial support under this public call for measure 1 amounts to 18.9 million €, while for measure 7 amounts 11.4 million €.

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.

2.3 WINDOW 5: Territorial and Cross-Border Cooperation

This section gives a brief overview of the territorial cooperation programmes where North Macedonia participates. Under Annex 7 is an overview of the ongoing projects under territorial and cross-border cooperation programmes.

2.5.1 Interreg cross-border cooperation (CBC) programmes with Member States and Transnational and Interregional cooperation programmes

North Macedonia is implementing **2 Interreg cross-border cooperation (CBC) programmes with Bulgaria and Greece** while currently participates in the **4 transnational and interregional cooperation programmes** i.e. Balkan Mediterranean 2014- 2020, ADRION 2021-2027, Euro-MED 2021-2027 and URBACT IV 2021-2027. Transnational programmes and 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) except for the programmes ADRION 2021-2027, Euro-MED 2021-2027 and URBACT IV 2021-2027 where Secretariat for European Affairs (SEA) performs this function. 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. Two Calls for Proposals were implemented with an available fund of **EUR 19.4 million**. In total, **375 applications** have been received, **78 subsidy contracts** were signed under the two calls for project

proposals with an amount of **20,642,269 EUR** (including TA); As of November 2023, the certified amount is **16,800,746 EUR**, which represents 86,33% of the total budget; Verified amount of **17,588,890 EUR**, which represents **90.38%** of the total budget; Payments made under contracts since the beginning of the Programme in the amount of **18,080,218 EUR**, which represents **92.90%** of the total budget; Achieved goals for the financial implementation of the Programme under the n + 3 rule is 90,38%.

In 2023, **17 requests** for national co-financing by the grant beneficiaries were submitted in the amount of **77,886.01 EUR**, granted by the Ministry of Local Self-Government as a national body under the Programme. In 2023, **18 final and 17 ex-post monitoring visits** were conducted under the 2nd Call by main and branch office staff.

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.

As of December 31, 2023, invitations for project proposals have been published under Priority 1 "Greener Border Region," Priority 2 "More Connected Border Region," and Priority 3 "Integrated Development of the Border Region." The first call for project concept proposals under the Territorial Strategy of the Bulgaria-North Macedonia 2021-2027 Programme received 24 project concept proposals. Ideas for projects contributing to Specific Objective 1.2 Development of an attractive, all-season tourism product by means of smart solutions that ensure universal access and participation" were submitted. The total budget under this call is **8,143,233 EUR**.

By the end of 2023, the administrative and qualitative evaluation of project concept proposals was completed. The approval of the list of project concepts that will proceed to the preparation of full project proposals is pending from the Strategy Board and the joint monitoring committee.

In response to an open call for investment projects under Priority 1 "Greener Border Region" of the Bulgaria-North Macedonia 2021-2027 Programme, **nine (9) project proposals** have been submitted. The call focuses on the specific objective of "Enhancing protection and preservation of nature, biodiversity, and green infrastructure, including in urban areas, and reducing all forms of 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. The total budget for this Call is **4,561,091 EUR**. At the end of 2023, the administrative evaluation was completed, and the qualitative assessment of project proposals began. The next steps involve completing the qualitative assessment and approving the list of project proposals that will be funded by the joint Monitoring Committee. For a restrictive **Call for a strategic project proposal** under the INTERREG VI-A Program Bulgaria-North Macedonia 2021–2027, for the construction/rehabilitation of a **new Border Crossing Point (BCP) Strumyani – Berovo**, the administrative and qualitative assessment of the strategic project proposal has been completed. Subsidy Contract has been signed with the **Regional Administration of Blagoevgrad/ PP2 - Customs Administration**. The total amount under the Call is **8,983,431 EUR**. 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 North Macedonia and Greece

With the Commission Implementing Decision C (2022) 8646/ 23.11.2022, 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 PriorityAxes, 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 24th 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://greece-northmacedonia.eu)

INTERREG programme for Transnational Cooperation Balkan Mediterranean 2014- 2020

The “Balkan-Mediterranean 2014-2020” is a new cooperation Programme, deriving from both, the split of the “South East Europe 2007 – 2013” and the strong will of the “Balkan-Mediterranean” participating countries to promote cooperation in the area. The Programme brings together five (5) countries, three (3) EU member states (Bulgaria, Cyprus and Greece) and two (2) candidate countries, Albania and the Republic of North Macedonia.

The Balkan – Mediterranean Programme is co-financed by the European Regional Development Fund (ERDF) with **28,330,108 EUR**. The total support from the Instrument for Pre-Accession Assistance (IPA) fund accounts for **5,126,138 EUR**. Therefore, the total budget of the Programme, including national contribution, is **39,727,654 EUR**. For the overall cooperation area, a co-financing rate of **85%** is applied. **One Call for Proposal** was published for projects in the area of entrepreneurship and innovation and environment sectors. In total **385 applications** have been received out of which **38 transnational projects** were granted for funding. **One restricted Call for strategic project** was published in the environment sector with the value of **4,62,196.74 EUR** for the reason of spending the rest of the remaining budget that was allocated to the program.

In 2023 the monitoring and control activities continued as scheduled for on the spot checks with the national authority team. **All projects were finalized during 2023.** In December 2023, 9th Monitoring Committee was organized related to implementation of the 2014-2020 programme. Under IPA III this program will not be continued.

The Ministry of Local Self Government of Republic of North Macedonia organized event as final conference for the Balkan Mediterranean Transnational Programme 2014-2020. The programme ended last year in December 2023 and for that purpose a closing event was organized with presentation of the successful projects in November 2023 in Ohrid. This final conference was dedicated to the presentation of the projects implemented by project partners from 5 five countries: North Macedonia, Greece, Albania, Bulgaria and Cyprus. Overcoming major challenges in the implementation of the projects and of the programme itself was the aim of this event and at the end lessons learned. Presentations of good practice project examples and of course constructive discussion on both achievements and solutions for the challenges in implementation of the projects was discussed. For more detail information please see the following website: [Interreg Balkan-Mediterranean - European Regional Development Fund \(interreg-balkanmed.eu\)](https://interreg-balkanmed.eu).

[INTERREG programme for Transnational Cooperation IPA 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.** In the second half of the year, the Secretariat for European Affairs provided feedback to the Interreg IPA ADRION Joint Secretariat on admissibility and eligibility checks on the project partners from the Republic of North Macedonia who applied on this call (145 in total). The assessment of the applications received within the 1st call is still ongoing. The results are expected at the beginning of 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 **2023 no calls for proposals were published.** In the second half of the year, the SEA provided feedback to the Interreg Euro-MED Joint Secretariat on project partners from the North Macedonia who applied for the **2nd Call for Proposals in 2022.** Partners from North Macedonia **participated in 11 project proposals under call out of which 3 are in the approved projects** in the areas of “Strengthening an innovative sustainable economy” with specific objective Advanced Technologies; and “Protecting, restoring, and valorising the natural environment and heritage” with the specific objective Green Infrastructure. Total value of the approved proposals/projects is **460,214 EUR.** In 2024, two calls for proposals are scheduled to be published – one in March (Thematic Projects) and one in June (Strategic Territorial Projects).

[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. The **1st call for Action Planning Networks was published in January 2023.** **Two project partners from North Macedonia** (Municipality of Tetovo and Municipality of Kochani) are part of the Action Planning Networks approved within this call with projects related to EU Specific Objective “Social Europe - social inclusion and integration, health, education, demographic transition” and EU Specific Objective “Smarter Europe - economic and local development, digital transition, regional innovation”. Total value of the approved action planning

networks is **115,840.25 EUR**. In 2024, one call for Innovation Transfer Networks is scheduled to be published.

2.5.2 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, CBC Programme between North Macedonia and Albania 2014-2020 started with implementation on the beginning of 2016. The CBC Programme includes the following thematic priorities: TP 1: Encouraging tourism, culture and natural heritage; TP 2: Enhancing competitiveness, business, trade and investment; TP 3: Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management. The target regions covered by this CBC programme are: 1) North Macedonia: Pelagonia, Polog, Southwest; 2) Albania: Dibra, Elbasan, Korça. The overall objective of IPA II programme was to “stimulate more balanced, inclusive and sustainable socio-economic development of the Border Area”. The financial allocation for the IPA II cross border programmed provided by the EU Commission was **11,900.000 EUR** out of which, **10,710,000 EUR** were grants for the projects submitted by the grant beneficiaries. The amount dedicated to technical assistance was limited to **10%** of the total amount allocated to the programme or **1,190,000 EUR** for technical assistance. The Union co-financing rate shall of the TA was **100%**.

Six projects (6) awarded under the 3rd Call for Proposals (CfP) within the IPA II CBC Programme between North Macedonia and Albania were still ongoing, while the remaining **14** projects awarded under the 1st and 2nd CfP have been successfully completed in the previous periods. The total allocated grants for all three CfPs were **10,710,000 EUR** out of which **10,077,012 EUR** grants or **94%** of the available grants under the IPA II were used for contracting **20** projects within **all three CfPs**. During 2023 Operating structures supported with the JTS were implementing last TA of IPA III based on the work plan approved by the JMC.

1st JMC meeting of the IPA III Cross-border Cooperation (CBC) Programme North Macedonia - Albania 2021-2027 has been organized in Hotel “Tirana International”, Tirana, Albania and via the Zoom online platform in November 2023. On this meeting of IPA III Cross-border Cooperation (CBC) Programme North Macedonia - Albania 2021-2027 the JMC of IPA III was established.

Two rounds of monitoring visits to the six (6) projects under the 3rd CfP were organized (in March 2023 and September 2023), in the reporting period to support GBs in the implementation of their projects. In addition to these 13 individual meetings were organized among the DEU in MK, Oss, JTS and GBs and their partners regarding the finding of the monitoring visits as well as challenges they faced during the implementation of the projects. GBs were also supported by JTS in the process in preparing their budget modifications and other contracts modification they had.

Five (5) bilateral meetings were organized between MoLSG and SASPAC regarding the implementation of the IPA II CBC programme MK-AL as well as start of the implementation of IPA II CBC programme MK-AL.

In January 2023, upon invitation from DG NEAR, the Head of JTS participated in one event held in Skopje North Macedonia in the panel discussions on the topic: "Inclusion of Youth in EUSAIR strategy and IPA Interreg CBC programmes".

Five meetings among the OSs and relevant line ministries were organized to discuss progress with the start of implementation of strategic project "**Ohrid Lake - Bridging two countries towards one destination**" which is a part of the IPA 3 programme document.

OSs and JTS in May 2023 participated on the 9th CBC coordinative forum organized by CBIB+4 in Struga to discussed about the start of IPA III CBC programmes. In November 2023, the current TA was extended for an additional six months. The IPA III Cross-border Cooperation (CBC) Programme North Macedonia - Albania 2021-2027 funded by the European Union, was adopted by the European Commission (EC) in May 2022 with Decision C (2022) 3399. The Overall Objective of IPA III programme is to contribute in establishment an environmentally friendly cross-border region with a sustainable tourism sector for the women and men living in it. The IPA II, CBC Programme between North Macedonia and Albania includes the following thematic priorities: TP 1 (TC2, TP2): Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management; TP 2 (TC4, TP5) : Encouraging tourism, culture and natural heritage; TP7 (TC 5): Governance, planning and administrative capacity building of local and regional authorities that will be mainstreamed; and TP 0: Technical Assistance; The target regions covered by this CBC programme are the same like IPA II: 1) North Macedonia: Pelagonia, Polog, Southwest; 2) Albania: Dibra, Elbasan, Korça the same like in the IPA II. The European Union contribution at the level of thematic priority shall not exceed the ceiling of **85%** of the eligible expenditure.

The co-financing will be provided by the final grant beneficiaries, and it can be from public and private funds. Final grant beneficiaries should contribute with a minimum of **15%** of the total eligible cost of the project, both for investment and institution building projects. The amount dedicated to technical assistance shall be limited to **10%** of the total amount allocated to the programme. For technical assistance, the Union co-financing rate shall be **100%**. No CfP being published so far under the Cross-border Cooperation (CBC) Programme North Macedonia - Albania 2021-2027 funded by the European Union, due to delays in singeing financing agreement by the Albanian cross border structure, SASPAC.

1st JMC meeting of the IPA III Cross-border Cooperation (CBC) Programme North Macedonia - Albania 2021-2027 has been organized in Hotel "Tirana International", Tirana, Albania and via the Zoom online platform in November 2023. On this meeting of IPA III Cross-border Cooperation (CBC) Programme North Macedonia - Albania 2021-2027 the JMC of IPA III was established and IPA III Cross-border Cooperation (CBC) Programme North Macedonia - Albania 2021-2027 started with implementation. For more detail information please see the following website: [Програмата за прекугранична соработка на Европската Унија МК-АЛ – Северна Македонија – Албанија \(ipacbc-mk-al.eu\)](http://ipacbc-mk-al.eu)

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

IPA II CBC Programme Kosovo – North Macedonia finalized implementation on 5th 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: **7,998,135 EUR**, out of which the EU Contribution is **6,133,594 EUR**. The projects belong the three thematic priorities of the programme: Thematic priority 1: Enhancing competitiveness, business and SME development, trade and investment –2 projects; thematic priority 2: Encouraging tourism and cultural and natural heritage – **9 projects** and Thematic Priority 3: **7 projects**. Overall, the programme has been successfully implemented, the thematic priority 2 and 3 have been sufficiently covered, while thematic priority 1 is less represented in the programme, which is a result of the decisions of the JMC 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.

During 2023, the Operating Structures and the Joint Technical Secretariat continued the implementation of the action based on the work plan approved by the JMC.

The Joint Monitoring Committee of the programme met twice during 2023. The first meeting followed by training for the members/deputy members of the JMC was organized in February 2023, in Mavrovo, North Macedonia, while the second meeting of the JMC was organized online in November 2023.

In January 2023, upon invitation from DG NEAR, the Antenna Officer of the programme participated in two events in Skopje and Kumanovo, North Macedonia in the panel discussions on the topic: "Inclusion of Youth in EUSAIR strategy and IPA Interreg CBC programmes".

Monitoring visits and support to grant beneficiaries was conducted during 2023. Three rounds of official monitoring and on-spot check visits were organized, in addition to bilateral meeting between the JTS/OS/CA and the beneficiaries' individual meetings.

In addition, on **14th-15th July 2023**, in Prishtina, Kosovo training on "**Reporting under CBC Grant Contracts**" was organized for the beneficiaries of the 4th Call for Proposals.

The Operating Structures Ministry of Local Self-government from North Macedonia and the Ministry of Local Government Administration from Kosovo during 2023 organized **5 bilateral meetings**, where the main topics were implementation of the IPA II programme and preparation for the IPA III programme and the preparation of the TAGC application.

In November and December 2023, three promotional events were organized in Prishtina and Skopje with the goal to promote IPA III Programme. The participants in the promotional events represented mainly the local government of the eligible area and the CSO.

In December 2023, three new grant contracts were signed with the new beneficiaries of the **5th Call for Proposals**. The implementation of the projects will start in **January 2024**.

The process of preparation of **IPA III 2021-2027** CBC programme started in April 2020. The Joint Task Force held seven meetings for preparation of programme document. 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: **TP 1-Competitiveness, business environment and SME development, trade and investment** and **TP 2- Environmental protection, climate change adaptation and mitigation, risk prevention and management**, as well as TP 0 – Technical Assistance for the implementation of the programme (**which is 10% of the total EU funds provided to the programme**).

In July 2023, the Operating Structures with the support of the Joint Technical Secretariat and the CA-EUOK started the preparation of the Technical Assistance Grant Contract (TAGC) application for the IPA III programme which was submitted in October 2023. The new TA grant contract was signed in December 2023. The financial agreement between DG NEAR, Kosovo and North Macedonia was also signed in December 2023.

The IPA III programme Kosovo – North Macedonia 2021-2027 has started implementation on 07 December 2023 and is on the first month of implementation, focused on creating the structure and bodies required for the implementation of the programme. 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 meetings of the JMC are foreseen for the first week of February 2024. Tentatively the **First Call for Proposals of the new IPA III programme will be launched in April/May 2024**. 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 between the two countries has been implemented since the end of 2016 with the envelope of **EUR 3.5 million** for the financial perspective 2016-2020, which is still implementing the remaining allocations of 2018, 2019 and 2020. In accordance with the adopted JMC decision, the total

value of the 2nd Call for proposal was **1,890,000.00 EUR** and it consisted of allocations available through Financial Agreements for **2018 (560,000.00 EUR), 2019 (700,000.00 EUR) and 2020 (630,000 EUR)**.

The 2nd CfP was launched as an open CfP, and the evaluation procedure consisted of the evaluation of Concept notes and Full applications. Detailed analysis of the evaluation process was presented in the AIR for 2022. **25 Concept** notes and full applications have been received, all within the deadline, out of which in **11 (44%)** cases the lead applicants were from Serbia and in 14 (56%) from North Macedonia. Out of the **25** applications received, **4** applications were found to be administratively non-compliant. After qualitative assessment, **17** concept notes were recommended for pre-selection. Out of **17** full applications assessed (**10 from MK and 7 from RS**), **5 applications** were not recommended for provisional selection, since their overall score was below the threshold of 70 points.

In total, 9 projects were contracted under the 2nd CfP with a total value of **1,780,239.03 EUR**, which amounts to about 94.19% of available funds. All projects are ongoing. Three projects from allocations for 2018/19 were contracted in 2022, while the remaining five projects from allocation for 2019/20 were contracted in 2023. All nine projects started in 2023 and were ongoing in 2023. North Macedonian Control body conducted **6 visits** to the projects on the North Macedonian side and issued 7 Declarations for Interim reports and 6 Final reports to the Contracting Authority. During the period of 2023, JTS conducted in total **18 monitoring visits** to the Grant beneficiaries, 2 monitoring visits to the projects from the 1st CfP and 16 to the projects under 2nd CfP.

Partner countries completed activities regarding preparation of the new Programme document for the EU 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 on 26th June 2023, while the first JMC meeting was held in October 2023.

JMC in a written procedure decided to merge 2 allocations to be published under IPA III increasing the available amount for the 1st CfP under the CBC Serbia-North Macedonia 2021-2027 (JMC Decision No 1/23 dated 24th October 2023). Ongoing Technical Assistance Grant Contract (TAGC) started in July 2023 with initial duration of 5 months which was extended for four months until March 2024. TAGC for CBC programmes between Serbia and IPA countries North Macedonia, Bosnia and Herzegovina and Montenegro started in December 2023 with duration of 36 months. For more detail information please see the following website: [ИПА програм прекограничне сарадње Србија – Северна Македонија – прекогранична сарадња \(rs-mk.org\)](http://rs-mk.org).

III. IMPLEMENTATION OF EU INTEGRATION FACILITY

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.

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.

The year 2014 saw an 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.

Under 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. An 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 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 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.
- 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.
- 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.

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.

EUIF 2021 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.

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. Under 2021, planned amount is allocated for the design of the Skopje Planetarium and the Cheshinovo - Obleshevo Football Academy.

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%
TOTAL	41,877,284.15	34,268,062.69	34,268,062.69	82%	82%

In the **IPA III 2021-2027** financial perspective country participated in 12 Union programmes. 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 several brand-new Programmes such as Space, Digital Europe or the EU Anti-Fraud Programme. Participation in the new generation of Union Programmes depends first on the new Union Programmes for the period 2021-2027, but also from the experience and the success and benefits from the previous generation of Union Programmes. Participation in Union programmes follows the specific terms and conditions set out for each programme in the relevant Association Agreement. The most active participation is under Erasmus programme with 127 projects in the value of up to 6 million EUR where beneficiaries from North Macedonia are participating.

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 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.

Under IPA II National Fund at the Ministry of Finance was responsible for payment and financial management aspect, except for the new payment rules for Annual Action Programme for 2020 whereas all IPA funds received on the IPA euro account were transferred to the beneficiary institutions, except for the programme Creative Europe whereas the funds will be transferred once the request for reimbursement is received by the Ministry of Culture. However, in line with the new rules of disbursement under IPA III, the funding is fully paid by the national lead institutions which is later reimbursed 50% with the IPA funds (multi-country envelope) by the Ministry of Finance on the basis of annually signed grant agreement for entry tickets with the Commission.

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.

Under IPA II two annual programmes, IPA 2014 (Justice and Home Affairs Sectors) and IPA 2017 (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 currently closer of the programme is ongoing.

Under IPA III it is expected one Annual Action Programme/Plan for the year 2022 on Environment and 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) to be implemented under indirect management. Financing agreement for the Annual Action Programme/Plan for the year 2022 on Environment was signed on 21st December 2023 while for others approval process is ongoing. Likewise, entrustment procedure for all programmes planned under indirect management is still ongoing at the time of preparation of this report.

National structure for the implementation of IPA II and IPA III programmes under indirect management are as follows:

- **Secretariat 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 Labour and Social Policy (MoLSP)** for IPA 2017 annual programme and Managing authority for IPA III OP Jobs and Opportunities 2024-2027
- **Ministry of Transport and Communication (MoTC)** 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
- 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).

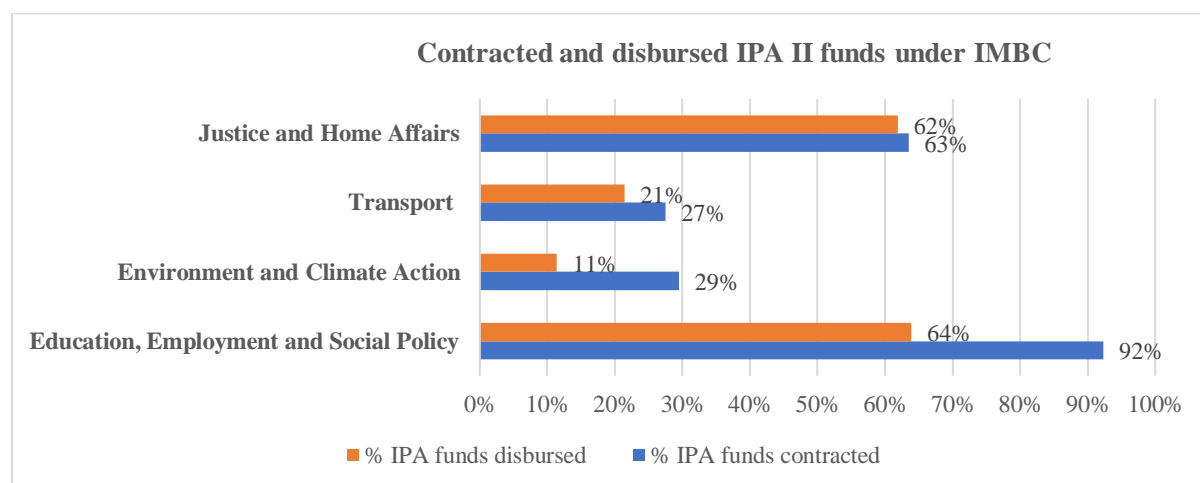
5.1 Progress in implementation of IPA programmes

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 2023, **CFCD contracted 58 contracts** in the **value of 109.1 million EUR** (EU contribution 88.7 million EUR) out of which 30 are finalised, 1 terminated and 27 are still ongoing. Out of available funds, contracting rate until the end of 2023 is around 34% and disbursement rate is 22%. In total 67.2 million EUR (EU contribution 57.3

million EUR) has been disbursed to the contractors. CFCD contracted 7 contracts in 2023. Progress made during 2023 in contracting and disbursement of available funds in comparison to 2022 is around 4%. 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 and 2023 in particularly related to sector operational programmes.

In the table and graph below is presented overall status of the contracted and disbursed funds until the end of 2023 for all IPA programmes implemented under IMBC **excluding Union programmes**.

National/ Operational Programme	IPA II				TOTAL
	Education, Employment and Social Policy	Environment and Climate Action	Transport	Justice and Home Affairs	
Number of contracts signed	10	17	5	26	58
Number of contracts closed	1	4	0	25	30
Terminated	0	1	0	0	1
Number of open contracts	9	12	5	1	27
Total available budget 2014 - 2020 (IPA allocations) in EUR	12,650,000.00	114,957,592.09	110,914,610.16	20,000,000.00	258,522,202.25
Total available budget 2014 - 2020 (NCF allocations) in EUR	682,000.00	20,320,225.32	19,580,226.33	3,343,000.00	43,925,451.65
Total available budget 2014 - 2020 (IPA+NCF allocations) in EUR	13,332,000.00	135,277,817.41	130,494,836.49	23,343,000.00	302,447,653.90
Value of contracts signed (IPA) in EUR	11,676,621.97	33,873,106.13	30,485,992.46	12,692,582.59	88,728,303.15
Value of contracts signed (NCF) in EUR	591,352.74	12,402,816.14	5,379,881.03	2,014,063.90	20,388,113.82
Total value of contracts signed (IPA+NCF) in EUR	12,267,974.71	46,275,922.27	35,865,873.49	14,706,646.49	109,116,416.96
Disbursements to contractors (IPA) in EUR	8,079,570.80	13,129,957.17	23,760,027.09	12,377,388.30	57,346,943.36
Disbursements to contractors (NCF) in EUR	479,727.47	3,251,138.25	4,192,945.95	2,003,684.99	9,927,496.66
Disbursements to contractors (IPA+NCF) in EUR	8,559,298.27	16,381,095.42	27,952,973.04	14,381,073.29	67,274,440.02
Ratio of contracts signed (IPA) vs available IPA funds	92.31%	29.47%	27.49%	63.46%	34.32%
Ratio of disbursed funds (IPA) vs available IPA funds	63.87%	11.42%	21.42%	61.89%	22.18%
Ratio of disbursed funds (IPA) vs contracts signed (IPA)	69.19%	38.76%	77.94%	97.52%	64.63%
Ratio of contracts signed (NCF) vs available NCF funds	86.71%	61.04%	27.48%	60.25%	46.42%
Ratio of disbursed funds (NCF) vs available NCF funds	70.34%	16.00%	21.41%	59.94%	22.60%
Ratio of disbursed funds (NCF) vs contracts signed (NCF)	81.12%	26.21%	77.94%	99.48%	48.69%
Ratio of contracts signed (IPA+NCF) vs available funds	92.02%	34.21%	27.48%	63.00%	36.08%
Ratio of disbursed funds (IPA+NCF) vs available funds	64.20%	12.11%	21.42%	61.61%	22.24%
Ratio of disbursed funds (IPA+NCF) vs contracts signed	69.77%	35.40%	77.94%	97.79%	61.65%
Ratio of contracts closed vs contracts signed	10.00%	23.53%	0.00%	96.15%	



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 signed under programme is 26, out of which 25 are completed and 1 is still ongoing. 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

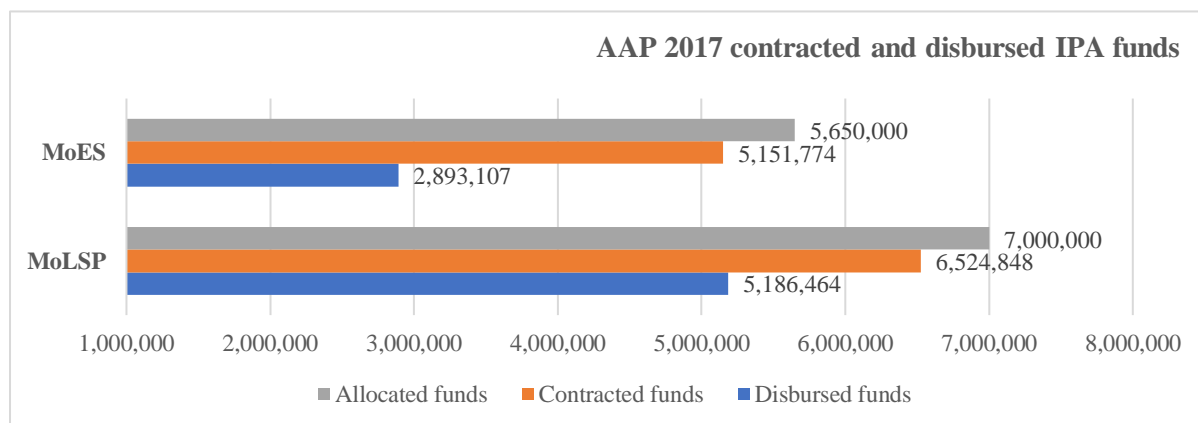
The Financing Agreement for the Annual Action Programme for 2017 has been signed between the EC and the Government of Republic of Macedonia in November 2018 and amended in October 2019. The contracting deadline for the programme, according to the Financing Agreement, was in November 2021 which was 3 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.

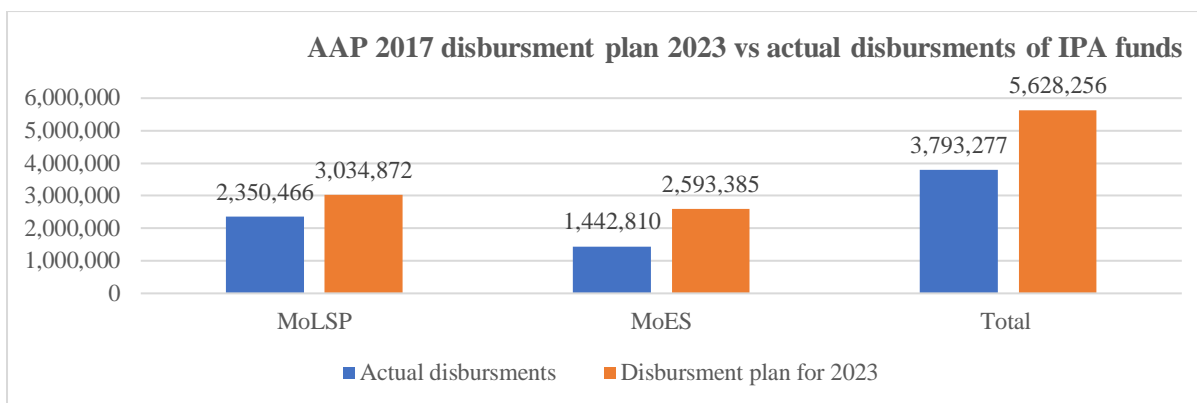
Until the end of 2023, the total amount **contracted** under the programme is 12.26 million EUR, out of which EU contribution is 11.67 million EUR or around **92% out of total available IPA funds**. Contracted funds under the responsibility of Ministry of Labour and Social policy are 93% and under responsibility of Ministry of Education and Science are 91%.

Total **disbursements** under the programme reached 8.55 million EUR, out of which EU contribution is 8.07 million EUR or **around 64% out of total available IPA funds**. Disbursed IPA funds under the responsibility of Ministry of Labour and Social policy are 74% and under responsibility of Ministry of Education and Science is 51%.

Total number of contracts signed under the programme is 10, out of which 1 is completed and 9 are still ongoing.



Around 67% of the Disbursement plan for 2023 has been realised (MoLSP 77% and MoES 56%). During 2023, CFCD submitted 9 Requests for Funds to the NAO Management structure for the payments in the amount of 3.79 million EUR of IPA funds (with national contribution 4,06 million EUR). Six (6) on-the-spot checks under monitoring procedure were performed for the ongoing contracts.



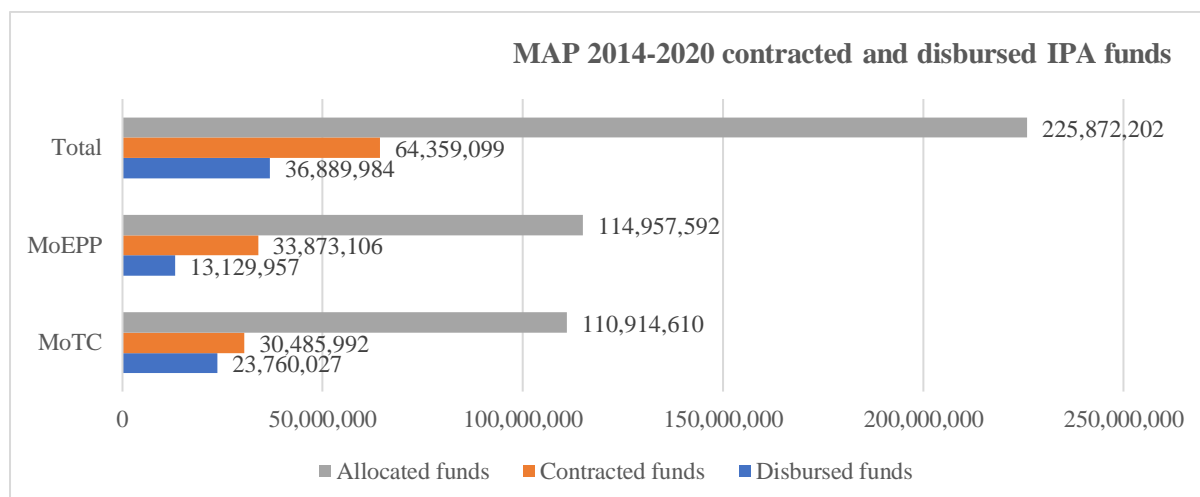
IPA 2014-2020 multiannual programme for Environment and Climate Action and Transport

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.

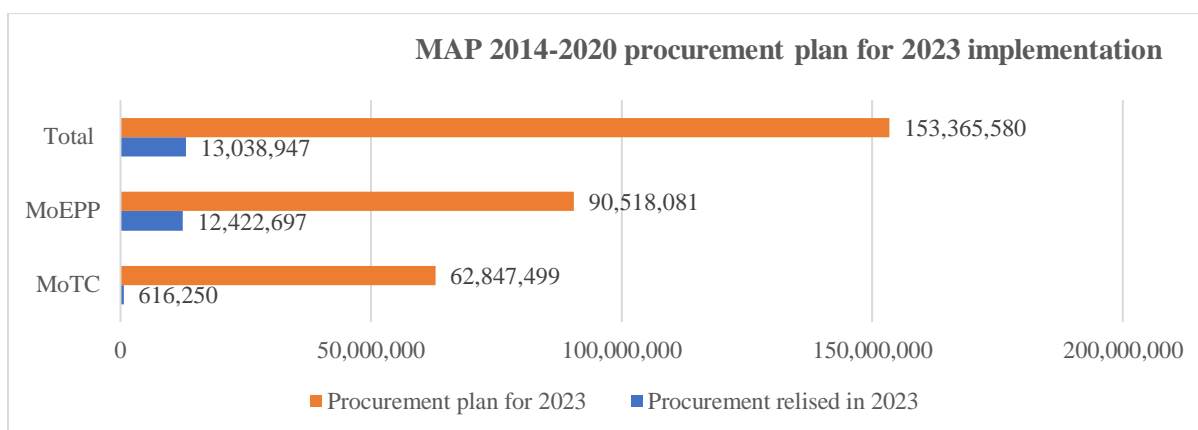
Until the end of 2023, the total amount **contracted** under the programme is 82.14 million EUR, out of which EU contribution is 64.35 million EUR or around **28% of total available IPA funds** under the programme. Disbursement of funds under the programme is 44.34 million EUR, out of which EU contribution is 36.88 million EUR or **around 16% 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 29% and disbursed only 11% until the end of 2023. Total number of contracts signed under the programme is 17, out of which 4 are completed and 12 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 27% and disbursed only 21% until the end of 2023. Total number of contracts signed under programme is 5 which are still ongoing.



Regarding the implementation of the annual **Procurement plan for the year 2023**, only around 9% of planned funds to be contracted are actually contracted. MoTC managed to implement only 1% of the adopted Procurement plan for 2023 while MoEPP 14%. 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 7.56% while suspension rate is 15.13%. For the procurement procedures under Transport programme, rejection rate is 15.56% and suspension rate is 31.11%.



Around 22% of the Disbursement plan for 2023 has been realised (MoTC 52% and MoEPP 6%). During 2023, six (6) contracts and 6 addendums were signed. CFCD submitted 12 Request for Funds to the NAO Management Structure, whereas the total payments made in the course of the year amounts to 7.33 million EUR out of which IPA funds 6.17 million EUR). Six (6) on-the-spot checks under monitoring procedure were performed for the ongoing contracts.

Main obstacles for more efficient absorption of available funds under multiannual programme are related to maturity of the infrastructural projects and readiness of the technical documentation; increase of prices which implied need for additional funds and revision of technical documentation in some cases; 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 31.12.2023).

Institution	Programme	WLA 2023	New staff 2023	Left the position 2023	No. of staff on 31.12.2023	Occupancy difference WLA vs 31.12.2023	Occupancy rate 2023	Turnover rate 2023
Management Structure (MS)	Horisontal	19	1	3	15	-4	79%	18%
CFCD	Horisontal	48	10	7	37	-11	77%	21%
NIPAC office	Horisontal	25	0	3	16	-9	64%	16%
MoI	CAP 2014	6	2	1	7	1	117%	17%
MoJ	CAP 2014	4	2	2	4	0	100%	50%
MoLSP	CAP 2017	13	0	1	8	-5	62%	11%
MoES	CAP 2017	8	2	3	8	0	100%	33%
MoEPP	MAP ENV	20	0	2	12	-8	60%	14%
PIUIPs in MoEPP	MAP ENV	8	0	1	1	-7	13%	50%
MoTC	MAP TRA	18	3	4	8	-10	44%	44%
PESR	MAP TRA	12	3	1	14	2	117%	8%
PERI	MAP TRA	16	0	0	16	0	100%	0%
TOTAL		194	23	28	146	-48	75%	19%

Overall IPA structure has **turnover rate around 19 %**. In total **28 employees left** the structure whereas **23 new employees** were engaged. Most affected institutions with the turnover rate are MoJ, MoES, MoEPP and MoTC with the high percentage above 30% up to 50%. Nevertheless, horisontal institutions in the structure are also facing high turnover rates around 20%. When it comes to the occupancy rate, in total **48 employees need to be engaged** in the IPA structure to align with the number of staff

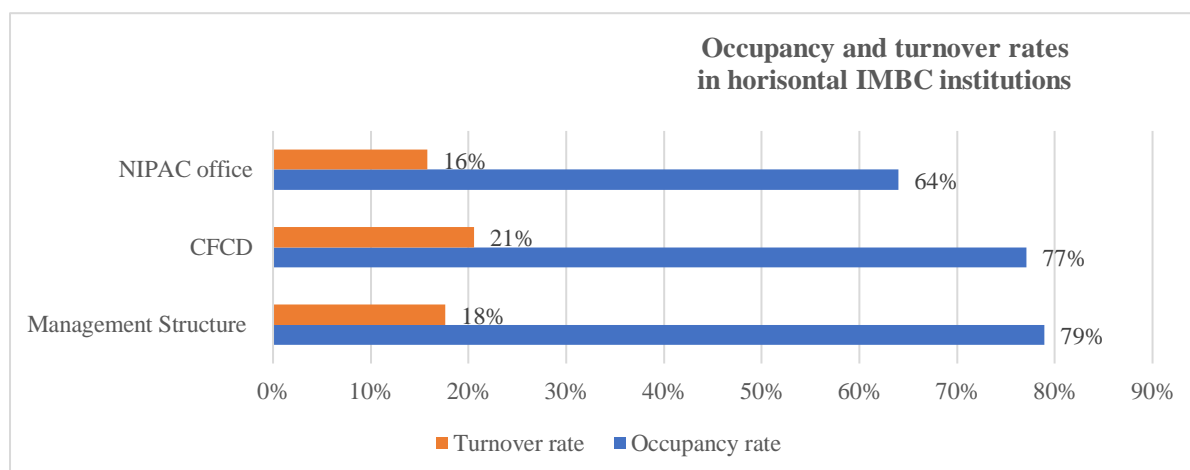
indicated in WLA. Most affected institutions are CFCD (11), MoTC (10), NIPAC Office (9), and in environment sector even 15 employees need to be employed to align with the WLA requirements.

Although there is no significant fluctuation of staff in environment sector in 2023, still there is huge staff gap of 15 employees and **occupancy rate around 50%**. MoEPP is facing challenges in fulfilling the positions in terms of number and qualifications due to the restricted approvals for new staff and unsuccessful recruitment procedures.

Lack of staff also refers to the transport sector, where staff gap is 44% in the MoTC who performs managing authority function under IPA III. If the workload for IPA III programmes under IMBC (one annual program 2022 in environment and three multiannual programmes 2024-2027 in environment, transport, and human capital sectors) would be considered in the above overview, staff gap would be significantly higher.

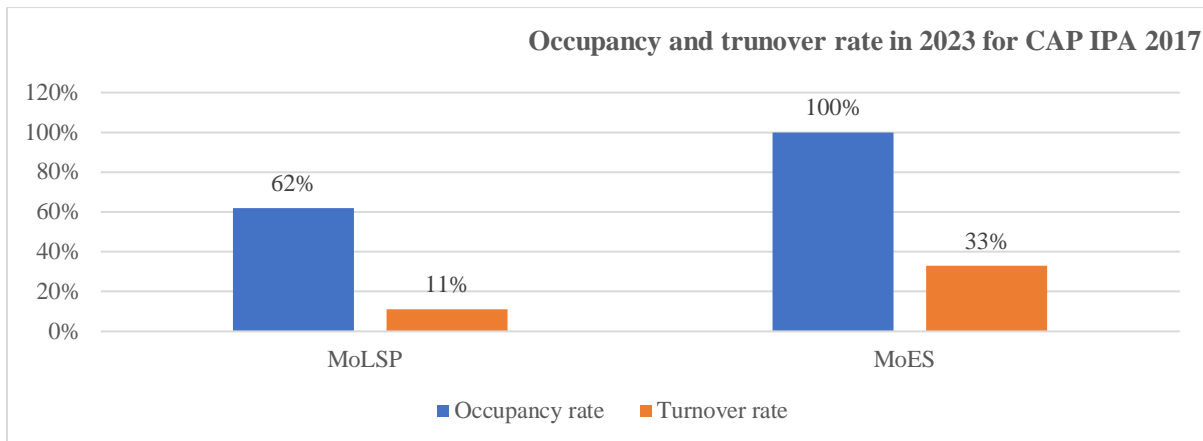
At the end of 2023, CFCD had 37 employees. Considering that **CFCD** is Contracting Authority for all programmes under IMBC with the **occupancy rate of 77%** (11 employees are missing) and **turnover rate of 21%**. Comparing to 2022, there is a certain progress in number of employed staff in 2023. Ten (10) new staff have been engaged whereas in 2022 it was only 2 new staff. When it comes to number of employees leaving the CFCD, this number decreased in comparison to 2022. Nevertheless, 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 2023 had **16% turnover rate** and gap of 9 employees (occupancy rate 64%) which is higher number than in 2022. Therefore, it is of utmost importance for the national administration to strengthen 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.

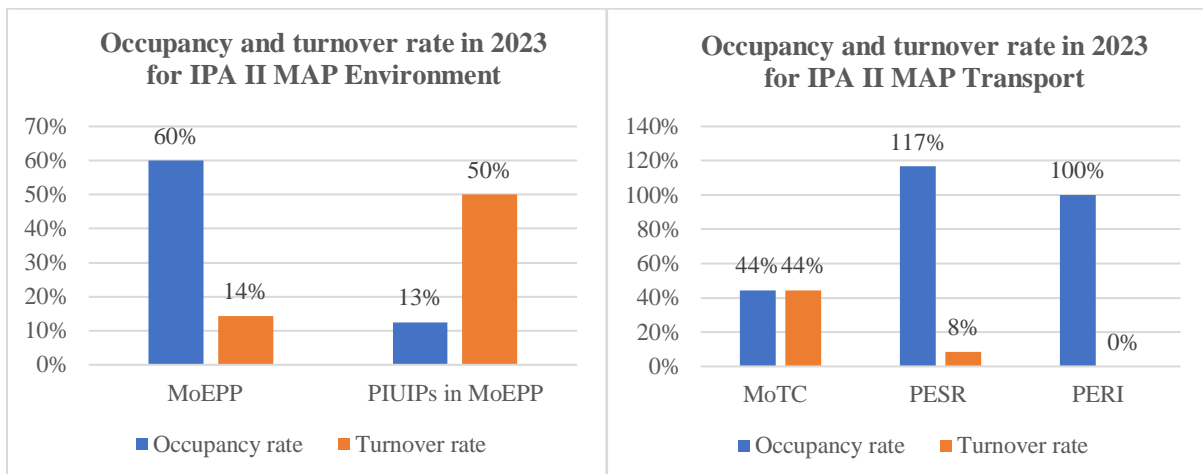


IPA II CAP 2014 programme has been finalised in 2023. Therefore, considering reduced workload at the end of program implementation, WLA requirements and staff in place are aligned.

For IPA II CAP 2017, a total number of required staff is 21 for the effective implementation whereas the number of staff on 31.12.2023 is **16 employees or 76 % occupancy rate**. In the chart below is given the occupancy and turnover rates per involved institution.



For implementation of IPA II MAPs related to Environment sector, a total number of required staff is 28 whereas the number of staff on 31.12.2023 is 13 or 46% occupancy rate which is below the targeted value. In the chart below is given the occupancy rate per involved institution. **For implementation of the IPA II MAP related to Transport sector**, a total number of required staff is 46 whereas the number of staff on 31.12.2023 is 38 or 83% occupancy rate which is below the targeted value. 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 75%** which represents a **gap of 48 employees less** in the national administration in 2023 dealing with IPA management than required as per WLA. Considering that in 2022 it was 38 employees less; it shows increasing gap of required and actual number of staff in administration. However, on the level of each programme under IMBC it significantly differs. Overall high **turnover rate of 19%** which is above the targeted 5%-10%, implies **necessity for systematic and continuous capacity building activities as well as development and integration of staff retention policy measures.**

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 secretariat 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 carrier 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 SEA 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 and in 2023.

In addition, on the initiative of NAO a request has been submitted to the DG AGRI and DG NEAR (letter 10-2675 1 dated 13.04.2022) to consider the possibility of an additional financial component of IPA to complement the retention and motivation policy of staff in the IPA Structure under IPA III programmes. This request was supported by the colleagues from Serbia, Albania and Montenegro. Following this, under IPA III operational programmes, it is envisaged to support retention policy and certain funds are allocated to this purpose. In the upcoming period it is yet to be determined exact approach in implementation of such measures.

Secretariat for European Affairs' Training centre organised 39 capacity building events (workshops, trainings, capacity building sessions), for 676 participants. Topics mainly covered were related to management of EU assistance.

5.3 Management and control system functioning

In 2023 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 2023 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 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 quarterly reporting with this regard. This includes reduction of indicators and defining target values to enable proper quantitative quarterly/semi-annual measurement of progress and system functioning. In the next reporting period, a clear presentation of the KPIs with target values and assessment of the progress will be ensured. In accordance with the NAO and NIPAC analysis of the functioning of the management and control system as well as progress in implementation of IPA programmes by KPIs set, it is evident that significant improvements are required in terms of capacities building, not just related to number of staff but also related to specific knowledge and experience within IPA structure in order improve readiness of the projects' documentation, accelerate implementation of procurement procedures and thus, increase absorption of funds. In the Sections 5.1 it is presented analysis on the budget execution of programme and ex-ante rejection rates in procurement; in the Section 5.2 it is presented analysis on staff rates; and under Section 5.4 it is presented overview of the functioning of SIM (operational indicators).

With regards to the 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, four (4) OISs have been approved and two (2) 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). For IPA II SOP Environment fifteen (15) OISs have been approved and three (3) MPAs

(Construction of the Central Waste Management Facility for East and Northeast region in the Municipality of Sveti Nikole and Construction of 6 Local Waste Management Facilities for East and Northeast region - Municipalities of Berovo, Makedonska Kamenica, Vinica, Stip, Rankovce and Kumanovo; Design and Construction of WWTP in the Municipality of Bitola and Rehabilitation and Upgrading of the Sewerage Network in the Municipality of Bitola; Design and Construction of WWTP in the Municipality of Tetovo and Extension of the Sewerage Network in the Municipality of Tetovo). Final date of implementation for both SOPs is end of 2026.

During 2023, NAO/Management Structure performed **three verification visits regarding IPA II** implementing periods related to the closure of the Country Action Programme for the year 2014 under IPA II, Annual Action Programme for 2017 and Multi-annual Action Programme 2014-2020. Findings and recommendations mainly refer to ensuring full sustainability of EU/IPA financed actions and projects. 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 2023 for the mentioned programmes.

Regarding IPA III entrustment procedure and status of the entrustment packages:

- **Annual Action Programme for the Republic of North Macedonia under IPA III for the year 2022** – request for budget implementation tasks officially sent to EC on 16th of March 2023 and updated on 22nd of May 2023. Financing Agreement signed on 19th December 2023.
- **Operational Programme on Environment 2024-2027** for the Republic of North Macedonia for IPA III – request for budget implementation tasks officially sent to EC on 1st of August 2023. Reply letter received from DG NEAR on 22nd December 2023.
- **Operational Programme on Transport 2024-2027** for the Republic of North Macedonia under IPA III – sent to Audit Authority for compliance assessment on 24th October 2023.
- **Operational Programme on Human Capital 2024-2027** for the Republic of North Macedonia under IPA III, request for entrustment of the budget implementation tasks under preparation.

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.

5.4 Main audit findings and follow-up

In 2023 in total **11 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 12th 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.

Internal audits during 2023 have been performed in all institutions in the IPA structure i.e. Ministry of Finance (Management structure and CFCD), Secretariat for European Affairs (NIPAC Office), Ministry of Environment and Physical Planning (MoEPP), Ministry of Transport and Communication (MoTC), Public Enterprise Railways of the Republic of North Macedonia (audit was performed by combined team of internal auditors of the MoF and MoTC), Public Enterprise for State Roads, Ministry of Education and Science (MoES) and Ministry of Labour and Social Policy (MoLSP).

Internal audits findings during 2023 are also 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. High

risk finding was issued related to the necessity of establishment of separate organisational unit dealing with IPA in the Public Enterprises for Railways while for the PE for State Roads internal audit declared that changes of the act on systematization are underway aiming to establish sustainable structure for management of IPA funds by forming new Department on Investments from IFIs and EU funds.

In 2023 the NAO received the final audit report from Internal Audit Department in the Ministry of Finance regarding the process of financial management of funds/control of the requests for funds and certification of costs as well as final report of the internal audit within the NIPAC Office performed by the Internal audit unit regarding the programming process.

Audit Authority’s Annual Audit Activity Report (AAAR) and Annual Audit Opinion have been received for the Country Annual Action Programme for the year 2014, for the Annual Action Programme for the year 2017 and for the Multi Annual Action Programme on Environment and Climate Action and Transport. Action Plan was prepared on 8th May 2023 (ref. number 10-sl/1) upon receiving AAAR for IPA II and followed by NAO adoption. The Action Plan was amended with final audit findings and recommendations for the final payment application and closure of CAP 2014 for IPA II. Government on its 189th session held on 3rd October 2023 adopted conclusions regarding activities necessary to overcome of the audit findings. Within the Action Plan deadlines and responsibilities for implementation of the recommendation and overcoming the findings were envisaged. Action plan is followed and updated quarterly.

Status of implementation of audit findings by AA is presented in the table below.

Auditee	Open findings in AAR 2022	Implemented recommendations in 2023	Total open findings
NAO/MS	2	0	2
NIPAC	9	1	8
CPCD	5	0	5
MoEPP	5	0	5
MoTC	5	1	4
PESR	0	0	0
PERI	3	0	3
MoES	5	0	5
MoLSP	3	0	3
MoI	3	3	0
MoJ	3	3	0
MoI/ Audit of operations	1	0	1
MoJ / Audit of operations	5	0	5
Closure of CAP 2014	8	0	8
Horizontal audit	1	0	1
TOTAL	58	8	50

High risk findings are mainly connected with design of the Manual of Procedures of the NIPAC Office, internal audit function in the PE for Railways, it not existing long-term motivation and retention policy of the existing qualified and trained staff, not respecting the procedure in the MoES and lack of staff capacities on a level of IPA structure.

Regarding IPA III programmes and entrustment packages that were prepared during 2023, Audit Authority issued Compliance Audit Report for assessment of the compliance of the indirect management system of the Action “EU for Modern Wastewater Systems” financed within IPA III 2022 Action Programme for the Republic of North Macedonia under indirect management (01-365/1 dated 16th March 2023) and all documents enclosed to the request for entrustment. According to this report - Action plan was prepared and followed during 2023 and can be reported that out of 10 recommendations given 8 were implemented and for 2 of them activities for implementation are ongoing.

5.5 Irregularities

According to the Article 51 (2) of the Framework Agreement, the Republic of North Macedonia shall

ensure investigation and effective treatment of suspected cases of fraud, conflict of interest and irregularities and shall under indirect management ensure the functioning of a control and reporting mechanism as referred to in Article 16 of the IPA II Implementing Regulation. The Republic of North Macedonia shall report suspected fraud and other irregularities which have been the 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. Reporting is done by electronic means using the IMS module provided by the Commission for this purpose.

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.

In the course of 2023, there were **no irregularities reported** regarding the programs implemented under IPA II.

The **new National Anti-fraud Strategy for protection of the EU financial interests in Republic of North Macedonia and the Action Plan** for its implementation were prepared in consultation and close cooperation with the experts from the IPA Twinning Project “Strengthening Budget Planning, Execution and Internal Control Functions”, the Delegation of the European Union in Skopje, the European Anti-fraud Office (OLAF) and the members of the working group, responsible for undertaking activities for the preparation of a new National Anti-fraud Strategy for protection of the EU financial interests and related Action Plan. At the fifty-second session, held on 14th June 2022, by the Government of the Republic of North Macedonia, the National Anti-fraud Strategy for protection of the EU financial interests in the Republic of North Macedonia 2022-2025 and the Action Plan for its implementation 2022-2023 were adopted.

Constitutional meeting of the AFCOS Network was held on 14th March 2023, with the presence of the IPA structures, the members of the AFCOS network, in organisation of the AFCOS Unit, which are representing the three elements of the system of protection of the financial interests of EU in Republic of North Macedonia, in accordance with the Decree for determining the structure of the system of protection of the financial interests of EU in Republic of North Macedonia (“Official Gazette” no. 264 from 07th December 2023).

After the AFCOS Network was established, in addition to constitutional meeting held, **two ad-hoc meetings of the AFCOS network** were organised upon the request of the IPA Management Structure related to reported cases of irregularities and suspicions of fraud in the implementation of the IPA funds. The meetings were held to achieve better cooperation and coordination in taking the necessary activities in accordance with the legal competences of the responsible institutions.

On 14th December 2023 the second meeting of the AFCOS Network was held, with the presence of the IPA structures, the members of the AFCOS network, in organisation of the AFCOS Unit. Draft version of the Action Plan for implementing the National Anti-fraud Strategy, for the period 2024-2025 was presented to the participants, as well the progress of implementation of the National Anti-fraud Strategy in accordance with the Action plan 2022-2023. Also, recovery procedure of the EU funds has been discussed due to the follow up of the reported irregularities in the previous period and to ensure strengthening the cooperation between the members/institutions of the AFCOS Network.

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: Annual procurement plan

Annex 5: Transparency, visibility, information and communication activities under IMBC

Annex 6: Success stories

Annex 7: Overview of the ongoing projects under territorial cooperation programmes