



## INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

### REPUBLIC OF NORTH MACEDONIA EU Integration Facility

#### **Action summary**

*The purpose of this action is to replenish the EU Integration Facility (EUIF), which is a flexible funding mechanism, providing funds for smaller-scale projects of democratic institutions and public administration bodies. The objectives of the EUIF are: 1) To strengthen the capacity of the democratic institutions and public administration to assume the obligations stemming from the democratic process, 2) To enhance the alignment with the EU acquis and EU/International standards, support legal enforcement and the accession process with a special focus on health sector in response to COVID-19 and communicable diseases and 3) To improve the management of the EU funds and the sector approach. The EUIF will contribute to strengthening the administrative capacity of the national administration and will assist the country in preparation for EU membership in all aspects.*

<b>Action Identification</b>	
<b>Action Programme Title</b>	Annual Action Programme for the Republic of North Macedonia for Year 2020
<b>Action Title</b>	EU Integration Facility
<b>Action ID</b>	IPA 2020/41-831/01.05/MK/EUIF
<b>Sector Information</b>	
<b>IPA II Sector</b>	1. Democracy and governance
<b>DAC Sector</b>	43010 – Multisector Aid
<b>Budget</b>	
<b>Total cost</b>	EUR 10,800,000
<b>EU contribution</b>	EUR 10,000,000
<b>Budget line(s)</b>	22.02 01 01
<b>Management and Implementation</b>	
<b>Method of implementation</b>	Direct management
<i>Direct management:</i> <b>EU Delegation</b>	EU Delegation to North Macedonia
<b>Implementation responsibilities</b>	EU Delegation to North Macedonia
<b>Location</b>	
<b>Zone benefiting from the action</b>	North Macedonia
<b>Specific implementation area(s)</b>	Nationwide activities
<b>Timeline</b>	
<b>Final date for concluding Financing Agreement(s) with IPA II beneficiary</b>	At the latest by 31 December 2021
<b>Final date for concluding contribution/delegation agreements, procurement and grant contracts</b>	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation
<b>Indicative operational</b>	6 years following the conclusion of the Financing Agreement

<b>implementation period</b>			
<b>Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed)</b>	12 years following the conclusion of the Financing Agreement		
<b>Policy objectives / Markers (DAC form)</b>			
<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
Gender equality (including Women In Development)	<input type="checkbox"/>	X	<input type="checkbox"/>
Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	<input type="checkbox"/>	X	<input type="checkbox"/>
<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
<b>Internal markers<sup>1</sup></b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
Migration <sup>2</sup>	<input type="checkbox"/>	X	<input type="checkbox"/>
COVID response	<input type="checkbox"/>	<input type="checkbox"/>	X

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1 These markers have a different scope/rationale than the DAC codes. Posting criteria related to the encoding of the financial breakdown in CRIS/ABAC.

2 Please refer to note Ares(2019)1031349 of 19/02/2019.

## 1. RATIONALE

The purpose of this action is to replenish the European Union Integration Facility (EUIF), which is a flexible funding mechanism, providing funds for smaller-scale projects of democratic institutions and public administration bodies. The objectives of the EUIF are:

- To strengthen the capacity of the democratic institutions and public administration to assume the obligations stemming from the democratic process;
- To enhance the alignment with the EU *acquis* and European Union/International standards, support legal enforcement and the accession process with a special focus on health sector in response to COVID-19 and communicable diseases;
- To improve the management of the EU funds and the sector approach.

## PROBLEM AND STAKEHOLDER ANALYSIS

### *New stage of relationship with EU*

In March 2020, the European Council endorsed the decision of the Council to open accession negotiations with North Macedonia, inviting the European Commission to submit a proposal for a framework for negotiations. The first intergovernmental conference should be convened as soon as possible after the adoption of the negotiating framework by the Council<sup>3</sup>.

It has been a long road from the signature of the Stabilisation and Association Agreement (SAA) in 2001 and the award of the candidate status in December 2005. Since October 2009, the Commission has continuously recommended to open accession negotiations with North Macedonia. In 2015 and 2016, the recommendation was made conditional on the continued implementation of the Pržino agreement and substantial progress in the implementation of the ‘Urgent Reform Priorities’. The country made significant progress in advancing EU reforms and the Commission repeated its unconditional recommendation to open accession negotiations in April 2018. In light of the significant progress achieved and the conditions set unanimously by the Council in June 2018 having been met, the Commission recommended in May 2019 to open accession negotiations with North Macedonia.

Implementation of reforms remains high on the political agenda of the bilateral dialogue with the EU and the Commission continues to monitor the progress in all areas. The capacities of the institutions to push these reforms forward needs to be further strengthened to allow the country to be able to assume the membership obligations. Challenges in the policy-making and legislative processes need be addressed to ensure further participatory and evidence-based decision-making.

The opening of negotiations requires the country to establish its horizontal negotiation structures and to ensure the capacity to lead effectively and efficiently the policy dialogue with EU. Moreover, while previously the efforts of the country as well as the Instrument for Pre-Accession Assistance (IPA) assistance was concentrated on the most important reforms, with the start of the negotiations all areas of the *acquis* will be in the focus, starting with the ‘fundamentals’ cluster. This will require flexible and ad hoc support for alignment and implementation of different pieces of legislation, that

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3 <https://data.consilium.europa.eu/doc/document/ST-7002-2020-INIT/en/pdf>

are not necessarily a part of the main support programme. The EU Integration Facility (EUIF) is the right tool for this kind of financial support.

### ***The impact of the COVID-19 pandemic***

The COVID-19 pandemic exposed the weaknesses of the health care system of the country. North Macedonia implements the recommendations of the World Health Organisation (WHO) and has applied restrictive measures to limit the spread of the virus. The pandemic, however, showed the fragility of the health system to cope with high pressure caused by the pandemic outbreak of this nature and magnitude. Health care establishments are missing important medical and protection supplies. Protection and prevention procedures need an upgrade. There is an urgent need to address the capacity of the health care system as a part of the actions and measures to support negotiations under chapter 28: Consumer and health protection. The level of alignment with EU standards and legislation on communicable diseases remains relatively low and there is a need to reinforce the capacities for monitoring, early warning and response to health threats. The national policy on antimicrobial resistance (AMR), vaccination, joint procurement of medical countermeasures to health threats, such as vaccines and anti-toxins, need to be upgraded and better coordination with the EU systems achieved.

These weaknesses have already been identified by the European Centre for Communicable Diseases during their peer review in 2018. Following the findings of the technical assessment, the government adopted two action plans for strengthening the national communicable diseases surveillance, prevention and control system and for the secondary and tertiary health care system. The measures envisaged to reach the necessary EU standards in this segment involve further alignment of the national legislation with the EU *acquis* and bringing the knowledge and working environment of the medical staff to the level in line with the EU requirements. These measures will support the approximation to the EU standards under Chapter 28, which so far was not a subject of enhanced EU financial support. In the absence of a defined health sector approach under IPA II, the EU Integration Facility remains the key tool to provide urgent measures to support the country in addressing the health risks of COVID-19 and possible future outbreaks. It is key to ensure that the measures respond to the different needs of women, girls, men and boys, since disease outbreaks affects differently and can have disproportionate effects on women and girls, as well as those at-risk and disadvantaged groups.

### ***The shift to IPA III***

The new Instrument for Pre-accession (IPA III) promotes some important novelties in the use of EU funds. Notably, there is a greater focus on the maturity of projects and a stronger line to enhance competition based on results among enlargement countries. This would require more upfront investments for project preparation and establishment of solid sector project pipelines. EU Integration Facility is the right instrument to address these ad hoc needs.

As a conclusion, systemic and strategically targeted support needs to be coupled with a more flexible funding tool able to mobilise resources quickly for addressing particular issues in particular circumstances and often as a matter of urgency. This need was also outlined by the European Court of Auditors (ECA) in the Special Report on "Strengthening administrative capacity in North

Macedonia: limited progress in a difficult context<sup>4</sup>". The report underlines that the EU assistance was not sufficiently responsive, flexible and targeted.

In order to address this need, the EUIF was established under IPA II as a flexible funding tool, able to mobilise resources quickly in order to address issues as they arise. It allows the Commission to employ funds at short notice to support urgent and sensitive policy priorities. In addition, it aims to provide small-scale support for institutions, emergency responses and policy areas which are not covered with the relevant annual and multi-annual sector support programmes, despite the relevance of such support to the general IPA objectives and the priorities described in the Indicative Strategy Paper 2014-2020.

The IPA II budgetary allocations for the EUIF total EUR 20.25 million for the period 2014-2018. The 2020 allocation to the EUIF will raise this amount to EUR 32.55 million or 5% of the total country envelope including the performance award. This last allocation reflects the new stage of relationship between the country and the EU and is linked to the new needs which the country will face for aligning its legislation and standards with the EU ones. Moreover, it corresponds to the new requirements for IPA III on the maturity of the programmed actions, which will raise additional challenges for the public administration of North Macedonia and make EUIF even more important than previously.

The current action aims to replenish further the EUIF, extending the capacity of the Commission to offer targeted, fast-track input to support ad-hoc or specific policy needs.

## **OUTLINE OF IPA II ASSISTANCE**

The action replenishes the EU Integration Facility (EUIF), established as a flexible on-going funding mechanism, providing ad hoc support for project interventions of democratic institutions and public administration.

The objectives of the EUIF are:

### **1. To strengthen the capacity of democratic institutions and public administration to assume the obligations stemming from the democratic process**

With the EU agenda as a common strategic goal, the institutions and administration of North Macedonia need to reach acceptable standards of predictability, accountability, transparency, efficiency, and effectiveness in order to meet EU accession requirements. Strengthening the independent functioning of the executive, legislative and judiciary powers, enhancing the role and operational capacities of democratic institutions, including, *inter alia*, the Parliament, the Ombudsman's office, independent regulative bodies, the Judicial Council and Council of Public Prosecutors, remains a key area for support under the EUIF. It is necessary to support national institutions in fighting corruption, developing professional practices and civil service, sound policymaking and coordination, public expenditure management, internal financial control, public procurement and external audit, as well as mechanisms to protect public integrity, and ensure political stability, so institutions and the administration meet the standards of the European Administrative Space.

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<sup>4</sup> [http://www.eca.europa.eu/Lists/ECADocuments/SR16\\_11/SR16\\_11\\_EN.pdf](http://www.eca.europa.eu/Lists/ECADocuments/SR16_11/SR16_11_EN.pdf)

**2. To enhance the alignment with the EU *acquis* and EU/International standards, support legal enforcement and the accession process with a special focus on health sector in response to COVID-19 and communicable diseases**

The accession process is demanding and requires excellent EU expertise on the ground, a well prepared public administration and civil society and intensive exchange of know-how with EU Member States to align with the *acquis*, to strengthen the administrative structures and management systems and ensure the implementation of the law in practically all spheres of life. Even though the EU provides continued financial support, the gap between the aspirations and the current administrative capacity and institutional framework, still exists and systemic efforts are needed to reduce it. Annual and multi-annual programmes are designed by the Commission and the national authorities to push ahead reforms in fundamental sectors such as Public Financial Management (PMF) and economic governance, Justice, Public Administration Reform (PAR), gender equality, non-discrimination, social inclusion, etc. However, numerous other sub-sectors and sub-systems need also to develop in parallel, not necessarily with huge financial support. The EUIF is therefore designed to address ad hoc needs of these systems and administrations at central and local level. It will contribute to building competences and capacities where and when needed. Particular focus will be put on improving the methodologies and capacities to assess fiscal and regulatory impact of legal harmonisation, to draft new legislation, to ensure translation, to promote and prepare the stakeholders. Thus, EUIF would be the tool to target such ad hoc, yet strategic support, not covered under various sector support programmes but benefitting the EU accession process – starting from the reinforcement of horizontal structures for negotiation up to support for harmonisation with a particular piece of the *acquis* or monitoring and analysis of specific aspects of the implementation of the *acquis*.

In line with this objective, EUIF could provide **emergency response to major challenges** such as increased and unpredicted migration flows, gender based violence, imminent public health or major environmental threats. Such emergency response must comply with EU values, priorities and policies and must support the implementation of EU and international standards on the territory of the country.

Under this objective, particular focus will be put on alignment with the EU and international standards on communicable diseases. The COVID-19 pandemic emphasises the utmost importance of the readiness and capacity of health systems to respond to health threats. North Macedonia needs a comprehensive and well aligned set of measures in order to strengthen the health systems and align with EU public health standards on communicable diseases. Many of these measures have been already included in the action plan for control of communicable diseases and the action plan for the secondary and tertiary health care system. Other measures still need to be embraced by the authorities. A comprehensive support programme for the health care sector is expected to be funded under IPA III. It will be developed with authorities and international partners and will focus on the fundamentals: sustainability of financing; e-health, modernisation of health care facilities and implementation of modern clinic standards. EUIF will primarily fund emergency measures to align with EU's approach on communicable diseases and strengthen emergency response capacities of the national Institute for Public Health (including all ten centres for public health and 21 regional public health units) and the emergency health services to the degree possible.

**3. To improve the management of the EU funds and the sector approach**

IPA II introduced the sector approach with the objective to reinforce the existing national systems involved in the management of the national and EU funds. EUIF is used to build a stronger programming capacity at national and regional level and ensure more inclusive and participatory planning process, integrated into the national strategic planning, thus creating an intensive societal support for the reforms funded by the EU. The EUIF supports the sector policy dialogue through the established 12 sector working groups, chaired by the respective Ministers and involving authorities, donors and civil society. With view to the introduction of IPA III, EUIF will be used to support strategic planning as well as preparation of mature projects for all sectors and windows, further upgrade of the Single Project Pipeline and preparation of major investment projects.

EUIF will also provide ad hoc support to national authorities involved in management of EU pre-accession funds. This aspect relates to negotiations under Chapter 22 and is directly linked to the new stage of relations between the EU and North Macedonia. While the country has established financial management and control systems ensuring sound financial management of EU funds, constant upgrade of the capacity and skills of operational structures is needed. This will allow coping with specific and unexpected needs, which can emerge in the course of programming, procurement, implementation or closures of the EU programmes, preparation of mature projects pipeline, specific ex ante assessments, evaluations and audits. Some limited support will help the spreading of good examples for sound financial management practices across the public administration.

EUIF will also allow ad hoc support for evaluation of the impact and sustainability of EU-funded programmes, and upgrade of the national monitoring and evaluation system to allow for critical analysis of the results and further improvements of the programming process based on feedback from the implementation process. Another possible use of EUIF funds includes promotion of EU support in the country, including by maintaining and upgrading performance assessment systems, collection and publication of indicators, specific case studies, etc.

Complementary actions by the EUIF will include projects supporting information, communication, visibility and transparency of EU funds and possibilities for financing in the country.

EUIF primarily finances capacity building interventions complementing the regular annual and multi-annual programmes and allowing urgent or specific actions to be funded out of the regular programming cycle, thus bringing the needed element of flexibility in the management of EU funds in the country.

## **RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES**

The proposed action is relevant to the priorities, identified in the following key documents:

- **Indicative Strategy Paper** states, under the sector democracy and governance, that EU accession-related assistance will support further alignment and implementation of the EU *acquis* in all areas. The EU assistance will also support institutions and independent agencies, including democratic institutions, particularly the Parliament. The improvement of the administrative capacity of institutions involved in the planning, preparation and implementation of EU assistance is included.
- **The Stabilisation and Association Agreement (SAA)** states that the overall objectives of EU assistance in the form of institution building and investment shall contribute to

democratic, economic and institutional reforms. In this respect, financial assistance under this programme will cover all areas of harmonisation of legislation and cooperation policies of the SAA, if justified properly and in line with the needs assessment.

- The **National Programme for the Adoption of the *acquis*** (NPAA) identifies a series of measures, on short and medium term, to be taken as regards the political, economic and administrative criteria for membership of the European Union. The implementation of the EU accession agenda by the government is reflected in the NPAA where all legislative acts (laws and by-laws), policies, strategies, finances, short and mid-term measures for institutional strengthening and staff recruitment and capacity building are identified per *acquis* chapters. Capacity strengthening of the administration is stated as a priority in the NPAA in order to be able to efficiently, effectively and correctly implement the *acquis* and meet the obligations of EU membership.
- The **2019 Report** noticed the positive trend to advance EU reforms, in particular in key areas identified in the 2018 Council Conclusions such as the judiciary, fight against corruption and organised crime, intelligence services and public administration reform. It underlines the need to further build the administrative capacity and effective implementation. EUIF is able to address these needs through fast-track targeted support.
- EUIF will also support the **Economic Reform Programme** (ERP), which provides measures for boosting the growth and competitiveness of the country's economy and will contribute to the fulfilment of the economic criteria. The EUIF aid can be allocated for drafting well elaborated measures that would help to address key challenges identified by the Commission Assessment of the ERP, as well as for the implementation of the Joint Conclusions of the Economic and Financial Dialogue between the EU, Western Balkans and Turkey. The investments of the EUIF in the administrative and institutional capacities, in harmonisation with the *acquis*, in establishments standards will also contribute to improving the business environment and implementation of the Commission recommendations.

## LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

EUIF was established under the 2014 IPA Action Programme (EUR 8 million) and replenished further through the 2015 IPA Annual Action Programme (EUR 4 million), 2017 IPA Annual Action Programme (EUR 2.45 million) and 2018 IPA Annual Action Programme (EUR 5.8 million). So far, EUIF funded 57 ad hoc projects and has received 80 requests. The 2014 and 2015 allocations had a 99% contracting rate. The 2017 and 2018 allocations are currently in the process of contracting.

The implementation of IPA so far brought to the formulation of the following lessons:

- The political crisis, which arose from the 2015 illegal wiretaps, revealed systemic weaknesses by suggesting that the system had been undermined by political interference and high-level corruption. Although significant progress has been made in the past few years, the EU needs to continue supporting the country to address systemic issues and deliver further sustainable reforms, especially in the area of rule of law, fight against corruption and organised crime, and functioning of democratic institutions and public administration. EU democratic principles and practices need to be further promoted and further integrated into the national environment, thus building a new perspective for enhanced policy dialogue. Ad hoc financial assistance is required to allow exchange with the democratic institutions of EU Member States and provision of specific know-how. This does not necessarily require huge investments, but rather a very

flexible and well-targeted support available at short notice. The EUIF is designed to respond to this need.

- Alignment with the EU *acquis*, European and international standards is a resource and time intensive process. As the country advances to the next stage of integration, it will be required to continue to demonstrate both political will and clear examples of appropriate implementation of the *acquis*. Mere adoption of legal acts aligning with the EU *acquis* is no longer sufficient. Often effective implementation of newly adopted legislation is hampered by conflict with existing regulations (particularly at secondary and third-layer legal level, where legal compliance checks at the stage of adoption are superficial), lack of capacity to implement new laws and by-laws, or simple lack of understanding of the spirit of the new acts. In such cases, small-targeted assistance, as the one provided by EUIF, is very efficient to enhance legal compliance and support implementation.
- Whereas EU assistance can contribute to building capacities in one particular sector, it does not always contribute to strengthening the overall functioning of public administration. In fact, past EU assistance has sometimes contributed to the creation of sectoral isolated 'islands of excellence', which are rarely sustainable in the overall administrative environment. This has notably been criticised by the Court of Auditors (e.g. Meta Audit on IPA assistance). Therefore, assistance envisaged under this Action will take the overall horizontal public administration reform efforts into consideration and will align with the key principles of public administration and the 'Better Regulation' approach.
- The introduction of the sector approach is still a challenge, particularly as regards the introduction of results based management, development of performance framework and establishing strong national monitoring and evaluation systems able to assess the outcomes and impacts of sector policies and reforms. It requires constant efforts and significant support at policy and operational level for strengthening strategic planning capacities of national authorities and promotion of results-oriented culture. Where necessary, EUIF will support addressing this challenge by funding capacity-building activities focused on improving strategic planning and monitoring of sector reforms.
- The negative impact of COVID-19 on the healthcare system, as in many EU countries, shows the need to prioritise healthcare and shift from basic to more sophisticated technologies, processes and management of healthcare systems. There is a need to better align with EU standards, which on their side will most probably develop as well. While IPA II does not recognise health as a fully-fledged sector with opportunity to benefit of IPA support, this will change with IPA III, since the programming framework provides a frame for this new approach. It is now the time to structure the country's health policy and map out the use of future EU funds for addressing health-related challenges. The establishment of a sector working group on health in 2019 is a good start in promoting EU's new approach to health. This EUIF allows to put in place a stronger policy dialogue on strategic priorities of the health sector with the participation of national authorities, donors and civil society.

## 2. INTERVENTION LOGIC

### LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE(S)/IMPACT(S)	INDICATOR'S NAME	OBJECTIVELY VERIFIABLE INDICATORS			SOURCE & MEANS OF VERIFICATION	
		Baselines (value + year)	Milestones 2023	Targets 2025		
To contribute to a more effective EU integration process	Progress made towards meeting accession criteria, EU key principles and standards (European Commission)	Decision to start accession negotiations (2020)	Negotiations opened and ongoing	Progress in negotiations (gradual increase in the number of chapters opened and closed)	Council resolution Commission Annual Report Screening reports	
	Worldwide Governance Indicator	55.77 (2018)	At least 10% improvement over baseline	At least 20% improvement over baseline	World Bank Index - <a href="http://info.worldbank.org/governance/wgi/Home/Reports">http://info.worldbank.org/governance/wgi/Home/Reports</a>	
	Rule of Law Index	0.54 (2019)	At least 10% improvement over baseline	At least 15% improvement over baseline	World justice Project <a href="http://data.worldjusticeproject.org/">http://data.worldjusticeproject.org/</a>	
SPECIFIC OBJECTIVE(S)/ OUTCOME(S)	OBJECTIVELY VERIFIABLE INDICATORS	Baselines (value+year)	Milestones 2023	Targets 2025	SOURCE OF VERIFICATION	ASSUMPTION
SO1 To strengthen the capacity of democratic institutions and administration to assume the obligations stemming from the democratic process.	Implementation rate of the supported sector/sub-sector strategies (by measure and/or priority) and of the Urgent Reform Priorities	20%	70%	90%	Commission Annual Report Strategy implementation reports Sector Performance Framework	EU integration remains a government priority, which entails a continuous high-level political commitment to EU accession, support for the reforms and active participation in the sector

SO2 To enhance the alignment with the EU <i>acquis</i> and EU/International standards, support legal enforcement and the accession process with a special focus on health sector in response to COVID-19 and communicable diseases	Number of legislative acts prepared in an inclusive and evidence-based process and adopted in compliance with the EU <i>acquis</i>	5 (2019)	25	35	National Programme for the Adoption of the <i>acquis</i> , Project reports	policy dialogue.  Macroeconomic and political stability is maintained  Key reforms (such as Public Finance Management, Public Administration Reform, Judiciary) are well progressing
	Number of Chapters which have full plans for alignment	0 (2020)	15 chapters ready for opening	25 chapters ready for opening	National Programme for the Adoption of the <i>acquis</i> , Annual Reports, Screening Reports	
	Vaccination coverage	89% (2018)	93%	95%	MoH sector reports, World Health Organisation reports, European Centre for Disease Prevention and Control reports	
	Institutions responsible for performing public health activities benefiting of EU support	0 (2020)	11	32	European Centre for Disease Prevention and Control Reports	
	Level of biosafety in public health microbiology laboratories	2	13	18	Public health report	
SO3 To improve the	Number of Sector approach criteria met	2 criteria met (2018)	5 criteria met	5 criteria met	Sector roadmaps (EUD assessment)	

management of the EU funds and the sector approach	Level of absorption of EU funds (Contracting and disbursement rate on IPA as a whole)	37% (contracting rate)	60%	90%	Annual IPA Implementation Reports IPA Monitoring Committee Meetings (Conclusions) External Assistance Management Reports	
		17% (disbursement rate)	35%	75%		
	Degree of public recognition of the EU support (percentage of people recognising the EU as the main donor)	35%	70%	85%	Opinion poll /Bi-annual survey	
	Number of mature projects prepared for EU funding	3 (2020)	7	10	Project documentation	
<b>OUTPUT(S)</b>	<b>OBJECTIVELY VERIFIABLE INDICATORS</b>	<b>Baselines (value+2020)</b>	<b>Milestones 2023</b>	<b>Targets 2025</b>	<b>SOURCE OF VERIFICATION</b>	<b>ASSUMPTION</b>
Public administration and democratic institutions successfully implement targeted EU support and address specific ad hoc needs in very short time and cut red tape	Number of EU Integration Facility (EUIF) projects approved for funding and contracts signed	57	70	95	EUIF project register	Sufficient interest on behalf of the public bodies and democratic institutions to develop and implement projects
	Number of institutions involved in projects implementation	25	35	55	EUIF contracts	
	No of people benefiting from the funded projects (segregated data by gender and vulnerability – where possible and applicable)	80	140	220	Project reports	
	EUIF Funds implementation rate (EUIF	12% (disbursement	60%	100%		

	Contracting and disbursement rate against the total allocations)	rate)				
	Percentage and number of projects completed successfully / results delivered (Number of documents adopted, Number of people trained, Number of IT tools put in use, etc.)	22% (contracts closed/all contracts)	60%	100%	EUIF Management Information System (accounting system)	

## DESCRIPTION OF ACTIVITIES

The EUIF provides financing to smaller-scale projects in support of country reforms and priorities, which are not part of the approved annual or multi-annual planning. All funded projects must address clear and well identified needs corresponding to the priorities identified in the relevant strategic documents<sup>5</sup>. The EU Delegation, based on endorsement by the National IPA Coordinator, approves projects. Once the proposal is approved, the EU Delegation steps in as a Contracting authority and launches the necessary procurement procedure (for service, supply or works contracts), a call for proposals or direct awards (for twinning or grant contracts), signs and manages the respective contracts.

The intended end beneficiaries of EUIF are the democratic institutions (Parliament, Ombudsman, Judicial council, etc.), public administration at central and local level, local authorities, and other bodies serving the public interests. Proposals are approved based on available funds under the EUIF.

The scope of the projects to be financed will vary according to the needs, availability of funds and potential impact. Various activities can be funded such as, *inter alia*:

- Research, analysis and assessment of particular needs, challenges or processes linked to the democratic system and its functioning, the accession process and the relations with the EU as well as to particular ad hoc challenges and threats with regional, European or global importance;
- Building national capacity for political analysis, responsible political participation, representation, transparency and accountability and raising the awareness of the political elites on key democracy-related concepts;
- Supporting a credible electoral process;
- Enhancing participation of women, minorities and non-majority communities, and vulnerable groups in democratic processes and institutions;
- Support for improving the general legislative processes and legislative transparency including strengthening the legislative research, analysis, and drafting capabilities, enhancing legislators' professionalism and strengthening the monitoring of the law implementation, and law enforcement;
- Support for the accession process including assessment of the systems and state of preparation and organisation of the negotiation process, revision and implementation of the National Programme for the Adoption of the *Acquis*, as well as in alignment and implementation of particular laws depending on the needs of the country;
- Support for implementation of the national legislation in practice, upgrading the national systems to the operating standards of the EU allowing for interoperability of the information and solid decision-making routine;

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<sup>5</sup> National strategic documents, National programme for the adoption of the *acquis*, Annual Report of the Commission, Single Sector Project Pipeline, etc.

- Assessment of the country's needs in the various sectors and support for crafting of effective sector policies, strategies, programmes and measures including assistance with strategic planning and programming of the EU and national funds, and increasing the effectiveness of sector coordination;
- Support for improving the effectiveness of the governance and strengthening of evidence-based and results-oriented approach;
- Support to the national monitoring and evaluation systems at sector, policy and programme level and promotion of evidence-based decision-making;
- Support to the emerging needs in the Health Sector related to COVID-19 and other communicable diseases, including investments in equipment and materials, and capacity-building measures such as development of medical protocols and procedures, training of medical and support staff, targeted assessments and developing strategic vision and action plans;
- Emergency response to global threats such as migration or environmental threats and gender based violence;
- Technical support for preparing project pipelines, handling procurement processes, managing contracts, ensuring on-going monitoring, audits and evaluations as well as support for strengthening the established national financial management and control systems for the EU funds;
- Building the necessary capacities and systems allowing further training of and information dissemination to the national stakeholders;
- Evaluation of the EU assistance;
- Ensuring visibility of the EU support to the country and raising the awareness, of the large public, of the EU.

## **RISKS**

The immediate risks relate to the impact of COVID-19, the upcoming early parliamentary elections and the process of government formation.

The path of the COVID-19 outbreak is still unknown and new waves are to be expected by end of 2020. This does require an enhanced state support for the intensive care units across the country and high flexibility of donors and partners supporting the health sector. This is why the EUIF is by itself a mitigation measure and a tool to deploy quick aid in emergency cases.

The medical, economic, social and political uncertainty created by COVID-19, as well as its fiscal, economic and social impact will increase the short-term needs of state funding and will decrease resources for fundamental reforms and for the accession process. Addressing this dichotomy will require new working methods and approaches to problems, new processes and routines, new forms of social and economic solidarity. The EU and the international partners are well placed to guide the country in overcoming the fiscal and macroeconomic weaknesses, restoring the viability of the economic life and labour market and turning the challenge into an opportunity.

The early parliamentary elections were initially planned for 12 April 2020. Due to the COVID-19 outbreak and the state of emergency, all electoral activities were suspended. The political parties

agreed to reschedule these elections for 15 July 2020. The electoral campaign, the outcome of the elections and the process of government formation might create divisions among political parties, trigger uncertainty, political confrontation and negative rhetoric, and delay the reform process. These risks will likely be eased by the new stage of the EU accession process. Mitigation measures combine an enhanced high-level political dialogue with decision-makers, enlarging the spectrum of institutions supported by the EU, reinforcing the public administration and civil society and strengthening their role in the reform process.

The capacity of the public administration to cooperate in the implementation of new legislation and of projects is a vector of risks. The main mitigation factors are the ongoing public administration reform and the investments of the EU and other donors in administrative capacity. The implementation of the staff retention policy, strongly supported by the Commission, is another tool to enhance institutional capacities.

### **CONDITIONS FOR IMPLEMENTATION**

The implementation of this Action is subject to the following conditions:

- Governmental commitment to the EU accession process translated into allocation of sufficient resources for the sector reforms, high-level support for the reforms and active participation in the sector policy dialogue;
- Governmental commitment on public administration and justice reforms. This is necessary to build the administration capacity at horizontal level, i.e. for policy and legislative development and implementation as well as to ensure the functioning of the system of checks and balances.
- Governmental commitment to enhanced sector policy dialogue, projected into strengthened operation of the sector working groups, which are the platforms for defining sector priorities, sector indicators and targets with all stakeholders, as well as for monitoring and reporting on the achievement of the defined indicators and targets.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

## **3. IMPLEMENTATION ARRANGEMENTS**

### **ROLES AND RESPONSIBILITIES**

The EU Delegation in Skopje will manage EUIF under direct management.

The selection and implementation of projects will fully respect the EU principle of sound financial management in a transparent and accountable manner, and is based on a number of agreed procedures:

- Any public body or state institution may submit a proposal under EUIF. Proposals are sent to either National IPA Coordinator (NIPAC) office or the EU Delegation, ad hoc depending on the needs of the potential beneficiaries. When the proposal is approved the applicants become final beneficiaries.

- The EU Delegation and the NIPAC office can also launch calls for expressions of interests to invite potential beneficiaries to prepare project proposals for addressing a specific identified challenge, linked with the EUIF objectives.
- Proposals should describe the objectives, activities and expected results, define the necessary budget and preferred type of contract.
- The selection of projects is the responsibility of the EU Delegation acting in close cooperation with the NIPAC office (programming unit). The proposals will be assessed based on their relevance to the objectives of the action, while most urgent or mature ones will be selected as a matter of priority. The EU Delegation and the NIPAC in very short timelines assess the submitted proposals and draw a list of projects to be financed. Once projects are selected for funding, the EU Delegation steps in as a Contracting Authority, responsible for (1) organisation of the necessary procurement procedures (in case of service, supply or works contracts), call for proposals or direct awards (in case of twinning and grants) and, for (2) signing and managing the respective contracts. The final beneficiaries of the projects, e.g. various ministries, agencies and other institutions, are involved in the preparation of the necessary contracting documentation (terms of reference, technical specifications, guidelines for applicants, additional technical documents). They participate in the project implementation, work together with the relevant contractors/grantees. They benefit directly from the project outputs and are also the entities ensuring the sustainability of the results. Monitoring of the implementation of the signed contracts is the responsibility of both the EU Delegation and the NIPAC office (monitoring and evaluation unit).

#### **METHOD(S) OF IMPLEMENTATION AND TYPE(S) OF FINANCING (SEE ANNEX IMPLEMENTATION – BUDGET)**

The action will have procurement (service, supplies and exceptionally works) and grants (twinning and grants).

#### **4. PERFORMANCE MEASUREMENT**

##### **METHODOLOGY FOR MONITORING AND EVALUATION**

Having regard to the nature of the action, a final (or ex post) evaluation of the whole IPA II EUIF is planned at the end of the financial framework to be contracted by the Commission under this Action. The evaluation will be carried out following DG NEAR guidelines on linking planning/programming, monitoring and evaluation<sup>6</sup>. A Reference Group comprising the key stakeholders of this action will be set up for every evaluation to steer the evaluation process and ensure the required quality level of the evaluation outputs as well as the proper follow up of the recommendations of the evaluation.

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<sup>6</sup>[https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/near\\_guidelines.zip//](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/near_guidelines.zip//)  
[https://ec.europa.eu/europeaid/evaluation-approach-and-methodology\\_en](https://ec.europa.eu/europeaid/evaluation-approach-and-methodology_en)

It will be carried out for accountability and learning purposes at various levels, taking into account in particular the fact that it includes numerous components concerning the accession process and including gender as a cross-cutting dimension.

The Commission shall inform the implementing partner at least six months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the IPA II beneficiary and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the IPA II beneficiary, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

In addition, the Action might be subject to external monitoring in line with EU rules and procedures set in the Financing Agreement.

Furthermore, the implementation of all projects supported by EUIF will be monitored by the EU Delegation and the NIPAC office. The monitoring indicators, to serve as a basis for tracing success, have been included in this action document and will be used throughout the EUIF implementation cycle.

## 5. SECTOR APPROACH ASSESSMENT

IPA II introduces a strategic approach towards programming EU financial assistance, which entails a long-term vision, coherent and comprehensive way of planning of EU funds according to the key priorities. The strategic approach entails:

- Strategic long-term vision for the needed sector reforms based on a **sector policy and strategy**, outlining the government's objectives for the specific sectors. This has to be complemented with a performance framework containing the indicators, baseline and target data that would allow assess the progress in achieving the objectives.

EUIF is proposed under Sector 1: Democracy and Governance, which is the broadest and most diverse of all Indicative Strategy Paper sectors and comprises of fundamental priorities such as enhancing democratic process and institutions, advancing reforms in the public administration and public financial management, improving the quality of statistics and its use in decision-making, strengthening civil society's participation in governance. Having one single policy and overarching strategy for the sector is neither necessary nor realistic due to the sector's internal diversity and numerous actors. Yet, by supporting various sector priorities, EU financial assistance in this sector is designed to contribute to achieving the country overarching objective – EU accession. EUIF is well integrated into this framework in terms of objectives.

In addition, EUIF itself is also intended to drive further the sector approach by supporting NIPAC and national authorities in developing clear sector/sub-sector policies and programming actions in line with sector objectives. A major dedicated project under EUIF 2014 facilitates the sector approach uptake by supporting sector working groups in developing sector performance assessment frameworks and ensuring ongoing monitoring and assessment of the progress in the sector reforms.

- Close link between sector policy objectives and the use of IPA and national funds, which entails a **sector budget and medium-term expenditure perspective and sophisticated programme-based budgeting**. The national budget should reflect the sector policy and strategy and be developed within a medium-term perspective. Further on, a good Public Financial Management (PFM) is a key factor determining the efficiency and effectiveness of budget spending for achieving the objectives of sector policy.

In December 2017 the country adopted the PFM Reform Programme, which maps out the reforms in various PFM sub-systems. The PFM Programme is genuinely integrated into the overall reform process in the country and complies with country's strategic objective to become an EU member state. It is relevant to the international commitment that the country undertook with the ratification of the IPA Framework agreement to develop a policy dialogue on PFM with the European Commission. A focus of the programme is the improvements in the strategic planning and the annual budget process, which is expected to be completed by 2020 thus providing the much needed stability in planning and implementing sector strategies.

- A **sector coordination framework and institutional capacity** - The country has advanced significantly in this aspect since 2016, when sector roadmaps were adopted and a sector coordination framework was established creating the institutional architecture for planning and monitoring sector reforms. Sector working groups (SWG) were established in all sectors involving all stakeholders, rules of procedures were adopted and the operational functioning was ensured. At present, 12 SWGs exist, engaging about 360 authorities, donors and civil society. Only in 2019 about 160 meetings were organised in the two formats: decision-making and technical. All SWG benefit from the highest political commitment – when working in decision-making format, they are all chaired by the respective ministers. The SWG focused their efforts on defining sector priorities in 2018 and in 2019 – on developing sector set of indicators, baseline and targets. Thus they also become the necessary platform for policy dialogue on defining, monitoring and reporting on sector priorities.

Yearly assessment of the achievements and capacities are conducted. This assessment involves annual self-assessment by the national authorities and annual assessment of the EU Delegation.

With EU support, the country is investing efforts in optimising the sector dialogue and making it more effective and inclusive.

## 6. CROSS-CUTTING ISSUES

### GENDER MAINSTREAMING

Gender equality constitutes a basic principle of international and regional human rights instruments that the country has signed and ratified. The action will promote equal opportunities for men and women through all projects supported under EUIF. This implies an analysis of the gender impact of each single project under EUIF as well as inclusion, where possible, of sex-disaggregated data and gender-sensitive indicators for measuring the success of projects, i.e. number of women and number of men benefiting from the action (absolute number and percentage of all final beneficiaries). EUIF supports a legislative and political process that is inclusive and supports the participation of women in political decision-making. In addition, projects promoting gender equality are selected with preference. In principle, EUIF will not support gender blind projects. The health component of this EUIF reflects stronger the need of women and children, which according to the statistics are the

primary beneficiaries of the healthcare system. But on the other hand, women are also predominant in the healthcare system and as first-line responders.

### **EQUAL OPPORTUNITIES**

The country has a well-developed legislative framework compliant with the EU and international standards on equal opportunities. EUIF will support projects that will ensure law enforcement and implementation of established rules. The expected EUIF investments in better harmonisation with the EU standards, in more efficient public administration and justice system and in well-functioning democratic structure will only have positive effect on the internalisation of the equal opportunity concept in the Macedonian society. Equal opportunities will also be mainstreamed in the EUIF-related promotion, project preparation, training participation and publicity materials.

### **MINORITIES AND VULNERABLE GROUPS**

EUIF will support state bodies and democratic institutions to be more effective in implementing the international commitments and the national legislation harmonised with EU *acquis*. Improved rule of law will have an impact on the way the rights of minorities and vulnerable groups are addressed in the country. In addition, activities under EUIF would help shaping a well-functioning and stable public administration built on an efficient, all-inclusive and impartial civil service.

The selection of EUIF projects implies an analysis of the impact of any project on the vulnerable groups. No funding is possible for projects with negative impact on vulnerable groups without the necessary mitigation measures being agreed. The EU Delegation will ensure that EUIF project beneficiaries will observe the principles of equal opportunities and non-discrimination and in case of a breach, the necessary measures will be taken, including project suspension or cancellation.

### **ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)**

North Macedonia, with the strong support from the EU Delegation, established very strong and regular consultation and communication lines with the civil society organisations. Various platforms and mechanisms exist such as the IPA consultation platform, the Sector working groups, the IPA and the Sector monitoring committee. The Council for cooperation with civil society was reinforced in the last two years as well. ENER – the national system for consultation on strategic and legislative documents – also operates effectively providing the opportunity to civil society to voice their opinion on key reforms. The overall coordination framework is therefore well established to allow effective and intensive consultation with civil society, including women's rights organisations. However, more efforts will be needed to support the civil society organisations themselves to be more active in decision making and monitoring of reforms at sector level. EUIF will encourage this process not only by further supporting the strengthening of the sector approach but also by stimulating the transparency of the public administration and enhancing the rule of law.

### **ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)**

EUIF reflects the European Union's longstanding commitment to address environmental and climate change concerns and enhance sustainable development by 1) Supporting the harmonisation with the *acquis* in various areas, 2) Promoting strategic and responsible governance which addresses the global challenges of today, 3) Enhancing fundamental reforms in areas such as Public Administration Reform (PAR), Public Finance Management (PFM) and Justice. Moreover, it ensures

that the commitments undertaken will be respected, the necessary administrative capacities and resources will be ensured and laws will be respected, and 4) Promoting the sector approach and inclusiveness in the sector policy dialogue, which is expected to result into enhanced coordination and interaction of stakeholders and civil society. This aspect allows the mainstreaming of the environment topic across all sectors. Thus EUIF will contribute to a better response to the environmental challenge and more environmental democracy. The EU Green Deal sets the criteria for enhancing the sustainability and the digital transformation of society in relation to the economic growth - no net emissions of greenhouse gases by 2050. The EUIF will support preparation of projects in this context as well.

## **7. SUSTAINABILITY**

The main factors of sustainability are the European Union investment in the management capacity across the public administration and democratic institutions and the involvement of all stakeholders in the sector decision-making process.

The action is expected to enhance key processes in the administrative environment that would guarantee, in the future, the ability of the public administration to address challenges in an efficient and effective way. Upgraded administrative capacity along with mainstreaming of the "Better Regulation" approach will improve the quality of decisions made as well as the decision-making process, which in a longer-term perspective will affect all sectors and country systems.

At the same time, the improved transparency and inclusiveness of the decision-making, is a long-term asset of every administrative system, which guarantees higher societal support and decreases the risks for the reform process, even when they are less popular.

## **8. COMMUNICATION AND VISIBILITY**

Communication and visibility will be given high importance during the implementation of the action. The implementation of the communication activities shall be funded from the amounts allocated to the action.

All necessary measures will be taken to publicise the fact that the action has received funding from the EU in line with the EU communication and visibility requirements in force. All stakeholders and implementing partners shall ensure the visibility of EU financial assistance provided through IPA II throughout all phases of the programme cycle.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process, as well as the benefits of the action for the general public. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions and will promote transparency and accountability on the use of funds.

A consolidated communication and visibility plan for the Action will be developed, based on an agreed communication narrative and master messages, customised for the different target audiences (stakeholders, business community, civil society, general public etc.).

Visibility and communication aspects shall be complementary to the activities implemented by DG NEAR and the EU Delegation in the field. The European Commission and the EU Delegation

should be fully informed of the planning and implementation of the specific visibility and communication activities.

Promotion of the action will be also achieved through the visibility and communication strategy "EU for YOU", of the EU Delegation, based on sector campaigns, which target the citizens at large outlining the benefits of the EU aid for the country in a communicative, comprehensible and interactive style. In addition, all EU projects are promoted through the Delegation web-site. As of 2018, the EU Delegation together with NIPAC launched the IPA Visualisation Map (<https://euprojects.mk>) providing information on all IPA projects in the country.

Effectiveness of communication activities will be measured inter alia through public surveys in the IPA II beneficiaries on awareness about the action and its objectives as well as the fact that it is funded by the EU. As a minimum one survey should be carried out before the start of the implementation of the communication and visibility plan and one after its completion.