 ****

 **Minutes of the 7th IPA MONITORING COMMITTEE MEETING (JMC)**

**22.03.2022 (Thursday)**

**WEBEX meeting**

* The representative of the NIPAC Office, SEA opened the meeting and gave the floor to the Deputy Prime Minister for EU Affairs and NIPAC to welcome the representatives from the European Commission, Civil Society Organizations, Line Ministries and IPA Coordinators on the 7th Meeting of the Joint Monitoring Committee. Also, as agreed on the last JMC meeting and the amended Rules of Procedures, he also welcomed for the first time Team Europe, the representatives from the EU Member States. The meeting as well as the other monitoring meetings on sector level will be held virtually up to the point where the conditions will allow physical presence.
* He added that it is his pleasure to co-chair this meeting in his capacity as NIPAC with the Acting Director for the Western Balkans of DG Near D as a co-chair from the Commission’s side. Even though this is his first meeting as a co-chair he is aware of its dynamics and importance which aims to take stock of the latest development in implementation of IPA Programmes as a whole in North Macedonia. The annual calendar has been published on SEA web site in the part Funds/IPA 2014-2020.
* He noted that for this meeting, the EU will list one by one the issues that will be addressed and will be leading the dialogue for the sake of time efficiency, so he stressed that answers should be short and to the point. The draft agenda that was shared with the JMC members attached to the invitation, was adopted. The same goes for the minutes from the last JMC meeting.
* A number of issues in the implementation of the transport and environment portfolio were noted which are purely implemented under indirect management by the country. He stressed that the issues are systemic and if not dealt with them the following year there is a risk of decommitment. Most of the issues derive from the quality of tendering and technical documentation, which is in most of the cases drafted by external expertise, as well as the work of the evaluation committees that is too long and misses the needed expertise. All of the above mentioned causes delays and missing the deadlines in the procurement plans, which leads to cancelation of tender procedures and/or extension of the validation of the offers. He added that he had meetings with the Ministers of Transport and Communication, the Minister of Environment and Physical Planning and Minister of Agriculture, Forestry and Water Economy. Those meetings were conducted in order to understand the root of the problems. Some measures have been agreed in terms of speeding up the procurements such as i) increasing the national contribution for some projects, ii) addressing the coordination and communication with the local self-government in order to get them on board for most of the investment projects that could bring benefits for the municipalities as well as for the whole country, iii) addressing the working conditions for some institutions as well as the administrative capacity. He also informed that all of the open issues were communicated to the Prime Minister and discussed lengthily as to agree on the mitigation measures.
* He stressed that one of the ways how they can positively influence this backlog is the training activities. Several training activities were undertaken in particular induction training for the new comers. The trend will continue in the future since a lot of trainings are in pipeline.
* He said that they are also finalizing the retention policy which will have to be embedded in the Law of Administration. The retention policy will be discussed on a Government session by the end of this month or latest by beginning of next month. The draft law on administration should be drafted using the retention policy and put into procedure for adoption.
* He added that the Manual on direct management is ready to be put for adoption. The discussion has been long and extensive with the colleagues, IPA coordinators that are dealing with management of projects under direct management. The manual should empower the IPA coordinator in managing the projects and programs under direct management and to strengthen the link and reporting lines with NIPAC office.
* It has been concluded that we are still facing with some impediments caused by the COVID-19 protocols. This is particularly relevant in the implementation of the Sector Budget support EU for Youth which is funded under 2019 IPA Programme. Namely the meeting of the indicators has been not achieved fully. Hence, the request was submitted for extension of some of the indicators particularly related with the works contracts and training components. This mode of management and delivery mechanism has been introduced in the country for the first time for this particular Programme and it has to be reiterated that it is learning by doing for the two line ministries (Ministry of Labour and Social Policy and Ministry of Education and Science), NIPAC office and Ministry of Finance.
* On a positive note, the 2017 IPA Programme on education and employment was successfully contracted at the end of 2021 in the indirect management and IPARD II is already historic success since the funds available will be fully used thus laying the ground for increased budget under IPARD III. He stressed that the Government in December adopted the Performance assessment framework and during February a number of trainings were organized to train the coordinators and validators per indicator on how to operate the system when they are invited to intervene in their indicators. The system introduced is very simple and user-friendly. What remains to be done is to organize the training for the colleagues from the environment and private sector development on their indicators and the system as a whole as well as for conducting the evaluation of the directly managed projects with the presence of the beneficiary institutions with voting rights. He said that he would like to kindly ask the national institutions to continue with the regular dynamics of the monthly meetings which were interrupted with the COVID-19 pandemic and ownership of the Project Steering Committees by the beneficiary institutions.

He passed the floor totheActing Director for the Western Balkans DG NEAR D, European Commission. On behalf of the European Commission she welcomed the participants on the 7-th IPA Monitoring Committee meeting. She added that she was very pleased to see that Member States are participating, in spirit of the Team Europe approach. She had met the Deputy Prime Minister in Brussels a few weeks earlier and looked forward to continue the discussions, although virtually. She noted that this is the most important and the highest-level forum on the EU assistance for North Macedonia, to get an overall picture of the state of play of implementation of ongoing IPA programmes, take stock of progress and discuss ways to address outstanding issues in the implementation of IPA projects. She also noted that it was an important moment in time to discuss EU-North Macedonia financial cooperation, in the current geopolitical context. The ongoing financial assistance contributes to strengthen North Macedonia’s resilience. In addition, the Commission is ready to see how IPA assistance can be even more useful, with the implementation of IPA III and the Economic and Investment Plan.

* She noted that the country has progressed well with the IPA 2022 programming. The Commission had received a set of Action Documents proposed for 2022, which have been assessed as regards maturity and are undergoing quality review in DG NEAR. The final selection of actions will be limited by the budgetary availability. The outcome of the maturity assessment and the quality review was expected to be communicated in due time.
* Looking towards future IPA III programming years, DG NEAR had recently sent a note to NIPAC, launching the 2023 programming exercise. The Commission proposes focusing on the most strategically relevant actions and continue close cooperation with the EU Delegation in this regard, to develop action proposals that are relevant and mature. In addition, the Commission was very happy that the current improvement in COVID-19 conditions allows for a DG NEAR programming mission to North Macedonia in early April. It will be an opportunity to discuss more in detail planned actions and the 2023 programming exercise.
* Contrary to the positive developments on IPA III, she added that the Commission is very concerned about the delay in the implementation of IPA II and the risk of the country losing EU funds in a moment, when every euro is important to support the post-COVID-19 recovery and the impact of Russia’s war in Ukraine on the country. There is a need to concentrate on the critical issues that must be addressed.

She passed the floor to the EU Ambassador to North Macedonia***.*** He noted that the IPA MC happens in a time of war and unprecedented humanitarian migration in Europe, in a time of energy crisis and increasing inflation – factors, which will affect the economy, all spheres of life, and respectively the EU assistance.

* The EU financial assistance to North Macedonia is exactly about bringing a change, linking the policy reforms with the accession path. Reforms and Accession go hand in hand: progress on reforms is a step towards accession (within or outside of the formal negotiations). Delays in reforms retard the accession process and give arguments to a Eurosceptic attitude.
* Unfortunately, while significant EU funds have been used to shape the reforms in the areas of public finance and economic governance, education, environment the slow pace of adoption and implementation of the necessary legislation jeopardises the reforms and impacts negatively on the quality of life in the country. Self-interest and short-sighted partisan vision not only may cause a failure of one-two EU projects; they create a bigger damage by blocking the development perspectives of North Macedonia.
* Reconciliation around common national objectives is the way forward and we will be restless in sending this message to all stakeholders in North Macedonia - from the Parliament and political parties – through each Ministry – up to the smallest municipality and civil society organisation. In that, the EU Delegation is strongly supported by the EU Member States, whose representatives are now fully integrated in the Committee. This is the way to ensure comprehensive and transparent manner of discussing challenges and removing obstacles. He wished a fruitful and open discussion on the IPA outstanding issues and to come up with clear conclusions on how to improve.

The Acting Director for the Western Balkans of DG NEAR D, EC stressed the implementation of operational conclusions. Based on the Commission’s internal screening they observed that out of 23 conclusions, 5 were implemented, 8 were not implemented, 3 were partially implemented and for 3 it was too early to judge as the deadline for implementation is beyond March 2022. There were 4 conclusions of continuous nature for which no progress had been made.

She noted that the implementation rate remains low. Some of the not implemented conclusions from the previous committee will be included as conclusions in this committee. The Commission expects to see quick and decisive action in the follow-up of these conclusions. The representative of the EU Delegationagreed with the Acting Director for the Western Balkans of DG NEAR D.

The Acting Director for the Western Balkans of DG NEAR D outlined three key horizontal issues to be discussed in the context of IPA II implementation:

* + The delays in the implementation of IPA II and the reasons
	+ The role of NIPAC and his office
	+ Impact of the political changes on EU funds
* The total IPA II envelope for the period 2014-2020 is EUR 633 million. She noted that 8 years after the start of IPA II, EUR 396 million (63%) was contracted of which EUR 250 million (63%) paid.

The representative of EU Delegation (EUD)added the following:

He added that the problems are due from long-neglected and persistent issues with the administrative capacity, such as not sufficiently qualified staff for the implementation of EU funds combined with high staff turnover. Lack of comprehensive staff retention policy covering all structures and entities in the IPA programming, implementation and control affects the staff turnover, motivation and quality. The IPA staff recruitment plans during the years have not been fully followed. In addition, there are no yet permanent capacity building mechanisms functioning. The IPA training centre made progress, however it needs to be sustainable in terms of ensuring trainers.

The representative of the Central Financing and Contracting Department, Ministry of Finance, added thatthe progress since the last JMC is low. She noted that they have tried to strengthen the staff capacities. They will have new staff coming in 2022 and make efforts to keep the experienced staff with the new short term solution by the Government.

The process of submitting low quality tender documentation has continued in 2021 and the beginning of 2022. There is a significant increase in rates of suspension and rejection of the files. These issues are more frequently raised by the Institutions due to the preconditions that are not addressed at an early stage. There are projects with outdated technical designs. They have agreed that besides the previous delays that they were facing in the implementation of the procurement plan, they will have only two adjustments of the deadlines. In regard to the challenges that are connected to the staff she added that many trainings took part in the previous year and the newly engaged persons attended the modules that were offered by the IPA training center. However the issue to retain the technical staff is still ongoing. She noted that with the fund for compensating the evaluation commission members, better results in the evaluation process is expected. Also, it was decided together with EUD that the early nomination of the evaluation committee members results in an amendment of the nominations, hence they will be submitted together with the Q&As or the corrigendum of the Tender Dossier.

The representative of NAO services, Ministry of Financeadded that the most challenging is reaching optimal number of human resources in the IPA structures. Hence, measures have been taken in that regard. The Action Plan for recruitments in IPA structures was adopted in March 2021 on the basis of Governmental conclusion.

·     Within the action plan, funds were secured for 89 employments by the MoF.

·     By the end of 2021 (including period January 2022)–68 (positions) or 76 % was realized. This number included promotions and transformations from temporary to permanent employments which were realized by the institutions.

·      According to the Work Load Analysis for 2022 366 employees are needed. At the moment 310 positions are filled which represents 85% occupancy rate.

·      Still the high rate of turnover is evident representing around 10% of the total staff currently working on IPA II which is expected to be decreased with the adopted retention policy.

The representative of the NIPAC officeadded that 3 new staff have been employed in the center. The capacities have been strengthened with online training and physical trainings as well. The trainings that are being delivered are financed by donors. They are working effortlessly to build the training center so that more trainings can take place within the training center. The trainings for trainers that will be part of the roster of trainings will also take place in 2022 once the legal act will be passed.

The representativeof NAOinformed that for 2022, at the moment 310 are employed of the needed 366 or around 85% occupancy rate from the consolidated workload analysis which is prepared by the NAO for all relevant institutions. The situation changes on the ground each year and sometimes the optimal level envisaged cannot be reached. The main focal point is strengthening the capacities within CFCD, where the occupancy rate is 78%, or around 11 people need to be engaged.

The representative of EUDcommented that it is time to abolish the notion of optimal staffing level because after 8 years of implementation it is obvious that the methodology for the workload analysis on the grounds of which the optimal level is established, is wrong because with the methodology the delays cannot be recovered. She noted that it should be reverted back to the one and only staffing level what have been agreed with the Commission. She added that there will be reassessment of the needed staff level in IPA III. The staffing rate is 83% compared to optimal level but compared to the accreditation level it is 65%. The delays in implementation are the result of the huge understaffing.

The National Authorizing Officer, Ministry of Finance (MoF) informed for the delays in the procurement process, the quality of the tender documentations and the project documents that need to be prepared in order to start the procurement process. For some infrastructure projects all the documents are prepared five or six years before the procurement starts. The delays are also affecting the procurement process and delays in the implementation of the projects.

The representative of the NIPAC office added for the staff retention policy that they are finalizing the text and it should be put on the Government session in order to be adopted**.** The retention policy should be put into the law on administration in order to become a systematic solution. On the fund for evaluation, the problem was previously discussed, about colleagues who are booked only for evaluation of tenders. The top-ups of salaries were increased and should be used to ensure proper top-ups for the technical experts in the evaluation committees.

The representative of the Central Financing and Contracting Department, Ministry of Financeadded in regard to the evaluations fund. Hence with the interim solution appliedin the law of the execution of the budget, those additional top ups of 30% were also used to compensate the evaluations committee members. Namely the problem with the compensation of the evaluation committee members was resolved.

The representative of the Ministry of Transport and Communications added the following:

* In regard to the final beneficiaries, there is a need for the improvement of human resources and capacities and 100% dedication to the IPA funded project as well as the ownership should be increased.
* The 15% is a temporary solution and a systematic one is needed.
* Many people are working with authorizations with lower salaries and performing tasks on higher level.
* There is need for adoption of the retention policy

The Acting Director for the Western Balkans of DG NEAR D, EC moved to the second horizontal issue, concerning the role of NIPAC and his office. She noted that:

* The role of NIPAC is very important, holding the overall responsibility for all EU funds in the country and to ensure that the management and implementation of EU funds is smooth and efficient**.** The role of NIPAC needs to be recognized and reinforced.
* It is important that the manual on management of EU funds is adopted without delay, establishing the reporting obligation of all authorities to NIPAC office on the implementation of IPA in direct management mode.
* Regarding the IPA implementation report, the quality has improved over the last years, however its timely submission need to be improved, respecting the deadline set in the Framework Agreement. The report should be focused on providing the information for the main achievements, and on outcomes and impact indicators.
* The follow up to the conclusions of the IPA monitoring committee should be improved, to overcome the current issue that conclusions are either finalized long time after the monitoring committee, or their implementation is not reported regularly.

The National Authorising Officer, Ministry of Financemoved to the point on Public Finance Management (PFM) and informed that both the organic budget law and the public internal financial control law are still in the parliamentary procedure for more than one year and there is no update. There have been unsuccessful discussions with the president of the Parliament to push the laws for adoption. They cannot know when they will be enacted. This issue is not in the power of the Ministry of Finance and needs to be resolved between the politicians in the Parliament. She added that the IFMIS project is also subject to the OBL enactment.

The representative of EUD**,** moved to the point about Public Administration Reform (PAR):

* The Government had adopted the state administrative report at the beginning of March for the reorganization of state administrative bodies.
* He noted that it is important to move forward with the law on state administrative bodies and asked for update.
* For the digitalization, there are two ongoing projects linked to E-Government services and supply to the MISA, where there were included all other institutions to the project activities. He asked for updates on the projects.
* He also raised the topic of the retention policy, especially for IT staff.

The representativeof the Ministry of Information Society and Administrationregarding the state administrative bodies, all the other related laws are expected to be adopted in June.

* Part of these laws are published on ENER and consulted with civil society organizations, political parties and all stakeholders. In the following weak MISA will organize a workshop to incorporate all comments and prepare the consolidated version of the law. All of them will then be published on ENER.
* For the E-Government project, the country has difficulties retaining IT staff in the public sector because of the higher salaries in the private sector. There is need for new law on salaries and there should be established a digital and ICT agency.
* MISA revised the working group for the service contract and established one for the supply contract to support and monitor the implementation.

He noted that the PAR strategy may be adopted by the beginning of 2023 or the end of 2022. The evaluation of the PAR strategy should start in the following weeks. It should be published on ENER by the beginning of May. In this regard, they started a procedure for reorganization of the team in MIOA and a steering committee for their ministerial system, and they already sent official letters to Ministry of Agriculture, Forestry and Water Economy and Ministry of Economy with directions what to do for that they will need also to establish the steering committee for their ministerial system, and reorganization of the team for the ministry and all the state administrative bodies. These activities are already ongoing.

The representative of the Ministry of Justice addressed the raised points.

* In regard to the delays in the implementation of IPA 2020. Hence, many of the activities were taken into consideration and currently they are three employees in order to overcome the issue of the capacity of the IPA staff in the Ministry of Justice. They will continue also to see the other possibility of transfers of colleagues from the other departments to the IPA Unit.
* For the UNICEF project, she noted that the law is finalized. She added that they appreciate the preparation on the support and the proposals from the experts to the project of UNICEF, and it is expected by the end of this month to be put on ENER.
* About the reconstruction of prison Idrizovo, the Ministry of Transport and Communications and the Directorate for execution of sanctions informed that by the end of March they expect to get the permission for building. The Public procurement for building should be launched in April. In regard to the following issue there is information on the Government that it should be adopted the following week.

The representativeof the Crisis Management Center (CMC**)** took the floor and gave an input about the progress report of the 112 project.

* The telephone number for emergency calls was put into operation on 11 of February 2022. The other local emergency numbers remain active.
* In the period from 11 of February to 21 of March an average of 1,160 calls per day were received on the telephone number 112. The numbers of March compared to February were increased 2.5 times as the number started to be available in the whole country, according to the report.
* The problem is that about 60% of the calls are false, and among the others, most are for ambulance.
* The challenge for the next period for CMC will be the second phase of implementation of the next phase of the 112 project according to the EU guidelines under the directive from 2018.

The representative of the section for management of calls of number 112 of CMC gave an overview in terms of the human resource capacities.

* Lack of IT experts in the section for management of calls of number 112, hence there is a need of 3 engineers. Currently no IT specialist in the sector.
* According to the need of call takers they have an ongoing public announcement for new job position in the sector for a call taking position and they are hoping that in the next 3 months they will finish with filling the position.
* On the filling the positions that are needed for the IT part he emphasized that they cannot find persons because of the low salary offered within the CMC. In order to fulfil the position they are trying to get people from other institutions.
* The public announcement is for 50 persons, 47 are for call taking positions and 3 are for IT.

The representativeof Ministry of Environment and Physical Planning – prior to go to the point raised questions by the EUD she first went through some horizontal issues.

* The recruitment plan was completed and 7 new people were employed within the IPA structure within the Ministry, but one left due to performing public duty. The project implementation unit is functioning with one head of unit and one officer for archiving. 6 new employments are planned within the PIU, who will be based in the cities where the major projects will be implemented (Skopje, Bitola, Tetovo, Kicevo, Sv. Nikole and Kumanovo). The call was announced in 2020 but no suitable candidates applied. The ministry was not able employ staff in the year 2021 due to the interruption of the process for the local elections and now this is an urgent matter this staff to be employed in 2022.
* According to the work load analysis they miss 7 people to reach the optimal number especially it is critical in the technical implementation unit which is dealing with the tendering procedure while still have one person working on the major projects and one additional one which is working on smaller one.
* They are undertaking activities to transfer employees from other sectors in the area of programing to the monitoring and vice versa. Taking into consideration the role of segregation duties it is not allowed to transfer the people from the tendering procedures to the monitoring and monitoring to the tendering procedures.
* Regarding the evaluation committees issue with nomination and timely nomination, nomination of competent staff committees is becoming even a bigger problem than it was last year during the last joint monitoring committee. Different departments, especially departments for water and department for waste are lacking the capacities in which cannot nominate persons for evaluation committees. In this respect as a mitigation measure in some of the projects, the Ministry is asking for support from SEA to support during the process of evaluation of the tenders.

The representative of EUD added on the transport sector and noted that EUD continues observing a lack of commitment and ownership form the national authorities, which results into additional delays in the implementation of the 2014-2020 operational programme on transport.

* The two public enterprises in the sector still need to appoint IPA fully dedicated staff and focal points directly linked to the manager of the relevant enterprise with proper delegation of power and decision-making rights. It was a conclusion from the last IPA Monitoring committee, and like many others, has not been implemented.
* The flagship project, the Railway to Bulgaria, Corridor VIII, a project with political, economic and social importance, is jeopardised as delays are accumulating in the preparation of the tender dossier. The project will absorb the full amount of the action linked to railway transport (EUR 61 million) and more than a half of the allocations in the operational programme on transport (EUR 111 million). All efforts should be focused on the finalisation of the tender documentation aiming at sooner contracting and significantly relief the de-commitment pressure.
* The operational structure needs to improve the decision making process under the major project Gradsko - Drenovo so that progress is not jeopardised. In particular, preparation and approval of the necessary addenda and variation orders needs to accelerate.

The representativeof the Ministry of Transport and Communicationsgave answers about the issue raised by the EUD regarding the commitment from the Ministry in terms of implementation for sector operational program for transport noted that commitment is in a very high level. Within the Ministry they have had several meetings with the representatives from the EUD and the Ministry is putting a lot of effort in order to not lack behind.

* In terms of the major projects, the flagship project about the first phase of Corridor Kriva Palanka – Bulgaria they have requested a Connecta engagement and Connecta engagement started with a kick off meeting last December 22 of December 2021. They already had a meeting with Connecta team leader and all relevant stakeholders including EU Delegation and they are requesting two months additional postponement of their engagement, which will delay the finalisation of the tender documentation. The Ministry prepared the draft documentation for the tender documentation in terms of works and supervision and they have received some version of the service tender for a service supervision and the Ministry immediately responded with the comments.
* In terms of Gradsko Drenovo about the decision making, Mr. Miceski believes that process after the assignment of the agreement by the other contractor the process and overall project status implementation is going well.

The representative of the Public Enterprise for Macedonian Rail Infrastructure (PEMRI**)** noted that they still do not have a dedicated sector or department working on IPA projects currently. She explained that there were an initiative sent to the MISA but the proposal was not accepted. Hence, currently they are working only as a project implementation unit also working on IPA projects and other delegated tasks. On the systematization issue, the representative of the Ministry of Transport and Communicationsnoted that within the process of the new structure for IPA III probably the new systematization act and organizational act will take place also and for this they initiated as a Ministry a coordination meeting between the final beneficiaries and the Ministry in order to be compatible with the new systematization act in terms of PIU units and the IPA units and with the both enterprises and within the Ministry.

The representative of the Public Enterprise for State Roads (PESR) added that they have a PIU unit with 12 members, but they use 50% or less of their time on IPA. They started a procedure with MISA, a functional analysis, which was submitted and it is in final phase before approval. They expect to have the needed systematisation and to establish a PIU unit. He added that the PESR should be involved in the retention policy as well.

The representative of EUDinformed that in the competitiveness and innovation sector about EUR 40 million “EU4Resilience” contract that has been fully disbursed and it is successfully implemented.

The representative of EUDmoved to the sector agriculture rural development sector and noted that an issue of concern remains the length of the preparation and adoption of legal reforms which brings delays in the IPA supported reforms and the sustainability thereof. He added the following:

* There are particular concerns about the legal reforms related to: agriculture cooperatives, advisory services, further alignment of the direct payments and the Integrated Administration and Control System (IACS), alignment with the Common market organisation and Promotion of Water User Associations for management of small-scale irrigation schemes.
* The legal and policy reforms in the area of plant protection products are pending. The country has to adopt the secondary legislation related to the Law on phyto-pharmacy and introduce a policy based on principles of Integrated Pest Management and Sustainable Use of Pesticides. This is in line with the Green Agenda.
* Two project implementation related issues of major concern are: 1) the suspension of the works related to construction of small-scale irrigation system in Rankovce, contracted under IPA 2015, and 2) the availability of the construction site for the Rendering plant funded under IPA II 2019. The Commission asked for information on the developments.

The representative of the Ministry of Agriculture and Rural Development took the floor briefly informing about the laws on agriculture and law on rural developments.

* Both laws are in the Parliament in the first reading. The law on cooperatives is in parliamentary procedure as well. The law on common market organization is postponed and is foreseen to be adopted in the first half of 2023. The secondary legislation arising from the law on phytopharmacy will be adopted until 30 of June 2022.
* Regarding the recommendation for reorganization of reforms from the functioning review which is implemented by the World Bank, she informed that the Ministry will start with the implementation of recommendations from the functioning review. The Minister already held a meeting with the secretary and the Heads of departments. The Ministry will start as soon as possible with this activity.
* Regarding the issue budgeting of the national funds for continuing of the maintenance of the agriculture IT systems, which was from the previous year, the funds are secured. About the IT staff he noted that it is difficult for the Ministry to secure IT staff in the Ministry and the Agency.
* Regarding national funds to sustain land consolidation and small scale irrigations, from national budget for 2022 are secured. Hence, half million euros for construction of agriculture infrastructure in consolidation project and it is additionally secured national funds for around 1.3 million euro for Kolibari small scale irrigation system.
* For the development of the suspension of the works related to the construction of the small scale irrigation system in Rankovce and availability of the construction of rendering plant, the Ministry sent a letter to the EUD access to site about the constructor. A new location is being negotiated.

The representative of the IPARD Paying Agency took the floor and gave an overall presentation about the state of play within the agency. He noted that the bottlenecks issue within the agency remains the lack of staff which is a moving target and goes up and down. They already had a public offer for recruitments about 27 people out of which 24 of them were realised.

* In terms of the retention policy, it is highly appreciated and recognized by the people working in the sectors which are implementing the IPARD.
* The agency does not have de-commitments. They have contracted 52 million out of 60 from IPARD II and they are expecting to use the whole amount which is allocated for North Macedonia within the IPARD II program. North Macedonia is one of the first countries in the WB to have the IPARD III program adopted which is a huge success and it shows that the people are doing good job.
* The working conditions are not so good, so they are looking forward in a new building as soon as possible.

The representative of EUD gave a state of play and touched upon critical issues on the sectors education, social policies and employment.

* After a successful contracting period in 2021, education sector is facing a big challenge in terms of the implementation of several projects that need to be properly lead and coordinated by the leadership of the Ministry.
* Due to the COVID-19 situation, the Sector Reform Contract EU for Youth is also affected by delays related to the implementation of the VET policy reform and legislation. Discussions are ongoing for modification of the intervention. They expect the authorities to mobilise all necessary resources to achieve the targets related to the employment component by end 2022.
* An Action plan on detailed steps to be taken, the deadlines towards each step in the reform, including achievement of the indicators should be prepared and monitored regularly.
* Policy dialogue and donor coordination need also to be improved both in education and employment sector with the aim of improving the effectiveness of EU interventions.
* In the employment and social inclusion area, an issue of concern is the lengthy preparation of the proposal for time extension of grant project implemented by the Employment Service Agency under indirect management.
* Additionally, several projects managed by the Ministry of Labour and Social Policy were affected by the COVID-19 crisis and require time extension. The Ministry of Labour and Social Policy should ensure sooner preparation of the required amendments, to keep the projects’ implementation uninterrupted.

The representative of the Ministry of Labor and Social Policytook the floor and spoke about the direct grant which is implemented by Employment Agency.

* They have received the draft proposals and amendments by the agency and it was submitted officially with the Ministry and CFCD. They will consider it as a priority and the intention is to complete as soon as possible. The same goes also for the service project and technical assistance project where they are also in advance stage considering the extension of the project within the Ministry.
* Regarding the EU for youth they are most referring to the delays on the side of the VET but in the modification they ask to set new targets for the unused funds related to the modernization of the buildings of the employment center, which is the only indicator which they failed to achieve together with the agency in 2020-2021.
* On the donor coordination they started a new cycle of meetings on the sector working group and they commit to continue the discussion on the technical level.

The representative of the Ministry of Science and Education raised an issue about the modification on sector budget support which is internal matter in which in parallel was raised as a question to EUD related directly to the requirements for the program request for the modification to be sent in the first quarter to the calendar year to the headquarters. She asked about details of the process. The representative of EUD informed that the EUD will do all the necessary option to continue the process with the proposals modification and extension of EU for youth initiatives.

The representative of EUDtook the floor speaking about the cross border cooperation noted thatthe implementation of the technical assistance contract under the CBC with Albania is of concern: 2 JTS staff left the project, the capacities are underutilized and several important activities are delayed.

* The technical assistance activities are designed to support the visibility, monitoring and capacity building of national authorities and potential beneficiaries under the programme. Poor or non-implementation if these has a direct impact on the quality of implementation of the programme.
* In this respect, the capacity of the Ministry of Local Self Government needs to be strengthened as a matter of urgency, and coordination with the Albanian Operating Structure needs to be improved.
* The Strategic Project under CBC with Albania, planned under IPA III, is delayed significantly. If the EU Delegation comments sent to the Ministry of Local Self Government in November 2021 are not addressed by mid-2022, the funds will be redirected to Calls for Proposals.

The representative of the Ministry of Local Self Governmenttook the floor and gave some information on the issues raised by the representative of EUD. Concerning the IPA III question during the meeting held it was planned to be pointed out in the website of the Ministry regarding the contracts for the experts preparing environment assessments. Regarding the question about the implementation in the following days there will be a signing of the contract for the visibility and communication officer and after that it will be another public announcement on the tender for the financial officer.

The representativeof EUD noted about the state of play and activities of the IPA Audit Authority. The IPA Audit Authority performs well its task of external audit of indirect management with the beneficiary country. The Audit Authority’s findings confirm EUD’s observations on the IPA implementation issues.

* The auditees need to improve significantly the implementation of the Audit Authority’s recommendations. As per the latest Audit Authority report, under the Annual Action Programme 2017, 16 out of previous 34 findings were closed, which represents 47% implementation rate. The figures for the Multi-annual programme are lower. The Audit Authority recommendations implementation rate remains very low.
* The EU Delegation is in process of mobilising a technical assistance to increase the capacity of the Audit Authority under IPA III. The assistance will also have a direct impact on IPA II as it contains update of capacity to detect irregularities, audit PRAG files, etc.
* In order to keep the good quality work, it is important that the Audit Authority preserve its staff capacity in terms of number and quality.

The representative of the IPA Audit Authority took the floor and spoke about the planned activities within the AA.

* They have increased the cooperation with institutions in North Macedonia, member states of the European Union and the European Commission and OLAF. There is an on-going activity of signing of the Memorandum of Understanding with other IPA Audit Authorities in the region.
* For further strengthening the capacities and providing high level of competence, continual professional education and trainings are planned for the auditors, especially in the area of using IT tools and audit software solutions. In that sense, they are in communication and they expect support by the EU Delegation in the process of purchasing professional audit software and respective training for the auditors.
* The Audit Authority will continue to strengthen its capacities and provide high level of competency and effectiveness in carrying out audits in accordance with the rules and regulations of the European Union and internationally accepted auditing standards.
* As a regular practice every year, they are implementing training programme for employees, using TAIEX instrument, or training abroad such as in CEF, Ljubljana, and other organizations
* AA are planning employments of additional 1-2 employees per year in order to remain stable the numbers of staff in the institution. Very important issue regarding staff retention in terms of number and quality: they as an institution have a put a lot of effort into this matter. With the Recruitment Plans each year they plan to fill the working posts and at the same time take care of promoting the existing staff of the institution. In the course of 2021, they have employed four persons, experienced staff, out of whom one with a Ph.D. degree, two with a master’s degree. Regarding the promotions, they have had 5 promotions in 2020 and since then regretfully no other promotions have been approved by the Ministry of Finance.
* As one of the more serious problems that AA have encountered as institution regarding the staff retention policy was at the end of 2021 by the Law on Budget Execution when they had to bring arguments and prove to the Ministry of Finance and the Secretariat for European Affairs that they as an institution are also entitled to a salary increase and that they belong to the IPA structure in the country. They had to organize meetings and write letters to prove that they are part of the structure that works with IPA as well. Hence, with the Law on budget execution for 2022, they are not able to apply the provisions of the Law on Budget Execution for salary increase because they have no sufficient budget and they are not able to realize it. In this part they need the support of all stakeholders and they asked the Monitoring Committee to adopt a Conclusion on this matter so that they can get the necessary support for retention of the experienced staff.
* AA are appreciating the support that they have from EU Delegation, especially for the project for preparing the institution for audit of IPA III in the part of the drawing-up of Manuals for audit of IPA III and adequate training on it as well as of drafting of IT security policies.

**Conclusions and Recommendations:**

1. The national authorities will fully implement its staff recruitment plan for 2022 by the end of 2022.
2. 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 July 2022.
3. National authorities (NIPAC) will adopt and put into implementation the internal procedures for EU projects managed under direct management mode by mid-April 2022.
4. The NIPAC, together with the line Ministries will ensure that the currently available human resources are used more efficiently to better address the issues. This involves inter alia, IPA staff works 100% on IPA files and reassign experts from one IPA unit to another when urgent tasks need to be performed. (Continuous)
5. CFCD to prepare feasible procurement plans for all projects under IMBC and observe them. No more than 2 (two) adjustments of deadlines per year are to be accepted. (Continuous).
6. The European Commission stresses on the importance that the Organic Budget Law and PIFC Law are adopted as a matter of urgency and by the end of June 2022 at latest.
7. The Ministry of Information Society and Administration to send the law on Organisation of State Administrative Bodies for public consultations by mid-May 2022, aiming adoption by the government in June 2022.
8. The relevant ministries to start the piloting phase for reorganisation of the sectors led by the Ministry of Information Society and Administration, Ministry of Economy and the Ministry of Agriculture, Forestry and Water Economy by the end of April 2022.
9. Ensure higher involvement and commitment by the non-key beneficiaries in all public administration projects of horizontal nature. (continuous)
10. The Ministry of Information Society and Administration will prepare the final draft of the PAR strategy 2023-2027 by the end of January 2023.
11. The Crisis Management Centre and its regional sites will recruit the missing number of staff, including the technical one, by the end of 2022.
12. The telecom operators will make all functions of the system operational, especially e-call and caller location information of fixed line callers by beginning of May 2022.
13. CFCD to submit the proposals for short list panels together with the Contract Notice, and the proposals for the evaluation committees 30 days before the deadline for tender submission - immediate effect.
14. CFCD to submit the short list reports not later than 40 working days after the deadline for submission of expressions of interest - immediate effect.
15. The Government shall appoint a governance structure for the just transition process such as an Inter-ministerial Committee or Steering Committee for Just Transition by the end of April 2022.
16. The transport public enterprises for railway and road will appoint IPA focal points directly linked to the manager of the Enterprises with proper delegation of power and decision-making by the end of May 2022. The appointed focal points in the two transport agencies (PEMRI and PSRA) will be fully dedicated to IPA projects, e.g. 100% working on it.
17. Finalise the tender documentation and launch the procurement process for the IPA II major project for corridor 8 railway section towards Bulgaria by Q2/2022.
18. The Ministry of Agriculture will inform on quarterly basis the EU Delegation on the state of play and measures taken for the rapid adoption of all IPA related legal acts in agriculture and phytosanitary. (continuous)
19. The necessary staff will be ensured in all national IPARD authorities before roll-over entrustment of measures under IPARD III. Clear HR recruitment and development plan should be established in line with the planning for entrustment of new measures under IPARD III by end of 2022.
20. The IPARD Agency will move to the new – fully functional – premises, at the latest, before submission of measures for roll-over entrustment under IPARD III by end of 2022.
21. Preparation of the addendum for non-cost extension of grant project implemented by Employment Service Agency to be done as soon as possible and by the end of April 2022 at the latest.
22. Sector Reform Contract EU for Youth - the authorities will prepare Action plan on reaching the indicators by the end of March 2022.
23. The Ministry of Self Government will improve the implementation of the technical assistance contract by reaching contract absorption rate of 90% by end of the TA contract by 24/07/2022.
24. Ministry of Local Self Government to improve implementation and coordination of the strategic project as per CBC IPA III programme by mid-June and provide reply by 15/04/2022 to EU Delegation letter sent in November 2021.
25. All stakeholders to ensure timely and full implementation of the Audit Authority recommendations - continuous deadline.