Ref. Ares(2022)7197498 - 18/10/2022

**ANNUAL REPORT ON THE IMPLEMENTATION**

**of the Instrument for Pre-accession Assistance submitted**

**by the National IPA Coordinator**

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

*Prepared by*

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

**February 2023**

**Contents**

[I. EXECUTIVE SUMMARY 3](#_Toc128655608)

[II. IMPLEMENTATION OF IPA ASSISTANCE PER IPA III WINDOW/THEMATIC PRIORITY AND IPA II SECTOR 17](#_Toc128655609)

[2.1 Rule of Law and Fundamental Rights 18](#_Toc128655610)

[2.2 Democracy and Governance 48](#_Toc128655611)

[2.3 Environment, Transport and Energy 61](#_Toc128655612)

[2.4 Education, Employment and Social Policies 90](#_Toc128655613)

[2.5 Agriculture and Rural Development 106](#_Toc128655614)

[2.6 Territorial and Cross-Border Cooperation 119](#_Toc128655615)

[III. IMPLEMENTATION OF UNION PROGRAMMES 123](#_Toc128655616)

[IV. IMPLEMENTATION OF IPA ASSISTANCE UNDER INDIRECT MANAGEMENT 140](#_Toc128655617)

[4.1. Execution of IPA Programmes 140](#_Toc128655622)

[4.2. Human resources in the IPA structures 144](#_Toc128655623)

[4.3. Functioning of management and control system 146](#_Toc128655624)

[4.4. Human resources and functioning of MCS – IPARD programmes 150](#_Toc128655625)

[V. IMPLEMENTATION OF EU INTEGRATION FACILITY 154](#_Toc128655626)

[Annex 1. Overview of implementation at the action level 155](#_Toc128655627)

[Annex 2: Outcome/output indicators per IPA action 155](#_Toc128655628)

[Annex 3: Sector approach roadmap - achievements 155](#_Toc128655629)

Period covered by the report: 01/01/2022-31/12/2022.

Report issued on 15/02/2023.

**Annual Report on the implementation of Instrument for Pre-Accession assistance in direct and indirect management by North Macedonia submitted by the National IPA Coordinator**

# EXECUTIVE SUMMARY

* 1. **Progress in reaching objectives of the overarching IPA strategic documents**

To meet the priorities set for the EU financial assistance for the 2014-2020 period, the Indicative Strategy Paper (ISP) selects meaningful and realistic objectives, identifies key actions and actors, describes expected results, indicates how they will be measured and monitoring, and, finally, establishes the indicative financial allocations.

This Annual Report is very relevant to assess the status of the implementation of the ISP. All the programming documents are either already under implementation or with already drafted Action Documents submitted for quality control. This means that in this report, it is possible to draw a first assessment of the IPA support input to implement the ISP. Although the ISP establishes six sectors, the country, in accordance with the European Union Delegation (EUD), set up eleven sectors.

**Public Administration Reform (PAR)**

Public Administration Reform Strategy 2018–2022, in line with SIGMA principles, identifies four core areas to be improved in the implementation period: (i) Policy creation and coordination; (ii) Public Service and HRM; (iii) Responsibility, accountability, and transparency; and (iv) Service delivery.  Consequently, the main challenges in this sector can be grouped into the following topics: to improve the professionalism, transparency, accountability and independence of the public administration at central and municipal level; to strengthen the effectiveness of the organization of the public administration; to improve the quality of the services to citizens and businesses and equal and free access to public information with a particular focus on the development of e-services and e-procurement, and to increase the training to central and local government administrations and raise public awareness to ensure implementation of the Law on General Administrative Procedures.

Action Plan of the Public Administration Reform Strategy was revised in 2019 as foreseen in the Strategy. All annual reports on the implementation of the PAR Strategy and its Action Plan were published and adopted by the Government following public consultations. The fifth Annual report will cover all other reports and the whole period. The Ministry already started the preparation of the new Public Administration Reform Strategy 2023 – 2030 and it is expected to be adopted in February 2023.

The system of strategic planning and coordination was significantly reshaped by the Government through adoption of the Methodology and Guidelines for preparing, implementing, monitoring, reporting and evaluating of the sectoral strategies, but also through amending the Methodology for strategic planning and preparation of the annual programme for work of the GRNM and consequently preparing and adopting 2 manuals: first defining the process of preparation of the Strategic plan and second defining the process of monitoring, evaluation and reporting on the implementation of the strategic plan and annual work plan.

Although **accountability** is a very horizontal area covering different aspects of the public administration, effective hierarchical structure remains a precondition for many of them. To this aim, the Government adopted a Synthesis report (Project: “Support to state reorganization”, IPA 2017) that proposes meaningful organizational structure, but the first step in the reorganization of each ministerial system is “fact-checking”, i.e., identifying potential details that might escaped experts’ attention. The piloting of the reorganization started in:

* ministerial system of information society and administration
* agriculture, forestry and water economy and
* ministerial system of economy.

The actual reorganization should start in 2024, following adoption of the new Law on Organisation of State Administrative Bodies, expected to take place in September 2023.

In the context of management accountability, the Law on the General Administrative Procedure incorporates the principles of good administration taken from the European administrative area, which means the formal harmonization of our legislation with the standards and principles of the European Union contained in the acquis communitauire. One of those European principles provided for in the law is the mandatory delegation of authority for conducting administrative procedures and solving administrative matters, from the appointed and elected persons to the professional officials in public bodies, according to the complexity of the administrative work. However, systematic application of this principle remains a challenge.

In terms of *proactive transparency* and the right to free access to public information, since the transformation of the Commission to the Agency for the Protection of the Right to Free Access to Public Information there is significant improvement of the implementation of the legal framework. Based on the previous analyzes and continuous monitoring of the websites of public institutions of 22 categories of documents that it continuously implements, the Agency notes that some of them have largely improved in terms of proactive transparency. In addition, the number of submitted complaints has significantly decreased as a result of the Agency's efforts to find appropriate solutions for the revealed problems and questions.

Realizing the shortcomings in the application of the Law on Administrative Disputes, the country intervened in the legal framework governing the area of *administrative disputes* and strengthened the organizational and human capacities in the Administrative Court and the Higher Administrative Court. In terms of improving the legal framework governing the area of administrative disputes, and with the aim of ensuring a functional administrative-judicial procedure for resolving administrative disputes and improving the efficiency of the administrative judiciary, a new Law on Administrative Disputes was adopted in 2019 (" Official Gazette" no. 96/19) and its application began in 2020.This law set clear deadlines and foresees other measures to improve the efficiency of the courts.

Regarding the Quality of the public sector *integrity system*, according to the Law on the Prevention of Corruption and Conflict of Interest, the State Commission for the Prevention of Corruption has the authority to undertake activities aimed at strengthening personal and institutional integrity, consequently leading to intervention aimed at strengthening three levels of integrity: personal, institutional and sectoral integrity.

The country continues to improve **the quality of the services to citizens and businesses**. Number of institutions connected to the interoperability platform increased and in parallel the number of transactions. However, the number of electronic services accessible and available on the portal remains very modest. The national Portal for electronic services has been upgraded to provide services to businesses, however there are no such services available to this moment. The key principles (digital inclusiveness and accessibility, once-only principle, etc) are partially embedded in the legislation, but their implementation needs to be improved.

Ministry of information society and administration made efforts to ensure systematic application of the Law on General Administrative Procedure by preparing Manual for proper implementation of the law, and provided trainings for people who work on practical implementation of the law. However, in order to ensure systematic application when it comes to all administrative procedures and their digital aspect, there is a need to revise some laws which prescribe special procedures and provide continuous training to the targeted employees.

The legal framework for **human resource management** is largely in place, but there are no procedures and criteria for appointment of senior management positions. For this purpose, MoISA started working on a new Law on Top Management Service that set a clear line between political and professional level. However, the scope of the law remains to be defined. The Ministry also prepared and published on ENER two new versions of the Law on administrative servants and a Law on Public Sector Employees to solve the challenges which have been identified since its adoption in 2015. Following public consultations and both laws were submitted to the Government and the first feedback is expected in March 2023.

While the challenges related to decentralisation include strengthening all the competences transferred and yet to-be-decentralised to ensure the full implementation of all relevant laws and strategies throughout the country, comprehensive reform at the central level penetrates every part of the public administration, reshaping the institutional and structural organisation, methods for service delivery, as well as recruitment, promotion, and selection processes

**Public Financial Management (PFM)**

Priorities set out in the PFM Reform Programme are in line with the priorities for EU financial assistance to support the Republic of North Macedonia on its path to EU accession for the period 2014-2020 and2021 - 2027 set out in the relevant IPA strategic documents.

In order to strengthen public finance system, promote transparency, accountability, fiscal discipline and efficiency when collecting, managing and using public resources, IPA is investing in implementing and upgrading the reform strategies to ensure fiscal sustainability and sound management of public finances as applicable in the EU, improving the capacity for domestic revenue mobilisation and effective management of public funds, through improving stability, efficiency, and quality of revenue collection system (tax system and policy and customs system), including introduction of green taxation, improving budget planning reliability, further supporting of the implementation of integrated information system for public financial management, public investment planning and management; strengthening the management of assets and liabilities; enhancing the policy-based fiscal strategy and budgeting, strengthening the public procurement through support in implementing an overall Strategy for the improvement of the public procurement system 2022-2026, including aspects of innovative, green and social procurement, improving public private partnership for concessions, enhancing internal control, strengthening decentralised managerial accountability, strengthening the accounting and reporting, enhancing the external audit.The new Organic Budget Law adopted in September 2022 paves the way for new and better PFM system.It sets a framework for pursuing sound, predictable and sustainable fiscal policy, as well as increased budget discipline and responsibility. The aim of the fiscal policy remains focused on consolidation of public expenditures by gradually reducing the deficit level, as well as redesigning public expenditures through scaled-up investments in the field of infrastructure.

Development partners remain committed to supporting PFM reforms and maintain policy dialogues in the country with the the new PFM Reform Programme 2022 -2025 as well. Therefore, in order to ensure good planning and complementarity of external technical support, proper sequencing and successful implementation of the reforms, the MoF will continue co-ordinating the development partners’ assistance by conducting an open and inclusive PFM policy dialogue with all relevant institutions.

IMF FAD technical assistance for the tax administration of North Macedonia is crucial for successful implementation of the foreseen strategic priorities, measures and activities. Furthermore, IMF’s continuous support to the long-term modernisation processes and the already developed reform programmes will greatly contribute to ensuring smooth change management to the end of establishing electronic tax administration and improving the public finance management – revenue mobilisation.

In addition to regular budget funding, significant support during the preparation and implementation of the Programme was provided by the European Commission (IPA projects, TAIEX). Support was also provided by the World Bank, IMF, OECD, as well as by various bilateral programmes.

**Justice**

This sector must address the challenges identified in the Strategy for Judicial Reform 2017-2022 and Action Plan, adopted in the “Urgent Reform Priorities” frame. The Strategy’s main priorities are related to independence and impartiality, quality, liability, efficiency, transparency, access to justice, functioning of the administrative justice and misdemeanours. However, there are some more urgent challenges in the sector, such as, for instance: restoring the independence of judges and that the Judicial Council and the Council of Public Prosecutors exercise their function of protecting judges and prosecutors; ensure appointments and promotion on merit-based and performance management system based on qualitative and qualitative standards; and regularly use and audit the Automated Court Case Management Information System (ACCMIS).

Concerning human rights, the general challenge is to increase the promotion and protection of disadvantaged groups. Another critical challenge is the improvement of conditions of prisons and other places of detention (this challenge is currently addressed through a loan of the Council of European Bank (CEB) to improve the quality of the detention places). As concern the freedom of expression, the main challenge is to strengthen the broadcasting reform and its independence, and the professional behaviour of all media stakeholders.

In the fight against corruption, the institutional cooperation and capacities of the following bodies should be strengthened and improved: The Public Prosecutor’s Office against organised crime and corruption, the Ministry of Interior, the Public Prosecution Offices, the State Commission for the Prevention of Corruption, the Agency for the management of Confiscated Assets and the State Audit Office.

**Home Affairs**

In the Home Affairs sector, there is a need to continue improving the country’s external borders’ effective management and ensure the implementation of visa, migration, and asylum policies, in line with the EU *acquis.* The Ministry of Interior needs to continue to reform the police and enhance the effectiveness and transparency of special investigative measures and more pro-active investigation of organised crime, including financial investigations. More specifically, the challenges under organised crime are related to improving the track record on investigation, prosecution, and conviction of cases of organised crime and money laundering; the strengthening of cooperation between the various law enforcement agencies through the National Coordination Centre for the Fight against Organised Crime; and the fight against trafficking in human beings and the smuggling of migrants. From an operational point of view, it is relevant to note that there are several essential strategies in the sector. However, they are not implemented with adequate commitment.

**Environment and climate change**

Once the National Strategy on Environment and Climate Change was adopted in January 2018, the main challenges within this sector are the following: to improve the implementation and enforcement of water, nature protection and waste legislation in line with the *acquis*; to enhance coordination between the government, central level institutions and municipalities to actively work towards improving air quality; to intensify efforts to implement the adopted regional waste management plans and establish an integrated regional waste management system; and to initiate the implementation of the Paris Agreement also through the development of a comprehensive strategy on climate-related action consistent with the EU 2030 framework.

**Transport**

Within the framework of the National Transport Strategy 2018-2030, adopted in December 2018 two reports on the implementation of the National Transport Strategy 2018-2030 have been made so far.  The 1st Annual Report on the implementation of the National Transport Strategy 2018-2030 has been prepared for the implementation period until 2019. The data collection for the previous period was done from January until March 2020, by a written procedure requesting information from the relevant institutions. This first report was adopted on 17th November 2020 by the Government of the Republic of North Macedonia. The 2nd report on National transport strategy2018-2030 for 2020-2021 has been submitted to the Government in June 2022. The challenges facing this sector are mainly related to the strengthening of administrative capacity and operational capacity for all modes of transports, inspection bodies and develop enforcement capacity to reduce fatalities along road and rail infrastructure. Other relevant challenges refer to the implementation of connectivity reform measures in rail reform and the opening of rail transport for domestic and regional undertakings, as well as on setting-up a national system for collecting data on road crashes; to adopt legislation on intelligent transport systems (ITS) and combined transport; and to produce a strategic framework for implementing ITS on the core networks. The ITS will provide a variety of traffic data and the number and type of vehicles that move along corridor X, as well as meteorological data along the route throughout the year which can be used for statistical and analytical purposes. The introduction of an ITS is closely linked to approximation with the directives from the EU transport acquis.  The approximation of this legislation will be carried out in parallel with the following two activities: 1. Provision, Installation and Commissioning of Equipment for ITS Implementation. It is expected tender procedure to be launched in in the first quarter of 2023 and start of the activities in third quarter of 2023; and 2. Preparation of National ITS strategy. The selection of a consulting company for the preparation of the National Strategy for ITS has been completed and the selected company start working in April 2022 and is expecting to finish in January 2023.

One of the key objectives in the transport sector[[1]](#footnote-2) in the coming period is to reduce the GHG emissions from the transport which is in line with the **European Green Deal**. With support, financing and implementation of concrete measures as set in the NTS 2018-2030, contribution could be made to reducing pollution in the country and re-thinking growth that is mindful of the environmental limits.

The transport sector strategic documents and cross-sectoral planning documents are in line with the objectives of **2030 Agenda for Sustainable Development**, thematic priority *No 9: Industry, innovation and infrastructure* and thus aims to improve connectivity, reduce transport emissions and support efficient transportation services as a key driver of economic development[[2]](#footnote-3). The National State statistical office is producing and integrating a set of indicators that provide statistical support for monitoring the degree of implementation of the concept of sustainable development in the country[[3]](#footnote-4).

Planned areas of intervention and key-priorities for the period 2021- 2027, in line with the NTS 2018-2030:

* Construction of new and reconstruction, rehabilitation, and modernization of existing railway links along the Core and Comprehensive network according to the EU technical standards to provide quality and safe TEN-T connections with the neighbouring EU members and the wider region in the Western Balkans.
* Construction of new and reconstruction, rehabilitation, upgrading and modernization of the road network on the Core and comprehensive network according to the EU technical standards to provide quality and safe TEN-T connections with the neighbouring EU members and the wider region in the Western Balkans.
* Support multimodality and sustainable transport systems, with stronger integration of various transport modes.
* Improvement of the road and rail safety, through intervention in infrastructure and soft measures implementation, including but not limited to preparation of strategic documents, capacity building of the relevant stakeholders, improvement of the administrative capacities, communication activities and campaigns, surveys, and analysis etc.
* Promoting modal shift through advancement of transport services with quality and innovations as well as improvement of availability, affordability, and accessibility of the transport services, to the vulnerable groups.
* Further reducing the transport impact on the environment through introducing and supporting green transport modes and increasing transport and infrastructure efficiency with using smart and IT tools.
* Advancement of sector planning and development through preparation of sector and project documentation (planning documents, project preparation studies such as feasibility studies, cost-benefit analyses, environment impact assessments, design documentation, tender documentation).
* Further elevation and advancement of the transport sector integration to the EU transport area with approximation of the legal framework with the EU acquis and EN standards and increasing transport stakeholder capacity to assume the obligations of an EU membership.

With respect to the Operational identification sheets (OIS), during 2022**,** in the sector Transport, 1 OISs has been circulated. During 2022 no tender was launched, and no contracts have been signed.

**Competitiveness and Innovation**

Improving socio-economic development through fostering economic growth and job creation is the priority objective of this sector. The focus is on creating a competitive and export-oriented economy based on knowledge an innovation at the local, national, and international level. In this context, the main challenges in the sector are the following: to enhance harmonisation with the EU *acquis* and strong implementation record in the area of the internal market, particularly the free movement of goods (including quality infrastructure, market surveillance and consumer protection, and customs controls), free movement of services and competition and state aid; to improve the legal and institutional framework for business creation and operations; to improve access to finance, especially for women, and business services, as well as the business-related infrastructure, including at local level; and to enhance research and innovation capabilities through cooperation between universities, industry and Government, including the participation in the UE’s Horizon 2020 programme and the development of a Smart Specialisation Strategy.

**Agriculture and Rural Development**

To ensure sustainable development of the agri-food sectors and rural areas in line with the EU *acquis* and policies and ensuring food safety is the main objective in the sector. In this sense, the main challenges of the sector are related to the strengthening of administrative capacity, including improvement of IT systems, at all levels of the administration and public bodies to implement agricultural reforms and policies and to ensure efficient absorption of IPA and IPARD funds; to improve the competitiveness of the agriculture sector; to improve the safety of human beings and animal health; to improve the alignment process of the Farm Accountancy Data Network; and to intensify the alignment of policies in the area of common market organization.

The national strategy on agriculture and rural development 2021-2027, adopted in January 2021 has the following strategic objectives:

* improving the competitiveness of the agri-food sector, economic sustainability, and income of agricultural holdings,
* application of environmental practices in production that lead to mitigation and adaptation to climate change and
* ensuring sustainable development of rural areas.

These goals will be complemented by the horizontal goal of modernizing the sector by encouraging and sharing knowledge, innovation and digitalisation in agriculture and rural areas and encouraging their acceptance by farmers and other stakeholders in the sector.

**Education, employment, and social policies (EESP)**

Once the Comprehensive Education Strategy 2018-2025 and action plan was adopted in February 2018, the main challenges concerning the education area have to done with different aspects: the implementation of the new education strategy; the support for teacher training, teacher professional development and an effective process of assessment; and the improvement of access to quality education for all, in particular pre-school enrolment, children with disabilities and children from Roma communities. Another relevant challenge to match demand and supply on the labour market is strengthening the Vocational Education and Training (VET) and the Adult Education System in close cooperation with the private sector and social partners. As regards the area of education policies, the challenges facing the country are related to Teacher training, primary education reform in accordance to the new Concept for Primary education (2021) in aspects of gender equality, interculturalism, inclusion, environmental protection, respect, rights, also Establishment of Regional Vet Centers, Concept for Dual education for lowering the mismatch of the labour market needs and the development of qualification and skills by increase in the number of enrolled students in vocational education (2021 increase by 6% compared to the last school year)

As regards the area of employment and social policies, the challenges facing the country are related to the low participation of women and young people in the labour market, slow increase in youth and women employment rates and high percentage of long term unemployed; high rates of temporary and casual employment; higher incidence of informality among young people, the low-skilled and certain economic sectors (agriculture, construction, accommodation and food services); inadequate investment in employment services and programmes, despite relatively good performance; the capacity of the Labour Inspectorate and the institutional and financial resources to address poverty and implement the social inclusion policies including the Roma Strategy and the Deinstitutionalisation Strategy and Action Plan 2018-2027; Early childhood education still insufficient to ensure inclusiveness and promote women’s participation to the labour market; the alignment of the newly adopted Anti-Discrimination Law with the EU *acquis* and its implementation mechanisms.

The outbreak of COVID-19 affected the sector adversely, reversed some of the positive developments in the labour market and confirmed the relevance of all listed challenges. The economic impacts of COVID-19 created further vulnerability and pushed more people into poverty. The National Employment Strategy 2021-2027 (NES), adopted in November 2021 aims at addressing both the short-term labour market consequences of the Covid-19 pandemic, as well as the structural challenges affecting employment growth. The Strategy outlines three strategic objectives to be pursued for the promotion of full, productive and freely chosen employment, namely: (i) improve the quality of education and training outcomes for all; (ii) enhance the role of economic and enterprise development policies in generating decent jobs; and (iii) strengthen the inclusiveness of labour market policies.

2019 Action Document and a Sector Reform Contract for this sector were elaborated/ negotiated in 2018-2019 with the Financing Agreements being signed in March 2020. Specific objectives are, respectively, to improve social, education, and education of people belonging to the most vulnerable groups and to improve quality, relevance and inclusiveness of the national vocational education and training system and improve employment opportunities for young women and men.

**Local and Regional Development**

United Nations Sustainable Development Goals (SDGs) (Sustainable Development Agenda 2030) and their localization represent an exceptional opportunity to strengthen the decentralization process and encourage new forms of cooperation between different levels of government, as well as involve all other stakeholders in the development processes.

One of the major achievements in the course of the year 2021 is that taskforce group was established including ministers and mayors as representatives aiming towards preparation and submition of Programme Proposal for strengthening and accelerating the current decentralization process.

A new Programme for Sustainable Local Development and Decentralization for the period 2021 – 2026 has been adopted by the Government of the Republic of North Macedonia on April 4, 2021. It was result of Methodology developed by the Ministry of Local Self-Government as well as Coordination Body monitoring the implementation of the previous Program for decentralization process. The new Programme has been prepared with support of UNDP.

The Programme is single comprehensive planning document, represents the framework of national benchmarks for implementing decentralization and promoting sustainable local development, reflects the continuous interest of all stakeholders in the ongoing development of local government as a government level closest to the citizens and covers all important decentralization process aspects contributing to the local government system harmonization with the EU normative, institutional, political and administrative criteria and standards and achievement of the UN Sustainable Development Goals.

The Overall goal of the Programme in the coming six-year period is to enable efficient recovery of municipalities from the Covid-19 coronavirus crisis, increase their resilience, financial stability and sustainability of local services, thus creating prerequisites for a more dynamic and green local growth and development.

The expected outcome is to achieve substantially positive changes in the operation of local government, where municipalities shall get rid of their accumulated debts and deliver quality services in a sustainable way, take equal care of all their citizens and especially the most vulnerable, implement their responsibilities in a transparent and accountable manner and consistently include citizens in making important decisions.

For the first time indicators for strategic monitoring, regarding the implementation of the Decentralization Program have been set in order to monitor the progress of the Programme.

As a follow-up, a three years Action Plan has been prepared for implementation of the Programme for Sustainable Local Development and Decentralization, by the Ministry of local self-government supported by UNDP, which has been adopted by the Government of the RNM on August 2021.

A joint Coordination Body of all stakeholders has been established in order to strengthen the coordination of all authorities and bodies involved in the implementation of the Programme and the action plan.

Ministry for Local Self-Government in cooperation with UNDP have been updating the Municipal Development index in order to be harmonized with the indicators of the Programme for Sustainable Local Development and Decentralization 2021 – 2026 and the Strategy for Regional Development 2021-2031. The development of the MDI (update, data collection, processing and presentation) should be continuous over the years as to have it as a tool for trend analysis on local government development and performance. There are four long term objectives for the MDI: promotion as an instrument for strategic planning, alignment with national strategies, promoting MDI as an instrument for municipal development, establishing a multi-stakeholder group to work on medium and long-term goals.

In the area of regional development, the new Law on Balanced Regional Development was adopted in February 2021. Implemetation of the Strategy goes through three years programs for implementation of the Strategy. As a part of the Strategy, the Report for assessment of environmental impact and human health of the Strategy for regional development 2021 – 2031 was prepared and approved on May 2021. Also, every planning region has adopted a 5 years Program for development of the planning region (8 programs, one per each planning region)

With the new Law on balanced regional development the Electronic System for Coordination of Planning, Implementation, Monitoring and Evaluation of the Policy for Balanced Regional Development is defined as a main tool for coordination in the process of planning, implementation, monitoring and evaluation of the regional policy and it will be managed by MLS. Transferring the management of the SIRERA from the Cabinet of the Deputy Prime Minister for Economic Affairs to MoLSG is in the procedure. The annual funds for balanced regional development were also increased each year and in 2021 have exceeded 7.8 million euros.

**Roma Integration**

As concern the challenges of the Roma Integration sector, which was established in 2019, the main ones are related to creating conditions for increased integration in the labour market; providing comprehensive social protection systems that offer minimal funds that provide a decent life; developing programmes for continuing the education and overcoming the premature abandonment of the education system; improving the quality and access to public services, especially health, social services, housing and transportation; overcoming the high level of social exclusion and discrimination; and strengthening of the policies for supporting family, social networks and the protection of children’s rights.

* 1. **Main achievements and challenges in programming and implementation**

The achievements and challenges are elaborated in this report on sector level.  However, in this part some cross cutting issues will be tackled.

The **IPA III financial framework partnership agreement** is the basic legal act that regulates relations with the EU in connection with the implementation of IPA 3 – 2021-2027. It was translated into a Law on Ratification that entered into force on November 4, 2022.

The **IPARD III Sectoral agreement** has been also signed by both sides, the Macedonian side and the EU (DG AGRI), which fulfils the conditions for the start of the implementation of the IPARD program for the period 2021-2027. According to the procedures, within the second step for the operationalization of IPARD III, the Government is working on completing the package for re-accreditation of the measures for the implementation of IPARD III.

The Financing Agreement for the IPA Annual Action Program for 2021 was signed at the end of 2022.  The programme is in the amount of 110,176,000 EUR, of which the maximum amount of EU co-financing is 90,450,000 EUR, the rest should be provided through national co-financing.

In the programming process, during 2022, the focus was put on programming of **Annual Action Programme for 2023**.  Hence, the package of the Action fiches as part of the first phase of the programming were submitted to the Commission services on 15 July 2022.  However due to the energy crises, the European Commission decided to use the available funds from the IPA 2023 budget to support the country in reducing the socio-economic impact of the rising energy prices in particular on public service providers, small and medium sized enterprises and households, and to strengthen the Government’s overall capacity to deliver tailor-made services to vulnerable households and support the long-term socioeconomic recovery, energy security, and energy transition of North Macedonia. The action will support structural reforms facilitating the energy transition, including revising and improving the strategic and regulatory frameworks with the aim of increasing production of renewables and energy efficiency, strengthening the grid and developing storage facilities. The action will also improve access to finance for investments in energy efficiency and prosumers and protect vulnerable energy users.  The Financing Decision for the 2023 Annual Action Programme has been signed in February 2023.

Within the framework of the **sectoral approach**, which has been implemented in the country at a steady pace since 2017, the main emphasis is placed on regular strategic and sectoral dialogue through the organization of meetings of the Sectoral Working Groups. National institutions, donors and the non-governmental sector participate in these meetings and usually discuss new sector strategies, implementation of current sector strategies and programming of IPA funds. During 2022, **12 meetings of sectoral working group**s were held to discuss programming for IPA 2023. The challenge was to organise the SWG meetings in the second part of the year since the programming of IPA 2023 took different turn.  Scheduling the meetings of Sector Working groups heavily depend on the busy agendas of the NIPAC and line ministers, which in turn challenges the pace of these meetings.

Considering years of challenges in coordination and preparation of the Annual Report on Implementation, SEA started with preparation of **Manual on implementation of projects under direct management** which describes procedures and flow of information regarding status of implementation under direct management. Upon finalization the Manual will be circulated to the national institutions.

Also, national authorities drafted new procedures and prepared **entrustment packages** for the indirect management of IPA funds in line with the rules for IPA III.  The entrustment packages have been drafted for two sectors:  Environment and Transport. The accreditation package contains novelties as it moves the IPA structure towards the structural funds management structures. In November 2022, NAO conducted a self-assessment and submitted the package for entrustment of the environment sector to IPA Audit Authority for compliance assessment.  The environment package is important to be finalized before signing of the Financing Agreement for IPA 2022 Annual action Programme due at the end of 2023.

During 2022, the country faced with the first year of **decommitment** in the sectors transport and environment implemented under indirect management.  The amount of the decommitted funds is around EUR 24 million.  The time of this decommitment coincided with the price adjustment in the budget of the investment projects which additionally complicated the implementation. However, especially in the environment sector, the national budget will provide the funds to cover for the increase of the prices.

The country joined 3 (three) **territorial cooperation programmes** for the period 2021-2027, namely Transnational Interreg Euro-MED program; Transnational Interreg IPA ADRION program and Interregional program Interreg URBACT IV. Considering their nature and the opportunity they provide for institutions at the central and local level, the country will benefit the opportunity to join with other countries from the region and beyond that are eligible for participation inf these programmes.

In the monitoring, the **Joint IPA Monitoring committee** meeting was held on 22.03.2022 online. The agreed conclusions and recommendations are as follows:

* The national authorities will fully implement its staff recruitment plan for 2022 by the end of 2022.
* 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.
* National authorities (NIPAC) will adopt and put into implementation the internal procedures for EU projects managed under direct management mode by mid-April 2022.
* 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)
* 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).
* 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.
* 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.
* 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.
* Ensure higher involvement and commitment by the non-key beneficiaries in all public administration projects of horizontal nature. (continuous)
* The Ministry of Information Society and Administration will prepare the final draft of the PAR strategy 2023-2027 by the end of January 2023.
* The Crisis Management Centre and its regional sites will recruit the missing number of staff, including the technical one, by the end of 2022.
* 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.
* 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.
* CFCD to submit the short list reports not later than 40 working days after the deadline for submission of expressions of interest - immediate effect.
* 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.
* 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.
* 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.
* 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)
* 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.
* 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.
* 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.
* Sector Reform Contract EU for Youth - the authorities will prepare Action plan on reaching the indicators by the end of March 2022.
* 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.
* 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.
* All stakeholders to ensure timely and full implementation of the Audit Authority recommendations - continuous deadline.

The follow up monitoring indicates slow pace of implementation of the conclusions and recommendations. Namely out of 25 conclusions and recommendation, at the beginning of 2023 there were only 5 implemented, 16 ongoing and 4 not implemented.

During 2022, the following **SMCs** were organized:

* 6th IPA II Sectoral Monitoring Committee meeting on rule of law and fundamental right was held on the 12 April 2022.
* 7th IPA II Sectoral Monitoring Committee meeting on Environment and Transport was held on the 13th of May 2022.
* 6th IPA II Sectoral Monitoring Committee meeting on competitiveness, innovation and agriculture and rural development was held on the 27thApril 2022.
* 4th IPA II Sectoral Monitoring Committee meeting on Democracy and governance (PAR, PFM) was held on the 26th of May 2022.
* 4th IPA II Sectoral Monitoring Committee meeting on education employment and social policies was held of the 31of May 2022
* 10th SMC on IPARD was also held online on the19th of May 2022, respectively.
* 7th IPA II Sectoral Monitoring Committee meeting on rule of law and fundamental right was held on the 4th of October 2022. (held online)
* 8th IPA II Sectoral Monitoring Committee meeting on Environment and Transport was held on the 10th of November 2022. (held online)
* 7th IPA II Sectoral Monitoring Committee meeting on competitiveness, innovation and agriculture and rural development was held on the 3rdof November 2022. (held online)
* 5th IPA II Sectoral Monitoring Committee meeting on Democracy and governance (PAR, PFM) was held on the 28 of November 2022. (held online)
* 5th IPA II Sectoral Monitoring Committee meeting on education employment and social policies was held of the 6th of December 2022. (held online)
* 11th SMC on IPARD was also held online on the 2nd December 2022, respectively. (held online)

Major challenge identified is the slow implementation of the agreed conclusions and recommendations in monitoring committee meetings. NIPAC is organizing the follow up of the conclusions and recommendations but the feedback from the relevant institutions is not timely and sufficient. Over the years of IPA monitoring, conclusions and recommendations are mainly based on the delays in implementation, absorption of funds, structural challenges that indeed need additional efforts and political commitment.  Retention of the experienced staff in the IPA structures remains the greatest challenge, besides undertaken measured in the previous year (additional 15% on the salary in 2022), still national administration is facing insufficient number of experienced IPA staff, high turnover and low occupancy rate.

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

NIPAC Office is the authority responsible for communicating and consulting the proposed actions in each programming year. The NIPAC Office participates in the IPA multi-country programmes forum organised on regular biannual basis by DG NEAR.

During 2022 the IPA III C(2022) 8066 – Commission implementing decision of 9.11.2022 on the financing of the multi-country annual action plan in favour of Western Balkans and Türkiye for 2022 was adopted including actions on EU-Council of Europe Horizontal Facility for Western Balkans and – phase III, EU support t statistics in the Western Balkans and Türkiye, EU4Youth:  European Week of sport in the Western Balkans and Support for participation of the Western Balkans in the Union programmes.

The NIPAC Office submitted the comments on the proposed ADs following the consultations with the relevant national authorities within the deadline given by the EC.

Also, during 2022 other decisions have been made such as:

* [C(2022) 8942 - COMMISSION IMPLEMENTING DECISION of 30.11.2022 amending Commission Implementing Decision C(2021) 9749 final as regards the action ‘EU contribution to the Western Balkans Investment Framework (WBIF) 2021-2023’](https://neighbourhood-enlargement.ec.europa.eu/document/download/813cf202-178f-4728-909a-47faa7eea2a0) for the [Action Document for “EU Contribution to the Western Balkans Investment Framework (WBIF) 2021-2023”](https://neighbourhood-enlargement.ec.europa.eu/document/download/ce59bc45-1e79-4888-b81d-f8d16e150c96).
* [C(2022) 8947 - COMMISSION IMPLEMENTING DECISION of 30.11.2022 amending “Implementing Decision C(2021) 9716 final adopting a financing of the multicountry multiannual action plan in favour of the Western Balkans and Turkey for 2021- 2022”](https://neighbourhood-enlargement.ec.europa.eu/document/download/f5cf211c-ead9-4a5a-907a-3b5e27fdb015_en?filename=CID%20MC%202021-2022%20-%20amend%203%20FINAL.pdf) for the following actions:
* [EU support to fundamental rights of Roma in the Western Balkans and Turkey](https://neighbourhood-enlargement.ec.europa.eu/document/download/8c96dd59-3d69-455f-a6b9-dade7cb9f38e_en?filename=Annex%201%20-%20AD%2004%20W1-MC%20Fundamental%20rights%20of%20Roma%20WBs%20and%20TR%202021_amend%203%20FINAL.pdf); [EU Integration Facility, including EU support for the participation of IPA III beneficiaries in EU Agencies and Technical Assistance and Information Exchange (TAIEX)](https://neighbourhood-enlargement.ec.europa.eu/document/download/80f8fdcb-21f1-4099-b041-3aa7f45d55c6_en?filename=Annex%202%20-%20AD%2008%20W2-MC%20EUIF-Agencies-TAIEX%202021-2022_amend%203%20FINAL.pdf); [EU Support to Cybersecurity Capacity Building in the Western Balkans – 2022](https://neighbourhood-enlargement.ec.europa.eu/document/download/6c00215d-36cb-41c5-9348-7ea9967eac97_en?filename=Annex%203%20-%20AD%2018%20W1-MC%20Cyber%20WBs%20-%20new%20AD-amend%203%20FINAL.pdf);
* [C(2022) 2561 - COMMISSION IMPLEMENTING DECISION of 20.4.2022 on the financing of the individual measure to strengthen the response capacity to manage migration flows in favour of the Western Balkans for 2022](https://ec.europa.eu/neighbourhood-enlargement/document/download/06f834d3-5a38-4ec6-9fa3-b32fe8f4d9a4_en?filename=CID%20-%20Ind%20Measure%20Migration%202022-carried%20over%20from%202021%20FINAL.pdf) for the [Individual measure to strengthen the response capacity to manage migration flows in favour of the Western Balkans for 2022](https://ec.europa.eu/neighbourhood-enlargement/document/download/bd147c30-293f-46bd-acc9-c3c40d6f2712_en?filename=Annex-%20Ind%20Measure%20Migration%202022-carried%20over%20from%202021%20FINAL.pdf)

On the implementation side, the NIPAC Office appreciates the regular biannual reports for the implementation of the respective programmes, since these reports are the only sources for information on the implementation.

In addition, the participation of the country in the Union Programmes and Agencies has been changed.  Namely, the management mode has been changed from indirect management to direct management, from Annual Programmes to Multi-country programmes.  The decision taken by the DG NEAR on the new management arrangement, was poorly communicated with the national authorities.  Currently, the decision of the national authorities on who will manage the grant is still pending.

In general, to improve the follow-up of the Actions financed through regional support of MC IPA, NIPAC Office suggests improving the coordination of line ministries through NIPAC, having into account that all IPA-related programmes are administered through NIPAC. The direct communication of the EC with the beneficiary institutions causes difficulties for NIPAC to collect information and report on the progress and achievement made in different projects.

Concerning participation of the country in the WBIF, the European Commission informed the NIPAC at the end of July 2022 that the first projects for the implementation of the **Economic and Investment Plan for the Western Balkans** have been adopted.  Hence, 4 (four) investment projects have been adopted in the amount of **EUR 225,6 million** as follows.

* North Macedonia Orient/East-Med Corridor: North Macedonia – Bulgaria CVIII Rail Interconnection, Kriva Palanka – Border with Bulgaria Section WBIF EU grant 2022 in total of €149.2m
* Oslomej 1 Solar Photovoltaic Power Plant WBIF bilateral donor grant 2022 in total of €1.6m
* Oslomej 2 and Bitola Photovoltaic Power Plants WBIF EU grant 2022 in total of €5m
* Skopje Wastewater Treatment Plant WBIF EU grant 2022 in total of €69.8m

Also, the Commission informed that 3 projects were approved under **Investment Round 7** on 13 January 2023 as following:

* Wind Park Bogdanci Phase 2 in the amount of EUR 9,219,317.95
* Rehabilitation of Six Hydropower Plants Phase 3 in the amount of EUR 11,119,564.34
* Establishing a Regional Waste Management System in Polog, Pelagonija, Vardar, Southwest and Southeast Regions in the amount of EUR 22,562,512.66
	1. **Main achievements with communication and visibility activities**

The activities on the communication and visibility of IPA are not well organized mostly due to the lack of budget on programme level. The activities that are thus far undertaken hence, are done based on the random basis. In the text below please find the concrete visibility activities that have been done in the reporting period.

On 17 August 2022 one press conference was held by the NIPAC on few topics such as the implementation of IPA II including IPARD II, the progress of implementation of WBIF, the novelties in IPA III and the active bilateral donors in the country.  The idea behind this event was to inform the public on the statistics and the type of projects that benefit from the different IPA sources of funding.

In terms of communication and visibility, SEA assuming the role of NIPAC office also publishes the deliverables from its work on [www.sep.gov.mk](http://www.sep.gov.mk/) such as the programming documents, including action fiches and action documents, the strategic response, the summaries of the Annual reports on implementation, the summary of the minutes of the IPA and Sectoral monitoring committees, the annual schedule of the meetings of the Sector working groups and the Monitoring committee meetings.

Also, NIPAC visited several EU funded projects in few municipalities. On 5 November 2022 NIPAC visited municipality of Rosoman and discussed the new investment in Rosoman: 9 million euros from the EU for the development of the economy and for a clean environment. The Deputy Prime Minister in charge of European Affairs had a meeting with the Mayor of Rosoman Municipality, Stojan Nikolov, during which they discussed the project for the construction of a factory for the treatment of animal by-products, in accordance with EU and national legislation, a project within the framework of IPA 2019. - The budget is 9 million euros, European money for investment in circular economy, which introduces a functional and closed system for harmless and safe treatment and disposal of animal waste. This means the economic prosperity of the municipality and an ecologically healthy environment, Vice Prime Minister Maricic said at the meeting. The Vice Prime Minister for European Affairs and National IPA Coordinator emphasized that the use of European funds for the European integration process is very important, the speed of transformation and the introduction of European standards in Macedonian society will depend on them.

On 27 October 2022, NIPAC informed the Parliament services on the ratification of the Framework Agreement for IPA III. The Deputy Prime Minister in charge of European affairs, Bojan Maricic, attended the session of the Commission for Foreign Policy, at which the draft law on the ratification of the Framework Agreement for Financial Partnership between the European Commission and the Republic of North Macedonia, for the implementation of the Instrument for pre-accession aid IPA III, for the period 2021-2027. By signing this Agreement, the way is opened for the signing of the Financial Agreements within the framework of IPA 3, including the Financial Agreement for the 2021 programme.

On 28 August, NIPAC informed that there will be 97 million euros from IPARD 3 for Macedonian farmers. The Deputy Prime Minister in charge of European affairs and National IPA Coordinator, Bojan Maricic, announced on his Facebook profile that the European Commission has already adopted the IPARD 3 program in which 97 million euros have been allocated, European funds that will be used to support investments in new agricultural mechanization, construction of livestock and poultry farms, wineries, dairies, slaughterhouses, cold stores, investments in rural tourism, support for small businesses in rural areas and improvement of rural infrastructure.

On 9 June 2022, NIPAC visited Krushevo and the project Krusevo with IPA support to a European tourist destination. The Deputy Prime Minister in charge of European affairs, Bojan Maricic, visited the municipality of Krushevo, where he met with the mayor Tome Hristoski and the deputy mayor of the municipality of Elbasan, Albania, Artur Kuni, beneficiaries of the Program "Cross-Border Cooperation Republic of North Macedonia - Republic of Albania, Instrument for Pre-Accession Support (IPA 2), 2018 – 2020. - The cooperation between the municipalities of Krushevo and Elbasan is an excellent example of successful cross-border cooperation through implemented EU projects that give European value to the region. Krushevo is an important point on our tourist map in which we must continue to invest and use the potential it possesses for the development of tourism, Maricic said at the meeting.

On 5 May 2022, NIPAC published a post Through IPA projects for organic waste management, we realize the goals of the Green Agreement. The Deputy Prime Minister in charge of European affairs, Bojan Maricic, in the series of IPA projects and the use of European funds, announced on his Facebook profile that the EU provides financial support for the management of organic waste, as it is an important issue for environmental protection and is one of the most complex areas, in terms of compliance with European Union regulations.

In continuation of the text, the Deputy Prime Minister and National IPA Coordinator said that the Union supports the country to achieve our environmental goals and gradually raise them to the level of EU standards, with a total budget of the IPA Program for cross-border cooperation with Greece 2014-2020 of 45,470. 066 euros, EU and national funding, and almost half, 22,735,032 euros, were used in projects from the second priority axis - Environmental Protection - Transport.

On 8 April 2022, NIPAC discussed on the topic Maintaining a clean and healthy environment according to EU standards with the support of European funds

Within the framework of the project for Support in establishing a regional waste management system, vehicles for communal hygiene have been provided. The procurement and putting into use of vehicles for waste collection in the Eastern and North-Eastern planning regions made it possible to optimize the operation of communal services to ensure timely delivery of communal services for the benefit of citizens and to deliver waste to the locations intended for waste disposal, which the environment will be protected from uncontrolled waste disposal in accordance with EU standards The value of this project is 3,597,440.00 euros, of which 85% are funds from the EU.

On 4 April 2022, NIPAC participated on the programming mission for the IPA action programme for 2023 within the framework of IPA III, with a value of around 108 million euros

The first of two meetings of the IPA Program Mission for 2023-2024 was held in the Government of the Republic of North Macedonia, which was attended by representatives of the General Directorate of the European Commission for Neighbourhood and Enlargement Negotiations and the representatives of the ministries. The host of the event, the Vice Prime Minister in charge of European Affairs and National IPA Coordinator, Bojan Maricic, gave his opening address in which he emphasized that the programming of the Action Program for 2023 has already begun. Within the framework of IPA III, which Vice Prime Minister Maricic sees as a plus possibility for financing national investment priorities, which are in line with the economic and investment plan, as well as the Green Agenda. - The programming process will result in a well-designed program of close to 108 million euros, which is in accordance with the instruction to receive +20% of the allocated funds in 2021, Maricic said at the meeting, adding that IPA funds bring great benefits to citizens and undoubtedly is one of the most successful stories of the European integration process, Maricic added.

On 4 march 2022, NIPAC Maricic on the implemented IPA projects at the local level are the basis not only for local, but also for regional development

The Deputy Prime Minister in charge of European affairs, Bojan Maricic, visited the municipality of Valandovo, where he had a working meeting with the mayor of the municipality, Pero Kostadinov, after which they toured institutions that have realized projects, financed through European funds and programs.

At the meeting, Vice Prime Minister Maricic and Mayor Kostadinov discussed the possibilities of financing projects for local socio-economic development within the framework of INTERREG IPA Cross-border cooperation programs of the Republic of North Macedonia with the Republic of Greece and the Republic of Bulgaria, as well as other programs financed by the EU, among which and Erasmus +. Mayor Kostadinov presented the projects successfully implemented so far at the level of the municipality, as well as the following activities that are planned, which are a good basis for local development, but also more broadly for the development of the Southeast planning region.

What could be observed is the fact that the communication and visibility will have to be better coordinated and streamlined with the activities of the EUD and other ministries.  NIPAC is establishing new Unit in the NIPAC office that we take on the communication and visibility activities not only towards the public and different interest groups but also inside the Government. It could be recommended for the forthcoming period that the current TA project in SEA sets the grounds for the future communication and visibility activities of NIPAC on programme level**.**

* 1. **NIPAC’s main recommendations for the coming period**

Considering overall assessment of the progress and results in implementation of IPA funds, the following is concluded and recommended for the upcoming period:

* Under IPA III programming of the first three multiannual programmes in the sectors transport, environment and human capital development for the period 2024-2027. Any decision to extend further (for ex. 2025-2027) the programming could potentially delay the process of implementation and potential recovery of funds.
* Focus at the beginning of 2023 will be on starting annual programming process as well as multiannual for **three IPA III multiannual programmes for the period 2024-2027** under indirect management (operational programmes for Environment, Transport and Human Capital Development).
* **Parallel preparation of the entrustment packages** for all three multiannual operational programmes and setting up the structure for human capital OP will be challenging especially if we couple it with the parallel programming process of the respective operational programmes. Without proper preparation of the structures for implementation under new IPA III rules and set up, successful implementation of the operational programmes will not be ensured. Commitment of the national administration and ownership over the process is necessary.
* Ministries that are designated as Management Authority and Intermediate Bodies will need significant support in performing those roles. After Bilateral screening for **Cluster 5 and negotiating Chapter 22 in November 2023**, further needs for capacity building will be assessed to support preparation and readiness of the existing structures for management of EU funds, European Social Funds (ESF), European Regional Development Fund (EFRD) and Cohesion Fund (CF).
* In general, high workload accompanied with insufficient number of staff and lack of experienced staff with technical knowledge led to high staff turnover in the previous period. Although this is common for almost all institutions in IPA structure it was more tangible in the institution that is performing Contracting Authority function (CFCD) due to the missing results in contracting or funds absorption. It is observed that reason for this is enormous workload with insufficient capacities that creates bottleneck and poor performance. With the changes in the MCS under IPA III and new division of tasks and responsibilities there is a shift of responsibilities to MA in performing quality control over procurement/technical documentation prepared by the IBFMs. Therefore, it is concluded that the main challenge will be **human resource capacities and availability** for EU funds management and reinforcement of national capacities in the full cycle of EU funds management. Technical assistance project that is supporting NIPAC in this process, will strive to build expertise and experience into the beneficiary institutions to enhance their organisational, administrative, and technical capacities. However, whole process needs to be, on the one hand, strengthened with continuous **capacity building activities** and on the other supported with the **commitment on the political level** to resolving these issues. Having said this, introduction of **staff retention policy** measures is high priority for IPA structures dealing with the EU funds management. However, effects and successful implementation of the retention policy is mainly dependent on **political decisions.**
* Necessary **introduction of strategic and systematic approach of capacity building** of the IPA structures. This is related to strengthening of Training centre function and capacities to perform focal point for organisation and delivery of trainings. Interviewed Beneficiaries suggested that, for example, Induction training programme for newcomers should be mandatory. Also, all interviewed Beneficiaries stressed that provision of trainings related to management and control system and procedures under IPA III are urgent.
* It could be beneficial if the SEA training center organize and deliver one event for the lessons learned drafted by CFCD for the 2022.
* For the IPARD II it is recommended to investigate the possibility to introduce n+4 and one last call to be launched during 2023 as a way forward in spending the funds available.
* For IPARD III, it is recommended to finalise the accreditation package and officially to be sent to the DG AGRI and to publish the first call as soon as possible.
* For CBC North Macedonia- Serbia in fastest way possible to improve the administrative capacity for management of the CBC programme for the period 2014-2020.
* For the CBC under IPA III, NIPAC to delegate the management of the CBC programmes to the Ministry of Local Self Government following the strong assurance from the Ministry to assume the management responsibilities deriving from the FFPA.
* For the territorial cooperation programmes under IPA III, NIPAC to maintain the management of these programmes.
* Following the first decommitment under IPA II that has occurred at the end of 2022 and the projections of the risks for the 2023, it is recommended: a) to maintain the regularity of monthly meetings on sector level, b) to appoint the managerial positions missing in the IPA structures and c) to fill in the vacant positions in the IPA structures.
* To circulate the Guidelines on direct management with every Financing agreement, signed under IPA III.

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

The information provided in this section is based on/ linked with information provided in *Annex 1* below. This section includes a summary of IPA assistance per sector for IPA II assistance and per window/thematic priority for IPA III assistance. Please note that relevant outcome/output indicators are provided in *Annex 2.* Under *Annex 3* are presented sector approachroadmap achievements.

Please note that IPA II operational programmes are covered under the relevant sector providing information on points 1-10 (as relevant). During 2022, six Action fiches and Action Documents have been developed under IPA III 2023 programming cycle i.e., Fundamental Rights (Window 1), EU for fight against organised crime/security (Window 1), EU Integration Facility (Window 2), EU for Reforms and Resilience (Window 3), Economic Cohesion (Window 4) and EU for an Improved Health Care System (Window 4). However due to the necessary financial support to energy crises, 2023 allocation has been shifted to the Energy support package to North Macedonia. The EC services notified the national authorities that these programmed actions will be part of IPA III 2024 programming cycle which will start at the beginning of 2023. Therefore, it is expected that certain interventions will be pushed forward to the multiannual programmes 2024-2027 or 2024 annual IPA III programme. Until the end of 2022, programming and preparation of the IPA III multi-annual operational programmes have not been started.

## 2.1 Rule of Law and Fundamental Rights

**IPA II Sector:** **Rule of Law and Fundamental Rights**

**IPA III Window 1: Rule of Law and Fundamental Rights and Democracy**

**Thematic Priority 1:** Judiciary

**Thematic Priority 2:** Fight against corruption

**Thematic Priority 5:** Fundamental rights

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

Two IPA II Action Documents have been prepared and financed under IPA 2014 and IPA 2020. The whole programming process was elaborated in the previous IPA annual reports.

The activities related to **IPA II 2020** Action Document “**EU Support for Rule of Law**” started in January 2021. The main outcomes of the Action expected are to improve the capacities of justice institutions to deliver justice in transparent and accountable manner; strengthen the capacities to effectively implement modern investigation techniques in fighting organised crime; improve the prevention and fight against corruption; and enhance the protection of fundamental rights and strengthen the uptake of alternative means to detention. Total cost of the Action is 12,450,000 EUR, implemented through the direct management and partly with the Council of Europe Development Bank (CEB) for the implementation of Activity 4.2 (a) improving of the detention conditions.

IPA IIIprogramming for the allocation 2021 began in the spring of 2020. The Action Fiche “EU for Efficient Judiciary and Enhanced Prevention of Corruption” was forwarded to Brussels in the second half of 2020 for inter-service dialogue and relevance assessment. Following this, **IPA III 2021** Action Document "**EU for Rule of Law and Anti-corruption**" was approved and the Financial Agreement for 2021 was signed on 15.11.2022. with the total value of 9.6 million EUR. EU contribution will be 8.4 million EUR and national funding will be 1.1 million EUR (including EUR 100,000 provided by the grant beneficiaries). IPA III Action Document 2021 will be carried out through direct management.

The IPA III 2021 action aim is to increase the effectiveness of the legal system as well as the prevention and suppression of corruption. The expected outputs of the Action are:

* Modernisation of the ICT operational management and infrastructure in the Judiciary, the public prosecution offices and the Constitutional Court, State attorney office as well as upgrade the IT system for collecting and processing statistical data for prevention and repression of corruption and money laundering (AKstats), and the State Commission for Prevention of Corruption (SCPC), in line with their respective competences.
* Strengthening the capacity and efficiency of the Constitutional Court to protect constitutionality, legality a fundamental right.
* Preparation phase for the modernisation of the premises of the Academy for Judges and Public Prosecutors (phase I) Preparation of the necessary technical documentation.
* Increasing the intolerance of the private sector and citizens towards corruption and bribing. The civil society organisations will be the main beneficiary.
* Regarding preparation of IPA III annual program for 2023, at the end of 2022 the feedback from relevance assessment of proposed actions under the AF“EU for Fundamental Rights” was received. The proposed action was assessed as relevant and will be considered in the IPA III 2024 programming cycle which will start at the beginning of 2023.
1. **Progress made in implementation to achieve the objectives as outlined in key strategic and programme documents (relevant outcome/output indicators should be provided in Annex 1)**

In January 2021 under **IPA II 2020 Action document “EU Support for Rule of Law”** started twinning project implementation by the Agency for European Integration and Economic Development (AEI - lead applicant), Ministry of Justice and Administration of the Republic of Croatia, the Austrian Federal Ministry of Interior, and the Ludwig Boltzmann Institute of Human Rights. Project was covering wide range of stakeholders and has a hands-on approach in supporting key national priorities including:

* Strategy for Reform in the Judicial Sector 2017-2022, which is crucial for independent, impartial, efficient, high-quality and transparent judiciary responsible for protection of individual rights and freedoms of citizens.
* National Strategy for Strengthening of Financial Investigations and Property Confiscation and Action Plan, which provides a comprehensive system of legal and operational measures for strengthening the overall national capacities for conduction financial investigations and property confiscation.
* National Strategy for Fight against Corruption and Conflict of Interests 2020 -2024, which was adopted by the SCPC in January 2020. With the new Law on Prevention of Corruption and Conflict of Interest, adopted in January 2019, the competences of the SCPC have been reinforced and the accent is on monitoring of the political parties financing and also on financing of election campaigns.

However, project was suspended in 2022. Reasons for suspension were elaborated below.

In the following table is presented implementation progress per action document until the end of reporting year 2022.

|  |  |  |
| --- | --- | --- |
| **Action Document** | **Outcomes/outputs** | **Progress** |
| **IPA Action Document 2020 “EU Support for Rule of Law”****Component 1** Specific Objective 1: To improve the capacities of justice institutions to deliver justice in transparent and accountable manner | **Result 1.1** Strategic advisory support provided to the actors in the judicial system |
| Activity 1.1.1 Implementation of existing recommendations of the Venice Commission, GRECO and Senior Experts’ Group on Systematic Rule of Law issues | MoJ, JC, CPP, PPO, Supreme Court, AJPPActivities planned between November 2021 – January 2022Assessment of the needs and optimal implementation method prepared including resources needed |
| Activity 1.1.2 Assessment and update of performance review of judges, prosecutors and judicial and legal associates | MoJ, JC, CPP, PPO, Supreme Court, Judicial Ethics Advisory Body, Ethical Council for public prosecutors, Association of Judges, Association of Public ProsecutorsActivities planned November 2021 – January 2022Training/coaching needs assessment |
| **Result 1.2** Justice chain and the enforcement process in the civil, commercial and administrative justice strengthened |
| Activity 1.2.1 Analysis and improvement of the justice chain and enforcement process in order to increase efficiency | MoJ, PPO, State Attorney’s Office, Supreme Court, JC, CPP, Chamber of Enforcement Agents, Notary ChamberActivities planned November 2021 – January 2022Analysis on the justice chain and the enforcement process, both practical and normative aspects, to detect possible shortcomings |
| Activity 1.2.2 Providing support to the Bar Association | Bar Association, MoJActivities planned August – October 2021Analysis of the status of Bar Association and attorneyship in the Macedonian justice sectorActivities planned November 2021 – January 2022Discussion with relevant institutions about the results of analysis and the way forward |
| **Result 1.3** ICT Council for the Judiciary for the implementation of the ICT Strategy supported |
| Activity 1.3.1 Coordination of upgrading activities of ICT systems and data processing | No activities started |
| Activity 1.3.2 Supporting the ICT Council for the Judiciary | All beneficiariesActivities planned August – October 2021, November 2021 – January 2022Continuous support provided |
| **Result 1.4** Capacities of institutions serving the judicial sector strengthened (Academy for Judges and Public Prosecutors in particular) |
| Activity 1.4.1. Further development of initial training | Academy for Judges and Public ProsecutorsActivities planned August – October 2021Assessment of the current system of initial training Assessment of AJPP further needs to improve initial trainingNovember 2021 – January 2022Assisting in preparation of the improved system for initial training |
| Activity 1.4.2. Further development of continuous training | Academy for Judges and Public ProsecutorsActivities planned August – October 2021Assessment of the current system of continuous training Assessment of AJPP further needs to improve continuous trainingNovember 2021 – January 2022Assisting in preparation of the improved system for continuous training |
| **Result 1.5** Management and monitoring of the justice reforms improved |
| Activity 1.5.1. Establishing a coordination mechanism in the Macedonian justice sector | All beneficiariesActivities planned August – October 2021Analysis on existing coordinating mechanisms in the justice sectorNovember 2021 – January 2022Discussion with relevant institutions about the results of analysis and way forwardParticipation in the work of various formations to observe the processes first hand |
| Activity 1.5.2 Supporting MoJ in further institutional strengthening for management and monitoring of the justice reforms | MoJActivities planned November 2021 – January 2022Organising thematic workshops on management and monitoring of justice reforms |
| Activity 1.5.3 Awareness raising among external stakeholders | No activities planned |
| **IPA Action Document 2020 “EU Support for Rule of Law”****Component 3** **Specific Objective 3:** Improve the prevention and fight against corruption | **Result 3.1:** Strategic support for ensuring the independence, effectiveness and efficiency in the operations of SCPC as well as methodological support for implementation of its mandate provided, improve the capacities of justice institutions to deliver justice in transparent and accountable manner |
| Activity 3.1.1 Support on strategic management and methodology development | SCPCActivities planned May 2021 – July 2021Following and contributing to the recently started revision of the law on Prevention of Corruption.Analysing need for training, mentorship and capacity building in the area of communication in SCPC.Develop a proposed activity plan for strengthening external and internal communication within SCPCAugust – October 2021Providing general support on organisational development specifically focusing on increasing trust in the institution. Following and contributing to the recently started revision of the law on Prevention of Corruption Agreeing on and starting implementation of the activity plan for strengthening external and internal communication within SCPC.Planning and conducting a workshop on communication for independent bodies in collaboration with Component 4 (SCPC, CPPD and Ombudsman Office).Awareness activities related to lobbying developed and implemented (linked to activity 3.3.1)November 2021 – January 2022Providing general support on organisational development specifically focusing on increasing trust in the institution. Following and contributing to the recently started revision of the law on Prevention of Corruption Implementing the activity plan for strengthening external and internal communication within SCPC.Awareness activities related to lobbying developed and implemented (linked to activity 3.3.1) |
| Activity 3.1.2 Developing and delivering IACA MAs in Combating Corruption & Building Integrity | SCPCActivities planned May – July 2021Institutions that will benefit from the MAs identified and informed.Criteria for participation in the MAs established and communicated. Call for participants for the first MA doneAugust – October 2021Selection of participants for the first MA done in collaboration with IACA.Starting the first MA course in OctoberNovember 2021 – January 2022Ongoing delivery of the first MA course.Continuous follow-up together with IACA |
| Activity 3.1.3 National collaboration and international cooperation | SCPC, Prosecutor’s Office, MoJ, MoI, DPM ‘s Cabinet against Corruption and Crime, Slovenian Commission for Prevention of Corruption.Activities planned May – July 2021Collaboration with the DPM’s Cabinet against Corruption and Crime further developed.Cooperation with the Slovenian Commission for Prevention of Corruption establishedNovember 2021 – January 2022Joint workshops with Prosecutors investigating corruption crimes aiming for strengthening the legal chain. Specifically identifying ways of raising the proportion of “SCPC cases” being prosecuted will be done in in collaboration with Component2. Other interested parties to this activity are MoJ and DPM’s Cabinet against Corruption and Crime |
| **Result 3.2:** Improved control and verification of assets declarations submitted by elected and appointed officials and members of Parliament |
| Activity 3.2.1 Supporting digitization and digitalization of the process / system of assets declaration | SCPCActivities planned May – July 2021Terms of reference drafted for a local medium-term ICT expert.August – October 2021, November 2021 – January 2022Supporting the digitalisation process and the current network, software and hardware infrastructure in the SCPC. Providing support on monitoring public procurement processes of ICT |
| Activity 3.2.3 Exchange of Information and data flow | SCPCActivities planned May – July 2021, August – January 2022Supporting digitalisation and gradual connection of the SCPC to other government databases and registers.Supporting access to a business analytic tool in order to temporarily bridge the gap of access to data until SCPC is connected to all necessary government databases and registers |
| **Result 3.3:** Enforcement of the law on lobbying and restrictions of gifts improved  |
| Activity 3.3.4 Developing a new e-register for lobbyists | SCPCActivities planned August – October 2021Assess whether the module for monitoring lobbying in Erar, the Slovenian e-tracker system, would meet the obligations in the new Law on Lobbying (linked to activities 3.5.2 & 3.5.3)November 2021 – January 2022Decision taken on way forward related to a new e-register for lobbyists. |
| **Result 3.5:** Prevention of corruption in procurement improved |
| Activity 3.5.1 Assessment of existing e-procurement system, processes and control measures | SCPC, Public Procurement Bureau in the Ministry of Finance, DPM’s Cabinet against Corruption and Crime, State Audit OfficeActivities planned May 2021 – July 2021Assessment of existing e-procurement system, processes and control measures drafted and circulated among relevant organisations.November 2021 – January 2022Assessment finalised and complemented with proposals for addressing weaknesses and gaps |
| Activity 3.5.2 Workshops, seminars and study visit to understand and in depth explore the system of e-Supervisor (upgraded version renamed Erar) in Slovenia and the consequences an implementation of a similar system would have in North Macedonia and in SCPC | SCPC, Ministry of Finance, Ministry of Interior, Ministry of Justice, DPM’s Cabinet against Corruption and Crime, CSOs and Investigative Journalists and othersActivities planned May 2021 – July 2021International Expert in Data Analytic Tool has been contracted.Informing and demonstrating Erar to SCPC and other beneficiary institutions through online demonstrations and seminars.August – October 2021Assessment of possibilities and consequences of implementing a similar e-tracker system in North Macedonia and in SCPC. Informing and consulting stakeholders; institutions, CSOs, investigative journalists and potential donorsNovember 2021 – January 2022Decision taken on way forward with an e-tracker system in SCPC |
| Activity 3.5.3 Developing terms of reference for an e-tracker system similar to Slovenian e- Supervisor and assist with preparations for procurement and/or funding requests for the system | SCPCActivities planned November 2021 – January 2022Start developing terms of reference for an e-tracker system.Assist in preparations for procurement and/or funding requests. |
| **IPA Action Document 2020 “EU Support for Rule of Law”****Component 3** **Specific Objective 4:** Enhanced protection of fundamental rights and stronger uptake of alternative means to detention | Activity 4.1.1 Mapping of the institutional Human Rights landscape | Ombudsman Office, Commission on Protection and Prevention from Discrimination, Ministry of Justice, Ministry of Labour and Social Policy, Ministry of the Interior, Secretariat of European Affairs, Interministerial Body on Human Rights, other actors, a wide range of important CSOs and international actorsActivities planned May – July 2021mapping report in the shape of a spreadsheet including information on the state of play regarding human rights sorted by categories following the logic of the Charter of Fundamental Rights of the European Union is being elaboratedMapping report finalized (though a living tool in need of maintenance and updates) |
| Activity 4.1.3 Establishing a forum for professional exchange among the main HR bodies | All participating institutions, invitations based on mapping (Act. 4.1.1) and topic;Including: SEA, Ombudsman Institution, CPPD; Interministerial Body on Human Rights, CSOs, human rights officers from relevant ministries (MoJ, MoI, MLSP, Ministry of Health, Ministry of Education and Science)Activities planned May – July 2021Establish first contacts with relevant institutions and explore willingness to participate and discuss most beneficial ways of setting-up this forumAugust – October 2021Organisational arrangements for upcoming forum events First Forum Meeting in the format of a World Café (0,5 day) held in Skopje, report on results, minutes. |
| Activity 4.2.1 – 4.2.3 Organisational development support; Functional capacity-building; Specific mandate-related capacity building | Ombudsman Office, other key actors involved in specific areas Commission for the Prevention and Protection against Discrimination (CPPD)Activities planned May – July 2021Develop first capacity building plans, covering all areas (organisational, functional, mandate related) while making use of the recent institutional assessment done by UNOPS (Ombudsman Office). A first workshop on methods and exercises and interactive interventions to raise awareness on the phenomenon and concepts of discrimination with different target groups will be held outside Skopje (July) – for CPPD, Ombudsman Office and members of specialized CSOs.Deployment of STE in cooperation with CLAugust – October 2021Implementing the capacity building planInitial workshop on specific needs regarding internal and external communication for the Ombudsman Institution. (IMTE)Facilitated meeting between Ombudsman Office and CPPD on clarification of the respective institutional roles in tackling discrimination. Strengths and weaknesses assessed in the best interest of victims of discrimination. (CL)One workshop (1-day) for CPPD on the concept of (discriminatory) harassment to develop clear caselaw on this subject (September). Deployment of STE.One workshop on good communication for independent bodies, in cooperation with Component 3 – for Ombudsman Office, CPPD and State Commission against Corruption. (IMTE, NMTE)Start of institutional development process on data collection and purpose and outcome driven leadership, evaluation and monitoring (CPPD and Ombudsman Institution). Starting with definitions of data collection needs for the purposes of the newly developed IT and case management system at the CPPD (in cooperation with OSCE project). (IMTE)November 2021 – January 2022Implementing the capacity building plan, development of new plan for 2022One workshop for CPPD on dealing with the specific occupational hazards of working as an equality body (“difficult clients”(aggressive, abusive or depressive, etc.), excessive expectations, unsuccessful cases, last minute withdrawals of complaints, etc.) in order to keep an eye on the health and safety and motivation of the staff. (Deployment of STE)Continuation of institutional development process on data collection and purpose and outcome driven leadership, evaluation and monitoring (CPPD and Ombudsman Institution). (IMTE) |
| **Result 4.4:** Prevention of gender- based violence and gender-based discrimination enhanced |
| 4.4.1 Research analysis on prevention of gender-based violence | Ombudsman Institution, CPPD, MoJ, MoI, MLSP, Ministry of HealthActivities planned November 2021 – January 2022Analysis of the awareness and capacity building needs of first responders to gender-based violence. The research will make good use of the existing knowledge and documents, while assessing training needs and other necessary means to strengthen the first response to reports of domestic violence and the protection of victims. It should provide hands-down practical advise on how to improve the situation for the victims. The suitable research method is to be determined by the experts deployed. This research will help to tailor the capacity building in Act. 4.7.2.Deployment of NMTE, Outline of research field and focus, abstract. To be continued and finalized in next reporting period. |
| 4.4.2 Research analysis on prevention of gender-based discrimination | Ombudsman Institution, CPPD, MoJActivities planned August – October 2021The research will be resulting in an analysis and recommendations regarding concrete measures in order to increase the number (and diversity) of cases of gender-based discrimination brought before courts and competent institutions. Deployment of NMTE (Sept 2021), Outline of research field and focus, abstractNovember 2021 – January 2022Analysis finalized, peer-review by STE. Presentation of findings to beneficiaries |
| **Result 4.5:** Child rights policy and child protection system strengthened |
| Activity 4.5.1 Specific research analysis on the child protection system at national level regarding threats from internet use | MLSP, Ombudsman Institution, MoI coordination with Component 2Activities planned May – July 2021Desk research and communication with main stakeholders on defining a specific field of research that does add value to the already existing knowledge and analysisAugust – October 2021Deployment of NMTE, start of research. Outline of research field and focus, abstract. Continuous research and analysis. A specific research analysis on the protection of children and children’s rights on the internet will be conducted. It will address practical challenges ranging from the application of existing law to potential gaps in the legislation and will also look into the means of raising awareness with specific target groups, digital self-defence, support system and remedies. The study will also inform the foreseen National Strategy to Combat Cyber-Crime in order to make sure that children’s rights are included/mainstreamed in this important governmental policyNovember 2021 – January 2022Analysis finalized, peer-review by STE. Presentation of findings and recommendations to beneficiaries |
| Activity 4.5.2 Establishing a tailor-made instrument for monitoring the implementation of child rights | MLSP, Ombudsman Institution, MoJ, MoI, Judicial Council, Ministry of Education and Science, Ministry of Health, National Coordinating Body against Domestic Violence. National Coordinating Body for the Protection of Children against Abuse and Neglect, State Council for Prevention of Juvenile Delinquency, National Commission for Combatting Trafficking in Human Beings and Illegal Migration, State Statistical Office, UNICEF, OSCE, CoE, CSOsActivities planned May – July 2021Contacting all main stakeholders, explicitly working with children’s rights and complementing the list with more horizontal stakeholdersAugust – October 2021Workshop inviting all major stakeholders in the field of children’s rights, presenting good models of practice from other countries regarding monitoring of children’s rights and developing criteria for a functioning advisory/ monitoring group. Participatory development of a good model for the context of North Macedonia. Deployment of STE. Report and recommendations elaborated.Organisational set-up of the instrument defined, and cooperation of most important stakeholders secured.November 2021 – January 2022According to the findings and organisation of the instrument – implementation of the necessary steps to make the instrument start producing output and outcome |
| **Result 4.6:** Awareness on the importance and role of institutions and various HR bodies to protect HR raised |
| Activity 4.6.2 Development and implementation of annual awareness-raising plans | Ombudsman Office, CPPDActivities planned May – July 2021After the workshops dealing with communication issues, revision of awareness raising plans.Implementation of awareness raising measures for Ombudsman Office and CPPD according to plansNovember 2021 – January 2022Implementation of awareness raising measures for Ombudsman Office and CPPD according to plan |
| **Result 4.8:** Probation system and application of alternative sanctions improved |
| Activity 4.8.1 Gaps and needs analysis on the probation system and alternative sanctions legal system | Directorate for Execution of Sanctions DES– MoJ; probation service; local courts and prosecution officesActivities planned May – July 2021Legal research and analysis: Activity will result in a report that highlights the needs for legal changes/adaptations that can be further processed to the MoJ working groups on recodification of the Criminal Code and the Criminal Procedure Code regarding the probation service and alternative measures. It will address alignment issues with other pieces of legislation.Deployment of STE to review the relevant legal documents and discuss first findings with the Directorate for Execution of SanctionsAugust – October 2021Deployment of STEs to continue the analysis and facilitate 4 local roundtables with the probation service, courts, and prosecution offices (in Skopje, Štip, Gostivar, and Bitola) as foreseen in the action plan and include the findings from these roundtables.Finalisation of report and handover to DES-MoJ |
| Activity 4.8.3 Capacity-building for judges and probation officers | Directorate for Execution of Sanctions – MoJ, probation system, Academy of Judges, State Council for the Prevention of Juvenile Delinquency, Chief Prosecutor, Judicial CouncilActivities planned May – July 2021Develop a roadmap for capacity building activities. Defining specific areas and main requirements for a basic training curriculum for new probation officers. Specific training needs identifiedAugust – October 2021Development of basic training curriculum for probation officers. Deployment of STE.Development of a new communication strategy plan for the probation service. Deployment of STE.Support the effort to increase the number of alternative sanctions (as in Action Plan Pt. 1.5), by drafting recommendations and promote them in roundtables). Deployment of STENovember 2021 – January 2022Training of probation officers in public relations, effective communication and facilitation of roundtables and meetings. Deployment of STE and IMTESpecial training for probation officers on dealing with drug addicts. Workshop; deployment of STE.  |
| **IPA III Action Document for “EU for Rule of Law and Anti-corruption**” | Output 1: Enhanced digitalisation of state institutions in the judiciary and anti-corruption areas | Service contract – Modernisation of the ICT operational management and infrastructure across the justice sector – Draft ToR is being currently reviewed by the ICT expert of the Rule of Law project (IPA 2020).  |
| Output 2: Strengthened capacities of the Constitutional Court to assess the constitutionality and legality of the adopted normative acts and protect fundamental rights | Service contract – Strengthening the capacity and efficiency of the Constitutional Court – Draft ToR for a service contract was initially prepared in 2021 by the MoJ IPA/EU unit in consultation with the Constitutional court (CC). In October 2022, the draft ToR was reviewed and updated by the EUD and shared with the MoJ and the CC for final comments. Upon receiving the comments from both institutions, the ToR was finalised in December 2022. The tender procedure to be lunched anytime now. |
| Output 3: Technical documentation for the construction of new premises for the Academy for Judges and Public Prosecutors | FWC Contract – Preparation of technical documentation of the premises of the Academy for Judges and Public Prosecutors – Draft ToR prepared in 2021. Currently under review and update by the EUD. Meetings held with the Director of the Academy Ms. Natasa Gaber –Damjanovska and the MoJ representatives in January 2023. Upon clarifying the ToR requirements on the beneficiary for securing an excerpt of the Detailed Urban Plan along with a Property Certificate before starting with the design, and reviewing and updating the planned activities under Activity 1 the draft ToR will be send to final review by the MoJ and the Academy respectively.  |
| Output 4: Raised public intolerance to corruption |  |

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

Twinning contract EU Support for Rule of Law started in January 2021, implemented by the Agency for European Integration and Economic Development (AEI - lead applicant), Ministry of Justice and Administration of the Republic of Croatia, the Austrian Federal Ministry of Interior, and the Ludwig Boltzmann Institute of Human Rights. However, in 2022 project has been suspended. The European Commission withdrew AEI from the list of Twinning Mandated Bodies on 3 August 2022. The removal of the twinning mandate directly affects the eligibility of AEI under the project EU Support for Rule of Law. The AEI board of members received the attached letter dated 15 August 2022 concerning the suspension of the implementation of the Grant Contract nr. IPA/2020/419-800 - "EU Support for Rule of Law" – Ares (2022)5747006.

This suspension, which has the purpose of assessing the situation of AEI as regards the continued compliance with the eligibility criteria that applied to the award of the grant contract, took effect on the date of reception and applies for an initial indicative period lasting until 31 October 2022.

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

|  |
| --- |
| **IPA II Sectoral Monitoring Committee on Rule of Law and Fundamental Rights Seventh Meeting held on 04.10.2022** |
| **Recommendations/conclusions** | **Implemented corrective measures** |
| Reconstruction of Idrizovo prison – the authorities will inform EUD on the progress in contracting the project by mid-October 2022. | N/A |
| Justice children – EU for juvenile and child friendly justice project - Government to approve the Justice for Children law by end 2022 | N/A |
| Justice for Children project - Directorate for Execution of Sanctions and the Ministry of Education to agree on next steps for finding and ensure a systemic solution for the provision of education for the children in the educational correctional institutions Volkovija and Ohrid by the end of 2022. | N/A |
| The EU Delegation will inform SEA on the resolution of the Rule of Law project managed by the EU Delegation | N/A |
| EU Delegation will discuss any possible solutions vis-à-vis the activities in the Rule of Law project with the line institutions. | N/A |

1. **Complementarity with other instruments and coordination with other donors/ IFI's within the Window/thematic priority (IPA III) or sector (IPA II)**

The Sector Working Group on Justice did not hold operational or plenary meetings in 2022.

The following programmes financed by the Donors are under implementation:

|  |  |  |  |
| --- | --- | --- | --- |
| **Donor** | **Budget** | **Project Title/ objective of the project** | **Implementation period** |
| **British Embassy** | £7M | Western Balkans Regional Rule of Law initiative aims to reduce the threat from Serious Organised Crime through deterrence from engaging in SOC, building the strength of criminal justice systems, supporting visible and enhanced transparency & accountability in Rule of Law institutions, and building public trust in the Rule of Law. The North Macedonia activity for 22/23 works with the Public Prosecutor Office (PPO) to help establish an internal Performance Monitoring Tool, practices on data collection, input, report generation and analysis across the PPO for transparent and accountable management decisions based on evidence and data.  | December 2021 – October, 2024 |
|  | £900,000 | Combating corruption and organised crime in 3 WB Countries through strengthening regional cooperation in asset recovery - develop capacity in the Western Balkans to prevent and pursue serious and organised crime by developing more effective asset recovery practices and increasing regional cooperation in the ordinary practice of asset recovery institutions. | October 2022 – March 2024 |
|  | £981,400 | Gender Equality and Fight against Gender Based Violence and Femicides in the Western Balkan - Increase access to justice for the victims and survivors of GBV through increased understanding of gendered issues amongst the judiciary of the Western Balkans. | January 2023 – March, 2025 |
|  | £1,758,104 | Citizens engagement for increased trust in Government - One component of the Project supports the State Audit Office (SAO) in-depth audits in new fields. Support to SAO in introducing Value for Money methodology in its audits, improving its communication capacities and increased impact of the reports. Model methodology for improved SAO monitoring of corruption risk in procurement at municipal level risk. | December, 2022 – March, 2025 |
|  | £1,137,596 | Establishment of Good Governance Standards at the Centre of Government - improved policy coordination and alignment of Government policy goals through establishing performance indicators and monitoring and evaluation system in the center of government.  | December, 2022 – March, 2025 |
|  | £382,715 | Establish an intelligence-led approach to safer prison management that promotes multi-agency working by embedding a model for collection, analysis and dissemination of intelligence for proactive management of identified risks.  | February, 2021 – March, 2023 |
| **Embassy of the Netherlands** | € 188,251 | Law Students and Young Lawyers – Agents of ChangeThe project aims to enhance the role of the law students and young lawyers as agents of change for protection of human rights and promoting rule of law. This will be done by improvements in the regulations and curricula at university and providing trainings, internship and career development. | 1 July 2022 – 31 December 2024 |
|  | € 167,421 | Quality and Accountability of the Macedonian Justice SystemThe project is intended to support North Macedonia’s judicial institutions in their efforts to increase the transparency, accountability and quality of justice. This will be done by enhancing the capacities of the judges and the Judicial Council members via developing and implementing an induction programme for new judges and justices and enhancing the capacities of the Judicial Council and courts at all levels on the newly adopted methodology for complexity of cases. Also, there will be increased accountability of the judiciary through quality legal reasoning. Quality programmes for new and promoted judges will be set in place in courts at all levels (basic, appellate and supreme) and a ToT method will be developed by Dutch judges. There will also be analysis and promotion of the legal reasoning of the ECHR case law referring to North Macedonia and the judgements of the Macedonian courts.    | 1 October 2021 – 1 October 2023 |
|  | € 294,922 | Support to Judicial AcademyThe project is intended to improve the capacities of the Academy for Judges and Prosecutors (JA), as it is the sole entry point to the judiciary and prosecution and should secure a fair and transparent access to these professionals, as well as prepare the new judges and prosecutors for their roles and their career. In this respect, the Studiecentrum Rechtpleging (SSR) from Utrecht will work on two aspects: increasing the capacities of JA to train highly professional, competent and independent judges and prosecutors; and improving the work and organizational functioning of JA, including managerial skills and internal mechanisms.   | 15 April 2022 – 15 April 2025 |
|  | € 954,850 | Enhancing the efficiency, accountability and transparency of the Judicial Council of North Macedonia The project will strengthen the capacities and competencies of the Judicial Council (JC) through exchanging expertise with the Dutch Council for the Judiciary (Cfj) with a peer-to-peer approach: promoting court efficiency and establishing performance management system; promoting accountability and embedding integrity and ethics standards; promoting regional cooperation among the Judicial Councils of WB . | September 2020- September 2024 |
|  | € 1,901,624 | Balkans Enforcement Strengthening project (NMAC, SER, KOS, ALB)Strengthening RoL in pre-accession countries of the WB by strengthening their capacities to ensure an efficient and effective enforcement of civil judgements and other enforceable titles; strengthen the private enforcement agents systems in dealing with cross-border enforcement and make them more accountable by strengthening relevant mechanisms for monitoring and control | September 2020- September 2024 |
|  | € 663,759 | Strengthening Media Freedom in Bosnia and Herzegovina, North Macedonia and SerbiaThe overall objective of the project is to contribute to creating an environment in which media freedom and freedom of expression are respected and can be exercised without fear or pressure. It particularly focuses on building the capacity of both journalists and actors within the judiciary sector to develop a more effective response to cases of intimidation and threats. Through these aims, the project is directly contributing to enhancing media freedom and is building the capacity of the judiciary. | October 2020- October 2024 |
|  | € 157,140 | Fight with Us – Fight for YouThe project is support to series of investigative journalistic stories that deal with the issues of corruption and organised crime. These stories are produced in documentary video format and aired at the first program of the Macedonian National Television (the public broadcaster), followed by more in-depth coverage on the web site of Investigative Reporting Lab (irl.mk). As part of the broader investigative reporting network (occrp.org), these stories also cover cross-border cases of organised crime and corruptive activities. The stories are follow-ups of citizen reports that the organization received via a secure on-line platform. | 15 March 2022 – 15 March 2024 |
|  | € 299,279 | Safeguards against CorruptionThe project is aimed at reducing corruption and misuse of public funds at local government level in North Macedonia. This is envisaged to be done with a comprehensive approach, involving all stakeholders – local governments, CSOs and media. The project will provide capacity building and networking for local CSOs to monitor local processes prone to corruption and advocate for changes in the public procurement resulting from this monitoring. The activities in the project will also enable and facilitate public-private dialogue between local governments and SMEs and increase transparency and accountability of local institutions in planning and awarding financial assistance from local budgets. The capacities of local media to better recognize corruption and report about it will also be enhanced. | 1 November 2021- 31 October 2024 |
|  | 954,850 € | ‘Enhancing the efficiency, accountability and transparency of the Judicial Council of North Macedonia.’Objective: strengthen the capacities and competencies of the Judicial Council (JC); exchange expertise with the Dutch Council for the Judiciary (Cfj) through a peer-to-peer approach. | September 2020 - September 2024 |
|  | 1,901,624 € | Strengthening Enforcement in North Macedonia, Serbia, Kosovo, Albania Objective: Strengthening RoL in pre-accession countries of the WB by strengthening their capacities to ensure an efficient and effective enforcement of civil judgements and other enforceable titles; strengthen the private enforcement agents’ systems in dealing with cross-border enforcement and make them more accountable by strengthening relevant mechanisms for monitoring and control | September 2020-September 2024 |
| **UNICEF** | 5,000 € | Improving primary and secondary legislation related to prevention from and responding to violence against children | January – December 2020 |
|  | 5,000 € | Increase the capacity of the institutions to monitor the situation of violence against children | January – December 2020 |
|  | 15,000 € | Increase access to rehabilitation, re-socialisation, education, and health services of children in the correctional facilities, through advocacy and capacity development | April - December 2020 |
|  | USD 200,000 (USD 180,000 EU funds; USD 20,000 UNICEF funds) | Improved legislative framework, procedures, practices, and capacities of the justice for children system | January - December 2021 |
|  | USD 136,000 (USD 116,000 EU funds; USD 20,000 UNICEF funds) | Monitoring system for children in conflict and in contact with the law enhanced, and access to justice of children improved | January - December 2021 |
| **UHCHR**  | USD 40,000  | Increased understanding of state and non-state partners on harmonizing policies and legislation with international human rights standards. | January - December 2021 |
|  |  | Civil society, vulnerable groups and professionals increase knowledge on protection against discrimination and human rights in line with national and international human rights law. |  |
|  |  | Step up skills of government officials, NHRIs, and CSOs for a coordinate monitoring, reporting and follow up to the international human rights mechanisms. |  |
| **UNHCR** | USD 436,123  | Greater reduction of statelessness - assist persons with undetermined nationality to confirm nationality and sensitize relevant national authorities to generate legislative changes aiming at systemic elimination of statelessness. | January 2021- December 2025 |
|  | USD 130,000  | State free legal aid system strengthened, providing for a sustainable and high quality free legal aid service ensuring no vulnerable persons are left behind.  | January - December 2021 |
| **UNOPS** | USD 5,000  | The Ministry of Justice capacitated to effectively implement specific measures under from Judicial Sector Reform Strategy (2017-2022), including drafting of a new Civil Procedure Law, and amendments of the Law on Civil Liability in line with the EU requirement and international standards. | January - December 2021 |
|  | USD 40,000  | Support implementation of the Judicial Sector Reform Strategy by improving judicial cooperation in civil matters; strengthening public prosecution capacities in international cooperation in criminal matters, as well as in legal drafting and preparation of eight bylaws under the Law on Public Prosecution. |  |
|  | USD 65,000 | Ombudsman’s Office, capacitated on implementation of its new competences (Law on the Ombudsman - 2018) and for accession negotiations with the EU. |  |
| **UNODC**  | USD 50,000  | National firearms legislation and relevant criminal and procedural laws will be harmonized with the UN Firearms Protocol and its parent UNTOC Convention.  | January 2021 - December 2022 |
|  | USD 200,000  | Increased capacity of prosecutors to detect, investigate and prosecute firearms trafficking, including complex and internationally illicit firearms trafficking.  |  |
|  | USD 20,000  | The country has established evidence-based arms control policies and practices through systematic collection and analysis of criminal justice data across the Criminal Justice Sector and capacity building of judges, prosecutors, and law enforcement.  |  |
|  | 2,500,000 € | To build the capacities of South-eastern Europe to conduct financial investigations to effectively detect, deter and prosecute money laundering and the financing of terrorism as well as enhance regional and inter-agency cooperation | 2017-2020 (March) |
|  | 4,450,000 € | To promote rule of law and good governance through targeted border control measures at ports and airports | 2020-2023 |
| **UNESCO** | USD 200,000  | Capacity-building programme on fighting illicit trafficking of cultural property in the Western Balkans - policy/technical advice; training of professionals and support to regional cooperation to advance capacities of beneficiary countries in the protection of cultural heritage from illicit trafficking.  | January 2021 - December 2023 |
| **UNDPA** | USD 60.000 | Support to national authorities for operationalization of the Law on Prevention and Protection of Violence Against Women and Domestic Violence (bylaws, capacity building including legal professionals) | January - December 2021 |
| **GIZ** | 3,000,000 € for the Western Balkan | GIZ Global Program Combating Illicit Financial Flows - Western Balkan region goal is to improve conditions for the fight against illicit financial flows (IFFs), both within and out of the regions, across sectors and national borders. | January 2019-January 2022 |
| 6.000.000 €GIZ & Ministry of Foreign Affairs of Norway | GIZ Global Program Combating Illicit Financial Flows - Western Balkan (GP IFF) goal is to improve conditions for the fight against illicit financial flows (IFFs), both within and out of the regions, across sectors and national borders. | Ongoing procedure for commissioningOctober 2021 – September 2024 |
| 17,915,000 €European Commission (DG NEAR):15,800,000 EURGerman Government (BMZ):1,215,000 EURItalian Ministry of Interior:900,000 EUR | Countering Serious Crimes in the Western Balkans - IPA 2019To strengthen the operational capabilities of Western Balkan law enforcement and security authorities to fight serious and organised crime and terrorism (operational support).To support the relevant authorities to effectively participate in and contribute to EU and intra-regional cooperation structures and assessments (strategic cooperation).To strengthen the capabilities of Western Balkan law enforcement and security authorities to exchange information (interoperability of information systems). | July 2020-June 2023 |
| 3,000,000 € | Open Regional Fund for SEE-Legal reform - to improve regional cooperation in the Western Balkans to implement legal reforms in the framework of EU approximation, with a special focus on fostering sustainable economic development. | January 2019-December 2021 |
| 3,000,000 € | Regional project “Legal reform for economic development in the Western Balkans” – to strengthen the countries of the Western Balkans in the implementation of EU-relevant legal framework conditions to promote economic development. | Ongoing procedure for commissioningJanuary 2022 – December 2024 |
| 3,000,000 € | Regional project “Legal reform for economic development in the Western Balkans” – to strengthen the countries of the Western Balkans in the implementation of EU-relevant legal framework conditions to promote economic development. | Ongoing procedure for commissioningJanuary 2022 – December 2024 |
| **USAID** | USD 9.4 million | Civic Engagement Project (CEP) - supports constructive engagement by civil society organizations (CSOs) on anti-corruption, transparency, and rule of law policies and issues; and increases and sustains youth engagement in public life in North Macedonia.  | August 2016 –August 2021 |
| USD 400,000 | USAID/OTI – supports capacity building of the Judicial Council and the State Commission for Prevention of Corruption | March 2019 - June 2020 |
| **OSCE** | 345,731.00 € | Support North Macedonia in advancing Rule of Law and Human Rights | January-December 2020 |
| **Council of Europe** | 835,000.00 € | Action against economic crime in North Macedonia | January 2023 – December 2026 |
|  | 900,000.00 € | Towards a Consolidated and More Efficient Free Legal Aid (FLA) System in North Macedonia | January 2023 – December 2026 |
|  | 680,000.00 € | Protecting Freedom of Expression and of the Media in North Macedonia – PRO-FREX-NM | January 2023 – December 2026 |
|  | 450,000.00 € | Combating Hatred and Intolerance in North Macedonia | January 2023 – December 2026 |
|  | 950,000.00 € | Strengthening anti-trafficking action in North Macedonia | January 2023 – December 2026 |
|  | 950,000.00 € | Strengthening the capacities of the penitentiary system in North Macedonia | January 2023 – December 2026 |
|  | 800,000.00 € | Quality Education for All - North Macedonia | January 2023 – December 2026 |
|  | 116,000.00 € for North Macedonia | Promoting Equality and combating racism and intolerance in the Western Balkans – regional project | January 2023 – December 2026 |
|  | 86,000.00 € for North Macedonia | Protecting Freedom of Expression and of the Media in the Western Balkans – PRO – FREX – regional project  | January 2023 – December 2026 |
|  | 110,000.00 € for North Macedonia | Action against economic crime in the Western Balkans – regional project | January 2023 – December 2026 |
|  | 275,000.00 € for North Macedonia | Enhancing co-operation in the Western Balkans in managing violent extremism in prisons and preventing further radicalisation after release – regional project | January 2023 – December 2026 |
|  | 234,000.00 € for North Macedonia | Towards a better evaluation of the results of judicial reform efforts in the Western Balkans – phase II “Dashboard Western Balkans II” – regional project | January 2023 – December 2026 |
|  | 100,000.00 € for North Macedonia | Women's Access to Justice in the Western Balkans (WAJ) – regional project | January 2023 – December 2026 |
|  | 4,945.000 € project budget out of which cca 700.000 € for North Macedonia | Regional project: iPROCEEDS – Targeting crime proceeds on the Iinternet in South-eastern Europe and Turkey | 1 January 2020 – 30 June 2023 |
|  | 6,500. 000 € project budget out of which 723.608 € for North Macedonia | Promoting good governance and Roma empowerment at local level (ROMACTED II) | 1 January 2021 – 31 December 2024 |
| **US Embassy** | USD 20,000 | INL is planning to equip three courtrooms at the Skopje Appellate Court with audio recording equipment. | February-June 2020 |
|  | USD 160,000 | INL funded new website and an e-learning platform for the Academy for Judges and Prosecutors in calendar year 2019. In 2020, INL will strengthen the Academy’s use of distance learning options. Additionally, INL will partner with the Academy to conduct programming focused on strengthening leadership and management skills among chief judges and prosecutors, RICO (Racketeer Influenced and Corrupt Organizations)-related capacity building, and follow-on training on special investigative measures, in partnership with DCAF.  | Throughout 2020 |
|  | USD 45,000 | INL’s has an ongoing grant to the Macedonian Judges’ Association to support the work of the Judiciary-Media Council. | Calendar 2019-2020 -221 |
|  | USD 31,000 | INL’s grant to the Macedonian Judges’ Association to support the work of the Judiciary-Media Council remains on going.  | Calendar 2019-2020 |
|  | USD 188,982 | INL continues to fund the OSCE’s SPO Trial Monitoring Project. | December 2016- June 2020 |
|  | USD 100,000 | INL will provide technical assistance (equipment donations and trainings) to the Financial Police to augment their capacities to probe financial crimes, seize assets, and fight corruption. | Throughout 2020 |
|  | USD 30,000 | INL’s investment in graduate-level legal clinics in criminal law continues at UKIM and SEEU. INL plans to expand the program to a third university in 2020.  | February-June 2020 |
|  | USD 20,000 | INL will again sponsor the week-long Ohrid School of Natural Law, organized, and implemented by MANU Strategic Research Centre. | July 2020 |
|  | USD 10,000 | INL supports a moot court competition among law students. | September-Dec.2020 |
|  | USD 100,000 | INL is working with Embassy partners to provide a targeted equipment donation to the Ministry of Interior’s Anti-TIP and Human Smuggling Task Force, located within the Public Security Bureau’s Organized and Serious Crimes Division. | Summer 2020 |
|  | USD 130,000 | INL will furnish and provide access control equipment (security scanners) for the Idrizovo Courtroom | January 2021 |
|  | USD 40,00 | INL will sponsor with DCAF to sponsor events on special investigative measures as a follow-up to a U.S. study trip in October 2019 and bench book on special investigative measures. | 2020-2021 |
|  | USD 5,000 | INL will sponsor one-day virtual annual regional judicial conference in cooperation with the Macedonian Judges’ Association. This would be fifth year that INL sponsors this event. | November 2021 |
|  | USD 5,000 | INL sponsors with the Association of Criminal Law and Criminology (ACLC) by funding research and providing office equipment for ACLC. | Until December 2020 |
|  | USD 780,000 | Trial advocacy and skill development – DOJ/OPDAT delivers continuing legal education in partnership with the Academy for Judges and Prosecutors focused on trial advocacy skills, digital evidence, anti-corruption, counterterrorism, and acquisition of foreign-stored evidence, ECHR case law, and other salient topics.Judicial mentorship – OPDAT partners with U.S. judges to promote the exchange of ideas and best practices through one-on-one mentorship. Support for legislative amendments - OPDAT supports legislative amendments impacting judicial and prosecutorial institutions by attending working groups and providing advice/input on draft amendments. Assistance for investigative centres - OPDAT partners with other international donors to assist in the development of functional investigative centres. Community outreach - OPDAT works with the Public Prosecution Office and the Prosecutorial Association to encourage open dialogue with the community through increased interaction and communication.  | 01 October 2019 – 30 September 30 2020 |

1. **Assessment of the impact of IPA assistance in improving sector approach, including sector strategies, institutional capacities and budgeting**

*Please see Annex 2 related to sector approach roadmap achievements.*

**Strategy:** In the direction of the continuity of the reform processes in the area of the judiciary in RNM for the forthcoming period 2023-2027, the Minister of Justice in July 2022 made a decision to establish a working group for the preparation of a new Strategy for the Justice Sector with Action plan for 2023-2027, with which a final version of the Strategy with an action plan should be developed and submitted. The action plan for the Strategy contains a total of 130 measures, distributed by departments and strategic objectives. For each measure there are defined strategic directions, activities, competent bodies and other competent bodies/authorities, deadline for action, necessary financial resources and performance indicators.The strategy provides directions for improving the justice sector by overcoming the existing shortcomings of a normative and institutional nature that run through it, but above all it takes into account the basic problem of interference of the executive power and partisanship as the reason for the regression and dysfunctionality of the justice sector.

For the successful implementation of the Strategy, strategic directions were provided:

* Coordination of reform in the justice sector
* Active role of the Justice Sector Reform Council
* Formation, coordination and financing of working groups for the preparation of analyzes and legal projects for the implementation of the Strategy
* Monitoring the implementation of the Justice Sector Reform Strategy through the indicators determined by the Action Plan

|  |  |  |
| --- | --- | --- |
| **Title of the strategy** | **Year of approval** | **Covered years** |
| Justice Sector Reform Strategy (JSRS) | 2017 | 2017-2022 |
| Strategy for the justice sector | 2022 | 2023-2027 |

**Institutional capacities:** The **Ministry of Justice** has a key role in the reform of the justice sector, with its expertise at the technical level it is involved in the development and reform process. For the realization of the competence in the Ministry of Justice, an organizational unit for strategic development of the judiciary has been established with the competence to collect and analyze data related to the implementation of the Strategy and coordinate with the corresponding organizational units from other judicial institutions. **An organizational unit for the strategic development** of the judiciary has been established within the Ministry of Justice under the title Unit for the Organization of Judicial Bodies and Monitoring of Reform in the Judicial Sector within the Department of Justice. The unit is organized with five jobs systematized including the head of department. In order to clearly and transparently monitor the implementation of measures and activities and all changes that affect their implementation, the Ministry of Justice in cooperation with other competent bodies of the state administration and other judiciary institutions and organizations consolidates the received data and once a year to the Government of RNM submits a report on the implementation of the measures of the Strategy. The Ministry of Justice reports on the implementation of the measures according to activities.

**The Council for Reforms of the Justice Sector** is an advisory body to the Minister of Justice that with its expert and analytical opinions and consultations contributes to the creation of policies and legal acts under the competence of the Ministry of Justice, in connection with the reforms of the judiciary. The Council for Reforms of the Justice Sector makes such a contribution in the preparation of strategic documents of the Ministry of Justice, for the successful implementation of all strategic directions and activities covered by the Strategy, numerous legal amendments and additions are planned, as well as the adoption of a certain number of new legal acts.

The **Council for Monitoring the Implementation of the Justice Sector Reform Strategy** 2017-2022 within the Government of RNM is a body that is headed by the President of the Government of RNM, which includes the Minister of Justice, the Minister of Finance and other representatives of the Government as well as representatives of other relevant authorities. The Council for Monitoring the Implementation of the Justice Sector Reform Strategy has adopted the Annual reports on the implementation of the Strategy for the period from 2018 to 2022 prepared by the MoJ. The annual reports are a document with which is reported on an annual basis and they are published on the website of the Ministry of Justice. The annual reports on the implementation of the Strategy provide a detailed account of the degree of realization of the measures and activities foreseen in the accompanying Action Plan of the Strategy.

**Budgeting**: The strategy in the period from 2017-2022 is financed from the RNM Budget, IPA funds and other foreign aid. According to projections from the Strategy, a total of 6 million EUR is provided from the Budget of the RNM, including the financing of activities and measures that are provided within the framework of IPA II for the part of national co-financing. Within the framework of IPA II and the Action Program for the implementation of IPA 2014 “Support to the justice sector”, contracts were concluded in a total budget of 7.938.370 EUR out of which EU contribution of 6.855.747 EUR and national co-financing of 1.081.624 EUR.

The projects foreseen in the Action Program for the implementation of the IPA II have a direct or indirect connection with the realization of the objectives of the Strategy. Measure from the Action Plan of the Strategy are financed through implementation of 5 contracts in total value of 1,644,000 EUR.

1. **Communication and visibility activities**

Related to implementation of projects under IPA Action Document 2020 “EU Support for Rule of Law”, communication with general public was ensured though the media, social networks and information provided on the websites of the institutions involved in the Project. Main communication and visibility activities were related to:

* Creation of the project specific logo.
* Press releases prepared and distributed to the national media service providers at least one day before the Project Presentation and one day before the Final Event.
* A bilingual project newsletter containing success stories and aspects of public interest published on the website and the Facebook page. The newsletter will also be published on the website of the beneficiary institutions.
* Website and Facebook page created in order to raise far-reaching public awareness of the benefits of cooperation and EU support and to promote the activities of the Project. The site and the page are easily accessible and constantly updated with the latest news and activities. For Component 4, the website and Facebook page will also be used to publish different news regarding human rights – including a calendar of due dates for reporting duties to international human rights mechanisms of the Republic of North Macedonia and marking important events and international days related to human rights, short interviews (video, podcasts) with human rights stakeholders active in the country and other informative and activating material and links.
* Internal kick-off events were planned with the aim of presenting the overall objective, activities, and expected results of the Project, to the beneficiaries and relevant stakeholders.
* Project Presentation focused on achieving the visibility of the project. The goal is to present the content and topic covered by the project and show how it will impact the rule of law in the country.
* Final meetings with the aim of demonstrating the results and achievements of the project, present the benefits of successful cooperation and to discuss lessons learned.
* Project Steering Committee (PSC) meetings and Component Committee meetings used as an additional opportunity to implement project communication activities and to further increase visibility of the project activities and results (by distributing visibility/promotional material marked with the EU and project logo, basic information on the project). The PSC meetings are organized every six months, with the purpose of reviewing the progress made under the project and discussing results achieved. The contracting authority (DEU) is informed and consulted appropriately on all communication and visibility activities.

**IPA II Sector:** **Rule of Law and Fundamental Rights**

**IPA III Window 1: Rule of Law and Fundamental Rights and Democracy**

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

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

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

Under **Home Affairs subsector**, so far, **five IPA II Action Documents** have been prepared. Two were financed under IPA 2014, one was financed under IPA 2016 one was financed under IPA 2020. These Action Documents have already been elaborated in the previous Annual Reports.

Under **IPA III** one **Action Document “EU against organised crime, in support of trade” for the year 2021** was prepared. The Action will enhance the fight with organised and cross-border crime in North Macedonia and will support the implementation of the integrated border management concept through the synergetic effect of the enhanced border controls and facilitated cross-border movement of people and goods.

The Action will improve the track record in the fight against organised crime by strengthening the national prevention, detection and crime combatting capacities. It will support the digitalisation of the data generated in the various law enforcement bodies, will enhance the exchange and use of data, introduce new technologies and upgrade the investigation skills in the law enforcement bodies. The Action will establish new capacity for fighting environmental and cultural heritage crime.

The EU support will help North Macedonia to improve the effectiveness of the border controls. The upgrade of the Customs’ IT systems, in line with the latest EU requirements, will allow the country to implement in full its obligations under the Common Transit Convention. The renovation and upgrading of the Border Crossing Points (BCP) with the EU will ensure smoother border traffic for legal businesses and passengers with the EU.

The main features of the IPA AD 2021 are as follows:

The **overall objective** of the Action is to improve the security in North Macedonia and at its borders while supporting the free movement of people and goods. It will contribute to the implementation of the integrated border management concept in practice through the synergetic effect of the enhanced border controls and facilitated cross-border movement of people and goods. The Action will have an impact on the country’s security and will create a positive trade effect. It is expected that in mid to longer-term perspective (2027), it will decrease the crime rate by 11%.

The Action will produce the following **outcomes**:

Outcome 1: Improved prevention and control of organised crime

Outcome 2: Efficient border management, facilitating the legitimate border crossing and trade

Expected **outputs** are:

Output 1.1 Digitalisation and extended use of investigation and control records and data

Output 1.2 Strengthened institutional and technological capacities to investigate organised and cross-border crime and corruption

Output 2.1 Renovated and upgraded Border crossing points with Bulgaria in line with the EU standards

Output 2.2 Upgraded Customs’ IT systems in line with the latest EU requirements

**Total estimated cost:** EUR 14 000 000.00

**EU budget contribution:** EUR 10 600 000.00

Finally, one Action Fiche was prepared as part of the IPA III programme for 2023.

In April 2022, a programming mission was conducted in the Republic of North Macedonia by the European Commission for the beginning of programming for 2023 and 2024. The purpose of this programme mission was the presentation of funding priorities by the relevant institutions. After receiving the information from the Secretariat for European Affairs under the Government, in the role of National IPA Coordinator, the Ministry of Interior, started consultations with the institutions that are members of the Sector Working Sub-group "Home Affairs" with in order to start the procedure for determining the strategic priorities in the area of Home Affairs and considering the possible areas that would be proposed for funding in this programming cycle.

When determining the strategic priorities, the recommendations given in the European Union Progress Report, the Strategic Priorities of the Government of the Republic of North Macedonia, the Strategic Priorities of the Ministry of Interior, the strategic documents from the field of Home Affairs, the prepared Strategic Response were taken into account for the period 2021-2027, as well as the projects that are currently being implemented in the sector, were taken into account.

The Ministry of Interior, as a leading institution in the Home Affairs sector, presented the following areas for funding during the programme mission to the representatives of the European Commission:

* Strengthening and expanding capacities at the national level for countering transnational organized crime and threats from terrorism
* Further support in the area of border management and the fight against migrant smuggling
* Support for building institutional capacities in the field of cyber-security and the fight against cyber-crime
* Strengthening the capacities of law enforcement institutions in the area of investigation and human resources management capacities and
* Establishing a framework for community policing and building police capacities for open networking and strong dialogue with local communities.

On April 14, 2022, the Secretariat for European Affairs informed us that as a result of an intensive and inclusive identification process, the European Union accepted the following project ideas under the responsibility of the Ministry of Interior for the IPA 2023 program for North Macedonia under Window 1, Action 2: EU for enhanced security and fight against organized crime and terrorism with the indicative amount: 5 million EUR. The action is aimed at strengthening the capacities for countering terrorism and providing an effective response to organized crime, violent extremism and radicalization.

It covers the following activities:

* Cyber security – based on the needs analysis and structuring of the state cyber security policy (implemented through the regional cyber security project), supporting the country in the implementation of the new Cyber Security Strategy, building the national capacities for cyber identification and response threats and strengthening coordination mechanisms.
* Strengthening the police and other law enforcement institutions, with a focus on upgrading human resource management and retention policy, and further developing investigative capacities, especially hybrid and organized crime investigation skills, with preventive, preventive, strategic and tactical approaches,
* Establishing a framework for community policing by revising the competencies of police stations, building capacities for open networking and strong dialogue with local communities, working with specific communities, minorities and vulnerable groups.
* Strengthening capacities and cooperation in counter-terrorism through capacity-building measures, conducting a national counter-terrorism and hybrid threat exercise to assess the functionality, proactivity and efficiency of the National Counter-Terrorism Action Team to coordinate all institutional agencies and non-governmental bodies in dealing with national and transnational terrorist threats and addressing the issue of violent extremism and radicalization in prisons, (including reintegration and resocialization of ex-prisoners).

Under Window 2, Action 3: EU Integration will support the accession process and address the crisis through an undistributed envelope. Within this Action, it is planned to integrate a project of 4 million euros that will be implemented by the International Organization for Migration (IOM), which will cover the needs for maintaining the operations of the border officers from the member states of the European Union and the reception centers after 2024. The needs until 2024 are covered through IPA 2021 (Individual measure to strengthen the capacity to respond to the management of migration flows in favor of the Western Balkans for 2022). After the submission of the information by the Secretariat for European Affairs, the process for preparation of an Action Document has been initiated as the next step in the programming.

On 15th of April 2022 the Secretariat for European Affairs (SEA) sent electronic request for providing a brief outline of the rationale/goals/activities and indicators. Activities and indicators provided had to be in line with what is referenced in the Strategic Response and the PAF. The Ministry of Interior immediately started with the preparation of the necessary AF. The first draft version of this document was shared with SEA on 19th of April 2022. The consultation continued in the following days. As a result of these consultations a draft version was prepared for the AD for 2023, which was shared with the Ministry of Interior on the 24th of April 2022. The document was shared with the responsible organisational units within MoI for their consideration and comments.

The Action Fiche “EU for enhanced security and fight against organized crime, terrorism and radicalisation” was finalised in the first half of July 2022.

1. **Progress made in implementation to achieve the objectives as outlined in key strategic and programme documents (relevant outcome/output indicators should be provided in Annex 1)**

IPA 2014 project “Supply of equipment for implementation of Business Continuity and Disaster Recovery System and modernization of the IT infrastructure in the MoI HQ Lot 1: Supply of IT hardware, fiber optic cables and licenses for all systems with design development and training in two site” was implemented in the period from 2019 till 2022. The total value of the project was 5.391.211,78 EUR.

The subject of the contract is supply, delivery, unloading, installation, integration with existing system, testing, commissioning and putting into operation of adequate technical equipment (hardware and software and HVAC) including training and design, development, mitigation and final roll out of all systems for establishing of Business Continuity and Disaster Recovery Data Centre of the Ministry of Interior. The project implementation should be organised as follows:

* Milestone 1: “Detailed System Design” - to be completed within 3 (three) months after commencement date
* Milestone 2: “Systems developed and delivered” - to be completed not later than 10 (ten) months after commencement date
* Milestone 3: “Installation and Systems integration” - to be completed not later than 3 (three) months after Milestone 2
* Milestone 4: “Migration completed” - to be completed not later than 1 (one) month after Milestone 3
* Milestone 5: “Trainings completed”- to be completed not later than 3 (three) months before the Provisional Acceptance
* Milestone 6: “Testing completed” - to be completed not later than 2 (two) months before the Provisional Acceptance
* Milestone 7: “Go-live of BCDRDC in line with primary site” - to be completed not later than 1 (one) month before the Provisional Acceptance.

On the spot check was conducted on 15.06.2022 during the procedure for issuing the Partial Final Acceptance Certificate. During 2022 two Partial Final Acceptance Certificates were signed on 14.07.2022 and 21.12.2022.

In 2021, one project of the IPA 2014 Action Programme in indirect management was implemented in the Ministry of Interior. The project finished its implementation in 2022. IPA 2016 project “Construction works of the new Forensic Laboratory in Skopje” is ongoing as well as IPA 2021 project “Further support to strengthen response capacity for managing migration flows in North Macedonia”.

IPA 2020 project “EU support for Rules of Law” was suspended in 2022. The overall objective of the project was to strengthen rule of law through the following Output:

* Improved independence, accountability, quality and effectiveness of the justice system
* Stronger capacity to effectively implement modern investigation techniques in fighting organised crime, terrorism and corruption
* Improved enforcement record in curbing corruption
* Enhanced protection of fundamental rights and stronger uptake of alternative means to detention

There are still no projects contracted under the IPA III programme within MoI. Ministry of Interior in cooperation with the EU Delegation to the Republic of North Macedonia started with the preparation of necessary tender documentation for the two projects that are under IPA 2021 Action Document ,,EU against organised crime, in support of trade”.

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

|  |  |  |
| --- | --- | --- |
| **Encountered problem** | **Proposed solution** | **Status of the problem/recommended further actions** |
| The Ministry of Interior to fulfil the following obligations: 2) procurement of the second chiller and the power aggregate; 3) construction of the retaining wall, parking area, entrance gate; and 4) provision of equipment for the operation of various laboratories and 5) the construction of the clean rooms | By the end of 2020, the Ministry of Interior to fulfil the following obligations: 2) procurement of the second chiller and the power aggregate; 3) construction of the retaining wall, parking area, entrance gate; and 4) provision of equipment for the operation of various laboratories. and by June 2023 for 1) the construction of the clean rooms | The Ministry of Interior undertakes all necessary activities in order to timely fulfill the foreseen obligations. |
| IPA 2020 project “EU support for Rules of Law” was suspended in 2022. |  | The European Commission withdrew AEI from the list of Twinning Mandated Bodies on 3 August 2022. The removal of the twinning mandate directly affects the eligibility of AEI under the project EU Support for Rule of Law. The AEI board of members received the attached letter dated 15 August 2022 concerning the suspension of the implementation of the Grant Contract nr. IPA/2020/419-800 - "EU Support for Rule of Law" – Ares (2022)5747006. This suspension, which has the purpose of assessing the situation of AEI as regards the continued compliance with the eligibility criteria that applied to the award of the grant contract, took effect on the date of reception and applies for an initial indicative period lasting until 31 October 2022. |

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

|  |
| --- |
| **IPA II Sectoral Monitoring Committee on Rule of Law and Fundamental Rights Seventh Meeting** **held on 04.10.2022** |
| **Recommendations/conclusions** | **Implemented corrective measures** |
| Project Construction works of the New Forensic Laboratory under IPA 2016, by end of 2022, the Ministry of Interior to fulfil the following obligations: 2) procurement of the second chiller and the power aggregate; 3) construction of the retaining wall, parking area, entrance gate; and 4) provision of equipment for the operation of various laboratories. and by June 2023 for 1) the construction of the clean rooms; (from previous SMC) | The Ministry of Interior undertakes all necessary activities in order to timely fulfill the foreseen obligations. |
| Project Construction works of the New Forensic Laboratory under IPA 2016 – By end of October 2022 the Ministry of Interior to submit more information on the state of implementation of works funded by national budget which are complementary to the project. | The conclusion has not been implemented |
| Audit Authority and Ministry of Interior to be part of the general staff retention policy of the country by end of October 2022. | Conclusion has been implemented. On December 27, 2022 in the Official Gazette of RSM no. 282 the Budget of the Republic of North Macedonia for 2023 and the Law on the Execution of the Budget of the Republic of North Macedonia were published, in which a solution for motivating and retaining staff in the IPA structures is foreseen and implemented.The policy solution for motivating and retaining staff in IPA structures is implemented in Article 10, which reads:"Employees of budget users from the central government who work in the bodies and structures for managing the Instrument for Pre-Accession Assistance (IPA) have the right to a salary supplement in the amount of 15% of the amount of the basic salary." |
| The EU Delegation will inform SEA on the resolution of the Rule of Law project managed by the EU Delegation | No official information has been provided. |
| EU Delegation will discuss any possible solutions vis-à-vis the activities in the Rule of Law project with the line institutions. | No official information has been provided. |

During 2022 there was one audit performed by the Audit Authority on processes within the IPA structure conducted within the Ministry of Interior (November-December 2022). During this audit the Audit concluded that there are no new findings.

1. **Complementarity with other instruments and coordination with other donors/ IFI's within the Window/thematic priority (IPA III) or sector (IPA II)**

The Sector Working Group meetings on Home Affairs has not been organised in 2022.

The following programmes financed by the Donors are under implementation:

|  |  |  |  |
| --- | --- | --- | --- |
| **Donor** | **Budget** | **Project Title/ objective of the project** | **Implementation period** |
| **IOM (lead agency), United Nations Population Fund-UNFPA, United Nations High Commissioner for Refugees-UNHCR** | 1.500.000 USD | ,,Evidence-based migration policy planningand discourse in North Macedonia”The overall goal of the project is to contribute to good migration governance in North Macedonia through enhanced migration discourse and evidence- and data-based policy development. | 28.10.2020-31.10.2023 |
| **OSCE** | 3.735.139 EUR | “Assisting the national authorities of the Republic of North Macedonia to decrease the risk of weapon proliferation and misuse of small arms and light weapons (SALW II)”The goal of the project is to reduce the risk of proliferation of weapons and misuse of firearms in the Republic of North Macedonia by increasing the capacities for prevention, detection, analysis and investigations of the Ministry Interior and other government organizations. | 2021-2023 |
| **OSCE** | / | “Building a hybrid education system in the Ministry of Internal Affairs of the Republic of North Macedonia”The overall goal of this project is to support the Ministry of Interior of the Republic of North Macedonia in developing its hybrid learning and education capacities in order to build an integrated long-term system of professional/professional police education. | September 2021-April 2024 |
| **IOM (implementer)****Donor: MFA of the Kingdom of Denmark** | 3.000.000 EUR | “Western Balkan Readmission Capacity Building Facility (WBCAP)”The overall goal is to contribute to strengthened national migration and readmission management systems in the countries of the Western Balkans. | 2021-2023 |
| **IOM (implementer)****Donor: MFA of the Kingdom of Denmark** | 3.000.000 EUR | “Western Balkans Integrated Border Management Capacity Building Facility (WBIBM)”The general objective of the project is to support the authorities of the countries of the Western Balkans towards effective border management and dealing with cross-border security risks aimed at respecting the principles of migrant protection | 2021-2023 |
| **IOM (implementer)****Donor: MFA of the Kingdom of Denmark** | 2.000.000 EUR | “Support of national capacities in the fight against migrant smuggling and other types of transnational crime in Republic of North Macedoni”The aim of the project is to strengthen the capacities of the stakeholders involved in dealing with the smuggling of migrants and human trafficking, in accordance with international standards and the protection of human rights. | 2021-2024 |
| **IOM (implementer)****Donor: MFA of the Kingdom of Denmark** | 2.000.000 EUR | “Western Balkans joint actions against smuggling of migrants and trafficking in human beings (WBJAST”The main goal of the project is to contribute to a better management of mixed migration flows in the Western Balkans region, by strengthening effective practices to combat migrant smuggling and human trafficking, in accordance with approaches that focus on the protection of victims of trafficking people. | 2021-2024 |
| **DCAF – Geneva Centre for Security Sector Governance** | 4.739.219 CHF | ,,Reform of the Security and Intelligence Community Programme in the Republic of North Macedonia”The purpose of this Programme is to continue the process of democratic reforms in the security sector in North Macedonia, in close cooperation with national partners for operationalization and sustainability of the achieved initial results, with the aim of creating a more accountable, and therefore ultimately more effective and efficiently managed security and intelligence sector. | 01.06.2021-31.05.2024 |
| **UNODC****United Nations Office on Drugs and Crime** | / | UNODC/WCO/INTERPOL – Airport Communication Programme (AIRCOP) and the UNODC/WCO/CCP Container Control Programmme in cooperation with the UNODC Regional Programme AIRCOP is a multi-agency project implemented by the United Nations Office on Drugs and Crime (UNODC) Mission in partnership with INTERPOL and the World Customs Organization (WCO).The aim of this project is to strengthen the capacities of international airports to target and intercept high-risk passengers, cargo and mail, as a contribution to the fight against illicit drugs and other illicit goods (such as products of animal origin or counterfeit medical products), threats related to terrorism (such as weapons or potential foreign terrorist fighters), human trafficking and migrant smuggling. It also aims to facilitate communication and coordination between countries of origin, transit and destination to disrupt cross-border illicit flows and criminal networks.The project has also expanded its geographic coverage and now includes airports and participating countries in Africa, Latin America, the Caribbean, the Middle East, Southeast Europe and Southeast Asia.The mission of the UNODC-WCO Container Control Program (CCP) is to build capacity in countries seeking to improve risk management, supply chain security and trade facilitation at seaports, airports and land border crossings in order to the cross-border movement of illegal goods was prevented.The UNODC-WCO Container Control Programme (CCP) was established as a joint initiative of UNODC and WCO in 2004. Faced with such a complex and globalized problem, the program embraces a nuanced, holistic and multi-sectoral approach by ensuring continuous monitoring and surveillance, offering an abundance of context-specific training programs and strengthening cooperation between states. The programme is to build capacity in member states willing to improve risk management, supply chain security and trade facilitation at seaports, airports and land border crossings to prevent the cross-border movement of illicit goods. | / |
| **France****The project is supported by other member countries: Germany, the Netherlands and Norway and the European agencies: Europol and FRONTEX** | 499.993,88 EUR | ,,Common Airport Liaison Officers: CALO”The aim of the project is to deploy liaison officers acting for the benefit of the Member States, within airport "hot spots" in a fast and coordinated manner at European level, with the aim of combating irregular migration, migrant smuggling and organized crime groups in charge of it, by strengthening the controls when entering the plane from the countries of origin of illegal immigration to the countries of transit and those of final destination.The main objective of this program is to deal with migration tension, using flexibility, risk analysis, needs assessment and coordination between EU member states. | 01.10.2021- 30.09.2023 |
| **International Center for Migration Policy Development (ICMPD) on behalf of the nominating EU Member States Hungary and Romania and in cooperation with the International Law Enforcement Cooperation Center (ILECC) and the National Directorate General for Foreigners Police (NDGAP) in Hungary , as well as with the Romanian police.** | 454.415,40 EUR | ,,Further strengthening of International Law Enforcement Coordination Units (ILECUs) Network in South-eastern Europe (SEE) and Eastern Partnership (EaP) countries”The aim of the project is to strengthen the ILECU network in the regions - with a focus on Ukraine, Moldova, Georgia, North Macedonia and Serbia - and support stakeholders in implementing joint law enforcement activities across neighboring countries.The ultimate goal of the project is to encourage international cooperation and mutual assistance between the law enforcement agencies of EU Member States and IP/WB countries in their fight against transnational criminal activities with a special focus on cooperation between neighboring countries. | January 2022-December 2023 |
| **Funded by the State Secretariat for Migration (SEM) of the Swiss Federation and implemented by IOM** | / | ,,Strengthening cross-border cooperation and capacities for border management in the Republic of North Macedonia” | / |
| **Radicalization Awareness Network (RAN)** | / | ,,RAN in the Western Balkans”The project aims to support the prevention of radicalization in the region and to strengthen the synergy between professionals from the EU and the Western Balkans, in line with EU policy. | 30 months |
| **IOM** | / | "Building institutional capacity in the Western Balkans to deal with the challenges related to the resocialization and rehabilitation of returnees from conflict zones and their families"The project aims to support host governments and institutions, receiving communities and returnees in the complex issues surrounding the rehabilitation of returnees from conflict zones. | 2020- |
| **OSCE****Donators: Germany,****France,****Finland, Norway** | 1.982.582 EUR | ,,Enhancing Criminal Justice Capacities for Combating Gender-based Violence in South-Eastern Europe”This project aims to strengthen the capacities of the criminal justice systems of Albania, Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia to prevent and combat gender-based violence, thereby increasing public confidence in the criminal justice response and subsequently to the level of reporting cases of gender-based violence. | 01.07.2021-31.05.2024 |

1. **Assessment of the impact of IPA assistance in improving sector approach, including sector strategies, institutional capacities and budgeting**

*Please see Annex 2 related to sector approach roadmap achievements.*

The following **strategies** are relevant for the sector:

|  |  |  |
| --- | --- | --- |
| **Title of the strategy** | **Year of approval** | **Covered years** |
| National Strategy against Money Laundering and Financing Terrorism | 2021 | 2021-2024 |
| National Strategy for Capacity Building for Financial Investigations and Property Confiscation | 2021 | 2021-2023 |
| National Strategy for Combating Corruption and Conflict of Interest | 2021 | 2021-2025 |
| Human Resources Management Strategy of the Ministry of Interior | 2019 | 2020-2022 |
| Strategy of the Training Centre of the Ministry of Interior | 2019 | 2020-2022 |
| Strategy for inclusion and communication with the community of the Ministry of Interior | 2019 | 2020-2022 |
| National Strategy for Combatting Trafficking in Human Beings and Illegal Migration | 2021 | 2021-2025 |
| National Strategy for Fight against Terrorism | 2018 | 2018-2022 |
| National Strategy for Prevention of Violent Extremism | 2018 | 2018-2022 |
| National Integrated Border Management Strategy | 2022 | 2022-2025 |
| Resolution on the Migration Policy | 2021 | 2021-2025 |

**Institutional capacities** of the bodies involved in sector coordination are presented in table below:

|  |  |
| --- | --- |
|   | **Staffing levels** |
| **No of employees in organigramme** | **Current staff** | **% management staff** | **Plan for new staff 2020** | **Plan for new staff 2021** | **Plan for new staff 2022** |
| **IPA Unit within****Sector for IPA and community programmes**  | 11 | 5 | 18% | / | / | 1 |
| **The Financial Intelligence Unit** | 50 | 33 | 24% | / | / | / |
| **Financial Police** | / | 69 | / | / | / | / |
| **Ministry of Finance** | / | 589 | 16% | / | / | / |
| **Customs Administration** | 1.670 | 1. 236 | 12% | / | / | / |
| **Ministry of Labour and Social Policy** | / | 246 | 13% | / | / | / |
| **Ministry for Foreign Affairs** | / | 439 | / | / | / | / |
| **Agency for management of confiscated property**  | / | 44 | / | / | / | / |
| **Public Prosecution Office** | 1.180 | 343 | 17% | / | / | / |
| **National Commission for the Fight against Trafficking in Human Beings and Illegal Migration** | / | / | / | / | / | / |
| **National Coordination Center for border management** | / | / | / | / | / | / |

**Budgeting**: With the budget for 2022, the total revenues are planned at 238.9 billion denars and are 7.4 percent higher than 2021. The total expenditures are planned at the level of 272.4 billion denars, which is 1.4 percent more than in 2021. The deficit is planned at the level of Denar 33.5 billion or 4.3 percent of GDP and is lower by 2.2 percentage points compared to the estimated deficit in 2021. The Draft Budget for 2022 for capital investments envisages 37.8 billion denars, which is about 27 percent more than in 2021.

The connection of infrastructure projects with concrete reforms is a condition for use of European funds from the IPA 3 instrument, especially in the context of the economic investment plan of the EU for the countries of the Western Balkans. This plan contains significant investment package for the countries of the region for the period 2021-2027. Using this package requires a strong commitment to implement the reforms jointly agreed within the framework of the Economic-Financial Dialogue with the European Union, within the process of the Program of Economic Reforms 2022-2024. This one dialogue provides guidance for investment decisions and careful planning and prioritization of resources.

The programme of economic reforms is a three-year strategic document that is prepares according to the Guide of the European Commission for the development of the programme, and everything submits to the European Commission no later than January 31 of each year, after the previous one adoption by the Government. The measures that the institutions have or want to have include in the Programme, should influence the increase of competitiveness and growth of the economy and job creation. According to the Guide for the preparation of programme, for each measure the costs and sources of financing, specific activities for the implementation of the measure, and in particular indicators for measuring performance, i.e. the effects of the measure, as well as its effects impact on competitiveness, employment, environment. The measures are refer to several areas, among which are green transition, digital transformation, research, development and innovation, human capital (education, market of labor, social protection and health), improvement of the business environment and reducing the informal economy. Therefore, in order to improve economic management and ensure compliance and coordination of economic policies at the state level, special attention will be paid to the specific connection of the programs in the strategic and budget plan of the institutions with the reform measures foreseen in the Program of Economic Reforms.

Regarding indicators for measuring performance in the implementation of policies in the budget, results-based budgeting aims to improve the efficiency and effectiveness of public expenditure by linking public sector expenditure to the results achieved. Budgeting should not be seen as an isolated initiative, but as a part of wider reforms, the purpose of which is to focus on achieving results. Results-based budgeting fits into the medium-term budget framework. The best way to improve expenditure policymaking is to use performance information. For the implementation of the Budget for 2022, indicators were used, namely: input indicators, which represent expenditures for a specific purpose, and output indicators, which measure concrete results.

Costing of Strategy’s Action Plans implementation is done case by case without the involvement of the MoI’s Budget Department. The Budget of the MoI is prepared based on Programmes at the beginning of each year. The Budget department in the MoI receive a “Circular” in order to express the needs for a one-year period. In this exercise there is no links between the priorities expressed in Strategies. Usually needs are higher than financial limits. Public consultations during budget elaboration at Strategy level are not systematically organised. They are also not organised at sector level. Action plans translating the Strategy into concrete time-bound and costed actions should have also clearly defined SMART indicators and timelines as well as clearly coasted activities and modalities for their implementation.

1. **Communication and visibility activities**

On 13th of April 2022 the Deputy Minister of Interior Nazim Bushi, together with the Deputy Head of the Delegation of the European Union in Skopje, Julian Vassalo, the Ambassador of the Italian Republic, Andrea Silvestri, the Director of the National Security Agency, Victor Dimovski, the National Coordinator Apostolovski, as well as Deputy director of the Intelligence Agency, Alexandra Bakrevska Dodovska, attended and addressed the final event of the twinning project "Strengthening the prevention/counter violent extremism and counterterrorism coordination capacities", financed by the national IPA programme for 2016. The information regarding the event was shared on the official website of the Ministry of Interior.

1. **Information on the implementation of actions und IMBC**

IPA 2014 project “Supply of equipment for implementation of Business Continuity and Disaster Recovery System and modernization of the IT infrastructure in the MoI HQ Lot 1: Supply of IT hardware, fiber optic cables and licenses for all systems with design development and training in two sites” has been implemented in the period from 2019 till 2022. The total value of the project was 5.391.211,78 EUR. On the spot check was conducted on 15.06.2022 during the procedure for issuing the Partial Final Acceptance Certificate. In the Report for 2021 there were 2 Partial Provisional Acceptance Certificates issued in accordance with the contract followed by the one-year warranty period. During 2022 two Partial Final Acceptance Certificates were signed on 14.07.2022 and 21.12.2022. There were no problems encountered in the implementation of projects that were part of the indirect management.

## 2.2 Democracy and Governance

**IPA II Sector:** **Democracy and Governance**

**IPA III Window 2:** **Good Governance, EU Acquis Alignment, Good Neighbourly Relations, and Strategic Communication**

**Thematic Priority 1:** Good governance

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

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

The whole programming process of the **IPA II 2017 “EU Support to Public Administration Reform & Statistics”** has been thoroughly elaborated in previous reports and no activities were undertaken in 2022. Programming of the **IPA III 2022 for PAR** started in May 2020 when five different versions of Action Fiches were prepared and discussed on the plenary session of the Sector working group for PAR. These action fiches were basis for elaboration of the Action Document “EU for Modern administration” which was finalised and adopted by EC in December 2022.

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

**Specific objective 1:** Improved use of statistical and financial data in policymaking and implementation. This specific objective, which will be reached through project modality, entails the achievement of two **Outputs**:

Output 1.1: Strengthened capacity for production and dissemination of environmental and health statistics

Output 1.2: Strengthened capacity of the Central Bank to deal with external statistics and payment messaging standard

**Specific objective 2:** Increased confidence of the citizens in the performance of the public administration. This outcome will be achieved **through a Sector Reform Performance Contract (SRPC – Budget support)** aimed at producing the following **Outputs:**

Output 2.1 Reorganised, modernised, and transparent public administration

Output 2.2. Enhanced Digital transformation in administration

Complementary support through the accompanying technical assistance will strengthen the capacities of MoISA to effectively develop, budget and implement sector policies, monitor the implementation and report on the results of sector reforms, and coordinate the efforts of numerous players (including national and local government bodies, social partners, organisations, and civil society organisations).

1. **Progress made in implementation to achieve the objectives as outlined in key strategic and programme documents (relevant outcome/output indicators should be provided in Annex 1)**

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

In the following table is presented implementation progress until the end of reporting year 2022.

|  |  |  |
| --- | --- | --- |
| **Action Document** | **Outcomes/ outputs** | **Progress** |
| **Annual Action Programme Republic of Macedonia for the year 2018****“EU Support to Public Finance Management”** | **Result 1 Improved budget system based on implementation of a new organic budget law** **Project:** Strengthening budget planning, execution, internal control functions | On-going. In the past 11 quarters, 114 activities were carried out through 137 missions. (Component 1- 18 activities 28 missions, Component 2- 49 activities 56 missions, Component 3- 25 activities 30 missions and Component 4- 22 activities 23 missions).The implementation period is extended for 13 months (till 29.02.2024).Under the new Organic Budget Law adopted in September 2022, budgeting will be performance-based, including key performance indicators to measure it. Performance-based budgeting will provide for improving both the efficiency and the effectiveness of public expenditures. This manner of planning is expected to contribute to both, fiscal consolidation as one of the fiscal policy goals, and improved implementation of the capital projects. Several key changes are introduced under the new Organic Budget Law, which is pertaining to planning, management, performance and execution of revenues and expenditures, as well as fiscal transparency and accountability. One of the key reforms envisaged under the Law is the medium-term projecting, i.e., medium-term budgeting and five-year fiscal strategy. Setting fiscal rules and fiscal principles, as well as establishment of a Fiscal Council, which is to provide independent and professional analyses and opinions on macroeconomic and fiscal assumptions, the Fiscal Strategy, the Budget, the budget execution reports, the fiscal risks, etc., comprise significant part of the reform. To the end of increasing the Government’s accountability, a statement on fiscal policy is introduced, which is to include guidelines for the fiscal strategy during the Government’s term. Fiscal transparency will be enhanced by improving both the quality and the quantity of the reports. Integrated Financial Management Information System – IFMIS will ensure better planning and monitoring of budget revenue performance and budget expenditure execution. Furthermore, Budget preparation process is aligned with the preparation of the three-year Economic Reform Program, which the European Commission assesses, followed by recommendations on future policies and reforms in the country.The law has a postponed application and shall begin to apply as of the 1st of January 2025, except the provisions from article 121 which shall begin to apply as of the 1st of January 2023 (Article 6 paragraphs (4), (5) and (6), Article 10, Article 11, Article 13, Article 14, Article 16, Article 17, Article 18, Article 19, Article 66 paragraphs (3) and (4) and Article 104).The bylaws envisaged by this Law shall be adopted within 24 months from the day of the entry into force of this Law. |
| **Result 2.** **Improved stability, efficiency, and quality of revenue collection system (tax system and policy and customs system)** **Project:** Supply for Improving Customs Control Capacities | Completed.Subject of the contract was supply, delivery, unloading, installation (where applicable), commissioning, training (where applicable) and maintenance during warranty (where applicable) by the contractor of multi-layer scanning/non-intrusive inspection equipment and vehicles for the K9 unit of the Customs Administration. The tender was published in 2 lots. Final Acceptance Certificates have been issued: for Lot 1 – Mobile container/vehicle inspection system (27.5.2022) and for Lot 2 – Vehicles for K9 Unit (08.07.2022). Procured equipment is in use in the area of Customs Controls.For the delivery under Lot 1 the contractor has delivered, installed, tested and found compliant with the technical specification of the supply contract, and the contractor has remedied any defect or damage occurred during the warranty period as specified in the contract. Also, for Lot 2 the contractor has remedied any defects or damage occurred during the warranty period, as specified in the contract, as well.  |
| **Project:** Supply of hardware and software for the Customs Administration and the State Audit Office | Completed The Final Acceptance Certificate has been issued on 28.11.2022 for the procured ICT equipment and system software for upgrade of ICT infrastructure of the primary location data center. Equipment has been installed and configured at a remote location ("Disaster Recovery"- DR). The process involved migration, upgrade of the database and submission of replication on the latest equipment. This project will ensure continuity of the business processes in the Customs Administration and data warehouse through consolidation of ICT systems and establishment of a Disaster Recovery Center.Migration, upgrade of the database and replication of other ICT systems at a remote DR location is ongoing and the equipment is operational. The final acceptance of the IPA project for upgrade of the hardware infrastructure on the primary and DR location was in November 2022. Customs Administration has provided a Contract for maintenance of the equipment. |
| **Project:** Improving Revenue Collection and Tax and Customs Policy | SuspendedEUD notified that the contract will be cancelled. |
| **Result 3.** Improved legal compliance, efficiency, and transparency of the public procurement system.**Project:** Developing platform for e-Marketplace and e-Catalogues and SAC processing system. | Completed.Software for e-marketplace for small value procurement and e-catalogues has been developed.In relation to e-Marketplace and e-Catalogues and SAC processing system, Public Procurement Bureau and the contractor actively engaged to develop the concept of e-marketplace for small value procurement, including design and functions of the system.In the second half of 2021, the design of the e-market was finalized, and from October the platform is available for economic operators who can attach their e-catalogues to the system for those products provided in the system. E-market platform is operational for the implementation of small value procurement and for the contracting authorities. |
| **Result 4. Strengthened internal control in line with the new PIFC Policy Paper****Project:** Building Effective, Transparent and Accountable Public Financial Management Institutions Project | Approved. WB is acting as the administrator of EC - World Bank Partnership Programme Part III for Europe and Central Asia – Building Effective, Transparent and Accountable Public Financial Management Institutions Project Trust Fund (4,900,000 EUR)The new PIFC Law which is pending adoption by the Parliament shall regulate the public internal financial control system that comprise of financial management and control, internal audit and harmonisation and coordination of the activities for their establishment and development in compliance with the international standards for internal control and internal audit. The Law shall regulate the organisation, standards, methodology, relations and responsibilities as well as the competences of the Minister of Finance, scope and responsibilities of the public sector entities for establishment and implementation of the public internal financial control and establishment and functioning of the consultancy body for the public internal financial control. |
| **Result 5 Improved external audit efficiency and impact.****Project:** Improvement of external audit and Parliamentary oversight | Completed. In the period from 01.02.2021 to 31.10.2022, SAO implemented the Twinning project "Improvement of external audit and parliamentary oversite" MK 18 IPA FI 03 20, amounted of 1.5 million euros, with cooperation of the SAIs of Croatia and Bulgaria as twinning partnersImplementation of the activities and the results achieved contributed to the accomplishment of the vision and aspirations of the State Audit Office an independent, transparent and professional European supreme audit institution.Successful cooperation with the Supreme Audit Institutions of Republic of Bulgaria and Republic of Croatia as twinning partners, contributed towars the improvement of the legal framework of the external audit to ensure full constitutional, financial and operational independence of the State Audit Office by drafting a new Law on the State Audit and proposals for constitutional amendments.With the preparation and adoption of the new Strategy for the Development of the State Audit Office 2023-2027, the SAO strategic goals for achieving its vision, mission and professional values for the next 5 years,have been determined.In accordance with the new strategic documents, an improved structure of the Annual Work Program and the Annual Report on the performed audits and the operations of the SAO have been prepared in order to achieve greater transparency and accessibility for citizens and other stakeholders.Ethical values, principles and rules have been strengthened by the adoption of a new Code of Ethics for SAO employees, thus helping to build and maintain stakeholders' trust in the institution's credibility.The knowledge and skills of the state auditors have been significantly strengthened by preparing new methodological acts for all important aspects of the audit in accordance with the INTOSAI international standards and EU good practices, as well as by performing 15 pilot audits covering all types of audits and significant audit areas and exchanging experiences with colleagues from Croatia, Bulgaria and Estonia.A significant step forward in the cooperation of the State Audit Office with the Assembly of the Republic of North Macedonia is the signing of the Memorandum of Cooperation between the two institutions, prepared with in the framework of this Twinning project.Results of the Twinning project significantly contributed in strengthening transparency and accountability of the State Audit Office, by improving internal and external communication with all stakeholders, increasing visibility of the SAO website and improving the IT audits and security of IT systems. |

The **IPA 2017 AD “EU Support to Public Administration Reform & Statistics”** is in the advanced stage of implementation. The action is being implemented through 8 contracts including one for evaluation. The Republic of North Macedonia has made some progress in public administration reform (PAR) in recent years. SIGMA Monitoring Report 2021 clearly identifies the four areas that noted progress, but also it shows a slight decline in two areas compared to 2017. “Support to state reorganization” project is still under implementation, so there is no progress in terms of the rationality and coherence of the overall structure of ministries and other bodies subordinated to central government. The actual reorganization should start in 2024 and be finalized by the end of 2026. The piloting of three ministerial systems is under implementation.

The number of electronic services remains modest, but this is expected to be changed in the following year when the “Enhancing e-Government” project should put into production 135 electronic services on the national portal. IPA III AD 2022 foresees additional support in this direction, targeting in parallel the usage of the interoperability platform, which is a key enabler for development of electronic services.

There has been some progress in terms of integrity and transparency, as a result of the IPA funded actions on one hand, and state efforts and commitment on the other. The capacities and the competences of the Agency for protection of the right to free access to public information and the State Commission for Prevention of Corruption were significantly strengthened.

1. **Problems encountered in implementation and corrective measures taken**

Under IPA 2018 AD, Result 2, for the twinning contract „Improving Revenue Collection and Tax and Customs Policy“ has been announced termination. The implementation of the twinning project was suspended twice (once from August 2022 until 31 October 2022, and then the suspension was extended for one more month), and therefore it was announced by EUD that the Twinning contract will be terminated. It is planned to finance a new project under EUIF to ensure continuation of the remaining activities.

Under implementation of **IPA 2017 AD “EU Support to Public Administration Reform & Statistics”**, the following general problems and challenges were encountered during the implementation of the action:

* Covid-19 outbreak and lock-down in 2020, which affected the overall dynamics and planned work approach. The project team, supported by the Contracting authority and the Project beneficiaries was able to adjust swiftly and compensate delays by relying more intensively of online meetings and digital tools.
* Deployment of big number of SNKEs, and parallel implementation of various activities, that affected beneficiaries’ absorption capacities and availability. The project provided beneficiaries’ backstopping support through the project management team, as well as through the key experts, who were responsible for the overall coordination of the experts and quality review of the project deliverables.
* Inter-intuitional cooperation, participation and responsiveness**.** For the activities that required participation of other intuitions, SCPC, as beneficiary, coordinated the process, and no significant delays and issues were encountered.
1. **Main monitoring, evaluations and/or audit findings and their follow-up**

The process of preparation of Semi-Annual Monitoring Report on implementation of 2022 PFM RP Action Plan for the period January-June 2022 was initiated in July 2022, and finalised by end-August 2022.The draft Report was discussed at the meeting of the PFM SWG in September 2022. In October 2022, the report was submitted to the members of the PFM Council for its approval. After approval by the members of the PFM Council, it was submitted to the Government for information. The Semi-Annual Monitoring Report was adopted by the Government in December 2022.

Risk monitoring under the new PFM RP 2022-2025 is incorporated in the monitoring and reporting framework, i.e., it is an integral part of the progress monitoring reports. Risk assessment is updated yearly in the Risk Assessment Plan. Priority Coordinators will monitor the implementation of the Annual Action Plan on a regular basis, assess the risk level and define adequate measures to mitigate them, which are to be undertaken by the competent institutions within the set deadlines.

In the table below are presented main recommendations/conclusions in the reporting period from, monitoring as well as measures implemented or plan to be implemented as follow up of the findings and recommendations.

|  |
| --- |
| **4-th SMC for Democracy and Governance was held on 26 May 2022** |
| **Recommendations/conclusions** | **Implemented corrective measures** |
| The European Commission recommends that the Organic Budget Law and PIFC Law are adopted by the end of 2021. (In the parliamentary procedure for adaptation since January 2021). | 1. New Organic Budget Law was adopted by the Parliament in September 2022 and entered into force on 27 September 2022. The law has a postponed application and shall begin to apply as of the 1st of January 2025, except the provisions from article 121which shall begin to apply as of the 1st of January 2023 (Article 6 paragraphs (4), (5) and (6), Article 10, Article 11, Article 13, Article 14, Article 16, Article 17, Article 18, Article 19, Article 66 paragraphs (3) and (4) and Article 104).The bylaws envisaged by this Law shall be adopted within 24 months from the day of the entry into force of this Law.
2. PIFC Draft Law passed for first reading, now a session is expected to be scheduled for the second reading of the law.
 |
| 1. The Ministry of Finance will start the implementation of the IFMIS project in the second half of 2022, subject to an agreement signing between the European Commission and World Bank.
 | 1. Preparatory activities for the start of the IFMIS project are in the final phase. The law on borrowing was adopted by the Parliament in November, the approval by the Board of directors of the WB is scheduled on 14 Dec 2022 and we expect to sign the loan agreement with the World Bank by the end of December (EUR 20 mil. loan + EUR 4.9 mil. IPA 2018 grant).
 |
| 1. PFM Academy will be operational for trainings from the beginning of 2023.
 | 1. Activities for formal creation of a new PFM Academy at the MoF is ongoing. New acts on organisational set-up and systematization of the MoF are prepared, and it is expected to be adopted by the Minister of Finance very soon, most likely by the end of 2022or in the first weeks of 2023. The process of staffing the new FM Academy would start in 2023. Some of the positions would be probably filled in with redeployment of current staff, but also new staff should be employed. As for new employments, there are several steps, such as amending the 2023 Recruitment plan of the MoF and publishing announcement for recruitment, so the whole process of staffing could take about 6 months, which is June 2023optimistically.
 |
| 1. The Ministry of Information Society and Administration to send the law on Organisation of State Administrative Bodies for public consultations by the end-June 2022, aiming adoption by the government in end-September 2022. (From the previous SMC and MC)
 | 1. Activities for piloting of three ministries are under implementation. Actual reorganization should take place from 2024. According to the plan, the new LOOSAB should be adopted by the Government in September 2022.
 |
| Ensure full cooperation of all institutions in the service project on e-government. Ensure better inter-institutional cooperation between different institutions. (From the previous SMC) | 1. Good cooperation is established with most of the involved institutions. The implementation of the two components is going well, but there is huge delay in the implementation of second component, i.e. development of electronic services, which is the main purpose of the project. MISA has alarmed EU delegation on this and in the following period we will propose clear targets to be achieved per months or taking into consideration legal remedies if the targets are not achieved.
 |
| Government to develop an action plan for embedding of the recommendations for the improvement of legal framework on discretionary powers into the national legislation, following translation of the report on discretionary powers in Macedonian language, not later than August 2022. (From the previous SMC) | 1. SCPC will have a meeting with General Secretary on 24.11.2022 to discuss this conclusion. However, part of the recommendations (the one that refer to the employment of administrative servants) are already embedded in the legislation and taken into consideration during the preparation of the new law.
 |
| **5-th SMC for Democracy and Governance was held on 28 November 2022** |
| **Recommendations/conclusions** | **Implemented corrective measures** |
| The Ministry of Information Society and Administration to send the law on Organisation of State Administrative Bodies for public consultations by the end-June 2022, aiming adoption by the government in end-September 2022. (From the previous SMC and MC) | Activities for piloting of three ministries are under implementation. Actual reorganization should take place from 2024. According to the plan, the new LOOSAB should be adopted by the Government in September 2022. |
| Ensure full cooperation of all institutions in the service project on e-government. Ensure better inter-institutional cooperation between different institutions. (From the previous SMC) | Good cooperation is established with most of the involved institutions. The implementation of the two components is going well, but there is huge delay in the implementation of second component, i.e. development of electronic services, which is the main purpose of the project. MISA has alarmed EU delegation on this and in the following period we will propose clear targets to be achieved per months or taking into consideration legal remedies if the targets are not achieved. |
| Government to develop an action plan for embedding of the recommendations for the improvement of legal framework on discretionary powers into the national legislation, following translation of the report on discretionary powers in Macedonian language, not later than August 2022. (From the previous SMC) | SCPC will have a meeting with General Secretary on 24.11.2022 to discuss this conclusion. However, part of the recommendations (the one that refer to the employment of administrative servants) are already embedded in the legislation and taken into consideration during the preparation of the new law.  |

In the following table are presented **audit missions** in the reporting period under sector:

|  |  |
| --- | --- |
| **Institution** | **Audits** |
|  | **No. and type of internal audits in 2022** | **No of recommendations/ Implementation level** |
| **Ministry of Finance** | Total No. of audits: 116 Audits within MoF3 Audits within bodies that report to MoF2 Audits within other subjects | Total No. of recommendations: 7130 (4 implemented, 18 ongoing/partial implementation, deadline for 8 recommendations is not expired). 20 (3 implemented, 2 ongoing/partial implementation, deadline for 15 recommendation is not expired). 19 (Deadline for implementation is not expired) |
| **Customs Administration** | 14 internal audits | Total 73 recommendations. Out of a total of 73 recommendations given by the internal audit:- 46 recommendations have been realized,- 12 recommendation has not been realized,- 5 recommendations are being implemented,- 5 recommendations have been partially implemented,- for 5 recommendations the deadline for implementation has not expired. |
| **PRO** | 5 internal audits of which:-1 internal control system audit -3 compliance internal audit and internal control system-1 internal audit of the implementation of the recommendations given in 2021 | 20 recommendations, of which:- for all 20 recommendations, the implementation deadline has not expired, but:- 9 recommendations have been implemented- 1 recommendation has been partially implemented |
| **Public Procurement Bureau** | 1 Internal Audit in in HR Unit | 9 recommendations in total are received 7 recommendations are already implemented 2 recommendations are in process of implementation |
| **State Audit Office** | 1 internal audit of the compliance of the activities undertaken to deal with the consequences and protection at work of the employees of the SAO from the COVID-19 pandemic  | 1 recommendation/100% implemented |

1. **Complementarity with other instruments and coordination with other donors/ IFI's within the Window/thematic priority (IPA III) or sector (IPA II)**

The progress and challenges in PFM reforms are regularly communicated to the stakeholders and partners and their support is obtained. On policy level, the PFM policy dialogues with all relevant stakeholders (national authorities, EC, donor community, CSO, academia) are conducted regularly. On technical level, SWG meetings are held on concrete PFM sub-areas measures and issues. In 2022, one PFM Policy Dialogue with EC and all other stakeholders and one PFM SWG meeting was held. The PFM Policy Dialogue was held on 13 May 2022 and the PFM SWG meeting was held on 29 September 2022.

The following meetings of the PFM and PAR SWGs were organised in 2022:

|  |  |  |
| --- | --- | --- |
| **Date** | **Number of participants** | **Discussed topics** |
| 13 May 2022 -7th PFM Policy Dialoguevideo conference call | Above 70 | Draft Monitoring Report on Implementation of the 2021, Draft Public Financial Management Reform Programme 2022-2025, Draft 2022 Action Plan  |
| 29 September 2022 by video conference call | Above 50 PFM SWG members | Draft Semi-Annual Monitoring Report on Implementation of 2022 Action Plan for Public Financial Management Reform Programme„SMART PUBLIC FINANCES “for the period January –June 2022 |
| 19 May 2022 | Approximately 50  | 1) Status and achievements in the field of PAR; 2) Programming of IPA III; and 3) Future challenges and priorities in PAR  |

The following Donors, Embassies and CSOs were present at these meetings:

|  |  |  |
| --- | --- | --- |
| **Donors/IFIs/International organisations** | **Embassies** | **CSOs** |
| **SIGMA/OECD** | Embassy of Germany in Skopje | Analytics |
| **EU Delegation** | Embassy of the United States of America in Skopje | Eurotink |
| **ResPA** | Embassy of Sweden in Skopje | Center for Civil Communications |
| **UNDP** | Embassy of the Netherlands in Skopje | Finance Think |
| **UN Women** | British Embassy in Skopje  | Center for Economic Analysis |
| **USAID** | Embassy of Switzerland | Association for research and analysis ZMAI |
| **IMF** |  | Centre for Research and Policy Making CRPM |
| **World Bank** |  |  |

The following programmes financed by the Donors are under implementation:

|  |  |  |  |
| --- | --- | --- | --- |
| **Donors** | **Value of the support** | **Addressed issues and remarks on complementarity** | **Implementation period** |
| **EU** | 2,050,000 EUR | Public Finance Management (Increased data availability for better forecasting of GDP, Developed capacities for compilation of EDP notification tables, General Government Accounts established) | 2019-2022 |
| **IMF-FAD (EU and SECO)**  |  | PIMA Follow-up activities | July 2021 –December 2023 |
| **Cooperation supported by UN WOMEN** | Based on Memorandum of Understanding signed in May 2021, between the SAO and UN WOMEN | Cooperation on joint activities promotion and for professional development for including gender perspectives in audit to enhance public institution’s accountability. | May 2021- May 2023 |
| **Cooperation supported by United Nations Development Programme (UNDP)** | Based on Memorandum of Understanding signed in March 2022, between the SAO and [United Nations Development Programme (UNDP)](https://www.undp.org/) | Cooperation on joint activities to promote and advanced PFM reform in the area of external audit. | March 2022- March 2024 |
| **Cooperation supported by Centre of Excellence in Finance (CEF)** | Based on Memorandum of Understanding signed in June 2022, between the SAO and Centre of Excellence in Finance (CEF) | Collaborating on continues professional development through courses, training, and qualifications in order to improve skills and capacity of SAO employees. Collaboration on joint activities in the region promote high quality of public finance management. | June 2022-June 2025 |
| **Cooperation supported by Chartered Institute of Public Finance and Accountancy (CIPFA)** | Based on Memorandum of Understanding signed in June 2022, between the SAO, Chartered Institute of Public Finance and Accountancy (CIPFA) | Collaborating on continues professional development through courses, training, and qualifications in order to improve skills and capacity of SAO employees. Collaboration on joint activities in the region promote high quality of public finance management. | June 2022-June 2025 |
| **Cooperation supported by Office of the Auditor General of Norway. (OAGN)** | Based on Memorandum of Understanding signed in June 2022, between the SAO, Office of the Auditor General of Norway. (OAGN | Cooperation providing assistance for institutional capacity development of SAO.  | June 2022- June 2027 |
| **SIGMA** | N/A | Law on Organisation and Optimisation of State Administrative bodies, Law on Administrative Servants, Law on Public Sector Employees and Law on Top management Service | 2023 |
| **ResPA** | N/A | Evaluation on the implementation of the PAR Strategy 2018 - 2022 | Final phase/Finished |
| **ResPA** | N/A | Preparation of the new Public Administration Reform Strategy 2023 - 2030 | Deadline: February 2023 |

The following programmes supported by loans provided by the IFIs are under implementation:

|  |  |  |  |
| --- | --- | --- | --- |
| **IFIs** | **Value of the support** | **Addressed issues and remarks and complemetarity** | **Implementation period** |
| **World Bank** | EUR 20,000,000 (loan) | WB is acting as administrator of EC - World Bank Partnership Programme Part III for Europe and Central Asia – Building Effective, Transparent and Accountable Public Financial Management Institutions Project Trust Fund | Closing date 30.06.2025 |

1. **Assessment of the impact of IPA assistance in improving sector approach, including sector strategies, institutional capacities and budgeting**

*Please see Annex 2 related to sector approach roadmap achievements.*

**PFM sector strategies:** The Public Financial Management Reform Programme 2018-2021 ended in December 2021. The Annual Monitoring Report on the implementation of the Action Plan for 2021 with achieved results for the period 2018 - 2021 was adopted by the Government in June 2022, following public consultations carried out in April 2022.

The Government and the Ministry of Finance have started the process of preparation of the new Public Financial Management Reform Programme „SMART PUBLIC FINANCES“ for the next programming period 2022 – 2025 in September 2021. Preparatory activities started in March 2021, with carrying out SIGMA and PEFA assessments, which provided a comprehensive diagnosis of the current situation in all PFM sub-systems and identified the reform priorities for the next period. The Programme together with the Action Plan for 2022 are prepared by the Ministry of Finance, with the active participation of the Ministry of Economy, Customs Administration, Public Revenue Office, Public Procurement Bureau, State Audit Office, State Appeal Commission for Public Procurement, which were supported by technical assistance from SIGMA. The draft Programme and 2022 Action plan were published on the website of the Ministry of Finance on April 15, 2022, thus starting the process of public consultation. All interested parties had the opportunity to submit comments and proposals to the Ministry of Finance. In May 2022, PFM policy dialogue was held to discuss the draft Programme with the 2022 Action Plan and the draft Annual Report for 2021. After completion of the public consultation process, draft documents were finalized and adopted in June 2022 by the Government.

|  |  |  |
| --- | --- | --- |
| **Title of the strategy** | **Year of approval** | **Covered years** |
| Public Financial Management Reform Programme 2018-2021 | 2017 | 2018-2021 |
| Public Financial Management Reform Programme 2022-2025 | 2022 | 2022-2025 |

**PAR sector strategies:** With the collaboration of all key stakeholders and external technical support throughout the process, the Government approved the PAR Strategy 2018-2022 in February 2018, which is an umbrella strategy for the PAR sector. All annual reports were prepared, made public, consulted and consequently adopted by the Council and the Government (except the last one). The fifth annual report will cover the whole period, summarizing the success rate and lessons learned. ResPA supported MISA in conducting independent evaluation on the implementation of the Strategy and its action plan was implemented in 2021, which served as a base for the preparation of the new Public Administration Reform Strategy 2023 – 2030, which is in advanced phase of rpeparation and is expected to be adopted in February 2023 (with support of ResPA). Other important strategies are also important for the PAR Sector, listed in the table below:

|  |  |  |
| --- | --- | --- |
| **Title of the strategy** | **Year of approval** | **Covered years** |
| Strategic Plan of the Agency for protection of the right to free access to public information and its action plan | 2021 | 2021 – 2025 |
| National Strategy for prevention of corruption and conflict of interest and its action plan | 2021 | 2021 - 2025 |
| Open Data Strategy  | 2018 | 2018 - 2022 |
| Transparency Strategy  | 2019 | 2019 - 2021 |
| National Operational Broadband plan | 2019 | 2019 - 2027 |

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

**PFM institutional capacity**: The 2021 self-assessment for PFM sub-sector has been conducted and report is prepared and submitted to SEA in February 2022. In general, the issue for strengthening administrative capacities in relation to the implementation of the PFM Reform Programme is addressed at 3 levels:

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

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

|  |  |
| --- | --- |
| **Institution/****Org. Unit** | **Staffing levels** |
|  | **Number of Employees in Systemat. Act** | **Current staff in No** | **% of senior managers** | **Plan for new employment 2020** | **Plan for new employment 2021** | **Plan for new employment 2022** |
| Ministry of Finance | 1073 | 564 | 17.73%  | adopted | adopted | adopted |
| Customs Administration | 1670 | 1219 | 16.16% | 31 | 121 | 68 |
| PRO | 1923 | 998 | 2,3% | Plan for new employment 2020 has not been adopted | 40 (realized 38 by public announcement, additional 100 by K-5 Program and 14 by download/mobility | 100(public announcement in progress) |
| Public Procurement Bureau | 81 | 35 | 43% | 13 | 0 | 6 |
| State Audit Office | 183 | 116 | 18% | 12 | 6 | 6 |

Audit findings related to capacities in the reporting period were related to:

* Public Revenue Office - outflow of professional staff from tax functions, external audit and IT staff (10 employees or 7.19% out of all who left the job)
* Public Procurement Bureau - annual plan for employment for 2022 was adopted with 6 new employments, but this plan was not realised due to pending approval
* State Audit Office - 37% of total number of employees as per existing systematization act are still vacant

**PAR institutional capacity:** The MISA has adopted and implemented a Service Quality Management Manual, as well as 78 working procedures, which clearly define the roles and responsibilities of the employees. In addition, there is clear division of responsibilities among the key institutions for implementation of PAR. Most of the state administrative bodies Institutions have started conducted vertical functional analysis, while the horizontal analyses funded within IPA 2017 National Programmed is under implementation. The close collaboration of MISA staff, as well as the staff of SCPC, SSO, CPRFAPI, with the experts of the project "Support of the Management of the EU Funds" improved the capacity for legislative analysis, which will improve the capacity to transpose and implement the EU acquis.

 “Support to state reorganisation” provides support to MISA to draft Law on Organisation of State administrative bodies, that should reshape institutional set-up of the state administrative bodies,and establish ministerial systems with clear roles:

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

Although it is too early to make any assessment on the impact, the project is expected to have irreversible effect and ensure capacities that will be capable of meeting the standards of European Administrative Space. This also applies to other IPA 2017 funded projects, baring on mind that the most of the same are still under implementation. Knowledge and experience shared through the cooperation with the EU experts, as well as provision of IT tools has significantly strengthened the capacities of the Agency for protection of the right to free access to public information to meet the expectations and requirements stipulated in the law on protection of the right to free access to public information. This also applies to State Commission of the Prevention of Corruption, MISA and State Statistical Office.

**PFM budgeting:** When it comes to the budgeting, annual action plans for implementation of the Public Financial Management Reform Programme present an estimation of the planned inputs (budget and sources of financing) for each activity. The total budget planned with the annual action plans for implementation of the PFM Programme 2018-2021 was 31,8 million EUR, while the actual realisation amounted to 16 million EUR, or 50%. This percentage of realisation is resulted from delays in implementing some key reform activities under the Programme, such as preparation and adoption of the necessary new legislation, for instance, Organic Budget Law and PIFC Law, which preparation needed additional analysis and external expertise and it took more time than planned, also the COVID 19 pandemics that emerged in the beginning of 2020 had adverse effect on the dynamics of realisation of the reforms, especially those that were supported with the twinning projects.

The PFM Reform Programme 2022-2025 is funded through two main sources: state Budget and external funds. Each priority and measure have developed its estimated costs analysis for the activities. Cost calculation is based on a general assumption that only additional costs will be estimated, as well as presenting the sources of funds for the additional costs in order to determine the financing gap. Activities carried out with the existing human resources, for which no additional costs for new employment are envisaged should not be estimated, such as for instance administrative tasks - preparation of draft laws and bylaws (unless need for external expert assistance arises). The total budget at the time for the preparation of the PFM Programme is estimated to 101,8 million EUR out of which 44 million EUR from the national budget, 14,6 million EUR from external sources and 43,2 million EUR is financing gap (out of which 27 million EUR are needed for establishing Greening Business Facility).

Government of the Republic of North Macedonia will ensure funds from external sources/donors for closing the determined financing gap, committing to ensure funds from the state Budget for the activities for which such funds will not be provided, all in line with the planned dynamics for implementation of the activities.

**PAR budgeting:** Total amount of 1,111,359,380 MKD (approximately 18 mill EUR) were invested in the period 2018 – 2021 for the implementation of the Action plan of the Public Administration Reform Strategy, out of which 660,255,818 MKD (10,701,067 EUR) were from the national budget, donor funds (excluding IPA) participate in the amount of 9,744,632 MKD (157,935 EUR) and EU (IPA) funds in the amount of 441,358,930 MKD (7,153,305 EUR). According to the annual report on the implementation of the PAR Strategy, the funds spent in relation to the estimated funds is 61.67%. However, the Action Plan covers the whole 2022, while the amount mentioned above refers only to the period 2018 – 2021.

1. **Communication and visibility activities**

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

## 2.3 Environment, Transport and Energy

**IPA II Sector: Environment and Climate Action**

**IPA III Window 3: Green Agenda and Sustainable Connectivity**

**Thematic Priority 1:** Environment and climate change

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

Multi-year Environment and Climate Change Action Program for 2014-2016 was adopted in 2014. The Sectoral Operational Program for the Environment and Climate Action 2014-2020 was modified in June 2018. IPA II programming process was elaborated in the previous reports. Programming of multiannual operational program under IPA III for the period 2024-2027 will start in 2023. The two tables below summarise the information for programming activities in 2022.

|  |  |
| --- | --- |
| **Title of the Major Projects** | **Status** |
| Wastewater investment project in the agglomeration of Tetovo | On-going. The revised IPA Application has been submitted to SEA on 21.04.2021. SEA submitted the revised IPA application to EUD on 26.04.20201. Comments from EUD were submitted to MoEPP unofficially on 08.07.2021 and with a Letter from SEA on 12.07.2021. MoEPP submitted the revised IPA application on 21.10.2021while SEA submitted it to EUD on 25.10.2021. |

|  |  |
| --- | --- |
| **Title of the OIS** | **Status** |
| Supply of IT and Other Specific Equipment for Noise Monitoring Information System | Approved by Delegation of EU on 04/02/2022. |
| Implementation of pilot measures for climate change and energy efficiency in public buildings | Approved by Delegation of EU on 07/09/2022. |
| Strengthening the capacities for enforcement of the environmental legislation | Approved by Delegation of EU on 28/11/2022. |
| Supporting the IPA Operating Structure in project planning and finance management in environment sector | Approved by Delegation of EU on 17/03/2022. |

**Annual programmes under IPA III** Window 3, Thematic Priority 1: Environment and climate changeaddresses the specific objective “to support the protection of the environment, improve its quality and contribute to actions and policies against climate change to accelerate the shift towards a low carbon economy” and the strengthening of the administrative capacity for disaster risk reduction, disaster risk management and emergency response with enhanced participation in the Union civil protection mechanism.

In spring 2020, the programming of IPA 2021 started and for IPA 2022 was completed in September 2021. The main elaborated draft documents are as follows:

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

Programming of IPA 2021 and IPA 2022 were elaborated in the previous reports. The following annual programmes under IPA III were adopted in the previous period:

**IPA II 2021 Action Document ‘EU for Prespa”**

This Action will support the implementation of the Green Agenda for the Western Balkans3 in the transboundary Prespa lake area, focusing on the pillars of biodiversity, toxic-free environment and greening the agriculture and local business.

The EU investments will preserve the natural capital and restore the damaged ecosystem of Macro Prespa Lake to good ecological status, in line with EU standards. The measures will fight pollution of water and soil, protect endangered species and encourage the sustainability of the local economic and agricultural practices. The action will put in operation systems for collection and treatment of waste waters and solid waste and arm the local communities with knowledge and tools to contribute to the protection of environment. In parallel, EU funding is allocated to measures for conservation, restoration and management of the habitats in most endangered areas of the Prespa park. The action will equally focus on sustainable food and tourism. It is expected that the EU investments will reduce the use of chemicals in agriculture and will promote affordable healthy food. Funding of sustainable tourist products will create a development opportunity with a low environment footprint. This action will actively promote the use of renewable energy sources and energy efficiency through all infrastructure-related measures. This will support North Macedonia in addressing the country’s climate change objectives. The measures on composting and local reuse of biodegradable materials will allow the local communities to gradually embrace the concept of the circular economy. The Action is expected to have a strong cross-border cooperation impact and be a catalyst of sustainable development across frontiers.

**The overall objective of the Action is:**

to promote the Green Agenda for the Western Balkans in the transboundary Prespa lake area in line with the “no persons and regions left behind” principle. The Action will impact positively the ecological status of the Prespa lake - upgrading it to good, will support a 15% increase in full time green jobs and will enhance the socio-economic development of the region. This impact will be achieved through three outcomes.

**The Specific Objective (Outcome) is:**

Outcome 1: The ecological system in Prespa lake area preserved and improved

Outcome 2: Sustainable economic activities in Prespa area boosted

Outcome 3: Enhanced cross-border cooperation

The Outcome will be achieved through the following four

**Outputs** are:

Output 1.1 Decreased pollution from human activities

Output 1.2 Natural resources preserved and protected

Output 2.1 Increased share of Environmentally Friendly Agriculture

Output 2.2 Sustainable tourism product promoted and diversified

Output 3.1 Strengthened strategic vision on the development of Prespa Trans-boundary Area

Output 3.2: Established border crossing point with Greece (Markova noga)

**Requested EU Financial Support:** 18,000,000 EUR

**National Contribution:** 3,726,000 EUR

**IPA II 2021 Action Document “EU for Environmental Standards and Clean Air”**

The Action will support North Macedonia to align the national environment and climate change legislation with the EU acquis, and to ensure its implementation and enforcement in line with the national strategies and the international commitments of the country. The legal harmonization will be accompanied by measures to strengthen the institutional framework and administrative capacities.

Focus will be put on enhancing compliance with the EU standards for soil pollution and solid waste management. The action will clean up a small lindane pond in a former industrial site at the Organic Chemical Industry (OHIS) premises and will prepare a large-scale investment for establishing a regional waste management center for Skopje region.

The Action will also improve the air quality in Skopje, Kumanovo, Tetovo and Bitola through addressing the air pollution caused by heating and transport systems. EU funds will be channeled to the replacement of the heating systems in public buildings and to explore the possibility to extend and optimize the district heating in Skopje. The measure will be accompanied by increasing the fleet of less polluting buses and enlarging urban green belts.

**The overall objective of the Action is:**

The overall objective of this action aims at decreasing the pollution-related risks to the environment and human health.

**The Specific Objective (Outcome) is:**

Outcome 1 – Improved application of environmental legislation and standards in North Macedonia

Outcome 2 – Improved air quality in large cities in North Macedonia

The Outcomes will be achieved through the following seven

**Outputs** are**:**

Output 1.1: Legislative framework better aligned with the EU acquis and institutional framework enforced

Output 1.2: Planning and technical documentation for building the integrated waste management system for Skopje region prepared

Output 1.3: Small Pond of OHIS industrial site cleaned-up

Output 2.1: Pollution generated by the heating systems reduced

Output 2.2: Pollution generated by the public transport reduced

Output 2.3: Green belts created

Output 2.4: Preconditions for expansion of the central district heating in Skopje established

**Requested EU Financial Support:** 22,000,000 EUR

**National Contribution:** 4,000,000 EUR

**IPA III 2022 Action document “EU for Modern Wastewater Systems”**

The Action aims at decreasing water pollution along the Vardar River basin district, in North Macedonia, while supporting the transition to a green economy and addressing climate change. It will directly contribute and create synergies with the priorities of the Economic and Investment Plan and the Green Agenda for the Western Balkans. The EU financial assistance will be invested in measures for collecting and treating urban wastewaters in the municipalities of Shtip, Veles and Vinica. The Action will support investment at the level of both energy demand and supply. The Action will encourage stewardship of reclamation and reuse of the remaining solid waste stream, as opposed to the current policy (practice) of disposing it into sanitary landfills (dumpsites).

The **Overall Objective (Impact)** is:

To decrease water pollution while supporting the transition to a green economy and fight climate change.

The **Specific Objective (Outcome)** is:

Improved wastewater collection and treatment infrastructure in the Municipalities of Shtip, Veles and Vinica in compliance with the Directive 91/271/EEC and the Green Agenda for the Western Balkans.

The Outcome will be achieved through the following four

**Outputs** are:

Output 1: Sewerage systems in the municipalities of Shtip, Veles and Vinica rehabilitated/extended

Output 2: Wastewater treatment plants (WWTPs) in Shtip and Veles built and operational4.

Output 3: Increase of GHG emissions due to the operation of the WWTPs partly offset.

Output 4: Stewardship of reclaimed streams of wastewater treatment for productive uses provided.

**Requested EU Financial Support:** 26,500,000 EUR

**National Contribution:** 36,500,000 EUR

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

*Please see Annex 2 related to outcome/output indicators.*

|  |  |  |  |
| --- | --- | --- | --- |
| **Contract title** | **Expected result** | **Achieved result** | **Status and remarks** |
| **Supervision of the implementation of the works contract for Improvement of the Wastewater Collection Infrastructure in the City of Skopje** | To improve city wastewater collection infrastructure in compliance with the directive 91/271/EEC through supervision of construction of 3 sections of wastewater collection system. | -Work Plan for supervision (Inception phase) (prepared).- Manual for supervision (Inception phase) (prepared).- Inspection reports during the Implementation period prepared.-Construction works supervision and checking in accordance with FIDIC Conditions of contract.- Verification and checking of all necessary documents prepared by the Contractor- Inception Report- Interim Report No.1- Interim Report No.2- Interim Report No.3- Interim Report No.4- Interim Report No.5- Interim Report No.6- Interim Report No.7- Interim Report No.8Advance payment in amount of 129.800,00 EUR.- Invoice No 1 in amount of 137.225,00 EUR- Invoice No 2 in amount of 147.125,00 EUR- Invoice No 3 in amount of 105.050,00 EUR- Invoice No 4 in amount of 148.215,00 EUR- Invoice No 5 in amount of 108.527,00 EUR- Invoice No 6 in amount of 48.726,00 EURInvoice No.7 in the amount of 156.042,00 EUR is currently being processed.Addendum No.1 for replacement of the Key Expert 2 and budget reallocation signed on 29.05.2018. Addendum No.2 for time extension of 6 months and budget increase in amount of EUR 96.730,00 was signed on 14.08.2020.Addendum no.3 for time extension and additional costs was signed on 12.04.2021.Addendum No. 4 for shifting the KE2 on position of KE1 was signed on 12.04.2021.With Addendum no.4 the estimated budget for supervision contract set within the Bilateral Agreement is almost fully utilized, however the request for minor modification was not approved due to unknown data referring to the duration and the cost of the contract. The minor modification should also include the new deadlines for the WWTP.The Addendum No.5 for time extension and additional costs was signed on 21.04.2022 with retroactive validity from April 2021. Due to the fact that the contract amount according addendum no. 5 exceeds the amount foreseen in the Contract Notice the needed additional amount for addendum no. 5 will be covered from national budget. The request for Addendum no. 6 for time extension was signed on 18.07.2022.Amount paid as of September 2022: EUR 719.883,00.  | On-going until 06.10.2022, as per Addendum No.6. The Works Contract has been terminated therefore the Supervision Contract is ending, too. There has been a delay in the project activities due to the delay of the works contract activities i.e., construction activities. The Supervision has submitted Addendums for time and budget extensions several times.Due to termination of the works contract the Engineer prepared and submitted Valuation at Date of Temklgermination.  |
| **Improvement of the Wastewater Collection Infrastructure in the City of Skopje** | To improve city wastewater collection infrastructure in compliance with the directive 91/271/EEC through construction of the wastewater collection infrastructure (3 Sections). | Completion date of construction works was 14.02.2020Based on the draft final report submitted in September 2022 the total work progress is following: Section 1 – 85,44%, Section 2 – 63,62% and Section 3 – 92,46%, or in total 80,51%.–) Addendum no.1 for reducing the minimum amount of IPC signed on 26.06.2019.Advance payment in amount of 880.012,75 EUR.IPC no.1 in amount of 733.024,45 EUR (executed works) has been paid.IPC No.2 in amount of 704.469,31 EUR (executed works) has been paid.IPC No.3 in amount of 614.207,88 EUR (executed works) has been paid.IPC No.4 in amount of 469.327,24 EUR (executed works) has been paid.IPC No.5 in amount of 298.867,37 EUR (executed works) has been paid.IPC no.6 in amount of 677.942,92 EUR (executed works) has been paid.IPC No.7 in amount of 383.947,33 EUR (executed works) has been paid.IPC No. 8 in amount of 728.320,07 EUR (executed works) has been paid.IPC No. 9 in amount of 283.922,15 EUR (executed works) has been paid.VO 1 (amount of 604.777,27 EUR) approved on 07.02.2019 by MOEPP.VO2 (amount of 5.189,60 EUR) approved by MOEPP on 19.11.2018 VO 3 (amount of 56.904,26 EUR) and VO4 (amount of 28.458,2 EUR) have been approved on 16.11.2020 by the MOEPPVO 5 (amount of 26.000,00 EUR) has been approved by MOEPP on 24.11.2020.VO 6 (amount of 432,00 EUR) has been approved by MOEPP on 20.11.2020.VO 5 and VO 6 were approved but not implemented by the Contractor. Amount paid as of September 2022: EUR 5.774.042,47. | Terminated. There was a huge delay in implementation of the project. The construction phase of the contract finished on 14.02.2020 and contractually afterwards started the 12-months Defect Liability/Notification Period (DLP/DNP).The Government, on its 71st session held on 22.06.2020, concluded to approve time extension of the works contract of 140 days + additional 40 days (if proper justification and particulars are being submitted by the Contractor for the claim related to Covid 19, and upon positive opinion of the Engineer). Precondition stated within the Governmental conclusion was, before proceeding with the Addendum procedure for extension of the works contract, the Contractor should withdraw the lawsuit in front of the Civil Court. The Contractor lawsuit didn’t withdraw the lawsuit procedure and the Addendum procedure is still not initiated.The contractor has failed to progress the works in accordance with the programme of work due to his own delays and didn't manage to achieve time for completion, and has disputed this issue and initiated DAB procedure.The Contractor has initiated three (3) referrals to the DAB. -first one was initiated on 4th January 2021;-second one in September 2021 and-third one on 27th April 2022.Upon the referrals, a DAB Decisions were issued by the adjudicator, by which the Contractor is not entitled to suspend the Works in the circumstances complained of by the Contractor and has not demonstrated any entitlement to additional payment or extension of time. Additional time is granted till 25.07.2020, only on the basis of VO1. The Contractor is in delay for almost 24 months after the amended time for completion. For the first two DAB Decisions, the Contractor submitted letters for dissatisfaction, to be able to reserve the right to go to arbitration, which he did. He proceeds in Arbitration in February 2022. Based on the accumulated Contractor`s delay and his attitude towards the project and following the government decision the Ministry of Finance has initiated a process for termination of the works contract. Both Parties submitted letters for dissatisfaction of some of the DAB Decisions.The Contract is terminated. Notice of termination as per Sub-Clause 15.2 is issued on 10.05.2022 which is effective from 24.05.2022.There is a letter from the Contractor in which he rejected the Employer termination notice of the contract sent on 15.05.2022 and another letter sent on 1.06.2022 in which the Contractor’s termination notice is purported. The Employer (CFCD) has rejected this requirement with the arguments that Termination of the Contract is done under the rules of the clause 15.2 of the GCC (Termination by Employer). The Contractor must comply with its post-termination obligations under the Clause 15.2 of the GCC of the contract (leave the site and cease all further works, remove all other Goods and hand over all the documents, plants, materials and other works). The cleaning of the pipes and CCTV inspection of the pipes was started by the Contractor with no approved method of statement by the Engineer. Also, the delivered as built drawings are not in accordance with the local laws. |
| **Development of Environmental Monitoring and Information System** | To strengthen capacities for monitoring, data collection, data management and reporting through establishment of national environmental information system and monitoring network structure.  | The Contract was signed on 10.03.2019 with Contractor Particip GmbH in consortium with Asseco SEE DOOEL (MK).Addendum No.1 regarding replacement of KE 1: Team Leader was sent to EUD on 06.09.2019 and was approved on 30.09.2019.Addendum No. 2 regarding replacement of KE 3 was approved by EUD on 15.12.2020 and signed by the Contractor on 04.01.2021.Addendum no.3 regarding time-extension of 12 months and no additional costs was approved by EUD on 30.07.2021. A request for extension Addendum no. 4 has been submitted by the Contractor and CFCD is still assessing the request for addendum. Afterwards will be send to EUD for ex-ante approval.There are submitted and approved Inception Report and four Interim Reports. - Advance payment in amount of 273.810,00 EUR.- Invoice No 1 in amount of 118.700,00 EUR- Invoice No 2 in amount of 91.905,00 EUR- Invoice No 3 in amount of 265.445,00 EUR- Invoice No 4 in amount of 63.440,00 EUR - no payment has been made yet.Amount paid as of September 2022: EUR 749.860,00. | On-going. Expiry date of implementation of the project was 09.03.2022. Because of a vast delay of the implementation of the project the Contractor submitted Request for extension – additional time of 12 months with no additional cost. Addendum no. 4 is still in stage of assessment by CFCD. |
| **Preparation of Long-term Strategy and Law on Climate Action** | To support the Country in achieving the long-term goals of climate action: full transposition/implementation of the EU acquis, achieving a low emissions and climate resilient development | The Contract no. 12-530/1 was signed on 15.02.2019 with Contractor GFA Consulting Group GmbH.Addendum No.1 for time-extension was approved on 24.06.2020. Time duration of the implementation of the Contract with the Addendum was extended to 15.11.2020.Addendum No.2 for time-extension was approved on 13.11.2020 and the contract was extended until 15.05.2021. On 15.04.2021 the Contractor submitted the draft Final Report. The final SC meeting has been held on 22.04.2021.The implementation of this Contract has been finished.  | Completed in 2021. |
| **Support in Establishing Regional Waste Management System - Supply of waste collection vehicles - LOT 1** | To optimize waste collection services to ensure that services are delivered timely to the citizens and that waste will be delivered to the designated sites thus protecting the environment from uncontrolled waste disposal | Contract no. 12-9981/1 was signed on 25.11.2019 with Contractor Excelor Holding Group EOOD in consortium with Pişirgen Makina Imalat Sanayi Demir Saç Profil Ticaret Limited ŞirketiProvisional Acceptance was signed on 14.12.2020.Final Acceptance was signed on 14.07.2022.Amount paid as of September 2021: EUR 3.597.440,00. | Completed in 2022. The Contractor failed to remedy the defects on time which caused delay in signing of the final acceptance certificate. |
| [**Supervision of the implementation of the works contracts for Rehabilitation and Extension of Sewerage Network in the Municipality of Kichevo**](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/225?max=8&sort=publishedDate&_cbForecasted=&tab=advancedSearch&_cbClosed=&_cbCancelled=&_cbSupplies=&_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&order=desc&_cbGrants=&_cbOpen=&offset=24&publishedDateFrom=) | To improve city wastewater collection infrastructure in compliance with the directive 91/271/EEC through supervision of construction of wastewater collection system. | The Contract was signed on 07.02.2020 with Eptisa Servicios de Ingenieria S.L. (ES) in consortium with Eptisa South East Europe d.o.o (SR). Administrative order for suspension issued on 02.10.2020 for 90 days.There is a request for replacement of the RE through endorsement of Addendum No.1. Addendum No.1 is not signed yet since the proposal is under assessment. | On-going. The project has not been started with implementation because the Works contract is not yet signed. |
| **Closure of non-compliant landfills and dumpsites in East region – LOT 1** | To improve the East region waste management in compliance with Directive 1999/EU | The Contract was signed on 03.03.2020 with Contractor GOKSIN INSAAT LTD – Bursa, (TR) in consortium with ESKAVATORI MK DOOEL SKOPJE. There are two administrative orders for suspension of commencement date.Commencement date is 16.03.2022.Insurance policies for construction period are approved.Access to the site is granted as of 23.08.2022.  | On-going. Delays in the steps needed to be fulfilled in order for access to site to be given by the Employer to the Contractor. As well as delays are notified in preparation of the designs, VO for urban planning documentation, pre-construction procedures (insurance policies, surveys, signboards etc.). |
| **Closure of non-compliant landfills and dumpsites in North-East region – LOT 2** | To improve the East region waste management in compliance with Directive 1999/EU | The Contract was signed on 05.03.2020 with Contractor STRABAG Umwelltehnik GmbH (DE) in consortium with STRABAG AG (AT). There are two administrative orders for suspension of commencement date.The contract was terminated amicably between the two contracting parties by signing the Settlement agreement dated of 13.07.2022.  | Terminated. The termination of the Contract for LOT2 is effective upon fulfillment of the terms of the Settlement agreement, namely from 19.07.2022. A tender procedure for lot2 will be launched under negotiation procedure. |
| **Supervision of works contracts for closure of non-compliance landfills and dumpsites in East and Northeast region – first phase** | To supervise the non-compliance landfills closure in accordance with Directive 1999/EU | Contract no. 12 - 4384/1 was signed on 17.06.2021 with the Contractor ENVIROPLAN CONSULTATS & ENGINEERS S.A.in consortium with ICP Ingenieurgesellschaft Prof. Czurda & Partner mbH (ICP). There is submitted and approved Inception Report while Interim Report no. 1 is under revision. The Engineer submitted for approval request for non-key experts, as well as the Supervision and QA Manual.  | On-going. Supervision project has delays mainly due to delays with the works contract, but also due to its late submission of expert team, license issuance, Supervision and QA Manual etc. |
| **Support in establishing Regional Waste Management System – Supply of equipment for waste collection in East and North- East Region, Phase1 LOT 2** | To optimize waste collection services to ensure that services are delivered timely to the citizens and that waste will be delivered to the designated sites thus protecting the environment from uncontrolled waste disposal. | Contract no. 12-8977/1 was signed on 24.12.2020 with Contractor AGT S.P.A with capacity provider: Teksin Kontenyer ve Galveniz Sanayi Ticaret Limited SirketiCommencement date is 19.02.2021. This Contract is under warranty period. Provisional Acceptance was signed on 04.11.2021Amount paid as of August 2022: EUR 959.173,50.  | On-going |
| **Improving capacities for Natura 2000 and CITES**  | To strengthen and improve the administrative capacity for harmonizing and implementation of the EU nature protection acquis. | Contract no. 12-2879/1 was signed on 19.04.2022 with Contractor NIRAS IC Sp. z.o.o in consortium with the Polish Society for protection of Birds (Ogolnopolskie Towarzystwo Ochrony Ptakow); EFTAS Fernerkundung Technologietransfer GmbH; FARMAHEM Dooel Skopje; Macedonian Ecological Society (MES) and Stichting BirdLife Europe. The Contractor has revised the Inception Report and it is expected to submit the final version for approval. A study visit in EU member states was performed during September. | On-going |

1. **Problems encountered in implementation and corrective measures taken**

|  |  |  |
| --- | --- | --- |
| **Encountered problem** | **Proposed solution** | **Status of the problem** |
| High level of workload over existing employees in the IPA operating structure within MoEPP caused from not existing possibilities to employ needed employees according to the prepared WLA, as well as leaving of the current employees looking for better working conditions. High turnover of personnel of IPA Structure is the main cause for delays of the implementation of the IPA programme. Capacities remain limited. No retention policy. No motivation. | New employments, motivation, and stimulation measures as well as promotion of the existing employees in the IPA structure is crucial in order to retain them in the IPA structure. In December 2022, one promotion of the current employee was published, completed in January 2023.15% increase of salaries of the IPA structure is secured through the annual budget. However, this is not a long-term solution and for next year another request must be submitted for inclusion in the new annual budget if possible.Public call for engagement of staff which is necessary for operation of the Project’s implementation units for the infrastructure projects that need to be established in the relevant municipalities | Open.  |
| Additional technical equipment is needed for the OP of MoEPP, IT equipment which is necessary for operation of the Project’s implementation units for the infrastructure projects that to be established in the relevant municipalities as well back up system for storage of documents for which additional servers are needed. | Supply of technical equipment is needed for proper functioning. | Problem controlled.Ongoing implementation of corrective measures. |
| Insufficient expertise of the other relevant departments within the MoEPP as well as the other beneficiaries/end recipients of the IPA assistance, during preparation of programming documents, as well as tender documentation and checking the prepared technical documentation (FS, CBA, EIA, design, and tender documentation) within the IPA projects. | Strengthen and regular cooperation between the IPA structure and end recipient/beneficiaries. Commitment by the end recipient/beneficiaries in the preparation of the project documentation and during the project implementation. | Open |
| The technical documentation prepared under IPA I was not of adequate quality and therefore it has prevented the IPA Structure from progressing with an adequate pace. Additionally, the experts involved in preparation of documents were not opened to cooperate for revising the technical documents. | The EUD assists the IPA structure with TA experts for assisting with the revision of the project documentation. | Problem controlled.Ongoing implementation of corrective measures. |
| A delay in the procurement caused by several reasons, the most important is long time of adjustment of the ToRs and TD since first submission from MoEPP to CFCD | Meetings to be organised to clarify the comments and reach common interpretation of the clauses of the tender documentation. | Open Corrective measures could be considered for the future contracts. |
| Price increase is hardly affecting the major infrastructure projects, manly in additional time for securing the funds, changes of BAs, technical documentation etc. | Tamely coordination between all involved parties. | Problem controlled.Ongoing implementation of corrective measures. |

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

Three coordinative meetings were held in 2022 (10.02, 12.08 and 1.11) with the EUD and NIPAC office representatives. In these meetings, the on-going projects, and projects to be prepared irrespective of the management modality were discussed and solutions to address delays or other problems found. This approach has proved to be efficient to speed up the implementation of the IPA 2017 and IPA 2019 Action Programmes.

In the tables below are presented main recommendations/conclusions in the reporting period from monitoring and audit missions as well as measures implemented or plan to be implemented as follow up of the findings and recommendations.

One Audit Report (AR) was issued in 2022 and the main findings are included in the table below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Date of the AR** | **Main Findings and lessons learned** | **Recommendations** | **Follow-up and corrective actions** |
| October-November 2021 | Hierarchical structure not observed when establishing the PIU; not secured continuity in execution of activities | The Minister of Environment in cooperation with the IPA C to take measures and actions for establishing appropriate hierarchical level in the structure upon setting up of PIU-WG and to ensure continuity in recruiting of trained staff. | Changing the name of the PU for implementation of IPA infrastructure projects approved amendment of the Rulebook on systematization of MoEPP no. 04-1604/1 of 02.03.2020, but the Decision for establishing PUIP has not been changed.Also, the two persons engaged in the PUIP are employed for fixed term. Their contracts are with 1-year duration. The amendment of the Rulebook of systematization of the Ministry of Environment and Physical Planning has been approved by MISA on 16.10.2020 with which the change has been done in the PIU systematization. For the year 2021 MoEPP on 21.12.2020 and 25.12.2020 has received financial approval for the employment of 6 new employers with temporary employments in the PIUs for the cities: Tetovo, Bitola, Kichevo, Skopje, Kumanovo and Sveti Nikole. Since MoEPP didn’t initiate a procedure for recruitment of 6 positions in PIU until the end of 2021 after the local elections were finished, the procedure will be performed in 2022. |
| October-November 2021  | Non respect of procedure for monitoring of works contracts and service contracts | IPA C to take measures and actions to ensure full respect of the procedure for monitoring of works contracts. | For line 5 situation is not remedied, and for lines 1, 2, 3 and 4 it is remedied and closed.Line 1: The former IPA has distributed tasks for monitoring of works and for monitoring of supervision of the project “’Improvement of the wastewater infrastructure in the city of Skopje “to two officers. Considering that the implementation of the works contract is finished (currently it is in the phase of evaluation for extension of the project) we consider that it is better the monitoring to be maintained as it is, but in future the provisions of the Manual for IPA 2 shall be respected. For the works contract “Closure of non-compliance land fields and dumpsites in east and north-east region – Lot2” and supervision of construction works “Supervision of Works Contract for Closure of non-compliance land fields and dumpsites in east and north-east region – First Phase” the audited entity submitted evidence that the monitoring will be performed by the same monitoring officer/junior monitoring associate.Therefore, the audit concluded that the recommendation regarding Line 1 has been implemented and it is closed.Line 5 - Upon the next revision of the Manual of procedures for IPA 2, adequate modifications will be made. The revising of the Manual of procedures of IPA C is planned to be done through the project for strengthening the capacities of the IPA structure in MoEPP. |
| October-November 2021 | Non respect of the timeline for preparing of the Annual Management Declaration  | The IPA C to take measures and actions to ensure respect of the foreseen deadline as stated in the MoP of IPA C regarding submission of the Annual Management Declaration.  | The timeline for preparing of the Annual Management Declaration will be respected in future  |
| October-November 2021  | Incompletely prescribed activities and obligations of IPAC regarding the risk management  | IPAC in cooperation with HOS to take measures and actions to amend the MoP for IPA II version 1.0, part А.2.8 – Risk management to ensure a complete, good quality and timely fulfilling of competences and responsibilities in the risk management | Upon the next revision of the Manual of procedures for IPA 2, adequate modifications will be made. The revising of the Manual of procedures of IPA C is planned to be done through the project for strengthening the capacities of the IPA structure in MoEPP. |
| October-November 2021  | Non respect of established procedure for reporting in the part concerning the drafting of a semi-annual progress report  | IPAC to take measures and actions to ensure respect of established procedures as stated in the MoP of IPA C | Upon the next revision of the Manual of procedures for IPA 2, adequate modifications will be made. The revising of the Manual of procedures of IPA C is planned to be done through the project for strengthening the capacities of the IPA structure in MoEPP. |
| October-November 2021  | Not provided optimum number of human resources for execution of the working tasks | IPA C in cooperation with the Minister of Environment and Physical Planning, NAO and HOS to take measures and actions for timely securing the optimum required number of adequate/skilled staff, according to WLA and the Requirement Plan, to ensure efficient and effective execution of the delegated working tasks | The finding is **closed**.**Line 1**During 2021, 8 new persons are employed in the IPA structure in the MoEPP, and according to the AOR for 2021; it was necessary to employ 11 persons. Within the IPA structure of the MoEPP, a total of 15 employees are employed, and according to the AOR for 2021, 20 people are needed.Accordingly, the audit concluded that the audit entity undertook activities to implement the recommendation in relation to line 1 of the finding and it is closed.**Line 2** is closed during S/A for 2018.**Line 3**With a decision for promotion no. 04-2249-13 from 28.04.2021 the senior associate for technical implementation of IPA is promoted to Head of the department for coordination and technical implementation of IPA.Accordingly, the audit concluded that the audit entity undertook activities to implement the recommendation in relation to line 3 of the finding and it is **closed**.**Line 4** is closed during S/A for 2020.According to the Workload Analysis for 2022 total needed additional employments is 7 out of which 2 promotions and 5 new employments. Three employments are contracted with an internal announcement on 21.12.2020, two of which are promotions of junior associates for the positions of advisors, one for programming of IPA and one for financial monitoring and implementation of IPA. The third one was a promoted employer on the position of Advisor for technical monitoring and implementation of IPA but however afterwards has been transferred in another Department, starting from 08.02.2021.The contract of the employer on the position of junior associate for administrative support has been terminated on 01.01.2021.The Employment plan of MoEPP for 2021 was approved by MoF on 10.12.2020, by MISA on 21.12.2020 and by Ministry of Political System and Inter-Community Relations on 18.12.2020. The public announcement no.3 has been published on 25.02.2021 and with this announcement in May 2021 the following positions were filled: Head of unit for technical implementation of IPA, 2 Advisors for technical implementation, Junior associate for programming of IPA projects, 2 Advisors for technical monitoring of IPA projects, Junior associate for monitoring and Junior associate for administrative support. The post for Advisor for technical implementation - infrastructural projects was filled with internal announcement/promotion in June 2021.The Workload Analysis for 2022 was prepared and submitted to CFCD and NAO on 30.06.2021, according to which total needed additional employments is 7, including:1) 1Junior Associate for IPA technical implementation;2)1Senior Associate for IPA technical implementation;3)1Head of Unit for Internal Control and General Affairs of the Implementation of IPA;4)1Advisor for Internal Control of IPA;5)1Junior Officer for Documentation;6)1Advisor for financial monitoring of IPA;7)1Deputy Head of IPA Department within the scope of Programing and Monitoring .Out of which, position no.6 and 7 are planned with promotion of existing employee. While the others are planned employments through public announcements. Positions under no. 3,4 and 5 are within the newly proposed Unit for internal control and general affairs. Consequently, changes in the Act of Systematization are needed to be executed. |
| January 2021- December 2021 | The Annual Employment Plan for 2021 envisages the appointment of a junior associate for technical monitoring of implementation within the instrument for pre-accession assistance IPA as an advisor for technical monitoring of implementation within the instrument for pre-accession assistance IPA, which is not completed until the audit.There is a risk of outflow of already trained staff. | An internal announcement for the position of advisor for technical monitoring of implementation within the instrument for pre-accession assistance IPA should be published as soon as possible. | The IPAC asked the post to be included in the Annual Employment Plan of MoEPP for 2022. |
| January 2021- December 2021 | The IPAC Procedures Manual for IPA 2 version 1.0 does not include a checklist for an on-site visit for a Certificate of Initial-Final Acceptance of Procurement Contracts. The persons in charge of monitoring the contract for the project "Support for the establishment of a regional waste management system - procurement of waste collection vehicles - LOT 1" - IPA fill in the Checklist for the on-site visit for a Certificate of Initial- final acceptance of procurement contracts - C-26. | To make an addition to the IPAC Procedures Manual for IPA 2 version 1.0 and add a checklist to the on-site visit for a Certificate of Initial-Final Acceptance of Procurement Contracts. | Appropriate changes will be made to the next revision of the IPA2 Procedures Manual. The revision of the Manual for procedures of work of IPAC is planned to be realized through the project for strengthening the capacities of the IPA structure in the MoEPP. |

Two **SMC meetings** were held in 2022:

|  |
| --- |
| **7th IPA II Sectoral Monitoring Committee Meeting –****Transport and Environment and Climate Action on 13.05.2022** |
| **Recommendations/conclusions** | **Implemented corrective measures** |
| Recruit all staff as per the WLA for 2022 by the end of 2022.  | In 2022, within the IPA Structure in MoEPP, one promotion was envisaged and completed, for the Junior Associate to the Advisor for Monitoring.6 temporary employments within the PIU (advisors for monitoring) was envisaged. Public announcement was published in December 2022. |
| Staff retention policy covering all entities in the IPA programming, implementation and control process compatible with the PAR principles, to be adopted by the end of 2022.  | All IPA staff receives continuously 15% top up on the salaries.NIPAC secretariat is working on establishing a long-term solution for the IPA staff retention policy, which will entail number of measures aimed to motivate, stimulate and retain the IPA personnel across the entire IPA structure. |
| Environment sector - 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. | CFCD - Continuous |
| Environment sector - CFCD to submit the short list reports within 40 working days after the deadline for submission of expressions of interest - immediate effect. | CFCD - Continuous |
| The national authorities will fully establish the New Regional Waste Management Company and appoint its management structure by June 2022. The national authorities will operationalise the regional waste management boards. | In progress |
| CFCD to submit the Tender Dossier for Construction of WWTP and Rehabilitation and Upgrading of the sewerage network in the Municipality of Tetovo by end of September 2022. | MoEPP is still working on the revision of the TD after the comments from EUD from 26.08.2021. MoEPP has requested technical support even in September 2021. In the meantime, MoEPP with final beneficiary (Municipality of Tetovo and PUC) were putting efforts to apply the comments from the Verso. |
| CFCD to submit the tender evaluation report for project Rehabilitation and extension of sewerage network in the Municipality of Kichevo by 1 September 2022 | The negotiation report was sent to EUD on 26.09.2022.Contract signed in January 2023. |
| **8th IPA II Sectoral Monitoring Committee Meeting** **Transport and Environment and Climate Action on 10.11.2022** |
| **Recommendations/conclusions** | **Implemented corrective measures** |
| Recruit all staff as per the Workload Analysis for 2022 by the end of 2022 | In 2022, within the IPA Structure in MoEPP, one promotion was envisaged and completed, for the Junior Associate to the Advisor for Monitoring.6 temporary employments within the PIU (advisors for monitoring) was envisaged. Public announcement was published in December 2022. |
| CFCD to submit the proposals for short list panels after the approval of the Contract Notice (not later than 20 days before the deadline for expression of interest), and the proposals for the evaluation committees 30 days before the deadline for tender submission - immediate effect. | CFCD - Continuous |
| CFCD to submit the short list reports within 40 working days after the deadline for submission of expressions of interest - immediate effect | CFCD - Continuous |
| The national authorities will fully establish the New Regional Waste Management Company and appoint its management structure by end-March 2023. The national authorities will operationalise the regional waste management boards. | In progress |
| CFCD to submit the tender dossier for the project Construction of the WWTP and rehabilitation and upgrading of the sewerage network in the Municipality of Tetovo, by the end-March 2023 | MoEPP with TA support from EUIF finalized revision of the TD. |

1. **Complementarity with other instruments and coordination with other donors/ IFI's within the Window/thematic priority (IPA III) or sector (IPA II)**

 The following SWG meeting was organised in 2022:

|  |  |  |
| --- | --- | --- |
| **Date** | **Number of participants** | **Discussed topics** |
| 13/04/2022 | Online meeting through Webex | Discussion of the main priorities of the Ministry of Environment and Physical Planning and targets to be achieved in the next years |

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Donors** | **Value of the support** | **Addressed issues** | **Implementation period** |
| **GEF** | 3.360.731,00 US  | “Achieving Biodiversity Conservation through Creation and Effective Management of Protected Areas and Mainstreaming Biodiversity into Land Use Planning. | 2016 – 2022 |
| **SECO** | 3.798.402,00 CHF | Programme for Nature Protection in North Macedonia (egzit phase) | 2021 – 2023 |
| **GEF** | 3.662.545,00 US  | Promoting Sustainable Land Management (SLM) Through Strengthening Legal and Institutional Framework, Capacity Building and Restoration of Most Vulnerable Mountain Landscapes | 2021-2025 |

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Donors** | **Value of the support** | **Addressed issues** | **Implementation period** |
| **SECO** | 7.254.000,00 CHF | Construction of WWTP for the Municipality of Delcevo, extension and rehabilitation of water supply system | 2018 - 2023 |
| **SDC** | + 100.000 CHF (register of GW) | Register of GW | 2016-2022 |
| **EIB(ERI)** | 499.999,750 EUR | Technical Assistance to the Skopje Wastewater Treatment Plant Project Implementation Unit (PIU) | 2021 – 2023 |
| **SDC (implemented by UNDP)** | 3.504.238,00US$ | Improving Resilience to Floods in the Polog Region | 2017- 2023 |
| **UNDP** | 9.927.750,00 USD | Building Integrated Climate Resilient Trans boundary Flood Risk Management in Drin River Basen | 2020-2025 |

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

|  |  |  |  |
| --- | --- | --- | --- |
| **IFI** | **Value of the support** | **Addressed issues** | **Implementation period** |
| **EBRD** | 58.000.000 EUR | Construction of WWTP for the City of Skopje | 3.2023 – 3.2028 |
| **EIB** | 68.000.000 EUR | Construction of WWTP for the City of Skopje | 3.2023 – 3.2028 |
| **EIB** | 50.000.000 EUR | Municipal infrastructure in the water sector - North Macedonia - Framework loan | 2022 -2026 |

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Donor** | **Value of the support** | **Addressed issues** | **Implementation period** |
| **SIDA** | 453.920,00 EUR | Repair and replacement instruments in strategic monitoring stations (5 stations) | 2019 – December 2022 |
| **IAEA** | 235.990,00 EUR | Strengthening capacity at the central level for reduction of solid particles in the air through use of nuclear technology | 03.2020-June .2022 |
| **IPA-CBC North Macedonia-Greece** | 969.331,00 EUR(332.340,00 EUR-MoEPP) | Trans boundary air pollution health index development and implementation  | 03.08.2018-03.04.2022 |

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

|  |  |  |  |
| --- | --- | --- | --- |
| **IFI** | **Value of the support** | **Addressed issues** | **Implementation period** |
| **EBRD** | 55.000.000 EUR | Establishing a regional waste management system in five regions (Polog, Vardar, South-East, Pelagonia and South-West regions) | Loan agreement signed in January 2023 |

In the sector Environment and Climate Change, the following programmes financed by the Donors are under implementation:

|  |  |  |  |
| --- | --- | --- | --- |
| **Donor** | **Value of the support** | **Addressed issues** | **Implementation period** |
| **GEF (Grant)** | 852.000,00 USD | Macedonia’s Fourth National Communication (4th NC) and Third Biennial Update Report (3rd BUR) on Climate Change under the UNFCCC.The goal of the project is to assist the country in mainstreaming and integration of climate change consideration into national and sectorial development policies by providing continuity to the institutional and technical capacity strengthening process.  | Sep 2018 - August 2022 |
| **GEF****(Grant)** | 1.320.000,00 USD | Strengthening institutional and technical North Macedonian capacities to enhance transparency in the framework of the Paris Agreement | Apr. 2019 – Apr.2022 |

1. **Assessment of the impact of IPA assistance in improving sector approach**

*Please see Annex 3 related to sector approach roadmap achievements.*

The following table enlists the current **strategies** in the sector:

|  |  |
| --- | --- |
| **Title of the strategy** | **Covered years** |
| National Strategy for Nature Protection 2017-2027 | 2021-2027 |
| National Biodiversity Strategy and Action Plan 2018-2023 | 2020-2022 |
| National Strategy for Sustainable Development of North Macedonia 2010-2030 | 2018-2022 |
| National Water Management Strategy 2012-2042 | 2021-2025 |
| Third National Communication on Climate Change 2011-2050 | 2021-2023 |
| National Strategy on Environment and Climate Change 2014 – 2020 | 2019-2023 |

**Institutional capacity:** Systematization Act of Ministry for Environment and Physical Planning was taken in May 2017 according to the new Law on public sector employees and Law on administrative officers no.01-2372/1 from 03.05.2017. IPA operational structure was part of the Department for EU (Unit for Coordination and Technical Implementation of the Instrument for Pre-accession Assistance (IPA) and Unit for Programming and Monitoring of the Implementation of Instrument for Pre-accession Assistance (IPA)) and Project Implementation Unit for Infrastructure Projects (PIUIPs) within MoEPP for implementation of infrastructure projects funded by IPA. Taking into account that the IPA structure and new IPA III developments MoEPP has proposed a modification in its structure. The proposal with changes of Rulebook on Systematization / Organization of Job Positions in the Ministry of Environment and Physical Planning Systematization Act of Ministry for Environment and Physical Planning was submitted for approval on 12.10.2022. The Ministry of Information Society and Administration approved the changes of the acts on 19.10.2022. MoEPP submitted Notification Letter to HoS/NAO on 09.12.2022 (letter no.21-8447/1).

The new designed Department for Implementation of Instrument for Pre-accession Assistance (IPA Department) have three (3) Units: Unit for Technical Implementation of the Instrument for Pre-accession Assistance (IPA), Unit for Programming and Monitoring of the Implementation of Instrument for Pre-accession Assistance (IPA) and newly designed Unit for Internal Control and Coordination of the Implementation of Instrument for Pre-accession Assistance (IPA). The Project Implementation Unit for Infrastructure Projects (PIUIPs) status remains the same.

Five managerial function - IPA Coordinator/ Head of IPA Department, Assistant Head of IPA Department (2 positions), Head of Unit for Programming and Monitoring of the Implementation of Instrument for Pre-accession Assistance (IPA), Head of Unit for technical implementation of the instrument for pre-accession assistance (IPA) and Head of Unit for Internal Control and Coordination of the Implementation of Instrument for Pre-accession Assistance (IPA). In addition, programming and monitoring function - 11 employees, technical implementation - 9 employees, internal control- 5 employees.

The **Project Implementation Unit** **for Infrastructure Projects (PIUIPs)** composed of the Head of Project Implementation Unit; 6 Advisors for monitoring the implementation of infrastructure projects (Project Monitoring Officer - PMO) located in the respective cities where works contracts will take place; and independent officer for archiving.

Operating structure within the Ministry of Environment and Physical Planning includes fifteen (14) employees:

* 1 Head of IPA Department appointed as IPA Coordinator
* 1 Head of IPA Unit for programming and monitoring of the implementation of instrument for pre-accession assistance (IPA)
* 4 Advisors for programming and monitoring of infrastructure project
* 1 Advisor for Advisors for programming and monitoring
* 2 Junior Associate for programming and monitoring of infrastructure projects
* 1 Junior Associate for programming and monitoring
* 1 Head of Unit for Technical Implementation of the Instrument for Pre-accession Assistance (IPA)
* 1 Advisor for technical implementation of infrastructure projects
* 1 Advisor for technical implementation
* 1 Junior Associate for technical implementation.

**Budgeting:** The MoEPP budget for 2022 is 1.363.415.000 MKD, compared to 2021 it is increased for 441.379.000 MKD. The following budgetary and governmental programmes are instrumental to the sector strategies: Sustainable Development and Investments – 400.550.000 MKD, Nature sector – 260.000 MKD, Water sector – 208.880.000 MKD, Waste sector – 76.916.000MKD, Industrial Pollution – 58.890.000 MKD, Environment – 6.420.000 MKD, Spatial Planning – 51.490.000MKD, Macedonian Environmental Information Center – 38.416.000 MKD, EU approximation and IPA – 370.000.000 MKD.

1. **Communication and visibility activities**

No communication and visibility activities were implemented in the sector.

1. **Information on the implementation of actions**

In order to update the dates of different stages of the procurement procedure and some other minor changes IPA II Procurement Plan has been revised and adopted by CFCD on 12.01.2023. During 2022, in total 11 procedures have been launched and 2 contracts have been signed.

**In total 11 Contract Notices are published:**

* [Technical audit of existing wastewater collection and treatment systems in North Macedonia and preparation of necessary documentation for Supply of Water Equipment for the Municipalities of Radovish, Kichevo, Strumica, Prilep, Berovo, Kumanovo, Bitola and Tetovo](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/288?_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&_cbForecasted=&_cbClosed=&_cbCancelled=&_cbGrants=&_cbOpen=&_cbSupplies=&publishedDateFrom=&max=8&sort=publishedDate&order=desc&tab=advancedSearch) (28.01.2022)
* [Support in the implementation of the waste management legislation and Extended Producer Responsibility (EPR) scheme](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/290?_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&_cbForecasted=&_cbClosed=&_cbCancelled=&_cbGrants=&_cbOpen=&_cbSupplies=&publishedDateFrom=&max=8&sort=publishedDate&order=desc&tab=advancedSearch) (18.05.2022)
* [Preparation and Revision of the National Waste Planning Documents](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/291?_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&_cbForecasted=&_cbClosed=&_cbCancelled=&_cbGrants=&_cbOpen=&_cbSupplies=&publishedDateFrom=&max=8&sort=publishedDate&order=desc&tab=advancedSearch) (13.07.2022)
* [Further strengthening the capacities for effective implementation of the acquis in the field of industrial pollution](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/292?_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&_cbForecasted=&_cbClosed=&_cbCancelled=&_cbGrants=&_cbOpen=&_cbSupplies=&publishedDateFrom=&max=8&sort=publishedDate&order=desc&tab=advancedSearch) (10.08.2022)
* [Supporting the IPA Operating Structure in Project Planning and Finance Management in Environment Sector](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/293?_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&_cbForecasted=&_cbClosed=&_cbCancelled=&_cbGrants=&_cbOpen=&_cbSupplies=&publishedDateFrom=&max=8&sort=publishedDate&order=desc&tab=advancedSearch) (19.08.2022)
* [Supporting the Implementation of the regional waste management systems in the East and North-East Regions](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/294?_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&_cbForecasted=&_cbClosed=&_cbCancelled=&_cbGrants=&_cbOpen=&_cbSupplies=&publishedDateFrom=&max=8&sort=publishedDate&order=desc&tab=advancedSearch) (30.09.2022)
* [Development of Strategic Noise Maps and Action Plans with Programs of Measures](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/295?_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&_cbForecasted=&_cbClosed=&_cbCancelled=&_cbGrants=&_cbOpen=&_cbSupplies=&publishedDateFrom=&max=8&sort=publishedDate&order=desc&tab=advancedSearch) (31.10.2022)
* [Implementation of the priority actions in climate change sector](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/296?_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&_cbForecasted=&_cbClosed=&_cbCancelled=&_cbGrants=&_cbOpen=&_cbSupplies=&publishedDateFrom=&max=8&sort=publishedDate&order=desc&tab=advancedSearch) (16.11.2022)
* [Construction of WWTP and Rehabilitation and Upgrading of the Sewerage Network in the Municipality of Bitola](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/297?_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&_cbForecasted=&_cbClosed=&_cbCancelled=&_cbGrants=&_cbOpen=&_cbSupplies=&publishedDateFrom=&max=8&sort=publishedDate&order=desc&tab=advancedSearch) (16.11.2022)
* [Technical audit of existing wastewater collection and treatment systems in North Macedonia and preparation of necessary documentation for Supply of Water Equipment for the Municipalities of Radovish, Kichevo, Strumica, Prilep, Berovo, Kumanovo, Bitola and Tetovo](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/299?_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&_cbForecasted=&_cbClosed=&_cbCancelled=&_cbGrants=&_cbOpen=&_cbSupplies=&publishedDateFrom=&max=8&sort=publishedDate&order=desc&tab=advancedSearch) (29.11.2022 – 2nd tender procedure)
* [Support in the implementation of horizontal legislation](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/298?_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&_cbForecasted=&_cbClosed=&_cbCancelled=&_cbGrants=&_cbOpen=&_cbSupplies=&publishedDateFrom=&max=8&sort=publishedDate&order=desc&tab=advancedSearch) (29.11.2022)

**Evaluation procedures:**

* [Rehabilitation and Extension of Sewerage Network in the Municipality of Kichevo](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/226?max=8&sort=publishedDate&_cbForecasted=&tab=advancedSearch&_cbClosed=&_cbCancelled=&_cbSupplies=&_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&order=desc&publishedDateTo=&_cbGrants=&_cbOpen=&offset=16&publishedDateFrom=) ( Negotiated Procedure )
* Implementation and Planning for Approximation in Priority Areas of Environment ( Full Tender )
* Improving Capacities for Natura 2000 and CITES ( Full Tender )
* [Improved Implementation of the EU Floods Directive through Harmonization of National Legislation and Preparation of Flood Risk Management Plans](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/255?max=8&sort=publishedDate&_cbForecasted=&tab=advancedSearch&_cbClosed=&_cbCancelled=&_cbSupplies=&_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&order=desc&publishedDateTo=&_cbGrants=&_cbOpen=&offset=8&publishedDateFrom=) ( Shortlist )
* [Supporting the implementation of the regional waste management systems in the East and North-East Regions](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/263?_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&_cbForecasted=&_cbClosed=&_cbCancelled=&_cbGrants=&_cbOpen=&_cbSupplies=&publishedDateFrom=&max=8&sort=publishedDate&order=desc&tab=advancedSearch) ( Full Tender )
* Technical audit of existing wastewater collection and treatment systems in North Macedonia and preparation of necessary documentation for Supply of Water equipment for the Municipalities of Radovish, Kichevo, Strumica, Prilep, Berovo, Kumanovo, Bitola and Tetovo ( Shortlist )
* Supply of Specific Equipment for Water Monitoring Information System
* Support in the implementation of the waste management legislation and Extended Producer Responsibility (EPR) scheme - MK 20 IPA EN 01 21
* Preparation and revision of the National Waste Planning documents ( Shortlist )
* Supporting the IPA Operating Structure in Project Planning and Finance Management in Environment Sector ( Shortlist )
* Further strengthening the capacities for effective implementation of the acquis in the field of industrial pollution - MK 20 IPA EN 02 22

**Tender documentation prepared and under procedure of approval:**

* Implementation and Planning for Approximation in Priority Areas of Environment
* [Supporting the IPA Operating Structure in Project Planning and Finance Management in Environment Sector](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/267?_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&_cbForecasted=&_cbClosed=&_cbCancelled=&_cbGrants=&_cbOpen=&_cbSupplies=&publishedDateFrom=&max=8&sort=publishedDate&order=desc&tab=advancedSearch)
* Supply of IT, office and other equipment and ICT software for the IPA structure within the MoEPP
* [Further Support in the Implementation of the Reforms in the Water Sector](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/262?_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&_cbForecasted=&_cbClosed=&_cbCancelled=&_cbGrants=&_cbOpen=&_cbSupplies=&publishedDateFrom=&max=8&sort=publishedDate&order=desc&tab=advancedSearch)
* Support in the Implementation of Air Quality Directives
* Support in the Implementation of Horizontal Legislation
* [Improved Implementation of the EU Floods Directive through Harmonization of National Legislation and Preparation of Flood Risk Management Plans](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/255?max=8&sort=publishedDate&_cbForecasted=&tab=advancedSearch&_cbClosed=&_cbCancelled=&_cbSupplies=&_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&order=desc&publishedDateTo=&_cbGrants=&_cbOpen=&offset=8&publishedDateFrom=)
* Development and Implementation of River Basin Management Plans for all River Basins (River Vardar, Crn Drim, Strumica) under the Water Framework Directive with Implementation of Measures
* Implementation of the priority action in climate change sector
* [Supporting the implementation of the regional waste management systems in the East and North-East Regions](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/263?_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&_cbForecasted=&_cbClosed=&_cbCancelled=&_cbGrants=&_cbOpen=&_cbSupplies=&publishedDateFrom=&max=8&sort=publishedDate&order=desc&tab=advancedSearch)
* Preparation and revision of the National Waste Planning documents
* Development of Strategic Noise Maps and Action Plans with Programs of Measures
* [Supply of IT and other specific equipment for Environmental Monitoring and Information System](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/266?_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&_cbForecasted=&_cbClosed=&_cbCancelled=&_cbGrants=&_cbOpen=&_cbSupplies=&publishedDateFrom=&max=8&sort=publishedDate&order=desc&tab=advancedSearch)
* Further strengthening the capacities for effective implementation of the acquis in the field of industrial pollution
* Supply of Specific Equipment for Water Monitoring Information System
* Rehabilitation and Extension of Sewerage Network in the Municipality of Kichevo
* [Construction of WWTP and Rehabilitation and Upgrading of the Sewerage Network in the Municipality of Bitola](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/232?max=8&sort=publishedDate&_cbForecasted=&tab=advancedSearch&_cbClosed=&_cbCancelled=&_cbSupplies=&_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&order=desc&publishedDateTo=&_cbGrants=&_cbOpen=&offset=8&publishedDateFrom=)
* Supervision of the Works Contract for Construction of WWTP and Rehabilitation and Upgrading of the Sewerage Network in the Municipality of Bitola
* [Construction of WWTP and Rehabilitation and Extension of the Sewerage Network in the Municipality of Tetovo](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/254?_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&publishedDateTo=&_cbForecasted=&_cbClosed=&_cbCancelled=&_cbGrants=&_cbOpen=&_cbSupplies=&publishedDateFrom=&max=8&sort=publishedDate&order=desc&tab=advancedSearch)
* Supervision of the Works Contracts for Construction of WWTP and Extension of the Sewerage Network in the Municipality of Tetovo
* Technical Audit of Waste-water Major Projects
* Technical Audit of existing waste-water collection and treatment systems in North Macedonia and preparation of necessary documentation for Supply of Water Equipment for Municipalities of Radovish, Kichevo, Strumica, Bitola, Tetovo, Berovo, Kumanovo and Prilep
* [Establishment of Integrated and Self Sustainable Waste Management System in East and North-East Regions](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/240?max=8&sort=publishedDate&_cbForecasted=&tab=advancedSearch&_cbClosed=&_cbCancelled=&_cbSupplies=&_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&order=desc&publishedDateTo=&_cbGrants=&_cbOpen=&offset=16&publishedDateFrom=)
* Supervision of Works Contracts for [Establishment of Integrated and Self Sustainable Waste Management System in East and North-East Regions](https://cfcd.finance.gov.mk/tenders/publicTender/detailedTender/240?max=8&sort=publishedDate&_cbForecasted=&tab=advancedSearch&_cbClosed=&_cbCancelled=&_cbSupplies=&_cbWorks=&_cbServices=&wordPhrase=&category=IPA_COMPONENT_II_ECC&order=desc&publishedDateTo=&_cbGrants=&_cbOpen=&offset=16&publishedDateFrom=)

Detailed overview of the execution of the programme, capacities and functioning of the management and control system is elaborated under Section III below.

**IPA II Sector: Transport**

**IPA III Window 3: Green Agenda and Sustainable Connectivity**

**Thematic Priority 2:** Transport, digital economy and society, energy

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

Under IPA II, the multiannual Action Programme for the year 2014 - 2016 was adopted on the 17.12.2014. The programme was amended on 29.11.2017. The programming in the sector transport was done in close coordination with all the relevant sector institutions: Public Enterprise for State Roads-PESR, Public Enterprise Macedonian Railways Infrastructure-PEMRI, Macedonian Railways Transport Ltd and with the CFCD (Ministry of Finance) etc. All the relevant stakeholders were also a part of the Sector working group for Transport-SGWT. The programme is implemented through major projects (with a value above 10 mil EUR) submitted for approval through IPA applications and other projects with a value below this amount (submitted for approval through OIS). The detailed programming process was elaborated in the previous report.

The main information for the programming activities in 2022 is summarized in the table below.

|  |  |  |
| --- | --- | --- |
| **Title of the Major Projects** | **Status** | **Remarks** |
| Construction of road section Gradsko – Interchange Drenovo as part of road Corridor X-d, | Ongoing | Works Contract No. 12-4986/1 with TirrenaScavi S.p.A., Italy signed on 21.09.2017 was in process of Assignation. An Assignment Agreement for the major project Gradsko-Drenovo between Tirrena Scavi S.p.A. Italy and the new contractor STRABAG was signed on 24.12.2020. Amendment No.1 to the Works Contract was signed on 16.06.2021, Amendment No.2 to the Works Contract on 25.06.2021. Addendum no.3 is also prepared and submitted to the DEU for approval.  |
| Supervision of the Construction of road section Gradsko – Interchange Drenovo as part of road Corridor X-d, | Ongoing | Service Contract No. 12-5554/1 with Egis International (FR), in consortium with Egis d.o.o. Beograd - Stari Grad (SR) and Hill International N.V., (NL) was signed on 02.10.2017 and under implementation. Amendment No. 1 to the contract for supervision (with the same supervisor) was signed on 23.08.2021. The Commencement date of the works is 15.07.2021. The amendment to Supervision Contract No.3 to change Team Leader (with the same supervisor) was signed on 14.01.2022. |

According to the Country Strategy Paper for IPA II for 2014-2020, the available amount for Transport in the period 2018-2020 is 56.5 million EUR.

n spring 2020 and throughout 2021, IPA III annual programming took place under Window 3, Green agenda and sustainable connectivity. Strategic response for the thematic priority Transport, digital economy and society and energy was prepared. IPA III annual programming for the year 2022 was duly prepared by MoTC and within the framework of the general sectoral working groups meetings should be organized for this purpose. No meeting of the Sector working group for transport sector was conducted during 2022 since MoTC received information that Action Fiche for 2022 will not be approved by EC although the proposed projects were mature.

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

*Please see Annex 2 related to outcome/output indicators.*

With respect to the Operational identification sheets (OIS), during 2022, in the sector Transport, one (1) OISs has been circulated and all were approved by the EUD. During 2022, no tender was launched, and contracts signed.

**Priority Action 1 Rail transport infrastructure**

**Construction of rail section from Kriva Palanka - Border with Republic of Bulgaria** – NIPAC delivered revised IPA application to EUD and EC on 21.01.2021. The IPA application was approved in April 2022. There are ongoing activities for launching a procurement for the 3rd phase (Kriva Palanka - Deve Bair). All activities are carried out in coordination and communication with all stakeholders (Public Enterprise for Railway Infrastructure (PE ZRSMI), MoTC, CFCD) and financing institutions (EUD, EIB, EBRD).

The first draft TD was prepared by MoTC on 05.04.2021 and submitted to PEMRI. Several joint meetings of the stakeholders were conducted for review of the tender dossiers (23.07.2021, 20-24.08.2021, On 26.08.2021, the PEMRI officially submitted the TD to MoTC. On 09.09.2021 MoTC submitted comments to PEMRI. After several urgencies (13.10.2021, 05.11.2021) on behalf od MoTC, a meeting was held in the premisses of EUD with representatives of PEMRI, CFCD, MoTC and EUD, on which part of the tender documentation for works (ITT, CN, AISN) was reviewed. Additional meeting was held on 16.12.2021 in EUD premises.

Taking into consideration the certain percentage of deficiencies detected in the Detailed Design, which affect the preparation of the tender documentation, the OS discussed the possible FIDIC Yellow Book as an alternative for the implementation of the Works contract instead of the previously adopted FIDIC Red Book in order to overcome the omissions and errors in the design during the implementation. Regarding this, on 14.11.2022 a meeting was held between PEMRI, MoTC and CONNECTA, at which CONNECTA accepted to prepare a list of advantages and disadvantages of both Red and Yellow FIDIC Book, which will be included in the two Technical design review reports (Technical report part I – Systems and Technical report part II – civil part).

PEMRI is actively working on preparation of the TD.

For this project, an application for TA from Connecta was approved on 20.10.2021. The kick-off meeting was held on 22.12.2021. The first draft gap-analysis ESIA report and the first draft technical report were submitted on in February and March 2022 and comments were provided by all stakeholders. In July 2022 several on-line meetings were held between the CONNECTA experts and Reviewers/Auditors of the Detailed Design, as well as the MoTC and PEMRI in order to make efforts to overcome the detected deficiencies with the Detailed Design.

On 19.07.2022 a meeting took place in the PEMRI premises regarding the expropriation process and the illegal dwellings during which conclusions were made the surveyor and the appraiser to finalize the elaborations and the estimates for all dwellings affected by the expropriation and the resettlement process.

On 13.10.2022 CONNECTA delivered an updated GAP, SEP, Supplementary Biodiversity Report, BMP and NTS. On 28.11.2022 CONNECTA submitted the RED FIDIC Book and Yellow FIDIC Book comparison. On 01.12.2022 an on-line meeting was held among PEMRI, MoTC, CONNECTA, EUD, EBRD and CFCD, at which alternative access roads were presented by PEMRI (in order to preserve houses from demolition), as well as the necessity of additional geotechnical investigations and the additional CONNECTA’s assistance in the preparation of the documentation regarding these 7 alternative access roads for which DG NEAR’s approval is necessary.

**Priority action 2 Road transport infrastructure**

**Construction of road section** **Gradsko – Interchange Drenovo as part of road Corridor X-d** - Works Contract No. 12-4986/1 with TirrenaScavi S.p.A., Italy signed on 21.09.2017. An Assignment Agreement for the major project Gradsko-Drenovo between Tirrena Scavi S.p.A. Italy and the new contractor STRABAG was signed on 24.12.2020. Amendment No.1 to the Works Contract was signed on 16.06.2021, Amendment No.2 to the Works Contract on 25.06.2021. Addendum no.3 is also prepared and submitted to the DEU for approval. Supervision of the Construction of road section Gradsko – Interchange Drenovo as part of road Corridor X-d, service contract No. 12-5554/1 with Egis International (FR), in consortium with Egis d.o.o. Beograd - Stari Grad (SR) and Hill International N.V., (NL) signed on 16.10.2017. Amendment No. 1 to the contract for supervision (with the same supervisor) was signed on 23.08. 2021. The Commencement date of the works is 15.07.2021. The amendment to Supervision Contract No.3 to change Team Leader (with the same supervisor) was signed on 14.01.2022.

**Rehabilitation of** **State Road A2, section Kumanovo – Stracin (phase 1) -** Works contract has been signed with the consortium – Hydrostroy JSC (BG) & Eskavatori-MK DOOEL on 10.08.2020. Project Commencement Date was 21.04.2021. The Contractor is working on the spot starting from 25.05.2021. It’s expected the construction works to be completed in 15 months by 07.10.2022, plus 24 months DLP 07.10.2024. As of December 2022, the contractor was paid a total of 3.241.508,00 euros. (for advance payment 862,084.23, IPC 1 629,826.98 euros and IPC 2 464,619.78 euros, IPC no. 3 - 317.725,00 eur, IPC no. 4 - 476.410,99 eur and IPC no. 5 - 490.841,02 eur). The deadline of the contract implementation was 21.07.2022, but the contractor has unfinished works, for which a proposal Annex No. 1 has been submitted, with which they are requesting additional 5 (five) months for rehabilitation of the bridge on the river Pčinja also additional funds for supply and installation of the guardrail.

Supervision of the **Rehabilitation of State Road A2, section Kumanovo – Stracin (phase 1) -** Service contract has been signed with IRD Engineering S.r.l. Rome-Italy in consortium with DIWI on 16.03.2021. Project Commencement Date was 07.04.2021, project duration is 42 months, should be completed on 07.10.2024 (1-month - Administrative Issues Period, 15 months - Construction Period, 24 months - Defect Liability Period, 2 months – Completion of Documents Period). The proposal for Addendum No.01 Revised version is submitted to the OS on 14.11.2022. Request for opinion for Revised Addendum No.01 from MoTC was send to PESR on 28.11.2022.

**Construction of new expressway from Prilep – bridge on Lenishka River** and **Construction of third lane of road section from village Belovodica – Mavrovo quarry** – Tender for the service contract for supervision was launched. The evaluation was completed and suspended. Depending on the final decision with the construction project, the supervision project will be continued accordingly. The tender dossier for the works contract is under amendment due to the changes in the detailed design. There will be a change in the ОIS. PESR drafted and submitted an Information to the Government for changes in the scope of the project. The Information to the Government was adopted on 19.04.2022. The amended OIS was submitted to MoTC on 19.05.2022. Amendments were made to the OIS based on the comments from the MoTC. On 01.08.2022 PESR officially submitted the OIS to MoTC. MoTC submitted the OIS to NIPAC on 05.08.2022 and NIPAC submitted the OIS to EUD on 10.08.2022. Comments were received from EUD on 19.08.2022 and re-submitted to PESR. MoTC submitted to PESR requests for urgent delivery of the OIS on 02.09.2022, 03.10.2022 and 22.11.2022.

On 22.11.2022 PESR informed the MoTC that there are on-going internal consultations regarding the further realization of the project of which they will notify the MoTC. After internal consultations with PESR, the final beneficiary decided to plan this road section for financing within the national budget, as indicated in the PESR Annual Program for Construction, Reconstruction, Rehabilitation, Maintenance, and Protection of the State Roads for 2023. This decision is made as a result of the Law on establishing public interest and nominating a strategic partner for the project on the planning and construction of Corridor VIII motorway sections Tetovo - Gostivar - Bukojchani and Trebenista - Struga – Kjafasan, as well as Corridor Xd motorway section Prilep - Bitola. Namely, the interchange near Prilep(near Lukoil gas station) planned with the previous design, as weel as the 2 km part of the road section from bridge at Lenishka river to the interchange near Lukoil will be constructed by the nominated strategic partner in order to be designed in harmonization with the Detailed Design for the motorway section Prilep - Bitola. Following the changes in the scope of the related works contract the launched tender procedure for the supervision shall be canceled and retendered by PESR taking into the consideration the explanation note for works contract above. Final beneficiary (PESR) need to prepare an Information Note to the Government and to officially inform the CA regarding the cancellation of the tender procedure

Replacement of guardrails according to EN standards on 100 km motorways on Corridor - OIS was approved on 26.07.2019. After several urgencies for intensifying of the activities and preparation of tender documentation, on 28.06.2022 Information to the Government for reallocation of funds within SOPT 2014-2020 and transfer of projects from IPA 2 to other available programs was adopted. Ministry of Transport and Communications notified EUD of the Information on 06.07.2022. The project (with additional phase 2) is transferred to the Safe and Sustainable Transport Programme.

Supply and installation for signalization of the railway level crossings - Operation Identification Sheet approved on 29.08.2018.Several urgencies have been sent to PEMRI-28.01.2021, 09.02.2021, 22.02.2021, 11.03.2021, 28.05.2021, 28.07.2021. MoTC prepared a draft TD and submitted to PEMRI on 10.08.2021 for finalization. TD and market analysis have not yet been submitted and because of that more urgencies have been sent. Due to the slow progress of the project, an Information to the Government for reallocation of funds within SOPT 2014-2020 and transfer of projects from IPA 2 to other available programs was adopted on 28.06.2022. MoTC notified EUD of the Information on 06.07.2022. The project is transferred to the Safe and Sustainable Transport Programme.

**Priority action 3 Horizontal assistance**

**Preparation of project documentation for multimodal node Trubarevo** – Contract notice published on 27.12.2019. Cancellation notice was published on 23.12.2020. On 12.01.2021 a procedure for re-launching of the tender was initiated. After several convened meetings and consultations among CFCD and JASPERS, the TD was revised according to the comments from the EUD. Revised documents were submitted and EUD approved the TD on 09.11.2021. CN was published on 06.12.2021. The deadline for submission of bids was on 01.02.2022. CFCD submitted the TD to EUD on 11.03.2022. In accordance with the comments received from EUD on 08.04.2022, MoTC revised the TD. Complete TD was submitted to CFCD on 04.07.2022. CFCD submitted TD to EUD on 28.07.2022. TD was approved. On 04.11.2022 CFCD submitted the Evaluation Committee to EUD and on 14.11.2022 EUD approved the Evaluation Committee. After the preliminary meeting the process of evaluation started on 28.11.2022. Evaluation process is ongoing.

**Technical audit for the Major Project Construction of road section Gradsko – Interchange Drenovo as part of road Corridor** X-d - On 20.01.2021, a complete tender dossier with market analysis was submitted to CFCD. CFCD submitted the TD to EUD on 10.08.2021. After several corrections, urgencies and meetings, PESR submitted revised documents to MoTC on 04.11.2021. MoTC submitted the documents to CFCD on 08.11.2021. On 03.12.2021, CFCD submitted the tender dossier to EUD. Comments were received by EUD on 03.12.2021 and PESR and MoTC started revising the documents. On 05.01.2022 MoTC submitted the revised TD to CFCD. The TD was amended based on the comments from the EUD and CFCD . MoTC revised the TD on new PRAG templates (as required in the EUD comments) and submitted the complete TD to CFCD on 28.07.2022 after received approval from PESR. CFCD submitted comments from EUD on 30.08.2022 to MoTC and PESR, hard copy was received on 06.09.2022. On 07.09.2022 MoTC officially submitted to PESR the verso from EUD, for suspension of the revised TD (mainly technical remarks) for further amendment. On 12.09.2022 MoTC requested a meeting to be convened for clarification of the EUD comments. In the period from September to November 2022 no progress was made in the preparation of the TD, as CFCD did not provide a reply on the MoTC’s request for meeting. MoTC contacted CFCD with a request for urgent meeting. At an on-line meeting on 18.11.2022 held among the EUD, CFCD, MoTC and PESR, it was concluded that for the purpose of haste project implementation depending on the deadline of the Major Project, amendments in the implementation period are required. Thus, 2 technical audit missions are to be carried out instead of the initial 3 missions. The implementation period will be 26 months. PESR submitted the amended TDs on 25.11.2022. MoTC made small interventions in the TDs regarding the implementation period, which was accepted by PESR and on 07.12.2022 the TDs were submitted to CFCD by e-mail. On 13.12.2022 CFCD submitted the TD to the MoTC with comments. The MoTC immediately re-submitted the TD to PESR for revision. On 26.12.2022 TD was submitted to CFCD.

**City of Skopje Sustainable Urban Mobility Plan** - Operation Identification Sheet approved on 23.01.2019. CN was published on 11.02.2020. The tender was cancelled and an official letter from CFCD was sent on 30.12.2021. MoTC sent a notification to the City of Skopje and asked for declaration for further steps on 31.12.2021. On 05.01.2022 a meeting was convened, attended by representatives from the City of Skopje and MoTC for the tender re-launch. After several interventions were made based on comments from MoTC, as well as consultations with JASPERS, the City of Skopje officially submitted the TD on 05.08.2022 to MoTC. On 10.08.2022 MoTC submitted the TD to CFCD. After revision was made based on the CFCD comments’, consultation with JASPERS and final approval from the City of Skopje, the MoTC submitted the revised TD to CFCD on 13.09.2022. Comments were received from CFCD on 30.09.2022. MoTC submitted the revised TD on new PRAG templates to CFCD on 05.10.2022. On 01.11.2022 CFCD submitted the TD to EUD for approval. The EUD suspended the tender documents. CFCD submitted the VERSO to the MoTC on 08.11.2022. The City of Skopje delivered partially amended documents to the MoTC on 14.11.2022. Due to the necessity of clarification of the EUD comments in the Verso, a meeting was held on 23.11.2022 among EUD, MoTC and CoS, after which on 25.11.2022. the CoS submitted amended version of the TD to the MoTC. On 07.12.2022 the MoTC electronically submitted the TD to CFCD. On 09.12.2022 CFCD sent the ToR and Explanatory Note back for additional revision. On 13.12.2022 MoTC sent revised documents to CFCD. MoTC submitted revised documents to CFCD on 04.01.2023.

**Development of Implementation plan under the National Transport Strategy 2018-2030** with system, tools and capacity for its monitoring – OIS was approved on 18.06.2020. The CN was published on 11.08.2021. On 01.09.2022. On 14.09.2022 CFCD officially sent notification to MoTC for cancellation of the procedure and submitted request for further activities. TD was revised and submitted to CFCD on 21.09.2022. Several corrections were made in the TD according to the CFCD comments. After several revisions on 06.12.2012 the MoTC submitted the documents to CFCD. CFCD submitted the documents to EUD on 13.12.2022. On 19.12.2022 EUD submitted Verso with comments to CFCD and 22.12.2022 CFCD submitted the comments to MoTC. MoTC submitted revised documents to CFCD on 04.01.2023.

**Preparation of National aviation strategy 2023-2032** – OIS was approved on 20.05.2019. The evaluation was conducted in the period 07.07.2021 - 23.07.2021. After evaluation, the procedure was cancelled on 27.08.2021. At the meeting on 13.09.2021, with CFCD and Aviation Department, it was agreed to continue with the same simplified procedure and to conduct a new market analysis. The revised tender documents were submitted to EUD on 03.03.2022. The MoTC amended the TD according to the comments from EUD and submitted to CFCD on 25.05.2022. Based on the guidelines provided by EUD on a meeting held on 26.05.2022 the Aviation Department submitted a request to 12 companies for additional data for the market analysis on 11.07.2022. On 27.09.2022 MoTC submitted the revised TD and the market analysis to CFCD. On 07.10.2022 CFCD submitted the ToR with comments to MoTC. The same day EUD dispatched the ToR to the Avation Department for further intervention according to the CFCD comments. On 09.11.2022 MoTC submitted the revised documents to CFCD. On 10.11.2022 CFCD submitted the TD to EUD for approval. On 28.11.2022 CFCD submitted a VERSO to the MoTC, which was immediately sent to the Aviation Department for further amendments. On 07.12.2022 the revised TDs were submitted to CFCD. On 26.12.2022 CFCD requested clarification from companies regarding the eligibility from the market analysis.

**Preparation of design documentation and implementation of measures for improvement of road safety** – OIS was approved on 27.12.2019. After several urgencies for intensifying of the activities and preparation of tender documentation, the project is transferred to the IPA 3. Following this, Information to the Government was adopted on 28.06.2022 for the purpose of reallocating funds within SOPT 2014-2020 and transfer of projects from IPA 2 to other available programs. Notification for the adopted Information was submitted to EUD on 06.07.2022.

1. **Problems encountered in implementation and corrective measures taken and/or planned, and recommendations for further action, in order to ensure sustainability[[4]](#footnote-5)**

|  |  |  |
| --- | --- | --- |
| **Encountered problem** | **Proposed solution** | **Status of the problem** |
| Significant delays in the procedure, especially in the approval of the Operation Identification Sheets (OIS) | Process of the approval of the documents to be faster.Final beneficiaries still need to provide an increased effort for their ownership over the projects | The IPA II procedure for OIS approval is still slow. Steps are: (i) MoTC submitted OIS to NIPAC, (ii) NIPAC forward OIS to the DEU/EC, (iii) DEU/EC drafted comments, (iv) send OIS back to NIPAC and (v) NIPAC send back OIS to the MoTC. After replying to the comments MoTC should send again improved OIS to NIPAC. It seems to be a vice versa procedure for receiving the comments from the DEU.Additional delay appeared during the process of receiving comments on the submitted OIS, because of the draft OIS should to be submitted to DG NEAR for comments, which in turn takes up more time.Partly because of this, MoTC had example where initial OIS submission has been done in July 2016 and OIS approval arrived in May 2018. 22 months is a long period.Lack of ownership of the final beneficiaries is evident. |
| Substantial delays in the preparation and submission of the tender documents by the final beneficiaries | Final beneficiaries to take measures for improvement of the quality of the tender documents. | There has been a significant delay in the submission of the necessary documents for the procurement procedures related to the projects for which the final beneficiaries are the public enterprises. This has been especially increased also with the COVID 19 pandemic when most of the public sector was conducting work from home.However, the situation continues to deteriorate and there are still significant delays in the delivery of the documents and significantly reduced quality of the documents submitted.The MoTC is trying to mitigate this by providing logistic and professional support to the final beneficiaries.  |
| The previous experience of IPA II with the SWGT (before the re-nomination in 2017-2018) has proven unsatisfactory which created a burden of completing the SWGT tasks (especially in the programming and technical implementation phase) has fallen on the IPA structure in the Ministry of transport and communications and crates a significant workload. | The final beneficiaries still need to provide an increased effort for ownership within the participation of the SWGT and input in the completion of work, which is now still done in larger part by MoTC IPA officers. | Mitigation measures undertaken:* Number of discussions at the meetings of the SWGT;
* Input (only upon a special request) by the other SWGT members and institutions,
 |
| Still weak institutional capacity for implementation of NTS (SAA Subcommittee and EC Annual Progress Reports in chapters 14, 21 and 22 defined a need for strengthening)Need for strengthening the capacities (Audit report from IPA Audit Authority) | Measures and actions to be taken for timely securing the optimum required number of skilled staff, according to WLA and the Recruitment Plan, in order to ensure efficient and effective execution of the delegated working tasks under IPA 2 and 3. | Discussion held regarding the need of intervention from the aspect of building administrative capacities (Department for EU/Negotiation and integration unit is in need of additional staffing, training and investments) are needed to ensure proper (i) National Transport Strategy 2018-2030 monitoring and implementation, (ii) development of TEN-T, TEN-E and TEN-C networks, (iii). Also, as it is expected that the accession negotiation process will start additional human resources and increase of the administrative capacity will be needed for the long exhausting process. Sound preparation for the expected start of negotiation process for TEN and Transport policy chapters and (iv) monitoring of the cooperation with the bodies of the Transport Community as an obligation for the implementation of the Transport Community Treaty. Measures were also formulated under the NTS 2018-2030. Taking into consideration that Ministry of transport and communications will be Managing Authority for the action/operational programmes in the Transport sector according to the latest WLA 2023-2025 we need 10 (ten) more employees for the responsibilities in the management and control system for the implementation of IPA III.  |

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

Two Sector Monitoring Committees for Transport and Environment and Climate Action have been organised in 2022.

1. **Complementarity with other instruments and coordination with other donors/ IFI's within the Window/thematic priority (IPA III) or sector (IPA II)**

No SWGs meetings have been held in 2022.

The following donors, IFIs, Embassies and CSOs were present at these meetings in 2021:

|  |  |  |  |
| --- | --- | --- | --- |
| **Donors** | **IFIs** | **Embassies** | **CSOs** |
| EU Delegation |  World Bank | / | EKO Svest[[5]](#footnote-6) |
| WBIF |  | /  | / |

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Donor** | **Value of the support** | **Addressed issues** | **Implementation period** |
| European Union (IPA) | 109 mil EURO | Rail transport infrastructure, Road transport infrastructure, Horizontal assistance in the transport sector | 2014-2020 still on going |

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

|  |  |  |  |
| --- | --- | --- | --- |
| **IFI** | **Value of the support** | **Addressed issues** | **Implementation period** |
| World Bank | 135 mil EURO | Modernization of the road network infrastructure in the Republic of Macedonia | 2014-2023 |
| EBRD | 275 mil EURO | Modernization of the road network infrastructure in the Republic of Macedonia | 2014-2023 |
| EXIM Bank | 580 mil EURO | Construction of motorways | 2014-2021 |
| World Bank  | 26.2 mil EURO | Western Balkan Trade and Transport Facilitation project | 2019-2025 |
| World Bank | 70 mil EURO | Local roads connectivity project  | 2019-2025 |

1. **Assessment of the impact of IPA assistance in improving sector approach**

*Please see Annex 2 related to sector approach roadmap achievements.*

Workload analysis is prepared annually for a three-year period for the IPA structure in the Ministry of Transport and Communications. According to the latest IPA WLA from November 2022 for 3 years period (2023-2025) 10(ten) more employees are needed for the responsibilities in the management and control system for the implementation of IPA III.

Currently in the Ministry of Transport and Communications, Department for EU there are IPA programming and project preparation unit and IPA Monitoring unit, count 7 (seven) employees plus IPA coordinator and according to the WLA for 2023 the optimal number of employees is 18 (eighteen). The WLA showed that 10 (ten) additional employments are needed. The regular update of the WLA comprises all changes in meantime. An update in detail is presented below.

However, to strengthen the administrative, operational, and technical capacity, the stakeholders will need to decide on new jobs, new trainings and new staffing in other units as well, which are of paramount importance [[6]](#footnote-7). The EC progress reports, and the SAA subcommittee conclusions also state that it is necessary to “*Mobilize sufficient resources for the implementation of the Transport Community Treaty”*. It must be stressed that for all of this to be effective, the so far non-existing retention policy needs to be built up. This especially is essential in this sector considering the experience needed and the length of a single project considered, not ignoring the length of a single programme or a strategy on which all falls.

More specifically, the MoTC should focus to capacity building (mobilization of resources and administrative capacities) for monitoring the implementation of the treaty, capacities that will cooperate with the bodies of the Transport Community. The ministry should already have the administrative capacity to cope with the huge number of obligations to be fulfilled, that will arise prior and after the assessment mission envisaged in the protocol of this treaty. Quick intervention from the aspect of building administrative capacities is needed also to ensure proper National Transport Strategy 2018-2030 monitoring and implementation. Also, it is expected that the accession negotiation process will start additional human resources and an increase of the administrative capacity will be needed.

In October 2022, 1 (one) employee which has position with authorization Head of Unit for IPA planning and preparation of project documentation left the Ministry. From existing employees 1 (one) was assigned at the position with authorization Head of Unit for IPA planning and preparation of project documentation. There is still an issue with the Head of Unit for IPA planning and preparation of project documentation. A civil servant is still carrying out activities with Authorization by the Minister (without promotion).

**IPA II Sector: Energy**

**IPA III Window 3: Green Agenda and Sustainable Connectivity**

**Thematic Priority 2:** Transport, digital economy and society, energy

The Ministry of Economy is responsible for setting energy policy in the country, including developing energy strategies and action plans, establishing energy balance, monitoring the energy markets and addressing energy poverty. The Ministry has an Energy Department organised in five units - for strategic planning, for electro energetics and energy investment projects; for fossil fuels; for energy efficiency; and for renewable energy sources.

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

Allocation for IPA 2023 was in total amount as immediate budget support dedicated to help to address the impact of high energy prices on citizens and business. The overall objective of this Action is to assist North Macedonia in reducing the socio-economic impact of the rising energy prices in particular on public service providers, small and medium sized enterprises and households, and to strengthen the Government’s overall capacity to deliver tailor-made services to vulnerable households and support the long-term socioeconomic recovery, energy security, and energy transition of North Macedonia. The action will support structural reforms facilitating the energy transition, including revising and improving the strategic and regulatory frameworks with the aim of increasing production of renewables and energy efficiency, strengthening the grid and developing storage facilities. The action will also improve access to finance for investments in energy efficiency and prosumers and protect vulnerable energy users.

This action will contribute directly to SDG 7 ‘Ensure access to affordable, reliable, sustainable and modern energy for all’, and also to other SDGs, among them SDG 8 ‘Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all’, SDG 9 ‘Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation’, SDG 10 ‘Reduce inequalities within and among countries’, SDG 13 ‘Take urgent action to combat climate change and its impacts’. The Action directly contributes to the priorities of the Economic and Investment Plan for the Western Balkans related to “Private Sector Support”, “Energy”, “Green Agenda”, “Human Capital Development” and to the IPA III Programming Framework Window 3 “Green agenda and sustainable connectivity” (Thematic Priority 2: Transport, digital economy and society, and energy) and Window 4 “Competitiveness and inclusive growth” (Thematic Priority 1: Education, employment, social protection and inclusion policies, and health and Thematic Priority 2: “Private sector development, trade, research and innovation”).

The Specific Objectives (Outcomes) of this action are:

1. ***Accelerated energy transition to a sustainable climate neutral economy and energy security***

This specific objective will be achieved through the following induced outputs:

1.1. Strategic framework for the energy policy refined

1.2. Legislative framework updated

1.3. Institutional framework strengthened

1.4. Improved access to finance for investments in energy efficiency and prosumers

1. ***Energy users are protected from increase in energy prices***

This specific objective will be achieved through the following induced outputs:

2.1. Ensured continuity in the delivery of public services to the population

2.2. Enhanced system protecting the most vulnerable women, men and children and other energy users

The underlying assumptions are:

* The government of North Macedonia is committed to preserve the macro-economic stability of the country, to pursue the accession process and continue the alignment of its policies and legislation with the EU.
* The measures put in place by the government in the National Energy Action Plan have the potential to strengthen the energy policy and mitigate the socio-economic impact of the inflation and energy prices, particularly over the most vulnerable communities.
* The structural reforms will be progressing to improve the effectiveness and efficiency of the public administration and the management of the public finance.
* The citizens and businesses of North Macedonia support the policy of energy transition and engage in savings of natural resources.

The Ministry of Economy will have the main responsibility for the monthly and final reporting on the Action. The Ministry will establish an inter-institutional task force to collect the data and prepare the reports. The task force will also include the Secretariat for European Affairs, the Ministry of Finance, the Ministry of Labour and Social Policy, the Ministry of Local Self-Governance, the Deputy Prime Minister for Economic Affairs. The implementation of the operation will be discussed in the Sector Working Groups on Energy

## 2.4 Education, Employment and Social Policies

**IPA II Sector: Education, Employment and Social Policies**

**IPA III Window 4: Competitiveness and Inclusive Growth**

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

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

Programming process of the IPA 2017 **Action 4** *“EU for Education, Employment and Social Policy”* and IPA 2019 **Action 3** *“EU for Youth”* and **Action 4** “*EU for Inclusion*” annual programmes under IPA II and main features of the actions were elaborated in previous reports.

**IPA III programming** for 2022 was finalised, which started back in 2020 when the Action Fiche was developed. Action Document “*EU for Improved health and social protection and gender equality”* was elaborated. In 2021, the Action was considered in two plenary sessions of the SWG, one meeting with the CSO and expert level meetings, dedicated to the Action Document and individual projects (documents), which were attended by the staff from ministries, institutions and the EUD.

The Action Document *“EU for Improved health and social protection and gender equality”* is in the value of the 11,000,000 EUR including national contribution of 1,500,000 EUR. Overall objective of the Action to improve the health and well-being and promote equal opportunities and access to quality employment and social protection for all. Expected outcomes are to improve OSH system and practices; enhanced effectiveness of the system for prevention and protection of gender-based and domestic violence; improved quality of social services; and state response to the major health threats in the country improved.

In 2021, the national authorities drew up a tentative list of project ideas that could be financed in the frame of IPA III programming years 2023-2024. Project ideas include: Reinforced Youth Guarantee, Social and micro-enterprises development and (self)employment among vulnerable groups, Workforce development, Social Dialogue, Local Employment Partnerships, Further reform of pre-school education, Roma Integration. Official feedback on the project ideas by the EC services was received in February 2022. The policy priorities in the EESP sector were further developed and were considered in two plenary sessions of the SWG and expert level meetings in 2022.

Programming of IPA 2023 started in March 2022. Programming mission by EC services took place on 4-5 April 2022 in regard to the 2023-2024 programming. A Sector Operational Programme “*EU for Jobs and Opportunities*” is planned for the EESP sector covering the programming years 2024-2027. Programming of IPA 2024-2027 is yet to begin.

Despite the proposal of the national authorities to finance a separate EESP Action under the 2023 envelope, only the Action Fiche *“EU for Fundamental Rights”* developed under the IPA III Window 1 Rule of Law, Fundamental Rights and Democracy received positive feedback. Even though the Action Fiche was programmed in another IPA III window rather than in Window 4, the activities will tackle some aspects of the EESP sector, such as housing of Roma and improving of availability and access of specific social services.

State and Resilience Building Contract for North Macedonia *“Annual Action Plan contributing to the Western Balkans Energy Support Package in favour of North Macedonia for 2023”* falls under both Window 3 – Green agenda and sustainable connectivity (57%) and Window 4 – Competitiveness and inclusive growth (43%). As a response to the energy and price crises that accelerated their pace during second half of 2022, the EC adopted in October the Commission Implementing Decision on the Annual Action Plan contributing to the Western Balkans Energy Support Package for 2023. Following to this decision, the National Action Plan for Energy and Price Crises 2022-2023 and the State and Resilience Building Contract for North Macedonia were drafted. Two measures are tackling the most vulnerable citizens entitling them to direct financial support to tackle energy crisis and energy allowance. The Financing Agreement is expected to be signed at the beginning of 2023.

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

Three actions under two **IPA II programmes** are in an advanced stage of implementation in this sector: **Action 4** *“EU for Education, Employment and Social Policy”* as part of IPA 2017 programme and **Action 3** *“EU for Youth”* and Action 4 “*EU for Inclusion*”, being part of IPA 2019 programme.

|  |  |  |
| --- | --- | --- |
| **Action Document** | **Outcomes/ outputs** | **Progress** |
| **Annual Action Programme IPA 2017**“EU Support for Education, Employment and Social Policy” | **Outcome 1** - To reduce the high rate of unemployment, increase labour market participation, in particular of young people and women, increase access to quality education and training, improve skills matches and modernize the social protection system. | These outcomes require continuous policy level efforts and commitments. At present, they are high on the agenda of the Government and are incorporated in the National Employment Strategy 2027. Budgetary commitments for employment programmes have been increased each year. Several systemic laws that are crucial for sustaining the reforms have been drafted and are undergoing public consultations. |
| **Output/Result 1 - Strengthened sector governance, policy framework and statistics** Activity 1.1 Upgrading social sector data collection and analysis | Completed.Several web services for inter-institutional data exchange were established. Few of the established web services for inter-institutional data exchange are in use, while other needs yet to be deployed by the Ministry of Labour and Social Policy.The upgraded HERMAK was upgraded. The upgraded HERMAK model needs recalibration with the new census data, which would require engagement of external expertise. |
| Activity 1.2 Enhancing capacity of the NESC to pro-actively participate in the economic and social reform | Completed.The NESC capacity was strengthened though various trainings and analytical work. NESC continued to play central role in deliberating key legislation and policy documents. |
| Activity 1.3 Enhancing social dialogue at the local level | Completed. Achieved expected targeted values. |
| Activity 1.4 Increasing visibility and effectiveness of Trade Unions and Employer’s organization | Completed. Trade Unions and Employer’s organisations established number of new services and tools for their members. This is a responsibility of the social partners’ organisations. To our knowledge, products and services procured with IPA support are still actively used and maintained. The Trade Unions became louder in the past two years in defending workers’ rights.Further support shall be planned to further advance those positive changes and especially collective bargaining.  |
| **Output/Result 2 - Equitable access to quality inclusive education at all levels**Activity 2.1 Improving the quality of pre-school education and care  | Ongoing.Proposals for amending the Law on Child Protection and 17 by-laws were drafted translating the recommended novelties in the system for professional and career development of the pre-school staff. The whole legal package shall be discussed, adjusted and finalized in 2023. Afterwards, the Ministry of Labour and Social Policy shall submit the proposals for adoption.  |
| Activity 2.2 Expanding the network of public pre-school institutions in rural and urban areas | Ongoing. The construction of the two kindergartens in Tearce and Tetovo is in advance stage. Once the construction of the kindergartens is completed and Provisional acceptance signed, municipalities of Tetovo and Tearce need to undertake procedures for obtaining permit that the kindergartens meet the quality standards as per national law. They need to take care for the communal infrastructure (e.g. purified and clean water in Tearce), for which they were formally and timely informed by the Ministry. The Ministry budgeted the necessary funding for staffing and other running costs, which shall be claimed by the municipalities / kindergarten as block grants. |
| Activity 2.3 Further support to the implementation of the National Qualifications Framework |  |
| Activity 2.4 Improving quality of the education |  |
| **Output/Result 3 - Improved employability and access to labour market and decent work** Activity 3.1 Increasing attractiveness, inclusiveness and relevance of VET and adult education |  |
| Activity 3.2 Support to comprehensive and inclusive Adult Education system |  |
| Activity 3.3 Improving the post-secondary education |  |
| Activity 3.4 Alignment of the VET and adult education quality assurance systems with the EQAVET |  |
| Activity 3.5 Implementing targeted employment services and active labour market measures | Ongoing.Introduced specific service Counseling and mentorship for the social welfare recipients. The specific service Counseling and mentorship for the social welfare recipients will be extended to other vulnerable target groups in the labour market. The service should be standardized, so that ESA can continue delivering it in the future in partnership with external providers.The amendments to the Operational Plan for active employment programs and measures 2022 introduced the Second Chance programmе targeting unemployed with incomplete education. The Second Chance programmе targeting unemployed with incomplete education will be implemented as pilot project in cooperation with the Center for Adult Education and educational institutions. If the pilot yields positive outcomes, it will be implemented as a regular measure beyond the project.IPA assisted in establishing the cooperation between the employment and social works services. In order to strengthen cooperation, all employment centers and social work centers have appointed coordinators for activation. A plan has been prepared for organising joint consultative meetings with the appointed coordinators at the regional level. The consultative meetings and trainings will be organized for the appointed coordinators in the first half of 2023. If needed, the legal framework regulating this cooperation will be subject to amendments. |
| Activity 3.6 Strengthening ESA’s services for young people and harder to employ individuals |
| Activity 3.7 Supporting the implementation of selected legal, policy, institutional and awareness raising measures facilitating transition to formality  | Ongoing. A model was designed that will enable simplified registration of seasonal, temporary and causal work and access to social security for workers in precarious employment. The model for simplified registration of seasonal, temporary and causal work is yet to be translated in specific law (lex specialis) with EU technical assistance and other respective laws. The Ministry of Labour and Social Policy will then submit the legislative proposal to the Parliament. Financing of the adaptation of the IT system is secured under a parallel project supported by GIZ.Meanwhile, the Government adopted a conclusion requesting the Ministry of Labour and Social Policy to present the new model for registration of non-standard types of employments. |
| Activity 3.8 Fighting gender-based discrimination at work and reconciliation of family and professional life  | The recommendations and cost-estimates regarding regulation of the maternity, paternity and parental leave in line with the EU Work-life balance Directive were integrated in the draft new Law on Labour Relations. The Ministry of Labour and Social Policy launched the public debates concerning the new Law, which inter alia include new provisions on maternity, paternity and parental leave planned to be enacted in 2023. |
| **Output/Result 4 - Improved quality and availability of social services** Activity 4.1 Supporting modernization and de-institutionalization of social services | Ongoing (TA finalized and GS is ongoing). IPA supported establishment of about 20 services for supported living for about 100 (former) residents of the Institute in Demir Kapija.Bylaws and the Guide for licensing of social providers were developed. The Ministry of Labour and Social Policy has already budgeted the necessary funds for financing the new services in 2023.As to the quality of services, the bylaws and the Guide for licensing of social providers are published are in force. The reporting mechanisms and templates are yet to be integrated in the new MIS, which is in development phase and additional support is foreseen under AD 2022. |
| Activity 4.2 Establishing support services for social enterprises | Ongoing. There is a draft Law on Social Enterprises. The most important milestone is enacting the Law on Social Enterprises that was drafted with EU support. The Law will provide legal grounds for directing specific technical and financial support to social enterprises. The Center for social enterprises will operate as an organization unit of the Ministry of Labour and Social Policy. Until the enactment of the Law, its services will be financed from available internal sources and donor support. |
| Activity 4.3 Combating discrimination by improving inclusiveness in compulsory education |  |
| Activity 4.4 Facilitating social inclusion of Roma | OngoingGrant Contract implemented in Vinica closed in June 2022 resulting in improving the housing for 20 Roma families.Grant Contract implemented in Suto Orizari is still under implementation. |
| **Annual Action Programme IPA 2019**“EU for Inclusion” | **Outcome 1** - To improve social, education and economic inclusion of people belonging to most vulnerable groups. | This outcome requires continuous policy level efforts and commitments. At present, they are high on the agenda of the Government and are incorporated in the National Deinstitutionalistaion Strategy 2027 and National Strategy for Roma. The Ministry of Labour and Social Policy annually increases budgetary commitments linked to deinstitutionalization. A new Strategy for the Rights of the Persons with Disabilities is in preparation. |
| **Output 1** - Improved housing, education, and economic opportunities for Roma and people living in deep poverty | Ongoing |
| **Output 2** - Improved accessibility of educational facilities to persons with disabilities. |  |
| **Output 3** - Improved access to community-based services for vulnerable groups of people. | Ongoing.Detailed design for investments in the reconstruction of the Institute for Rehabilitation of Children and Youth-Skopje. Investments will support establishment of new community-based services in the Institute for Rehabilitation of Children and Youth-Skopje, in Topansko Pole. Some of the sustainability measures include preparation for the resettlement of beneficiaries, employment of new caregivers (in progress) and planning other operational resources. |
| **Annual Action Programme IPA 2019**"EU for Youth" | **Outcome 1 -** To contribute to the efforts of the Government of North Macedonia to improve the quality, relevance and inclusiveness of the national vocational education and training system | ?? |
| **Outcome 2 -** To contribute to the efforts of the Government of North Macedonia to improve employment opportunities for the young women and men | Youth Guarantee continues to be high on the agenda of the Government. The Ministry of Labour and Social Policy and relevant stakeholders elaborated a new YG Implementation Plan 2023-2026, which needs to be considered by the Economic-social council and then adopted by the Government. |
| **Output 1** (induced) - Improved offer of accredited VET programmes and providers | ?? |
| **Output 2** (induced) - Competences of staff of the regional VET centres aligned with Human Resource Development Plans and accreditation criteria | ?? |
| **Output 3** (induced) - Youth Guarantee implemented | The Youth Guarantee was successfully implemented. Since the beginning of the EU4Youth Action, more than 25.000 young persons aged 15-29 enrolled the Youth Guarantee in the three targeted regions. On average 34.5% either got employed or took up some active employment measure within a four-month period. |
| **Output 4** (direct) - Improved policy dialogue on sector reforms | Ongoing. The dialogue is happening at the level of the Sector Working Groups. The governance and functioning of the Sector Working Groups will receive further EU funded technical support. Policy dialogue is also taking place at the level of Economic-social council. Youth Guarantee Implementation Plan foresees specific governance structure involving all relevant stakeholders on technical level.  |
| **Output 5** (direct) - Improved system for monitoring of the sector reforms **Output 6** (direct) - Complementary support - Improved capacity of the Ministries of Labour and Social Policy and of Education and Science to coordinate, implement and monitor the EESP reform agenda with special attention to the Sector Reform Programme Contract (SRPC) “EU for Youth” and EU budget support programme in general. | Ongoing. Performance assessment framework shall be upgraded and updated.The framework for monitoring the Youth Guarantee in North Macedonia is already aligned to the methodology developed by the EC Employment Committee- EMCO (Indicator Framework for Monitoring the Youth Guarantee).The new Youth Guarantee Implementation Plan 2023-2026 identifies the need for fine-tuning of the monitoring system, as well as additional data sharing features, which will require an upgrading of the ESA ICT platform and a strengthening of human resources dealing with data processing and analysis. Other digitalization reforms and initiatives (e.g. EMIS and online pre-registration module for outreach activities) were also included in other parts of the YGIP |
| **Output 7** (direct) - Increased awareness of the reforms in the EESP sector among the main stakeholders, as well as the wider public in general.Communication, Information and Promotion Plan 2023-2026 was developed, and its implementation started | Ongoing. The initial communication of the new Youth Guarantee Implementation Plan will follow the Communication, Information and Promotion Plan 2023-2026, developed with EU assistance, to publicize the Youth Guarantee to society and to support its implementation |

Please note that relevant outcome/output indicators are provided in *Annex 2*.

1. **Problems encountered in implementation and corrective measures taken and/or planned, and recommendations for further action, in order to ensure sustainability[[7]](#footnote-8)**

|  |  |  |
| --- | --- | --- |
| **Encountered problem** | **Proposed solution** | **Status of the problem/further actions** |
| **Problems pertaining to procurement and contracting** |
| A delay in the procurement caused by several reasons, the most important being.1) Difficulties to synchronise availability of evaluation committees’ members (voting and non-voting), 2) Suspension of evaluation report, 3) Extended period of official commenting of the tender documentation, 4) Inconsistent comments provided by the EUD to the tender documentation | The Contracting Authority had to request extension of the validity of tenders to avoid failure of the procurement procedure. With regards to the evaluation reports, the respective evaluation committees addressed the comments of the EUD, and clarifications were sought from tenderers.The tender documentation was swiftly adjusted to the new templates.Meetings were organised to clarify the comments and reach common interpretation of the clauses of the tender documentation. | Closed.Corrective measures could be considered for the future programmes. |
| Delay in approving the requests for addendum of several contracts | Several rounds of comments were provided to the Contractors and clarification meetings were organised with some contractors. | Problem controlled.Ongoing implementation of corrective measures. |
| **Problems pertaining to implementation of specific projects (direct management)** |
| Inability to accept the procured equipment (software) by the Beneficiary due to its non-reliable performance of the product | Extension of the period of implementation to further customize the software.Engagement of external expert in capacity of supervisor to verify independently the performance of the software. | Open |
| Insufficient synchronization and coordination among technical assistance and complementary grant projects covering specific topic | Adjustment of activities.Adoption of same approach and definitions as devised by the technical assistance.Channeling the direct financial support through national institutions for the sake of sustainability. | Closed.The proposed solutions were either not implemented or implemented to a limited extent. |
| Lack of information about the total programmed/undisbursed funds | Improve information flow about finances on Action/Programme level. | Open |
| Potential double financing of sub-granted projects with other projects | Involve the Ministry in capacity of observer in the selection process  | Closed.The proposal could be considered for future programmes |
| Delay or absence of response to submitted request by the Ministry for additional work or adjustments to the scope of work under TA contract(s) | Provide timely reply (albeit negative) to the Ministry | Closed.The proposal could be considered for future programmes |
| Information for some projects is shared with the IPA structure on-demand only | Occasional (quarterly, semi-annually) sharing of progress reports on substance for information purposes | OpenThe proposal could be considered for future programmes |
| **Problems pertaining to implementation of specific projects (indirect management) \*** |
| Delayed approval of narrative and financial reports | Observing deadlines in the contracts and internal proceduresBetter coordination within the Operating Structure | Problem controlled.Ongoing implementation of corrective measures. |

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

Three coordinative meetings were held in 2022 (in February, August and November) with the EUD and NIPAC office representatives. In these meetings, the on-going projects, and projects to be prepared irrespective of the management modality were discussed and solutions to address delays or other problems found. This approach has proved to be efficient to speed up the implementation of the IPA 2017 and IPA 2019 Action Programmes.

Regarding the SBS “EU for Youth” (IPA 2019 programme), several meetings with MLSP, MoES, SEA, MF, ESA and EUD representatives were organised in 2022 to consider the progress of the “EU for Youth” and prepare the second self-assessment report as well as the related disbursement request. Those were the meetings of the special working group established as part of the technical coordination mechanism under the Sector Reform Contract, aiming to create a platform for capacity building of involved institutions and national experts, support the sector reform policy dialogue and ensure the ongoing monitoring and assessment of the progress of Budget Support (BS) operation.

In the table below are presented main recommendations/conclusions in the reporting period from monitoring, evaluation and/or audit missions as well as measures implemented or plan to be implemented as follow up of the findings and recommendations.

|  |
| --- |
| **Third SMC meeting held on 2.12.2021** |
| **Recommendations/conclusions** | **Implemented corrective measures** |
| Ministry of Education to appoint a focal point with relevant level of authority with the aim of provision of institutional leadership and coordination for the implementation of all EU interventions by end-January 2022. One possibility is that the focal point is in the cabinet of the minister.  |   |
| Project Support for the active labour measures under IPA 2017 - The Employment Service Agency will prepare realistic work plan, indicating how the proposed targets from the contract will be reached and submit substantiated request for extension of implementation period by end-December 2021. | The request for contract modification formally reached the Ministry of Labour and Social Policy on 28 March 2022. It was previously considered by the Project Steering Committee (in January 2022) and discussed with the Ministry of Labour and Social Policy and the EU Delegation. The Ministry reviewed the officially submitted amendment and presented its comments to the Employment Service Agency on a meeting held on 25 May 2022. |
| Grant contact "Stip and Berovo together for the improving the living condition of Roma community" - meeting between Ministry of Labour, EU Delegation and the municipality of Stip to take place in December 2021 in order to decide on the deadline for resolving the issue.  | *[Based on information received from the EUD]*EUD Head of Cooperation meet with the new Mayor of Stip and municipality and discussed the issues related to implementation of the project. The Mayor committed to implement the project activities as proposed in the contract and committed to fine the appropriate location for construction of 48 fabricated homes for Roma families. |
| Grant contact "Stip and Berovo together for the improving the living condition of Roma community" implemented under IPA 2019 EU for Roma Inclusion - legal documents to enable construction works in the proposed parcel to be made available and new alternative  location to be identified by end-February 2022.  | At the latest Steering Committee of the project held in April 2020 the Contracting Authority was informed that the new parcel is identified and that work related to obtaining necessary permits are ongoing. |
| Sector Budget Support contract - SEA via a letter to request a meeting with DG NEAR, including the Ministry of Education, and EU Delegation, in order to discuss the further steps stemming from the letter of the Director D. | Following NIPAC’s letter as of 28 February for SRPC indicators/annual targets modification, SEA requested a meeting about the timing of further procedure for adoption of modifications. Based on the request by the SEA, a meeting was organised with the EU Delegation and the two line ministries on 30 March 2022. The purpose of the meeting was to inform national authorities on current development of the request for SRPC modification and deadline of EC’s response.  The procedure of signature of the addendum of the Financing Agreement for the Annual Action Programme for the Republic of North Macedonia for the year 2019 is in progress. National authorities have finalised the request for disbursement for the year 2021, which will be submitted by 31 May 2022. |
| All stakeholders to ensure timely and full implementation of the Audit Authority recommendations.  | The IPA OS in MLSP in regard to implementation of IPA II 2017 EESP has been subject of 8 audit missions in total (4 system audits and 1 operation audits from IPA Audit Authority, 2 operation audits from Department for Internal Affairs in MLSP and 1 system audit of IPA OS from DG NEAR). There have been identified 12 audit findings (7 open audit findings for which there are ongoing activities and 5 completed audit findings). Based on the 2021 system audit conducted by IPA Audit Authority, the audit opinion has assessed that the system for management and control in IPA OS in MLSP and it is categorized that “functions, but there is a need for certain improvements”. In regard to improvements, there are ongoing activities due to adjustment of procedures defined in the Internal Manual of Procedures, ensuring the situations of conflict of interest to be avoided in cases of same persons to be involved in preparation of tender documents and monitoring of projects, and conducting regular monitoring of projects. |
| **Fourth SMC meeting held on 31.5.2022** |
| **Recommendations/conclusions** | **Implemented corrective measures** |
| Ministry of Education and Science to appoint a focal point with relevant level of authority with the aim of provision of institutional leadership and coordination for the implementation of all EU interventions by end-June 2022. (From previous SMC) | On 21.07.2022, Ms. Nadica Kostoska, Assistant Head of European Union Department was appointed as a IPA 2 Coordinator, starting from 21.07.2022 with Ref. No.11-8734. |
| The Ministry of Education and Science to increase its monitoring capacity by recruiting at least 1 knowledgeable person in monitoring by end-June 2022. | In the course of July, August and September the Unit of Monitoring and Evaluation of IPA project (advisor for monitoring and evaluation and junior associate) were trained for monitoring of service contract and twinning contract. As a support of the IPA structure additional person is hired, starting from 10.10.2022 |
| Project on the Education Information Management System – the Ministry of Education and Science will send proposal for members of the Steering Committee to the EU Delegation by 03/06/2022. | In the course of August several meetings were organized between the contractor, EU Delegation and MoES.The composition of the Project Steering Committee was restructured and additionally seven working groups were established. The first meeting of the PSC was organized on 2d of September 2022. The second is foreseen for the beginning of December. |
| The finalization of the addendum for non-cost extension of grant project implemented by Employment Service Agency to be done by mid-July.  | The addendum was endorsed by the EUD on 13 September 2022 and project implementation resumed. The addendum entailed: 1) adding additional 18 months of implementation, 2) broadening the target group, 3) introduction of a new pilot Second chance measure, 4) adjustment to the parameters of the existing measures. |
| The finalisation of the addendum for non-cost extension of all projects in labour and social policy sector to be done by end-August 2022.  | *Raising the quality of pre-school* After several rounds of commenting, the addendum was ex-ante approved by the MLSP on 13 October 2022. The addendum is yet to be approved by the CFCD as soon as all CFCD’s comments are clarified and aligned with the Contractor. *Improving the Working Conditions*After several rounds of commenting, the addendum was ex-ante approved by the MLSP on 13 October 2022. The addendum is yet to be approved by the CFCD as soon as all CFCD’s comments are clarified and aligned with the Contractor.  |
| The Ministry of Education and Science to restart with the organisation of the monthly progress review meetings, also inviting NIPAC office, as of June 2022. | MoES actively participate in the regular monthly meetings organized by CFCD. Additionally, representative from SEA participates in PSCs for all IPA projects. |
| All stakeholders to ensure timely and full implementation of the Audit Authority recommendations. (From previous SMC). | MoES: In the course of December Audit mission is foreseen from the Audit Authority.MLSP: Out of four audit findings, one was closed, while the others are still active, but planned to be closed in 2023. Two active findings are linked to modifications of IPA Manual on Internal Procedure, whereby several procedures were revised and new one has been developed (fraud risk management, irregularity, information security). The Manual will be formally revised, once the proposed modifications are approved by the NAO/MA. Third active finding is linked to implementation of the contract monitoring procedures, for which corrective activities were undertaken in 2022, such as organisation of 11 on-the-spot visits and regular coordinative meetings on project level.All four IPA AA audit findings are with medium importance and those have been controlled by IPA OS. |

1. **Complementarity with other instruments and coordination with other donors/ IFI's within the Window/thematic priority (IPA III) or sector (IPA II) (e.g. through Team Europe)**

The following meetings of the SWGs were organised in 2022:

|  |  |  |
| --- | --- | --- |
| **Date** | **Number of participants** | **Discussed topics** |
| 16.3.2022 | 89 attendees(virtual meeting) | Presentation of main priorities and targets of MLSP and MES in mid-term perceptive |
| 28.3.2022 | 70 attendees(virtual meeting) | Presentation of priorities for IPA III 2023-2024 programming in the field of labour market and employment, social protection and inclusion, deinstitutionalization, early childhood education and care, Roma integration and other areas of absorption of IPA funds |
| 23.5.2022 | 66 attendees(virtual meeting) | Presentations of Second Self-Assessment Report for IPA 2019 Sector Reform Contract for Employment and Education “EU for Youth”, including the revised ESRP 2022 Annual Report |
| 29.11.2022 | 20 attendees(hybrid meeting) | Coordination with MoES and Delegation of the EU in North Macedonia for the activity 3.2. Assessment of the level to which the indicators and targets for variable tranches have been met under EU for Youth project |

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

|  |  |  |
| --- | --- | --- |
| **Donors and International Organisations** | **Embassies** | **CSOs** |
| **EUD** | United Kingdom | Foundation Open Society Macedonia |
| **USAID**  | Swiss Federation | IPA 2 Mechanism |
| **IOM** | Austria | Gender Equality Platform |
| **OSCE SMMS**  | Spain | National Network to End Violence Against Women and Domestic Violence |
| **UNDD** | Germany | Coalition Sexual and Health Rights of Marginalized Communities |
| **UNDP** |  | CSO Reactor |
| **UNICEF** |  | Foundation for Education and Cultural Initiatives ‘Step by Step’ |
| **ILO** |  | Nansen Dialogue Centre Skopje |
| **UNFPA** |  | Association for Health Education and Research Hera |
| **UN Women** |  | Macedonia Civil Education Centre |
| **MCEC** |  | CSO Humanost |
| **WB** |  | Macedonian Platform Against PovertyEuropean Training FoundationResource Centre for Parents of Children with Special NeedsProgress Institute for Social DemocracyCoalition of Youth Organizations - SEGAFoundation Agro-Centre for educationFederation of Trade Unions of MacedoniaBusiness Confederation of MacedoniaMacedonian Confederation of Free Trade Unions |

The following programmes financed by the Donors are under implementation:

|  |  |  |  |
| --- | --- | --- | --- |
| **Donor** | **Value of the support** | **Addressed issues and remarks on complementarity** | **Implementation period** |
| **EU/IPA EUIF** | 700,000 € | Strengthening coordination and partner support | 2021-2023 |
| **UNDP** | 25,610 € | Activation of unemployed Roma and others with risks of social inclusion | 2020-2022 |
| **Swiss Agen cy for Development and Cooperation** | 809,862 € | Creating possibilities for work for all | 2020-2022 |
| **Swiss Agency for Development and Cooperation** | 81,301 € | Education for Employment (E4E@mk) | 2020-2022 |
| **EU/IPA 2017 MB** | 142,500 € | Platform for employment and social affairs – ESAP 2 | 2019-2022 |
| **UNDP/UNOPS** | 600,940 € | Support for self-employment | 2020-2022 |
| **UNDP** | 387,000 € | Smooth Meetup of Digitalization and Future Job Skills | 2021-2022 |
| **Sweden** | 2,080,000 € | Income Increase and Socio-Economic Empowerment of Vulnerable Groups from Rural and Suburban Areas (IISEE) Project | 2020-2023 |
| **Sweden** | 460,000 € | Re-economy | 2021-2023 |
| **Austria[[8]](#footnote-9)** | 434,000€ | Roma und COVID-19: Build Back Better through sustainable waste management | 2021-2023 |
| **Austria[[9]](#footnote-10)** | 294,737€ | Establishment of multi-professional prevention of gender-based violence, victim-safety oriented work with perpetrators and men's counselling in North Macedonia  | 2021-2022 |
| **Austria[[10]](#footnote-11)** | 526,315 € | Sustainable strengthening of local health systems in the Western Balkans: Improving the health of older people affected by the COVID-19 pandemic through know-how transfer in homecare and support from Austria to the Western Balkan region | 2021-2023 |
| **Austria[[11]](#footnote-12)** | 100,122 € | Pilot Project for Early Warning System for Missing Children | 2021-2022 |
| **Austria[[12]](#footnote-13)** | 209,583€ | Alleviation of COVID-19 Effects and Consequences on the most Vulnerable in Society with a Special Focus on Older People (ACCOP) –Development and piloting of home help services in North Macedonia | 2021-2023 |
| **Swiss Agency for Development and Cooperation** | 4,260,622 € | Roma inclusion (Creating possibilities for work for all) | 2017-2022 |
| **ADA/ILO** | 728,000 € | Inclusive labour market in WB (regional project) | 2018-2022 |
| **EU/ILO** | 2,500,000 € | Platform for employment and social affairs in WB | 2019-2022 |
| **USAID**  | 1,085,400€ | Strengthening interethnic interaction among children | 2017 - 2022 |
| **USAID** | 1,300,000 € | Advancing social cohesion | 2017-2022 |
| **UNHCR** | 93,000 € | Policy Developments in the Area of Social Protection, Asylum and Migration | 2021-2022 |
| **UNHCR** | 119,587 € | Social protection capacity building and support for persons of concern | 2019-2022 |
| **UNICEF** | 5.272,034 € | Monitoring of justice for children, with focus on the most marginalized groups, prevention and protection of violence and abuse, welfare of children and social protection | 2016-2022 |
| **EU IPA regional/ UN Women** | 480,586 € | Support of gender-based violence | 2018 - 2022 |
| **SDC/ UN Women** | 3,000,000 € | Gender Responsive Policies and Budgets: Towards Transparent, Inclusive and Accountable Governance in North Macedonia | 2018 -2023 |
| **Swiss Development Cooperation (SDC)[[13]](#footnote-14)** | 4,260,622 € | Fostering employability of hard to employee people | 2017 - 2022 |
| **Switzerland** | 6,000,000 € | Education for Employment (Phase I) | 2018-2022 |
| **USAID** | 1,394,935 € | Youth Guarantee – Strengthen literacy and numeracy skills of early grade students. | 2018-2022 |
| **USAID** | 966,600 € | Roma Inclusion Activity | 2021-2024 |
| **USAID** | 5,800,000 € | Youth Ethnic Integration | 2017-2022 |
| **USAID** | 4,000,000 € | YouThink (Media literacy and critical thinking) | 2019- 2024 |
| **UK, British council**  | 10 mil. Pounds for all Western Balkan countries | 21 Century Schools Programme in the Western Balkans | 2018- 2021 |
| **Children foundation - Pestaloci** | 332.000€ | Inclusion of Out-of-school Children in the Educational System | 2018-2020 |
| **GIZ-GCF SHCD****Green Climate Fund** | 822.000€ | Building capacity towards sustainable human capital development in North Macedonia | 2022 - 2024 |

The following programmes supported by loans provided by the IFIs are under implementation:

|  |  |  |  |
| --- | --- | --- | --- |
| **IFI** | **Value of the support** | **Addressed issues and remarks on complementarity** | **Implementation period** |
| **WB-IBRD** | 33.4 million $ | Social Service Improvement Project[[14]](#footnote-15) (Development loan)Its overall goal is to expand access to and improve the quality of social services, including pre-school services for vulnerable groups. The loan supports: 1. Social inclusion through improved access to social benefits and services i.e., the project will support creation and expansion of preventive and non-residential social services and 2. Expanding the access to and improving of the quality of preschool services for children from socially disadvantaged backgrounds | September 2019 – June 2024 |
| **WB-IBRD** | 15.17 million $ | Social Insurance Administration Project (SIAP)[[15]](#footnote-16) (Development loan)The SIAP project supports the government’s efforts to create a more efficient social insurance administration system. The project consists of the following components: Component 1. Improving the quality of the social insurance administration services, Component 2. Strengthening the regulatory framework for people with disabilities and for hazardous occupations and Component 3. Project management, monitoring and evaluation | February 2020 - April 2023 |
| **WB-IBRD** | 24 million $ | Skills Development and Innovation Support ProjectIts objective is to improve transparency of resource allocation and promote accountability in higher education, enhance the relevance of secondary technical vocational education, and support innovation capacity in the country. The project consists of the following components: 1) improving transparency of higher education; 2) modernization of secondary Technical Vocational Education and Training (TVET); 3) improving the innovative capacity of enterprises and collaboration with research organizations; and 4) project management and monitoring and evaluation. | January 2014 – May 2021 |
| **IBRD** | 98.5 million $ | North Macedonia Emergency Covid-19 Response Project[[16]](#footnote-17) (Development loan)Its objective is to prevent, detect and respond to the threat posed by Covid-19 and to strengthen national system for public health preparedness. The project activities are implemented under three components: 1) Providing immediate support to help the country’s limit the local transmission of Covid-19 through containment strategies; 2) Financing temporary income support to eligible individuals and households to enable them to comply with the social distancing measures the Government has introduced to contain the Covid-19 pandemic (temporary social assistance support and temporary social unemployment insurance support); and 3) Supporting the administrative and human resources needed to implement the project and monitor and evaluate progress. | August 2020–June 2022 |
| **IBRD** | 25 million $ | Construction of 145 school sports halls and rehabilitation of schools | 2008- 2024 |
| **WB-IBRD** | 24 million $ | “Primary Education Improvement Project (PEIP) P171973” | 2020-2027 |
| **KFD** | 20 million € | “Energy efficient rehabilitation of student dormitories in North Macedonia“ | 2021-2027 |

1. **Assessment of the impact of IPA assistance in improving sector approach**

*Please see Annex 3 related to sector approach roadmap achievements.*

**Sector strategies:** At the end of 2019, the Government adopted the Revised ESRP 2022 with a limited number of headlines, outcome and process indicators set for each area, and target values ​​for 2022 for all indicators. The Second Report on the implementation of Revised ESRP 2022 in 2021 was prepared and considered by the Sector Working Group and the Government. In the post-pandemic context, the country noted progress towards reaching the 2022 targets of many indicators in employment and education and some indicators in social protection.

New Employment Strategy covering the period until 2027 was elaborated and adopted by the Government in November 2021. The Strategy outlines three strategic objectives to be pursued for the promotion of full, productive and freely chosen employment, namely: (i) improve the quality of education and training outcomes for all; (ii) enhance the role of economic and enterprise development policies in generating decent jobs; and (iii) strengthen the inclusiveness of labour market policies.

IPA II supported the strategic planning in a couple of priority areas of the EESP sector in 2022.

* First, Ministries were assisted with monitoring the Youth Guarantee Implementation Plan. More importantly, the Youth Guarantee received additional financing under the EU for Youth Action Document.
* Second, the Ministry of Labour and Social Policy was assisted with monitoring the National Strategy on Deinstitutionalisation and finalizing of a new Action Plan. Monitoring and reporting mechanism of social services has been piloted in 2022.
* Third, the Ministry of Labour and Social Policy and national stakeholders received targeted technical assistance to finalise the policy framework for the development of social enterprises. The Government adopted the first-ever National Strategy for Social Enterprises and its Action plan in August 2021. Drafting of a Law on Social Enterprises is underway.

The following table enlists the current strategies in EESP sector:

|  |  |  |
| --- | --- | --- |
| **Title of the strategy** | **Year of approval** | **Covered years** |
| National Employment Strategy of the Republic of North Macedonia 2021-2027 | 2021 | 2021-2027 |
| Youth Guarantee Implementation Plan 2020-2022 | 2019 | 2020-2022 |
| Strategy for Formalization of the Informal Economy 2018-2022 | 2018 | 2018-2022 |
| Strategy for Safety and Health at Work 2021-2025 and Action Plan for Safety and Health at Work for the period 2021-2023 | 2021 | 2021-2025 |
| National Strategy for Development of Social Enterprises in Republic of North Macedonia 2021-2027 and its Action Plan 2021-2023 | 2021 | 2021-2023 |
| Strategy for Development of Women’s Entrepreneurship 2019-2023 | 2019 | 2019-2023 |
| National Programme for Development of Social Protection 2022-2032 | 2022 | 2022-2032 |
| National Strategy 2020-2025 and Action Plan 2020-2022 for Prevention and Protection of Children from Violence | 2020 | 2020-2025 |
| National Strategy for Deinstitutionalization 2018-2027 Timjanik | 2018 | 2018-2027 |
| National Roma Integration Strategy 2022-2030 | 2022 | 2022-2030 |
| National Action Plan for protection, Promotion and fulfilment of human rights of Roma women and girls 2022-2024 | 2022 | 2022-2024 |
| Strategy for Gender Equality 2022-2027 | 2022 | 2022-2027 |
| National Strategy for Equality and Non-discrimination 2022-2026 | 2021 | 2022-2026 |
| Education Strategy 2018-2025 with the Action plan  | 2017 | 2018-2025 |
| Revised Employment and Social Reform Programme 2022 | 2020 | 2020-2022 |
| Strategy for Demographic Policies 2015-2024 | 2015 | 2015-2024 |
| **Other strategic documents governing the EESP sector** |
| National Development Strategy 2022-2042 | 2022 | 2022-2042 |
| Economic Reform Programme (ERP) 2023-2025 | 2022 | 2023-2025 |
| Governmental Programme 2022-2024 | 2021 | 2022-2024 |
| National Plan for the Adoption of the Acquis 2021-2025 | 2021 | 2021-2025 |
| Decent Work Programme 2019-2022 | 2019 | 2019-2022 |

**Institutional capacities:** Administrative capacities have been continuously boosted. Human resources in leading ministries have been strengthened, though increased turnover of employees could be observed over the last couple of years. There were a number of promotions or new employment in the **Ministry of Labour and Social Policy (MLSP)**. **At the end of 2022, there were 242 people employed, which is 46% of the planned number of staff**. The Labour Department in particular needs further capacity strengthening on all levels. The later was pointed out in the Capacity assessment of the key institutions in sub-sectors Employment and Education was completed in the frame of the Technical Assistance to the Sector Reform Performance Contract ‘EU for Youth’ and follow-up trainings will be implemented in 2023.

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

Moreover, to strengthen the governance in social protection benefits and services, and to facilitate delivery of services to clients, the MLSP has started developing new integrated software for cash benefits and social services since October 2022. It should be finalized by mid-2024.

The pandemic put additional pressure on institutions such as the **Employment Service Agency (ESA)** and social work centers, which resulted in the increase of the number of clients. As noted in the National Employment Strategy, despite the improvement of performance indicators related to the delivery of employment services and programmes and the targeting of groups at risk of exclusion – the much-needed policy reforms of the structure, organization and workflow of ESA have been largely neglected. **ESA currently has 484 employees, which represents 75% of the total planned staff and 7% less staff compared to 2021**.

The **State Labour Inspectorate** is a key institution when it comes to enforcement of labour and employment legislation. There was gradual progress in staffing over the past years. **At the end of 2022, it had 204 staff, which represents 67% of the planned number of staff**.

**Budgeting**: The MLSP budget for 2022 compared to 2021 increased to 54.280.824 thousand MKD, out of which 3.4% is coming from loans and less than 1% is donor funded. The following budgetary and governmental programmes are instrumental to the sector strategies: Social Protection Programme (1.715.379 thousand MKD), Social Protection Benefits Programme (13.235.843 thousand MKD), Programme for Decentralization (2.465.628 thousand MKD) and Programme for Support of Social Funds (28.073.500 thousand MKD), Measures for Poverty Alleviation (3.909.000 thousand MKD).

Capital expenses equaled 895.4 million MKD, which accounted for 1.6% of the total budget (74% covered by development loan). The Budget in 2022 led to an increase of national annual budget for active employment measures to 1.856.923.390 MKD, which is an increase of 2,2% compared to the initial budget for 2021. These funds include the funding for the youth guarantee, activation, employment services, etc. The total budget of the Employment Service Agency in 2022 was 3.7 billion MKD. About 90% of the budget of the Employment Service Agency is financed from the contribution for insurance in case of employment, the remaining being covered from the state budget and donations. The total budget of the State Labour Inspectorate in 2022 was 140.720 thousand MKD, an increase of 8% compared to 2021.

1. **Communication and visibility activities**

The project “Labour Market Activation of Vulnerable Groups” was promoted on an event organized on the 1 December 2022, pointing out the importance of activation and having a decent work as the best way to escape poverty. In addition, promotional events with local employers in coordination with local employment centers were held in the following 10 places Kumanovo, Skopje, Stip, Veles, Strumica, Prilep, Ohrid, Tetovo, Bitola and Struga. All events had media coverage. In addition, the EU support was promoted with each public announcement publish to promote the available employment measures. Project info is available on the web page of the Employment Service Agency and on the open and active social media pages for the project (Facebook, YouTube, and Tweeter).

Technical assistance projects have open social media pages. Their visibility and communication need to be strengthened and that was raised as an issue in every Project Steering Meeting.

1. **Information on the implementation of actions under IMBC**

By the contracting deadline for the **IPA II AP 2017** all planned projects were contracted.

Under IPA II AP 2017, six contracts under indirect management under the responsibility of the **Ministry of Labour and Social Policy** are in phase of implementation. The COVID-19 pandemic caused a chain reaction and had a prolonged effect on the intensity of activities in the sector, especially those that involve greater clients’ participation. In 2021, many of the activities and service delivery resumed and were implemented either remotely or with physical presence without jeopardizing the quality of the work, health, and participation of beneficiaries. As a result, there was a need for prolonging the implementation period of the three projects of the Ministry of Labour and Social Policy that started in 2019. The requested addenda of the two service contacts are yet to be approved and the projects implementation is on hold.

Under IPA AP 2017, four contracts under indirect management by the **Ministry of Education and Science** for all planned projects. All of them began to implement activities in the last quarter of 2021, starting activities in hybrid model conducted either remotely or with physical presence without jeopardizing the quality of the work, health and participation of beneficiaries.

Please note in *Annex 1*, detailed information is provided about the implementation of all the IPA II actions relevant to the EESP sector.

1. **Short assessment on the functioning of IMBC implementing structures and any significant problems encountered**

Nine out of 21 projects of the IPA II AP 2017 are implemented indirectly by the IPA Operating Structures (OS), which were responsible for implementation of the previous IPA 2007-2013, human resources development component. The Operating structure consists of the CFCD in the capacity of Contracting Authority and the IPA units in the Ministry of Labour and Social Policy (MoLSP) and the Ministry of Education and Science (MoES), responsible for programming and implementation the Action programmes. Mutual relationships are regulated in the Operational Agreements between the Head of the CFCD and the IPA Coordinators in the respective line ministries included in the Country Action Programme for year 2017.

There are two units in the MLSP in charge of IPA: Unit for IPA Coordination and Implementation of EU Financial Instruments and Unit for IPA Monitoring and Evaluation of IPA.

In November 2022, there were **8 persons employed in the IPA Units in the MoLSP** (3 being managerial staff and 5 expert level staff). Public announcements for two vacant posts (one managerial and one expert level staff) were published in December 2021, and the recruitment procedure was not successful. According to the **workload analysis (WLA) 2023-2025, the optimal number would be 13**, which is calculated for all IPA (both indirect and direct management) and non-IPA related tasks. Again, public announcements for two vacant posts (two expert level staff) were published in August 2022, and the recruitment procedure finalized during October 2022 with fulfillment of one job post. In November 2022, the new employee left the IPA structure. An additional public announcement for one vacant post (expert level staff) was published in December 2022, and the recruitment procedure will be finalized in the first quarter of 2023.

1. **Implemented monitoring, evaluation and/or audit activities, audits under IMBC**

The information in regard to implemented monitoring, evaluation and audit activities with main findings and lessons learnt, recommendations, follow-up and corrective actions are presented under *Section 4* above and *Annex 1*.

## 2.5 Agriculture and Rural Development

**IPA II Sector: Agriculture and Rural Development**

**IPA III WINDOW 4: Competitiveness and Inclusive Growth**

**Thematic Priority 3:** Agriculture and rural development

**Thematic Priority 4:** Fisheries

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

The Ministry of Agriculture, Forestry, Water Economy was involved in programming process and preparation of the IPA 2015 and IPA 2019 annual programmes under IPA II and main features of the actions have been elaborated in previous reports.

The programming of IPA III started in the spring of 2020 and continuous during 2021. Through Sector Working Group as a platform for Sector Policy Dialogue, MAFWE and relevant stakeholders, including relevant state institutions, various donors, and civil society participated in this process. IPA III Strategic Response, Action Fiche EU for the development of Agriculture 2021 and Action Document EU for Green Economy under IPA 2021, Output 2: Enhanced cooperation and position of farmers in supply chain have been elaborated and drafted. In November 2022, Financing Agreement for financing annual IPA III 2021 programme has been signed with the total amount for Output 2 of 5,650,000 EUR (EU contribution) and in addition 500,000 EUR indicative third party contribution.

Regular SWG meeting was held on 21.03.2022 (Online e WEBEX meeting). Main topic of the meeting were projects proposed for support under IPA 2023 and IPA 2024 from Agriculture and Rural Development Sector. Relevant institutions, CSOs, Donors, IFI and EU took part in the meeting.

Programming process for IPA III 2023 annual programme continue in accordance with the approach applied for 2021 annual programme, focusing on the policy relevance of the IPA III Strategic Response. Programming mission from DG NEAR was held on 4-5 April 2022 in Skopje. First draft of Action Fiche 2023 EU for Economic Cohesion with total indicative budget of 7 million EUR was submitted in May 2022 and Action document has been prepared. Envisaged activities for agriculture and rural development were planned under Output 2 through Activity 2.1: Improving the quality of food and the supply chains; Activity 2.2: Enhancing the Veterinary and Phytosanitary system and Activity 2.3: Prevent the illegal, unreported and unregulated fishing. However, giving the budget support for energy crisis, planned actions under IPA III 2023 will be moved forward to IPA III 2024.

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

|  |  |  |
| --- | --- | --- |
| **Action Document** | **Outcomes/ outputs** | **Progress**  |
| **Action Document** **IPA 2015** Agriculture and Rural Development, including Food Safety, Veterinary and Phytosanitary Policy | **Component 1: Agriculture and Rural Development**Result 1.1 Access to land-consolidated areas increased | Based on the experiences and capacity built under the MAINLAND project and following the good practices from EU member states, MAFWE will ensure sustainability of the National Land Consolidation Programme through financing of the follow up activities in the active land consolidation project from the national budget in the amount of 146 million denars in the period from 2023 – 2026. In particular the following activities are planned to be financed: -Construction of agricultural infrastructure for 5 LC areas: Logovardi, Opticari, Sokolarci, Spancevo and Trn. -Re-allotment planning and improvement of the agricultural infrastructure in the village of Cheshinovo -Third round of nationwide selection of potential land consolidation areas In more details, the preparation of tender documentation for staking out, preparation of main design for the envisaged agricultural infrastructure and consequently construction and supervision of the construction of the planned infrastructure for the land consolidation area of Trn is ongoing and the abovementioned activities will be implemented in 2023. |
| Result 1.2: New, market-viable Cooperatives established | Support for the establishment and operation of agricultural cooperatives;Support for investments for the purchase of agricultural machinery andSupport for organizing informative and promotional activities for agricultural products. |
| Result 1.3: Access to irrigated land increased | - Support for the establishment and operation of agricultural cooperatives in respect of financial management, collection of the fee and system operation;- Financial support for the first year of operation of the cooperative |
| Result 1.4: Scheme for minimum quality standards of theproducts (fruit and vegetables, milk, pig meat and poultry) established | The result is not well defined. It should be: Introduced CMO measures in these 3 subsectors: Fruit and vegetables, Milk, Pig and Poultry meat.During 2022, an intervention fund was established for the first time to support certain categories of products in conditions of market disturbances.For the first time, an experimental program for measures to encourage the consumption of fresh fruits and vegetables was introduced. This so-called school scheme for fruit was implemented throughout the primary schools of the Republic of North Macedonia. The product being distributed was a home grown apple.In the next period, the adoption of the new Law on CMO is expected, which will establish a whole set of measures to support the mentioned sectors. |
| Result 1.5: Interoperability and effectiveness of IACS system improved | Under the Project: Customized software for Integrated Administrative and Control System (IACS) of agriculture and rural development support EuropeAid/139016/DH/SER/MK, new reference parcel system is introduced for Direct payments measurs, which means that payments now are based on LPIS referent parcel instead of Cadaster parcel.Also first de-coupled measurs are introduced: 1.7 Orchards and 1.18 Small farmer. |
| **Component 2: Food Safety, Veterinary and Phytosanitary policy**Result 2.1: Capacity of food and veterinary and phytosanitary services strengthened | Revision of the Food safety Law is prepared and is in the governmental procedure pending it adoption. The new Official control regulation is incorporated in the Law, as well as in the draft Law on official controls fror food, veterinary and phytosanitary issues. Procedures for improvement of the implementation of the legislation have been prepared |
| Result 2.2. Oral vaccination of foxes against rabies implemented | The oral vaccination campaigns against Rabies are implemented on a regular bases twice per year. Monitoring of the effectiveness of the vaccination and passive surveillance of the disease is an on going process |
| Result 2.3 Food safety, veterinary and phytosanitary border control strengthened | All new EU legislation stipulated from OCR has been prepared pending its adoption |
| **Action Document IPA 2019** “EU supports Rural Development and Competitive Sustainable Agriculture” | **Output 1 Modernised and optimised farming and forestry**Activity 1 Modernisation of the advisory services for operators in the agriculture field | 1. Conducting an information campaign to acquaint advisers and farmers with the requirements of the Law for Establishment of the Advisory System for Agriculture and Rural Development (ASARD) and related by-laws (after adoption of the law and by-laws);2. Ensuring support for training of advisory service providers3. Strengthening the administrative capacity of the MAFWE Rural Development (RD) Sector for implementation of activities foreseen in Law for Establishment of the ASARD and related by-laws (after adoption of the law and by-laws);4. Ensuring budget and IT support for maintain of IT system for the Management, Execution Monitoring and Evaluation of the advisory services in North Macedonia (ASARD IT M&E system);5. Ensuring administrative and technical support for functioning of Expert Advisory Body - Council for Monitoring and Coordination of AFSARD and Agriculture Knowledge and Information System (AKIS) (after set up of the Body)6. Regularly the MAFWE, AFSARD, Phytosanitary Administration, Food and Veterinary Agency, Hydrometeorological Service will upload in ASARD IT M&E system interesting and useful information directed to the recipients of advisory services such as trainings, seminars, demo and other events, open calls, weather forecast and others |
| Activity 2 Support to modernization and innovative management in agricultural sector | Relevant project will start in early 2023 |
| Activity 3 Enhancing land consolidation | The project was initiated in August 2022 and will end on 31 January 2026. Currently there is ongoing implementation of the planned project activities including the preparation of the new Land Consolidation Strategy as well as field implementation of two land consolidation projects in Chiflik and Dabjani. It is too early in the project implementation to consider project sustainability measures.  |
| Activity 4 Construction of three small scale irrigation systems. | It is in preparation phase. Envisaged: support for the establishment and operation of agricultural cooperatives in respect of financial management, collection of the fee and system operation; and financial support for the first year of operation of the cooperative |
| Activity 5 Strengthening the management of the forestry sector | The first EU assistance to the Forestry sector in North Macedonia has been provided through the project “Review of forestry sector in North Macedonia and preparation of 2019 IPA project for forestry” under FWC SIEA 2018- LOT 1. This sector was supported also with the FWC SIEA 2018 – LOT1: Sustainable Management of Natural Resources and Resilience for supporting the reforms in policy and legislation in forestry in North Macedonia. The EUD organized as from November 2021 a second short–term assistance with the mobilisation of a team of two forest experts in order to provide assistance to MAFWE to progress in the reforms in the forestry sector including strategic and legal frameworks for sustainable forest management. The priority issues addressed by this assignment are as follows:* Priority 1. Improving the strategic framework of the forestry sector.
* Priority 2. Improving the compliance of forest legislation with the EU acquis and with the requirements on forestry.

The project was expected to provide with the following outputs:* + A proposal for the long-term Strategy for Sustainable Development of Forestry (SSDF) ready to be submitted for adoption to the Government.
* A proposal for the National Forestry Programme (NFP), ready to be submitted for adoption to the Government,
* A proposal for the new Forest law based on national specifics and requirements of EU acquis.

The project was completed in September 2022.Objective of this project was to increase effectiveness and efficiency of the IPA funds by preparing adequately the 2019 IPA Forestry project and providing assistance to Ministry of Agriculture Forestry and Water Economy (MAFWE) to progress in the reforms in the Forestry sector before the aforementioned project starts implementation. The assistance to MAFWE included two main expert outputs: (1) Analysis of the forestry sector developments in North Macedonia and identification of the needs for future assistance and (2) Analysis of the current legal framework in the forestry sector in North Macedonia and provision of concrete recommendations for. These studies contain analyses, assessments and recommendations related to the forestry sector developments, the institutional and legal set-up and capacities of the forestry sector institutions / organisations, the national forestry strategy, national forestry programme and the forest-related support measures, including rural development ones, taking into account the EU policies, strategies and acquis.**Follow up:**To fill the gap from the support under IPA 2019, in December 2022 the contract for the Project: “Supporting the reforms in Forestry in North Macedonia” has been signed. The kick off meeting for the Project will be this month and the main components are:Component 1 - Completed forestry legal framework, including the secondary forest legislation, and improved implementation and monitoring of the adopted strategic and legal framework.Component 2 - Developed technical backgrounds and strategic plans for establishing the Forest Agency and restructuring and transformation of PENF (into state-owned company of limited liability).Component 3 - Improved and established (web-based) IFIS tools and capacities for efficient management with forests and prevention of illegal harvesting.Component 4 - Developed planning and other technical instruments, backgrounds, tools and capacities for SFM, including the ones for forest protection and forest biodiversity conservation, and assessed sustainability of forest management through forest certification (on at least 100.000 hectares of forests). |
| **Output 2 Decreased risks to human, animal and plant health**Activity 6 Improvements of food safety standards, legislation and control systems | New surveillance and eradication programs for 30 animal diseases are planned to be prepared within the framework project by the end of 2023 |
| Activity 7 Construction of a Rendering Plant | The tender procedure for starting the construction of rendering plant is currently on going |
| Activity 8 Harmonisation of the Phytosanitary legislation and introduction of best practices on plant protection | On-going, NAP prepared and secondary legislation under process of adoption Plant Health Law under preparation |
| **Action Document IPA 2020** “EU Integration facility” | **Objective 1** Alignment of Legislation and Implementation of the Union Acquis in the Area of Fisheries and Aquaculture in the Republic of North Macedonia | Ongoing. Preparation of Rulebook(s) on fishery and aquaculture products marketing standards were completed and the related indicator was achieved. Draft Rulebook is translated. In addition, Table of compliance was prepared.Rules for recognition of producer organisations and inter branch organisations in accordance with EU requirements establishedDrafting of new legal act(s) for structural support and state aid.The activities related to the project are almost done. The last Activity 2.2.3 On the spot training(s) are planned for the last week of February (27 and 28 of February). Final event is planned for March 2023. |

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

|  |  |  |
| --- | --- | --- |
| **Encountered problem** | **Proposed solution** | **Status of the problem/further actions** |
| **Problems pertaining to implementation of specific projects (direct management)** |
| The problem is related to the **absence of the legislative framework** necessary for transferring the FR and LPIS from MAWE to AFSARD which created uncertainties in its implementation. Due to this the finalisation of project activities are jeopardized and depends on the adoption of the new Law on Agriculture and Rural Development, which has been in the parliamentary adoption procedure for quite some time. Project activities are related to the new LPIS software application. LPIS is in the testing phase, thus not yet completed. Missing parts are quality control module, a module for creating reports, a tool for managing new and existing layers (import, export), control module in 4 eyes, creation of web services for connection to other entities (AREC, National Special Data Infrastructure), module for technical support and monitoring of operators' work, LPIS viewer, etc. Connection of LPIS with AREC through web services is also a problem, which makes the LPIS system incomplete and non-functional. Until this Law is passed, AFSARD cannot be a user of AREC services. | The project has been given a deadline to complete activities by the end of March 2023. ROM mission recommended that the project should provide maintenance in the next 12 months.The Final Report submitted should be considered as the official one and that by June 2023 (the date will shift if all above listed deficiencies are finalized earlier than this date), when all the listed functionalities will have been finalized, tested and accepted by the beneficiary, a letter signed by the Beneficiary will be submitted to the EUDEL and be considered as an annex to the Final Report. The remaining amount to be paid in the contract (10%) should only be transferred to the Contractor only after respective letter is submitted to the EUDEL. | AFSARD is waiting for the EUD decision to postpone the endorsement. Launching of the public procurement for maintenance of the software depends on the EUD decision. EUD suggested that the beneficiaries should consult the Contractor and possibilities to continue with the maintenance under same contract. All outputs and results from the ToR must be delivered. The Law on Agriculture and Rural Development is not yet adopted, thus everything regarding the LPIS an FR transfer to AFSARD is postponed for the time being (the test version is prepared). |
| **Land consolidation**During the reporting period the beneficiary faced problems related to the implementation of the active land consolidation under the Output 4 of the MAINLAND project. Namely, since the land consolidation process is regulated under the Law on consolidation of agricultural land, field implementation of the active land consolidation projects is closely interlinked with series of administrative documents that serve as basis for the implementation. In 2022, there were 7 active land consolidation projects at various stages of implementation (Logovardi, Opticari, Trn, Dabjani, Kozhle, Sokolarci and Spanchevo). The cyber-attacks to MAFWE in September and the similar actions against AREC in October represented a serious threat to the implementation of the activities dependent from the official data (AREC) and utilization of the IT systems and connections between MAFWE and AREC (submissions of requests, correction of errors, registration of the new ownership etc) | The relevant departments in MAFWE and FAO have jointly undertaken series of activities to mitigate the damage to the process of land consolidation including:- Direct communication between the IT departments from MAFWE and AREC to find temporary solutions for data exchange- Utilization of FAO IT infrastructure to breach the gap in functioning of the LC Department to maximum possible extend- Establishment of new IT communication lines between MAFWE and AREC | MAFWE has managed to establish the IT structure, thus the land consolidation process has no interruptions at present. The same is applicable for AREC IT systems. However, it should be noted that a delay in the field implementation occurred due to the mentioned reasons. |

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

|  |
| --- |
| **IPA II SMC on Competitiveness, Innovation and Agriculture and Rural Development, 3 November 2022** |
| **Recommendations/conclusions** | **Planned/Implemented corrective measures** |
| The EU Delegation draws the attention of the Parliament on the need of adoption of all necessary legal framework in the area of agriculture prepared with IPA support, such as: -Amendment of the law on Agriculture and Rural Development by mid-2022, -Law on Common Market Organization by 30/06/2023.Deadline is 2022/2023 Responsible Institution is MAFWE | The Law is in Parliament procedure since August 2021 Draft Law on Common Market Organization is prepared by the Project. The working group is established with the task to crosscheck the Law and to confirm if it is in line with latest changes in EU Legislative |
| The government will adopt the law on Cooperatives by mid-2022. |  |
| The Ministry of Agriculture will address the regulatory framework so as to improve the role of water users in managing small-scale irrigation schemes by end-June 2022. | Where a functional system has been built, an agricultural irrigation community has been formed. In this period only in Chaushica existing agricultural irrigation community. |
| Staff to be provided by the Ministry of Agriculture to ensure sustainability and resources for the implementation of the reforms and the IPA projects. | The updated design of the reorganization has been under Government procedure. By now we have received opinions from the Veterinary Agency, Inspectorate for Forestry and Hunting. We’re still waiting for the opinion of the Paying Agency, and after that, the information for the reorganization is going to be proposed on the Government session. |
| The Ministry of Agriculture to provide the EU Delegation with a draft of the Law on Direct Payments in advance by end-July 2022. | Draft law on Direct Payments in Agriculture is prepared. Considering that the Law on Direct Payment in Agriculture derives from the existing Law on Agriculture and Rural Development the carrying itself should go together with the new Law for Rural Development and the Law for Common Market Organization. |
| The Ministry of Agriculture reorganization due to the functional review – act of systematization will be prepared by end-June 2022, new rulebooks by end-July 2022. | Ongoing |
| The Government will approve by mid-2022 the related to the law on Plant Protection Products secondary legislation. (from the previous SMC) | The Book of Rules are in the final phase of adoption |
| The National Action Plan for Sustainable Use of Plant Protection Products will be adopted by end-December 2022. | Ongoing |
| 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. | PD has regularly informed the Delegationinform on quarterly basis |

|  |
| --- |
| **ROM report / Date of the final ROM report 01/12/2022** |
| **Recommendations/conclusions** | **Planned/Implemented corrective measures** |
| **Conclusion from ROM report:**Relevance: The project was relevant to be financed, responding to the needs of the two key beneficiary institutions (MAFWE and AFSARD) to further improve the management and control of the agriculture support in MK. However, the absence of the legislative framework necessary for transferring the FR and LPIS from MAWE to AFSARD created uncertainties in its implementation and related overlapping of responsibilities and resource allocations from the two institutions. Efficiency: The extension of the project's scope, with the additional task of developing IPARD software modules, stretched the Contractor's capacity, especially since this overlapped with the COVID-19 pandemic. The unsolved dissenting views between MAFWE and AFSARD over the technical solutions proposed by the Contractor in the inception phases (IACS and IPARD) led to a reduced level of commitment of the key beneficiaries which has influenced the expected pace of the project implementation. | Waiting for a specific agreement to be provide for guarantee and cost-free maintenance period (i.e. 12 months) for the software components delivered within the project. At the same time, the AFSARD is recommended to secure resources for maintaining the IACS and IPARD software modules and for further adjustments that might be necessary when the FR and LPIS are transferred from the MAFWE to the AFSARD. |

|  |
| --- |
| **Evaluation report prepared by ROM expert on the 01/12/2022** |
| **Recommendations/conclusions** | **Planned/Implemented corrective measures** |
| **Recommendations to EU Delegation:** The EU Delegation should contract an IT expert, ideally after the project's closure, to independently assess the functionalities of the delivered software components, to serve as a basis for possible deduction of funds. **Recommendations to AFSARD:** After the systems acceptance, the AFSARD should secure financial resources for maintaining the IACS and IPARD software modules and for further adjustments that might be necessary when FR and LPIS are transferred from the MAFWE to the AFSARD.**Recommendations to Contractor:** The Contractor should include in the Final Report an updated logframe (containing baselines, targets, and current values for the established indicators), in line with the reporting requirements and compatible with the reporting format of the EC OPSYS platformThe ROM team recommends the EU Delegation contract an IT expert to technically assess the functionalities of the delivered software components to serve as a basis for a possible deduction of funds. The EU Delegation is recommended to negotiate with the Contractor, by the end of the project (14.11.2022), a specific agreement for providing a guarantee and cost-free maintenance period (i.e. 12 months) for the software components delivered within the project. At the same time, the AFSARD is recommended to secure resources for maintaining the IACS and IPARD software modules and for further adjustments that might be necessary when the FR and LPIS are transferred from the MAFWE to the AFSARD.There are serious concerns and reasonable doubts that this can be completed within the remaining one-month timeframe of the project implementation. | Ongoing decision making of the possible corrective measures in the giving circumstances. Regarding activities of the project we emphasize that they are not completely accomplish, there are inconsistencies that have been running since the beginning of the implementation of the project. Because of many problems which accrued during the implementation lack of stuff in project team and etc. was agreed that the project office will delivered activities which are pending till end of March 2023. |

1. **Complementarity with other instruments and coordination with other donors/ IFI's within the Window/thematic priority (IPA III) or sector (IPA II) (e.g. through Team Europe)**

The following meetings of the **SWGs** were organised in 2022:

|  |  |  |
| --- | --- | --- |
| **Date** | **Number of participants** | **Discussed topics** |
| 21.03.2022 | 35 (Online Webex meeting) | Project proposed for support under IPA 2023 and IPA 2024 from Agriculture and Rural Development Sector |

The following Donors, Embassies and CSOs were present at these meetings.

|  |  |  |  |
| --- | --- | --- | --- |
| **Donors** | **Embassies** | **CSOs** | **IFIs** |
| GIZ | N/A | CARE | KFW |
| EUD |  | UN WOMAN | WB |
| UNDP |  | CNVP | EBRD |
| USAID |  | NFF  |  |
| FAO |  |  |  |

The following programmes **financed by the Donors** are under implementation:

|  |  |  |  |
| --- | --- | --- | --- |
| **Donors** | **Value of the support** | **Addressed issues and remarks on complementarity** | **Implementation period** |
| FAO – Regional project in: North MacedoniaAlbaniaArmeniaMoldova | 420,000 $ | Strengthening Capacity in Price and Market Information Systems and Policy Monitoring in Response to COVID-19 and Other Shocks | 10/08/202009/01/2023 |
| FAO - Regional project in: North MacedoniaUkraineArmeniaBelarusBosnia and HerzegovinaGeorgiaMoldova | 405,000 $ | Support for the enhancement of national plant pest surveillance and phytosanitary certification systems -Support to the efficient phytosanitary services required for sustainable and climate resilient transitions to address threats caused by climate change such as plant pests to food systems and trade. | 01/5/202030/4/2023 |
| FAO- Regional project in: North MacedoniaAlbania, Bosnia and HerzegovinaMontenegroSerbia | 57,000$ | TCPF: Support to the assessment of Disaster Risk Reduction in the agricultural sector in the Western Balkans - The aim of the project is to support the reduction of vulnerability and improve resilience in disaster risk reduction in the agriculture sector through increased capacity in the Balkan region, including in North Macedonia. | 21/6/202120/6/2023 |
| GCP/MCD/008/EC | 1.053,740$ (200.000€ FAO) | Enhancing Land Consolidation in North Macedonia  | 08/01/202231/01/2026 |

The following programmes supported by **loans provided by the IFIs** are under implementation:

|  |  |  |  |
| --- | --- | --- | --- |
| **IFIs** | **Value of the support** | **Addressed issues and remarks and complementarity** | **Implementation period** |
| KfW | Total - 110,000,000 euros(minimum)" | Project for construction of irrigation system south Vardar Valley South Vardar Valley Irrigation Program - Phase 3 KfW bank (loan) - €80,000,000KfW bank (grant) - €2,800,000 | 1/1/2022Implementation period: 6 years, plus 1 year (additional period) |
| World Bank | World Bank $50,500,000 (loan)EU $4,400,000 (grant)Total $54,900,000 | Contribution of the Ministry of Education and Culture - 27,200,000 euros (minimum)Agricultural Modernization Project by creating purchasing centers in Resen and Strumica and an Agrifood platform in Skopje | 02/12/202020/05/2026 |

1. **Assessment of the impact of IPA assistance in improving sector approach**

**Strategic Planning:** The impact of IPA II actions on strategic planning for the ARD sector can be seen in the strong support received from the EU to the Ministry of Agriculture, Forestry and Water Economy (MAFWE) in the preparation of the IPA III Strategic Response Action document and Action Fiche. In line with the steps and targets of the roadmap in the strategy criteria for 2019 and 2020, the MAFWE developed and approved the relevant strategic documents and legal requirements in the sector: National Agriculture and Rural Development Strategy for the period 2021-2027 NARDS2021-2027 it was adopted by the Government at the session held on 16.01.2021. The strategy was published in the Official Gazette on 20.01.2021 with the number 16/2021 and entered into force on 21.01.2021; Law on agriculture and rural development – LARD amendments are currently in the Governmental procedure; Rulebook for FADN is fully approximated with actual EU farm return methodology; The new food safety strategy for 2021-2025 is adopted by the Government in January 2021; National Action Plant (NAP) for sustainable use of plant protection products will be adopted in 2023; Adopted Progamme for Phytosanitary Policy, etc.). All relevant strategies set out the priorities in the sector for agricultural and rural development, with clear described objectives and defined measure. Strategies in force under this sector are presented in the table below:

|  |  |  |
| --- | --- | --- |
| **Title of the strategy** | **Year of approval** | **Covered years** |
| National Strategy on Agriculture and Rural Development for the period 2021 – 2027  | 2021 | 2021 – 2027 |
| Strategy on Food safety | 2021 | 2021 – 2025 |
| Strategy on Animal Health  | In preparation |  |
| Programme for fisheries and aquaculture development in the Republic of Macedonia for period 2013-2024  | 2012 | 2013-2024 |
| IPARD Rural Development Programme | 2022 | 2021-2027 |
| National Programme for Agriculture and Rural Development 2018-2022  | 2017 | 2018-2022 |

**Institutional capacity:** A functional review for MAFWE (including the directorates), AFSARD (Agency for Financial Support of Agriculture and Rural Development) and FVA (Food and Veterinary Agency) was prepared with the support of IPA during the 2019. The new IPA project “Support to state reorganisation” started in MIOA, is preparing Functional Review for Public Administration in the Country and the MAFWE is included in this analysis. The sublimate of the recommendations will be implemented by MAFWE accordingly. One of the main critical aspects in the administrative capacity is the absent of a retention policy for high performing staff in all institutions. Responsibilities of MAFWE staff are delegated to individuals that become overloaded and inefficient while bulk of staff remains underused and somehow demotivated.

**Budget:** Government adopted the new five-year budget national programme for agriculture and rural development 2018-2022 in 2018. The programme links the strategic documents, primarily the National Strategy for Agriculture and Rural Development and multi-annual budgetary planning with the annual operational agricultural and rural policies programs and decrees. The preparation of the program was consulted with the wider stakeholder’s community including the most relevant policy beneficiaries and experts.

For the planning period from 2018-2022, a total of MKD 48,072,705,000 or 781,670,000 EUR is foreseen from the national budget for support of agriculture and rural development. While the direct payments remain to consume the most of the envelope, along with increase of the overall funds for support to the agriculture and rural areas over the years from 150.8 million euros in 2018 to 166 million euros in 2022, there is an evident positive upward trend in projection of allocations for the rural development policy increasing from 35.1 million to 46.7 million EUR (or from 23 to 28% of the total funds).

The financing of the National Agriculture and Rural Development Strategy for the period 2021-2027 (NARDS2021-2027) will be done with funds provided from the Budget of Republic of North Macedonia allocated in the budgets of the budget users who have competence in the implementation of the national agricultural policy according to law, primarily the budget of AFSARD and MAFWE. The total amount of funds to support the sector and rural areas allocated from the national budget and IPARD funds for the period 2021-2027 is 1.35 billion EUR, while from the national budget alone the amount is 1.26 billion. Over the years, the allocations are planned to increase from 138 million euros in 2020 to 200 million euros in 2024 and beyond. The difference of 82 million EUR is planned for the implementation of the measures from the IPARD program financed by the IPA funds.

1. **Communication and visibility activities**

The following visibility activities have been implemented in the reporting period:

* Closing event was held on 3 November 2022 in Skopje for the EU - funded project “Mainstreaming of the National Land Consolidation Programme” (MAINLAND) is implemented by FAO in close cooperation with the MAFWE.
* Opening ceremony of the EU - funded project “Enhancing Land Consolidation in North Macedonia’’ was held on 3 November 2022 in Skopje.
* On June 6, 2022 in Skopje, the official opening of the Twinning project "Improving the administrative and operational capacities of plant protection authorities" MK 19 IPA AG 01 21 was held.
* On 28.07.2022 in Skopje the first meeting for the project ‘‘Modernization of the advisory services for operators in the agriculture field” was held.

**IPA RURAL DEVELOPMENT (IPARD) PROGRAMMES**

Since IPARD programmes are subject to separate reporting, this section only includes a summary on the overall progress with implementation and highlight the most relevant issues.

Commission implementing decision of 09.03.2022 adopted the IPA III Rural Development Programme (IPARD III) of the Republic of North Macedonia for the years 2021-2027. The Financial Framework Partnership Agreement (FFPA) has been ratified in the Macedonian Parliament in November 2022, opening the path for the IPARD III Sectoral Agreement and Financial Agreement to be ratified early in 2023.

**Implementation of IPARD II Programme**

The implementation of IPARD II Programme (2014-2020) started in April 2017 with the submission of applications under the first call (01/2017, all three measures included). Implementation of the Programme continued by announcing public calls for specific measures. IPARD II Programme public calls:

* + Public call 01/2017 for submission of applications under Measures 1, 3 and 7,
	+ Public call 01/2018 for submission of applications under Measure 3,
	+ Public call 02/2018 for submission of applications under Measure 1,
	+ Public call 01/2019 for submission of applications under Measure 7,
	+ Public call 02/2019 for submission of applications under Measure 3,
	+ Public call 01/2020 for submission of applications under Measure 1,
	+ Public call 01/2021 for submission of applications under Measure 7 and
	+ Public call 01/2022 for submission of applications under Measure 3.

The status for all public calls with the applications received, contracted, and paid by the 1st of December 2022 is as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Measure** | **No. of submited applications**  | **Total requested amount** | **No. of rejected applications** | **No. of contracted projects**  | **Contracted EU funds** | **No. of paid applications** | **Paid EU funds** |
| **M1** | 3.251 |  56,845,115 | 1.182 | 1.982 |  20,879,442 | 1.765 | 14,467,977.49 |
| **M3** | 225 |  49,656,091 | 75 | 127 |  20,932,720 | 101 | 15,245,034,72 |
| **M7** | 698 | 118,933,777 | 467 | 216 |  19,364,237 | 89 | 4,956,976.08 |
| **M9** | 48 | / | 16 | 24 |  330,510 | 14 | 207,649.44 |
| **TOTAL** | **4,222** | **225,434,983** | **1,740** | **2,349** |  **61,506,909** | **1,969** | **34,877,637.73** |

Overall status of the disbursed funds under IPARD II programme until the end of 2022 is presented in the table below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | **IPA (EUR)** | **NCF (EUR)** | **Total (EUR)** | **% Disbursed comparing to the available budget** |
| **Available budget 2014 – 2020** | 60,000,000 | 19,766,275 | 79,766,275 |  |
| **Disbursed** | 34,877,637.73 | 11,593,311.62 | 46,470,949.35 | 58% |

**Problems encountered in implementing the IPARD II Programme**

In the table below, the main problems encountered in the implementation of the tasks entrusted to the IPARD operating structure are presented.

|  |  |
| --- | --- |
| **Encountered problems** | **Remedies (if any)/Remarks** |
| Not sufficient number of staff in IPARD Managing Authority and IPARD Paying Agency.No retention policy for experienced staff. | Engagement of new employees in progress.Short term solution of 15% salary increase for IPA(RD) involved staff, with long term solution (30% increase) being developed as part of new law on administrative servants.  |
| Lack of IT systems to support the process of selection and management of public calls | Strengthened the necessary IT system in the IPARD Agency. |
| Lengthy procedures for administrative and on the spot control of applications | Simplified procedures are in place. |
| Untimely and poor-quality monitoring data submitted by the IPARD Agency | Reporting of the implementation data and its submission towards is strengthened between MAFWE is done untimely, with low quality and dependent on one IPARD Agency employee. Improvements are expected with the implementation of the project for development of new IACS software and interoperability among different IACS elements, where IPARD MA shall receive read only access in the IPARD Agency data base. |

**Meetings of the IPARD II Programme Monitoring Committee**

During 2022 two meetings of the IPARD II Programme monitoring committee were held. Both meetings of the committee were financed by the Technical Assistance measure. Also, first shadow meeting of the IPARD III Programme committee was held.

Key conclusions and recommendations adopted at the meetings:

* The Committee was informed on the status of implementation of the Programme through the monitoring indicators.
* The Committee was informed on the status of activities for implementation of measure “Investments in rural public infrastructure”. The measure will be accredited only if IPARD Agency shows adequate capacity for implementation regarding human resources needed for implementation.
* The Committee was informed on the modification of the Programme and its financial tables.
* The Committee was informed on the implementation of the plan for communication and visibility for 2022 and adopted the plan for communication and visibility for 2023.
* The Committee was informed on the status of activities regarding on-going evaluation of IPARD Programme 2014-2020 and ex-ante evaluation for the IPARD Programme 2021-2027.
* The Committee was informed on the status and plans for implementation of IPARD Programme 2021-2027 (IPARD 3).

The Committee adopted the modified APTA for 2022 and the APTA for 2023.

## 2.6 Territorial and Cross-Border Cooperation

**IPA II Sector: Cross-Border Cooperation (CBC) and Regional Development**

**IPA III WINDOW 5: Territorial and Cross-Border Cooperation**

Please see *Annex 5* - *Annual report on implementation of the assistance under IPA CBC* (as referred to in Article 80 of the Financial Framework Partnership Agreement) with detailed overview of the progress in implementation. This section should give a very brief overview of the territorial cooperation programmes where North Macedonia participates.

The **Ministry of Local Self-Government of the Republic of North Macedonia (MoLSG**) has been delegated the task for implementation of the territorial cooperation programmes under EU pre-accession assistance instrument (IPA) in accordance to Article 6(2)(b) of the Framework Agreement for IPA III[[17]](#footnote-18). The cross-border cooperation (CBC) IPA II programming process began at the end of 2013 and was completed during 2014 when the European Commission approved 4 of the territorial cooperation programmes for the period 2014-2020 out of which programme Serbia-North Macedonia 2016-2020 effectively started with implementation in 2018 and is still under implementation. During 2022 IPA III programming process for the period 2021-2027 is finalised.

Implementation of CBC programmes is not decentralised to the national authorities and therefore it is implemented under direct management whereas EUD acts as Contracting Authority in charge for the verification of project expenditures, except for the programme Serbia-North Macedonia 2016-2020, which is implemented under indirect management. Transnational programmes and programmes with the Member States are implemented under shared management where expenditure verification and issuance of the declarations for the projects on the North Macedonian side are performed by the first level controllers (FLC) who are externally engaged by the MoLSG.

1. **For Interreg cross-border cooperation (CBC) programmes with Member States and Transnational and Interregional cooperation programmes**

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

The program **Interreg IPA Program for cross-border cooperation between the Republic of North Macedonia and Republic of Bulgaria 2014-2020** has been focused on measures aimed at mitigating the effects of climate changes as well as addressing issues related to nature and biodiversity, sustainable use of nature resources, environmental protection, and cross-border risk management. The focus of the program was also on the protection of the region’s natural and cultural heritage as well as increase of the competitiveness of small and medium enterprises and facilitate their access to new markets. Two Calls for Proposals were implemented with available fund of 19.4 million EUR. In total **375 applications have been received, 78 projects were selected for financing and 6 technical assistance** contracts were concluded with a total value of **19.8 million EUR** (including TA), representing 102% of the total programme’s budget. Under the 1st Call 48 projects were financed and successfully completed while under 2nd Call for Proposals 30 projects were financed out of which 20 were completed and 10 are still ongoing. Under Priority Axis 1 – Environment, the total number of projects funded is 27; under priority Axis 2 – Tourism – the total number of funded projects is 30, while under Priority Axis 3 – Competitiveness the total number of projects is 21.

The **certified expenditures** are in the amount of 15.5 million EUR, which represents 79,6% of the total budget, while the **verified and paid amount** is around 16.4 million EUR which represents around 84,2% of the total budget. Achieved goals for the financial implementation of the programme under the n + 3 rule for 2021, 2022 at 100% and for 2023 at 57%.

In 2020, 37 **requests for national co-financing by the grant beneficiaries** were submitted in the amount of 139.7 thousand EUR that was granted by the Ministry of Local Self-Government as a national body under the programme. In 2021 it was 34 granted requests for national co-financing in the amount of 186.1 thousand EUR and in the 2022 it was 36 granted requests in the amount of 161.9 thousand EUR.

In 2022, the Joint Working Group (JWG) for programming the new programming period 2021-2027 held 7 meetings and public consultations have been launched and concluded for Strategic Environmental Assessment Report (EAR). The Bulgarian Ministry of Regional Development and Public Works, in its capacity as the Managing Authority (MA) held online consultations with 45 representatives of district and municipal administrations, cultural institutions, NGOs and other stakeholders from Bulgaria. On the North Macedonian side, Ministry of Local Self-Government (MоLSG), as National Authority (NA), organised and held 3 public consultations.

In 2022, 39 initial, final, and ex-post monitoring visits were conducted under the 2nd Call by main and branch office staff.

Two reports were issued by the Audit Authority, preliminary report from the audit of operations and report on system audit for the Interreg-IPA Cross-border Cooperation Programme Republic of Bulgaria – Republic of North Macedonia 2014-2020. One corrective measure was taken under the findings of the Audit Report.

*INTERREG IPA Cross Border Cooperation programme between* ***North Macedonia and Greece***

The strategic goal of Interreg IPA CBC program between the Republic of Greece and the Republic of North Macedonia 2014-2020 is to improve territorial cohesion by improving living standards and employment opportunities, while considering the natural environment and use of natural resources for development of tourism. In accordance with the EU IPA II regulation No 231/2014, programme ensures better utilization of the assistance for the beneficiaries, through their integration in the reforms and development agendas. In North Macedonia the programme is implemented in 4 regions:  Pelagonia region, Vardar region, southeast and southwest region. Total budget of the Interreg IPA II CBC programme Greece-North Macedonia for the period 2014-2020 is 45,470,066 EUR.

A Technical Assistance project for the programme under shared management is managed by the Ministry of Local Self Government (herewith, the National Authority of the Programme) to facilitate and ensure smooth implementation of the programme on the territory of the North Macedonia. Activities are performed in coordination and in close cooperation with the Greece Managing Authority and the Joint Secretariat of the programme, based in Thessaloniki, Hellenic Republic.

So far under the programme, **303 first level controls (FLC)** have been performed in North Macedonia and **verified 5,336,927 EUR** (please note that this has daily update depending on the grant beneficiaries requests for the expenditure verification). In 2022, 57 first level controls (FLC) have been performed in North Macedonia and 2,174,814.46 EUR have been verified.

The projects under Priority axis 1 and 2 continued to generate the expenditures at an accelerated pace. Under the 1st Call for Proposal implementation of the projects is reflected in the output indicators at the project completion phase and most of them have recorded significant achievement values. The data generated will be provided in the programme’s Annual Implementation Report for the year 2022 which is expected to be approved and published on the website of the programme during the 1st quarterly period of 2023.

Under 2nd Call, implementation of the projects has been speeded up, even the ones which were facing delays during the 2021. Therefore, any pending issue such as SC/PA sign, MIS installation, etc. have been closed in time. The project beneficiaries were urged to strictly follow Joint Secretariat’s (JS) plan and deadlines set. The JS team was closely involved in ensuring implementation in line with the deadlines. At the beginning of the year 2022, each JS officer has been assigned new projects and immediate action have been made to ensure projects’ implementation and completion in a less than two years.

The **strategic project** related to reconstruction of the border crossing “Markova noga” is planned to be funded with the IPA III funds. IPA II funds under 3rd Call have been used for tender procedure in the value of 235,000 EUR for preparation of technical documentation for the police station on the North Macedonian side (Ministry of Interior is beneficiary). Tender procedure is ongoing. In addition, Customs Administration is funding through AD 2021 PRESPA preparation of technical documentation for the reconstruction of Customs building on the North Macedonian side.

An updated **implementation manual for grant beneficiaries** has been prepared and in force as of beginning of 2022 (document is available on programme website/section library.

Regarding the **monitoring committees** that should have been organized in 2022, they have been moved respectively to 2023. In February 2023 the 8th monitoring committee has been organized in Thessaloniki together with the 1st monitoring committee for the IPA III programme Greece-North Macedonia. There have been 3 monitoring visits implemented in 2022.

he IPA III Cooperation Programme between Greece and North Macedonia 2021-2027 has been approved in November 2022 with an investment pot totalling **33.3 million EUR** (with national contribution) "to enhance territorial cohesion by improving living standards and employment opportunities holding respect to the environment and by using the natural resources for tourism". The calls that are going to be made are already in preparation and they will be announced in due time.

*INTERREG programme for Transnational Cooperation* ***Balkan Mediterranean 2014- 2020***

One Call for Proposal was published for projects in the area of entrepreneurship and innovation and environment sectors. In total **385 applications** have been received out of which **38 transnational projects** were granted for funding. One restricted Call for strategic project was published in the environment sector with the value of 4.962.196,74 EUR for the reason of spending the rest of the remaining budget that was allocated to the program. The last monitoring committee gathering will be in North Macedonia. There have been no challenges in this program besides the Covid pandemic.

In 2022 the **monitoring and control activities** continued as scheduled for on the spot checks with the national authority team. All projects will be finalized as of the beginning of 2023. In December 2022, 8th Monitoring committee was organized and final 9th Monitoring committee meeting will be organized in 2023 by the national authority of the Republic of North Macedonia related to implementation of the 2014-2020 programme. Under IPA III this program will not be continued.

*INTERREG programme for Transnational Cooperation* ***IPA ADRION 2021-2027***

North Macedonia has become partner country of the new IPA ADRION programme covering the period 2021-2027. IPA ADRION 2021-2027 programme was approved by the European Commission on 30th November 2022. The Programme’s budget amounts to 160 million euros, with an EU contribution (ERDF and IPA) of 136 million euros. Within the future funding scheme, green policy will play a major role, with 54% of the total allocations targeting environmental topics, including climate change adaptation, biodiversity, and circular economy. The rest of the resources will be covering innovation (29%), sustainable mobility (9%), and the support to the EUSAIR governance (8%). Due to delayed approval of the Programme, there were no calls for project published within 2022.

*INTERREG programme for Transnational Cooperation* ***Euro-MED 2021-2027***

North Macedonia has become partner country of the new Euro-MED Programme covering the period 2021-2027. The Euro-MED 2021-2027 was approved by the European Commission on 1st June, 2022. The Programme’s budget amounts to about 294 million euros, with an EU contribution (ERDF and IPA) of around 235 million euros. The Programme will co-finance and support the development and implementation of cooperation projects to strengthen the sustainable and innovative economy, protect, restore and enhance the natural heritage, promote green living areas and strengthen sustainable tourism.

During 2022, 3 calls for proposals were published.

Regarding the 1st call, The Monitoring Committee approved on 27th September 2022, 4 out of the selected 13 project proposals admitted in the final phase of evaluation. The total financial allocation of the approved projects is 18.417.326 euros (including EU funds and national co-financing) and their implementation. None of the selected projects include partners from North Macedonia.

Within the 2nd call for proposals, 263 submitted proposals were considered eligible. The evaluation of the submitted proposals is still ongoing.

Regarding the 3rd call for proposals, the Monitoring Committee approved on 19th December 2022, 4 project proposals. The total financial allocation of the approved projects is 16.999.366 euros. None of the selected projects include partners from North Macedonia.

*INTERREG programme for Interregional cooperation* ***URBACT IV 2021-2027***

North Macedonia has become partner country of the new URBACT IV programme covering the period 2021-2027. The URBACT IV programme was officially adopted by the European Commission on 19th September 2022. The Programme’s budget amounts to 102.934.000 euros, with an EU contribution (ERDF and IPA) of 84.769.799 euros. The programme continues to support cities working on integrated, sustainable urban development through EU cooperation through the following type of networks:

* Action Planning Networks aimed at developing local Integrated Action Plans to improve cities;
* Transfer Networks aimed at understanding, adapting and re-using a labelled good practice;
* Innovation Transfer Mechanism aimed at developing investment plans for initiatives implemented under the Urban Innovative Actions and the European Urban Initiative projects.

Due to delayed approval of the Programme, there were no calls for project published within 2022.

1. **CBC programmes between IPA beneficiaries**

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

Up to the end of the reporting period, **IPA II CBC Programme Albania – North Macedonia** for the 2014-2020 allocations had 3 Calls for Proposals finalised with total **20 projects selected** for financing (e.g. Competitiveness 5 projects, Tourism 9 projects, Environment 6 projects). **14 projects have been finalised** and submitted final reports to CA for verification. Total value of financed projects is 12,151,379 EUR out of which EU contribution is 10,710,000 EUR. Four online trainings were organised in 2022 for capacity building of grant beneficiaries.

The process of preparation of **IPA III 2021-2027 CBC programme** started in April 2020. Joint Task Force held 4 meetings for preparation of programme document. In May 2022 the EC issued the Commission Implementing Decision on the financing of the IPA III CBC programme Albania-North Macedonia for the period 2021-2027. The Union contribution for the IPA III implementing period is 11.9 million EUR divided in three allocations for 2023, 2025 and 2027.

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

Up to the end of reporting period, **IPA II CBC Programme Kosovo – North Macedonia** for the 2014-2020 allocations had 4 Calls for Proposals finalised with total **129 applications submitted** out of which **15 projects were selected for financing** **(Competitiveness 2 projects, Tourism 9 projects, Environment 4 projects)**. Twelve (12) projects have finalised implementation, out of which 8 projects have been closed and 4 projects have submitted final reports to CA for verification. During this period upon request from the CA, the JTS and Antenna Office assisted the beneficiaries in finalizing the reports and acted as the first filter towards submitting qualitative final reports. Total value of the 15 financed projects is 5,437,440.62 EUR out of which EU contribution is 4.22 million EUR. The Ministry of Local Self-Government until the end of 2022, has provided national co-financing for 6 projects and 2 projects will be processed in 2023.

Under **4th Call for Proposal**, 2 projects were signed and started with implementation in late December 2021 within *Thematic Priority 3: Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and managemen*t and 1 project within *Thematic Priority 2: Encouraging tourism, cultural and natural heritage* in July 2022. As per guidelines all projects must have at least 60% physical investments from the total cost of the project to ensure long-term solutions for the issues that citizens are facing in the CBC territorial coverage. During 2022 two rounds of **trainings for grant beneficiaries** under 4th Call for Proposals were organized in February 2022 and September 2022.

**The 5th Call for Proposals** was launched in July 2022 with a total available budget of 3,080,000 EUR including the allocation from 2018 (surplus/unspent) and allocations 2019 and 2020. The 5th Call for Proposals should be that last call for the IPA II programme 2014-2020. The Call covered Thematic Priority 2: Encouraging tourism, cultural and natural heritage and Thematic Priority 3: Protecting the environment, promoting climate change adaptation and mitigation, risk prevention and management. Based on the practice from the previous Calls, the 5th Call also included 60% of capital investments and priority was given to local authorities to apply as lead applicants. Two rounds of training for 210 potential applicants (local authorities, public enterprises, civil society organisations, etc.). The deadline for submission of Concept Notes was 20 September 2022. The evaluation of the applications is ongoing and results will be published by the end of January 2023.

Two Joint Monitoring Committee meetings were organized in 2022. No specific issues have been identified in the implementation of the programme.

The process of preparation of **IPA III 2021-2027 CBC programme** started in April 2020. Joint Task Force held seven meetings for preparation of programme document. In May 2022 the EC issued the Commission Implementing Decision on the financing of the IPA III CBC programme Kosovo – North Macedonia for the period 2021-2027. The Union contribution for the IPA III implementing period is 8.4 million EUR divided in three allocations for 2023, 2025 and 2027.

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

The CBC programme between the two countries has been implemented since the end of 2016 with the envelope of 3.5 million EUR for the financial perspective 2016-2020. Two participating countries established a Joint Task Force (JTF), the body responsible for the programming which consisted of the representatives of relevant local, regional and national level authorities from both participating countries.

Up to the end of reporting period, IPA II CBC Programme Serbia – North Macedonia for the 2016-2020 allocations had 2 Calls for Proposals with total **77 applications submitted** out of which **15 projects were selected for financing** (10 contracted up to now and remaining recommended projects are in the process of budget clearing prior to signing the grant contracts**)**. Total contracted amount so far under 1st Call for Proposal, is 1,299,163.00 EUR. Contracted funds under 2nd Call will be known at the beginning of 2023. Responsible Contracting Authority is Serbia CFCU. In 2022, North Macedonian Control body conducted 4 visits to the projects on the North Macedonian side and issued 4 Declarations for Interim reports to the Contracting authority.

During 2022, JTS conducted **12 monitoring visits** to the grant beneficiaries and prepared the Monitoring Visit Reports. No specific issues have been identified in the implementation of the programme.

**IPA III 2021-2027 CBC programme** was prepared jointly though established Joint Task Force (hereinafter JTF) and supported by the CBIB+3 project (Cross-Border Institution Building). In June 2022 EC adopted Commission Implementing Decision on the financing of the CBC programme Serbia and North Macedonia for the period 2021-2027. The Programme area is changed in North Macedonia compering to IPA II and now it covers the following municipalities: North – East Region: municipalities of Kratovo, Lipkovo, Kumanovo, Staro Nagoričane, Rankovce and Kriva Palanka Skopje Region: municipalities of Aračinovo, Čučer Sandevo, Ilinden, Petrovec, Sopište, Studeničani, Zelenikovo, and municipalities Butel, Gjorče Petrov, Šuto Orizari, and Gazi Baba of the City of Skopje. The total cost for this Programme is 9.7 million EUR for the period 2021-2027 while EU contribution 8.4 million EUR.

# IMPLEMENTATION OF UNION PROGRAMMES

**IPA Sector: Democracy and Governance**

**WINDOW 2: Good Governance, acquis alignment, good neighbourly relations and strategic communication**

In IPA I 2007-2013 financial perspective country participated in 11 programmes with the 688 participants/ projects implemented in the value of 41,031,879 EUR and entry ticket amount 14,475,450 EUR. Under IPA II 2014-2020 financial perspective, country participates in 11 programmes with the available IPA funds allocated for entry tickets in the amount of 40,289,223.15 EUR under annual programmes IPA 2015, 2016, 2018 and 2020. IPA funds of the year 2020 co-finance entry tickets/participation fees for year 2021 or in case of front-loading also for years 2022 and 2023.

The overall status of the executed payments for the entry tickets in 2022 for participation in Union Programmes are presented in the table below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **National Programme** | **IPA allocations** | **Contracted amount** | **Paid amount** | **% Contracted vs. IPA allocations** | **% Paid vs. IPA allocations** |
| **1** | **2** | **3** | **4** | **5=3/2** | **6=4/2** |
| **AP 2015** | 6.825.719,10 | 6.724.110,84 | 6.724.110,84 | 99% | 99% |
| **AP 2016** | 7.109.905,80 | 7.066.797,42 | 7.066.797,42 | 99% | 99% |
| **AP 2018** | 7.689.675,00 | 6.100.864,00 | 6.100.864,00 | 79% | 79% |
| **AP 2020** | 7.700.000,00 | 2.341.843,39 | 1.930.966,92 | 30% | 25% |
| **Total** | **29,325,299.90** | **22.233.615,65** | **21.822.739,18** | **76%** | **74%** |

In the IPA III 2021-2027 financial perspective, some of the Union programmes in place in 2014-2020 continue, while others have been merged with the aim of simplification. There are also several brand-new Programmes such as Space, Digital Europe or the EU Anti-Fraud Programme. The indicative list of Union programmes where the beneficiaries can participate under IPA III financial framework includes (but it is not limited to): Erasmus+6 , Horizon Europe, Single Market Programme, Creative Europe, Customs, Fiscalis, EU Programme for Employment and Social Innovation (EaSI), Health for Growth, Civil Protection Mechanism, Rights, Equality and Citizenship, Justice, European Solidarity Corps, LIFE, EU Anti-fraud programme, Digital Europe Programme. Participation in Union programmes follow the specific terms and conditions set out for each programme in the relevant Association Agreement.

The National IPA Coordinator (NIPAC) is responsible for the overall coordination, monitoring and reporting on the participation in the Union programmes, as well as for the promotion of the Union programmes in the relevant IPA beneficiary, in cooperation with the line ministries. The identified Lead Institution that signs the Agreement for each Union programme is responsible for ensuring the timely payment of the entry ticket to the European Commission and communicating the payment to the responsible institution. The responsible institution shall compile the information concerning the payment of all the entry tickets for their submission to the EU Delegations which will be responsible for the payment. North Macedonia is providing the co-financing and the funds necessary for the payment of the total entry ticket, prior to receiving the partial reimbursement from the EU. The reimbursement will be paid as a grant to North Macedonia.

Under IPA II National Fund at the Ministry of Finance was responsible for payment and financial management aspect, except for the new payment rules for Annual Action Programme for 2020 whereas all IPA funds received on the IPA euro account were transferred to the beneficiary institutions, except for the programme Creative Europe whereas the funds will be transferred once the request for reimbursement is received by the Ministry of Culture. Under IPA III it is still to be decided how financial management of funds for Union Programmes will be organised within the country.

Successful participation in Union Programmes requires a high degree of ownership, innovative and well targeted information methods, and effective support mechanisms at all stages of Programme implementation. While a positive trend in improving participation in Union Programmes is visible, it is still needed to strengthen the ownership and to improve participation rate. In this respect it is essential to enhance the existing networks, adopt a proactive approach in supporting and stimulating the stakeholders and promote Union Programmes. Administrative capacity and knowledge need to be improved and enhanced in particular aspects in the implementation of the Union Programmes i.e. preparation of applications, addressing complex financial and legal aspects and contract management. Participation of small and medium size enterprises remains a key challenge to be addressed through more dynamic and better targeted information.

In the following tables are presented key findings and achievements in the implementation of the Union programmes during 2022.

|  |
| --- |
| **1. Focal Points**  |
| **Erasmus:** The National Agency for European educational programs and mobility oversees the Erasmus + Programmed. In 2020, 50 people were working in the Agency and 42 are fully dedicated to the Erasmus + Programmed.**Contact point**:Milena Petrusevska, milena.petrusevska@na.org.mk, +389 76 446 824 |
| **Europe for Citizens:** Unit for negotiation and integration - EU Department of the Ministry of Education and Science oversees the Programme. 3 people are working in this Unit and still just 1 person oversees the Europe for Citizens Programme, although the same person has other responsibilities and tasks in the unit. **Contact point**: Katerina Gulev, katerina.gulev@mon.gov.mk |
| **EaSI:** The Department for European Integration and International Cooperation in the Ministry of Labour and Social Policy is responsible for the programme. Two persons are dedicated to the EaSi Programme.**Contact point**: Aleksandra Slavkoska, +389 75 359 856, aslavkoska@mtsp.gov.mk, alternate: Ankica Ivanovski, +389 75 341 020 aivanovska@mtsp.gov.mk |
| **Civil Protection Mechanism** the Protection and Rescue Directorate is a focal point for the Civil Protection Mechanism. Currently 254 people are working in this directorate (23 temporaries employed). One is fully dedicated to the Mechanism (Head of international cooperation department) and one dedicated for the EUCPM training program.Contact point: Valentina Atanasovska, valentina.atanasovska@dzs.gov.mkTel: Mob: +389 75 47 591Office: +389(02) 2433 318 |
| **FRA** The Human Rights Department within the Ministry of Justice, in cooperation with the Ministry of Foreign Affairs, oversees the activities related to the European Agency for Human Rights. **Contact point**:Tanja Kikerekova, National Liaison Officer- TKikerekova@mjustice.gov.mk, + 389 76 40 44 62, Elena Bodeva, Deputy National Liaison Officer- elena.bodeva@mfa.gov.mk . + 389 75 26 87 31 |
| **COSME**: The Department for European Integration, Unit for programming, technical implementation and monitoring and evaluation of IPA projects within the Ministry of Economy oversees the Union Programmes, 4 people are working in that Department and 2 are part time dedicated to the Union Programmes. **Contact point**: Ardiana Abazi- Ramadani, ardiana@economy.gov.mk, +389 2 3093453 Filloreta Kamberi: Filloreta.kamberi@economy.gov.mk, +389 70346089 |
| **Horizon Europe:** The Ministry of Education and Science, Unit for International Cooperation, oversees the implementation of the Horizon Europa Programme (HE). Only1 person from this unit is fully dedicated to the Horizon Europe Programme. 2 more persons from other Unit are partially engaged as national contact points for different HE priorities. Contact point: Marina Nikolovska, +389 3 140 186, +389 76 485 077 marina.nikolovska@mon.gov.mk |
| **Customs**: The Sector for International Cooperation, EU integration, Projects and Strategic Planning of the Customs Administration is in charge of the Customs Programme. 3 people from the Sector are fully dedicated to the Customs Programme.**Contact points**: Sladjana Damjanoska, sladjana.damjanoska@customs.gov.mk, and Katerina Hadjiska-Nicheska katerina.hadziska-niceska@customs.gov.mk +389 2 3293942; |
| **Fiscalis:** The new Fiscalis 2027 programme within the Public Revenue Office (PRO) is coordinated by the Sector for International Cooperation. 6 people are working in the Sector and 2are fully dedicated to the Fiscalis Programme.Contact point: Marjan Mihajlovski, Marjan.Mihajlovski@ujp.gov.mk,, Office: 3299 543, Mobile: 076/445 471 |
| **Creative Europe:** The Ministry of Culture as a coordinating body and the North Macedonia Film Agency as a partner organization beneficiary have been competent for implementation of the Creative Europe 2021-2027 Programme (Culture, MEDIA and Inter sectoral strand) has been the Ministry of Culture. The Creative Europe – Culture sub programme Unit within the Department for European Integrations has been in charge of the Culture sub-programme. EU programmes and MEDIA within the Department for Film development has been in charge of MEDIA sub programme. The Inter-sectoral strand of the Programme is managed by the Ministry of Culture ( in close cooperation with Film Agency) through the Creative Europe Desk (Culture and MEDIA Officies) CED North Macedonia (Culture and MEDIA Offices) has been co-financed 60% for implementation of it’s actions. The application for co-financing of the CED north Macedonia for 2023-2024 has been prepared and submitted to EACEA on 15 June 2022. The Grant Agreement between national beneficiaries and EACEA has been signed on 21 December 2022. Creative Europe Desk of the Republic of North Macedonia (Culture and MEDIA) Team:  Creative Europe Culture (Ministry of Culture) : 2 persons, Head of CED Culture and Assistant (civil servants - full time job).Contact point: Biljana Prentoska( e-mail: biljana.prentoska@ced.mkbiljana.prentoska; info@ced.mk; office phone +389 2 3207 446/443; mobile: + 389 78 433 848)Creative Europe MEDIA (North Macedonia Film Agency): Assistant (temporary contract with the Film Agency) Contact point: Ivana Mirchevska (e-mail: mirchevska.ivana@filmagency.gov.mk; phone: +389 78 410 213)The actions and working programmes of CED North Macedonia (Culture and MEDIA) are co-financed 60% by EACEA. Considering the proposed and defined dynamic by EC and EACEA, CED Culture Office within the Ministry of Culture as a coordinating body in 2022 administrate and finalized all necessary procedures related to the signing of the Grant agreement as follows: (1) preparation of the jont application for co-financing of CED (Culture and MEDIA) for 2023 and 2024; (2) the GAP procedure finalization after the evaluation and approval of the application (3) signing of the Grand Agreement. The Agreement between the Republic of North Macedonia and European Union for participation of North Macedonia in Creative Europe Programme has been signed on 6th of December 2021. Macedonian organizations have been eligible to participate under the first calls of the new Creative Europe Programme published in 2021 by EACEA, before the official start of implementation of CED North Macedonia actions/working programmes in frame of the new Creative Europe 2021 – 2027 Programme. In order to promote the Creative Europe Programme 2021 – 2027 and it’s specific calls (Culture and MEDIA), CED Culture and MEDIA: (1) organized and participated on several public events ( including the online workshops, meetings etc) (2) promote the programme and the best practice projects through the web site and AV and electronic medias. |
| **Life +:** TheAdministration of Environment within the Ministry of Environment and Physical Planning is responsible body for coordination and implementation of LIFE + programme. **Contact point:** Vlatko Trpeski, Head of department of nature protection, mail: v.trpeski@moepp.gov.mkIn 2023 form DG environment get letter for strating a negotiation for the association of North Macedonia to the EU LIFE programme.MoPEP start process with prepatation of government information as well find way for covering a co-finanace |
| **2. Information on the implementation of the Programmes in 2022** |
| **Programmes** | **Number of financed projects** | **Number of events** | **Value of the financed projects/events** |
| **Erasmus +:** | Erasmus+ 101European Solidarity Corps 5\*The number and value of financed projects for Erasmus+ for 2022 is not complete due to the fact that the reporting date to deliver this data is too early for internal procedures to be finalized: The reserved list is not yet activated and data synchronization within the e-tools is not yet finished. | 38 | Erasmus+ 5.181.880 EUREuropean Solidarity Corps 60.832 EUR\*The number and value of financed projects for Erasmus+ for 2022 is not complete due to the fact that the reporting date to deliver this data is too early for internal procedures to be finalized: The reserved list is not yet activated and data synchronization within the e-tools is not yet finished. |
| **Europe for Citizens:** | **4 projects ongoing in 2022*** **Project title:** Social Innovation Network; Strand 2:Democratic engagement and civic participation (Year Call: 2020; duration: 01.10.2020-30.09.2022)
* **Project title:** Tackling Illiberal/Eurosceptic Narratives from Below; Strand 2: Democratic engagement and civic participation (Year Call: 2020; duration: 01.03.2021-31.08.2022)
* **Project title:** Transition and Europe: The Year of EU Enlargements in Central and Eastern Europe; Strand 1: European Remembrance (Year Call: 2019; duration: 01.09.2019-31.08.2022)
* **Project title:** Solidarity Youth in Times of Crisis 2.0; Strand 2: Democratic Engagement and civic participation (Year Call: 2019; duration: 20.09.2019-20.04.2022)
 | / | Total: 312.730 EUR  |
| **EaSI:** | Progress:17 projects in total ( Call for proposals.4 projects under the 2020, 2 projects under the 2019 Calls for proposal, 1project financed under 2018 Call for proposal, 6 projects financed under 2017 Calls, 2 projects under 2016 Calls) Microfinancing axis:Approved Financial Guarantees (1 signed in 2018, while the second one in 2020), providing financing in the amount of 1,. mil EUR to 204 microenterprises. | Not applicable, the programme is closed; no new calls are being published. | Total: 5.320.233,76 EURProgress: 4.418.733,76 EUR (total value of all 17 projects, the amount was corrected with the exact amount awarded to MK organisations for the project where MLSP is recipient)Microfinancing axis: 901.500 EUR (total value of the two EaSI Financial Guarantees signed with banks from North Macedonia). The Financial Guarantees mobilised a total of 1.1 EUR as microfinance. |
| **Civil Protection Mechanism:** | EUCPM training program, according to the dedicated quote**-Under the** Call for proposals – Invitation to submit a **proposal Development and maintenance of rescEU CBRN mobile laboratories and rescEU CBRN detection**, **sampling, identification and monitoring capabilities** (UCPM-2022-rescEU-CBRN-IBA), the PRD prepared and will submit the proposal on Friday, 13th January 2023**. The dead line for submission is 17th January 2023;****-Methodology for National Risk Assessment in North Macedonia (NRA MK),** under the UCPM, agreement no. —ECHO/SUB/2022/TRACK1/885519/MK – **starting in January 2023;****-EU Erasmus+ Project - Smart education and training program for central and local government servants: embrace vulnerability as our greatest strength and innovative tools for risk management - SETOFF**. It aims to improve the readiness and occupational safety of both civil protection and private sector Safety and Security Personnel against future crises and emergencies by developing an innovative e-training curriculum based both on a successfully tested and implemented simulation model combined with the latest scientific knowledge and on comprehensive needs analysis. The project is leaded by the Military Academy “General Mihailo Apostolski” - **In progress**;-Increasing the operational capacities of the Protection and Rescue Directorate of North Macedonia, in the frame of Annual Plan for International Development Cooperation and Humanitarian Assistance, adopted by the Romanian Government. Procurement and delivery of radio-communication equipment –**completed in 2022**; -In 2020-2021, through the "Interreg IPA Cross-border Cooperation Program Greece-the former Yugoslav Republic of Macedonia 2014-2020", the STRASS project "Safe cross-border transport of hazardous materials with a radioactive source" **– implemented in 2021;****Purchased equipment**:1. Serstech 100 Indicator SN:142F03E90001 1 piece2.Kromec D3S ID SN: SGM200396 1 piece3. ISTEC DECO-MOBILE 1 pieceMulti-Gas and Photo Ionization Detector (PID) 1Radiological Detector 2Personal Dosimeter for measuring radiation level 2Sampling and Decontamination Set 1Skin decontamination kit and neutralizing agents 6Hazardous area strip or marker 1Suit for RHB type A 3Suit for RHB type B 3Suit for RHB type C 3Protective masks for CBRN 6Cartridges 12PH Identification Strip and CWA 5 Test Paper-Project on smart solution for virtual collection of evidence for identification and disability of UXO – VECTOR, supported by the NATO Science for Peace and Security Program – **completed in 2022;**-In 2019- **X-STOCK**: Improving cross-border preparedness through joint management of emergency stocks in South East Europe. ... in the countries of Southeast Europe Bulgaria, Croatia, Montenegro, North Macedonia and Serbia – **in progress**.- The 3-year EU-funded **IPA Floods and Fires program** aims at improving capacities for flood and forest fire risk management in Albania, Bosnia and Herzegovina, Kosovo\*, Montenegro, North Macedonia, Serbia and Turkey. The Program is structured into two components:  Component 1 – Floods and  Component 2 – Forest-fires .By fostering regional cooperation and exchange of good practices, the IPA Floods and Fires implementing Consortium collaborates with the local authorities of civil protection and other relevant local agencies and institutions to improve the legal and institutional framework related to the EU floods directive (EUFD), and institutional coordination among all the actors involved in the EUFD implementation, and to improve prevention, preparedness and capacity to respond to forest fires at central, regional and EU level - **in progress**;-In 2022 - "Development and implementation of a smart and sustainable integrated forest fire management system in the cross-border area (DISSIWMS)", Cross-border program Republic of North Macedonia - Republic of Albania within the allocations of the Instrument for pre-accession assistance (IPA II) for 2018 - 2020 Main applicant: Directorate for Protection and Rescue (PRD). Co-applicants: - Municipality of Struga and Municipality of Librazhd (Province in Albania) – **in progress**;-Complex Earthquake Management in South Caucasus Vulnerable Areas through Effective Planning, Reaction and Joint Operations – **HOPE** - **in progress;**- In 2022 - "**Joint management and flood risk management in the cross-border area of ​​Axios/Vardar - FLOOD SHIELD"** - Interreg IPA Program for cross-border cooperation Greece - Republic of North Macedonia 2014 - 2020"- **in progress**;-In 2022 – “**Integrated framework for natural hazard management based on VOLUNTEERS for civil protection to strengthen cross-border preparedness, prevention, response and improvement of resilience”**, funded by Interreg IPA II Cross-Border Cooperation Program "Greece - Republic of North Macedonia 2014- 2020 -**in progress;****-Cross Border Risk Awareness in Western Balkan – ROSES**. ROSES’s objective is spreading Risk Awareness in Western Balkans (WB) cross border areas. It is an area where geography creates difficulties in transporting and communication. Accessibility from one place of a country to another may be easier through a neighbouring one, and lack of adequate infrastructures exacerbates the problem. All countries are in a long transition period trying to become EU member states, a situation that has tired people, even though cooperation with EU and support received by member states has grown significantly the last years – **in progress**;-Increasing the operational capacities of the Protection and Rescue Directorate of North Macedonia, in the frame of Annual Plan for International Development Cooperation and Humanitarian Assistance, adopted by the Romanian Government. Procured equipment – ATV vehicle – 2021 – **completed** **in 2021**;**-**Training and Knowledge Sharing Platform for First Responders and Educational Tools for students’ and citizens’ awareness and preparedness against Natural and Manmade Disasters and Risks – **RESISTANT** -**completed in 2022**; | - | 1 course completed in 2022. |
| **FRA:** | None | 1 | None |
| **COSME**: | 3 (active projects in 2022)(Once, the Agreement is signed, it is expected to sign the Agreements of the eventual granted projects under the callas of the Programme, such as the one listed below)**Enterprise Europe Network North Macedonia** | During 2022 the representatives of ME and ISRM, SSO, MFA, AFV, SEA ,had several meetings and 2 online meetings, with representatives of EC negotiating the draft Agreement on Participation in the Single Market Program 2021-202740 events | 197.335,00 EUR (the value of EU Contribution for North Macedonia active projects in 2022 that last till 2023.194.486 EUR |
| **Horizon Europe:** | 13 new projects in 2021 13 new projects in 2022 ( cut-off date September 2022) | Online or phone consultation sessions with individual or institutional applicants. | EUR 2.5 MioEUR 3.3 Mio. |
| **Customs**: | - | (2 meetings with physical presence +17 online events) | 4.530.00 Eur (Due to delay in ratification of the program we are facing with insufficient funds for the implementation of the project activities) |
| **Fiscalis:** | - | 6 (4 physical presence+2 online) | 4.839,00 Eur (Financial year 2022, 01.01.2022-31.12.2022) |
| **Creative Europe:** | MEDIA (Calls 2021)5 (Co-development projects, Film festivals, Platform – European film platforms) European Festivals :1Distribution and Sales Agents Automatic Support :1European Co-development:1Audience Development and Film education: 2Culture (Calls 2021)Cooperation projects: 7Circulation of European literary works: 4Pan European cultural entites: 1 | Culture number of events: 2MEDIA number of events: 6  | Culture:Cooperation projects: total EU grant 455,581.94 EURCirculation of European literary works: total EU grant 319,321.84 EURPan European cultural entities: total EU grant 1.178.103 EURMEDIA: TOTAL grant amount: 160.653 EUR- European Festivals:54.000,00 EUR-Distribution and Sales Agents Automatic Support: 7.750,00EUR- European Co-development: 10.480,00 EUR- Audience Development and Film education: 88,423.19 EUR |
| **Life +:** | - | - | -2 Regional multiannual projects |

|  |
| --- |
| **3. Main achievements of the Programmes in 2022** |
| **Programme** | **Objectives** | **Achievements** |
| **Erasmus +:** | To support education, training, youth, and sport in Europe | Concerning the Erasmus+ programme implementation, in Key action 1, 79 projects were granted in amount of 3.011.880 euro.In Key action 2, 22projects were granted in amount of 2.170.000 euro.\*The number and value of financed projects for Erasmus+ for 2022 is not complete due to the fact that the reporting date to deliver this data is too early for internal procedures to be finalized: The reserved list is not yet activated and data synchronization within the e-tools is not yet finished. European Solidarity Corps:Priorities included within granted projects are inclusion and diversity, digital transition, European youth goals, participation in democratic life, climate changesVolunteering projects: 3 granted projects with 16 participants (2 of them are participants with fewer opportunities). Solidarity projects: Due to the low available budget amount for solidarity projects 2solidarity project are granted with 10 participants. Quality Label: 10 awarded organizations. |
| **Europe for Citizens:** | / | The programme is closed |
| **EaSI:** | To promote a high level of quality and sustainable employment, guaranteeing adequate and decent social protection, combating social exclusion and poverty, and improving working conditions | There are no new calls under this Programme, but few projects are still active. Under the “Progress axis”, 6 grant projects were implemented, where social partners of North Macedonia were involved as partners. The projects dealt with Information, consultation and participation of representatives of undertakings.In In 2022, the Ministry of Labour and Social Policy in partnership with Red cross Macedonia was still implementing the grant project which supports the implementation of the national reforms in long-term care. A new social service “Emergency button” is being piloted and the intention is to further standardise its delivery.Under the “Microfinancing and Social Entrepreneurship axis”, the "Step by Step" programme promotes micro-financing and thus development of start-up businesses. "Step by Step" provides economic and social support to young entrepreneurs and micro-enterprises which are in the initial phase of establishing their own business, with up to EUR 25,000 and educational, financial, and mentoring support. Following the signature of the cooperation agreement with the European Investment Fund (EIF) in November 2020, Silk Road Bank AD Skopje can issue up to €5 million in microcredits to micro-companies in North Macedonia. Silk Road Bank has created the [Bizz UP](https://silkroadbank.com.mk/BizzUp?Type=2&Cat=BizzUp) package of products intended for financing of vulnerable categories of clients as well as start-ups and companies in their development phase with an operating history of up to 36 months. The Bizz UP package consist of several micro finance products, such as overdraft, loans for working capital needs and investment loans. Loans under this agreement will be available to companies with a maximum of 9 employees. The annual turnover of the company should not exceed €2 million. In 2021, it established cooperation with the Fund for Innovation to facilitate the implementation of the programme.Overall, according to the [published data](https://www.eif.org/what_we_do/microfinance/easi/easi-implementation-status.pdf) by the EIF, there 204 beneficiaries of micro financing loans. About 1.1 mil EUR were committed. |
| **Civil Protection Mechanism:** | To foster cooperation among national civil protection authorities across Europe. | * In the framework of the request of assistance to the UCPM made by Ukrainian authorities, in 2022, for the first time North Macedonia, through the EVN company, delivered assistance to Ukraine. The assistance consisted of transformers, and the value of the donation was about 30.000,00 €. The PRD, as a focal point for the UCPM, did the overall coordination until the final destination.
* For the first time, North Macedonia through the Protection and Rescue Directorate deployed a representative in the UCPM team, on a mission in Poland, appointed on the Deputy Team Leader position. The EUCPT was responsible for coordination of the humanitarian assistance from the European countries to Ukraine, through the logistics hub developed for this purpose in Poland. The mission lasted 21 day.
* 2 representatives of the PRD were selected by the EC for peer certifiers that will participate in the certification process of the teams and assists within the EU Civil protection pool.
* The new AGREEMENT between the European Union, of the one part, and the Republic of North Macedonia, of the other part, on the participation of the Republic of North Macedonia in the Union Civil Protection Mechanism is about to be sign.
 |
| **FRA:** | To contribute towards ensuring full respect for fundamental rights across the EU and Accession Countries | In 2022 the National Liaison Officer (NLO) and the Deputy participated (with physical attendance and online) at two regular FRA meeting of NLOs.The Liaison Officer and the Deputy contributed to the finalization of the text of the 2022 Annual Fundamental Rights Report, by updating the data in the field of human rights in North Macedonia.The Liaison Officer and the Deputy also contributed to the FRA Report on [Antisemitism - Overview of antisemitic incidents recorded in the European Union 2011-2021](https://fra.europa.eu/en/publication/2022/antisemitism-overview-2011-2021), and after its publication they disseminated it to interested professionals.The National Liaison Officer informed and sent to the state institutions and non-governmental organisations the following publications that included North Macedonia: “2022 Annual Fundamental Rights Report”, “Roma in 10 European countries. Main results“ and Protecting Civic space in the EU.On 29 June 2022 a presentation of the 2022 Fundamental Rights Report was organised by the European Policy Institute – EPI, which prepared the national contribution of Franet for North Macedonia. In addition to presenting the report findings, the panelists discussed the main thematic focus of this report - the impact of the COVID-19 pandemic on social rights.The Deputy Minister of Justice had a welcoming statement. It was agreed that the opinions in the 2022 Annual Fundamental Rights Report can be used as an effective tool to accelerate or create policies in the field of human rights in North Macedonia. |
| **COSME** 2014-2020SingleMarket Programme 20212027 | To facilitate access to finance.To support internationalisation and access to markets.To Create an environment favourable to competitiveness.To encourage an entrepreneurial cultureSupport to small and medium-sized businessesConsumer protectionA more effective single marketFood safetyHigh quality European statisticsEffective European standards | During 2022 under COSME Programme (2014-2020), there were three projects ongoing, that will run until 2023:* CEnTOUR Project that aims at boosting sustainable tourism development and capacity building of tourism.
* SEE SMART SMEs project that addresses three main challenges that European SMEs need to face and overcome to keep on being the backbone of the European economy and thus contribute to reach the Europe 2020 Strategy: internationalisation; innovation for competitiveness; and acceleration of structural reforms in SEE countries
* SME Growing in Europe that fosters entrepreneurial skills and culture and provides expert support to SMEs creation, growth, internationalization, and access to finance.

The Single Market Programme (SMP) is the EU funding programme to help the single market reach its full potential and ensure Europe’s recovery from the COVID-19 pandemic. During the reporting period, the Ministry of Economy continued to implement activities for the accession of North Macedonia to the Single Market Program (SMP) 2021-2027 that is in 2022 two Negotiation Rounds for the participation of the country in in SMP were held online and a series of electronic correspondence followed. During this negotiation process North Macedonia noted that it will participate in the following pillars (sub-pillars) of the SMP:PEP Pillar I – Improving the Negotiation Round for the participation of RNM in SMP was held online. • Market surveillancePillar II of PEP – SME• Competitiveness of SMEsPEP Pillar IV – Consumers• Ensuring a high level of consumer protection and product safetyBy the end of 2022, parties harmonized the Agreement on Participation in the Single Market Program and the two annexes and started their internal procedure that will lead to final approval to sign the Agreement. Once, this Agreement is signed, it is expected to sign the Agreements of the eventual granted projects under the callas of the Programme Enterprise Europe Network North Macedonia (EENOMA)Enterprise Europe Network North Macedonia has 3 partners:1. Ss. Cyril and Methodius University in Skopje (coordinator),
2. Foundation for Management and Industrial Research (partner) and
3. Economic Chamber of North Macedonia (partner).

In 2022, the EENOMA project has delivered the following SMP activities:1. Project management,
2. Provision of value-added services to clients
3. Promotion of the Network and communication
4. Network development and capacity building
5. Network coordination and quality management.

In terms of events, the EENOMA project contributed to the following:Participated in 16 events:1. Western Balkans Innovation & Research Platform’s online meeting - 11th May 2022
2. Western Balkans Innovation & Research Platform - 2nd online meeting - 21 Nov 2022
3. Meeting with representatives from DG Research and Innovation, 18.10.2022 in Skopje
4. SEE EEN Regional Conference 2022 Croatia, 13-15 December 2022, Tuhelj, Croatia
5. European Innovation Council info day, 15 December 2022 in Zagreb, Croatia
6. Meetings with the representatives from North Rhine-Westphalia and EEN partner ZENIT, 14 March online & 29 June 2022 in Skopje
7. Training Enterprise Europe Network Client Journey Coaches 15&16/09/2022 in Brussels
8. EEN Annual Conference online, Prague, Czech Republic, 25- 27/10/2022
9. Online meeting - Communication Partnership Project EEN OSH AMBASSADORS, 16th March 2022, EU-OSHA, DG GROW and EISMEA
10. EU-OSHA Webinar Managing psychosocial risks in European MSEs, 21.6.2022
11. Expert focus group - European Training Foundation - 07 December 2022
12. Western Balkan Digital Agenda summit, 21-22 september Pristina, participation as Speaker, Topic: Accelerating digital skills through industry engagement
13. Thematic Group Women Entrepreneurship, kick off meeting, 14 June 2022,
14. Thematic Group Women Entrepreneurship, 25 November 2022,
15. Online pitching event for female entrepreneurs – clients of EEN, Thematic Group Women Entrepreneurship in cooperation with TG Scale-ups and start-ups & TG Access to finance, 2 Macedonian companies entered the first round in front of investors
16. Access2Finance event and pitching, Commercialna Banka and EBRD, in Economic Chamber of North Macedonia, 16/05/2022

Organization of two events (Brokerage event & Company mission) in Skopje:1. Breaking circular economy barriers - Go Circular (hybrid event) in Skopje, 23-24.11.2022 / <https://go-circular.b2match.io/>
2. Turkish Woman Entrepreneurs Business Visit to North Macedonia and Kosovo, 31.10.2022 in Skopje

Co-organized the following 17 Brokerage events:1. EU Fashion Match Amsterdam 11.0 VIRTUAL edition, 30 – 31 January / 1 February 2022
2. Textile Connect 2022, 4-6 May 2022, online
3. Western Balkans 2022 Economic Mission, 24-31 May 2022, Skopje,
4. B2WORTH@TorinoFashionMatch 2022, 7-10 July 2022,
5. Women Entrepreneurship – Connect to Create and Accelerate Your Business, 06-07.10.2022
6. Regional Innovation Forum and Brokerage Event , Zlatibor, Serbia, 07 Jul 2022
7. South East Europe Automotive Conference- Connect & Supply 2022 ( 31 May 2022 to 03 Jun 2022 )
8. INTERNATIONAL TOURISM FAIR, March 24-25, 2022, Belgrade, Serbia
9. International Congress- Genentech Days 2022, 10-11 May 2022, Vienna, Austria
10. “VI Solar Energy Hybrid Business Mixer B2B meetings” - hibrid event 1 - 3 june 2022 Poland
11. Online event- Austrian World Summit 2022 #ClimateAction, 14 june 2022, Vienna, Austria
12. HYBRID CONFERENCE AND BUSINESS MEETINGS "CONNECTO 2022" July 26-28, 2022, Intera-Technology Park, Mostar, BiH
13. Online" Regional Workshop and Webinar on Writing Competitive Proposals for FTTE 3-Open Call Projects - FTTE (Focused Technology Transfer Experiments), 5 October 2022 Novi Sad, Serbia,
14. Online event „MARKETPLACE AUSTRIA FOOD AND BEVERAGES 2022“, 12 October 2022, Vienna, Austria
15. The Fifth Consecutive Regional Business Forum, November 15, 2022 in Novi Sad, Serbia, (hybrid event, with physical presence and online)
16. INTERNATIONAL MACHINERY AND ENGINEERING FORUM "DESIGNING MECHANISM AND PLANTS", November 16-17, 2022, Austrian Chamber of Commerce, Vienna, Hybrid Event
17. Nordic Fair for Organic Food and Eco Living Scandinavia, November 16-17, Malmö, Sweden

Organized 4 Business forums and 1 Round Table:1. Macedonian-Croatian Business forum, September 26, 2022, Zagreb, Croatia
2. Buying mission within the construction fair "Build Expo Greece", October 14 to 16 in Athens.
3. Economic Conference held on the topic: "Conversations about the future" October 26-28, 2022 in the hotel "Splendid" - Budva, Republic of Montenegro
4. MACEDONIAN-BULGARIAN BUSINESS-FORUM AND BILATERAL MEETINGS, 07.12.2022 -hotel „Double tree by Hilton “– Skopje
5. Round Table - Discussion with journalists, editors and media owners on the topic "The role and importance of the media in the EU integration process", 14.12.2022 – Regional event

Total of 40 events were organized, co-organized and participated by EENOMA partners in 2022. No info for awarded projects |
| **Horizon Europe:** | The goal is to create new growth and jobs across Europe by strengthening scientific knowledge and know-how within the EU . The program enables this by supporting the development and introduction of new technologies / innovations and by tackling major societal challenges facing Europe. | According to the official EC database E-CORDA, during 2022, there were signed 13 grant agreements with entities from Republic of N. Macedonia. Total EU contribution for these projects is EUR 3.3 Mil. A document “RESEARCH INFRASTRUCTURE ROADMAP OF NORTH MACEDONIA” has been published in 2022, containing the biggest RI in NMKUpdate of the lists of National Contact Points and Programme Committee members have been done. Most of them are newcomers and need additional training and assistance |
| **Customs 2020**: | To support the functioning and modernization of the customs union to strengthen the internal market by means of cooperation between participating countries, their customs authorities, and their officials | Under this program, representatives of the CARNM can establish closer contacts with their colleagues from other countries and exchange knowledge, expertise, and experience. In 2022, more than 30 customs administration representatives attended specific online events in several areas through projects groups, covering the following topics:•E-Customs, IT Technology and Infrastructure, CCN/CSI Training,•CUP (Customs Union Performance) Project group• CLEP -"Train the trainers on interactive online eLearning methods and tools• CLEN Webinar• Update and enrichment of ECICS• National programme coordinators network meeting•Training Support Group etc.By participation in meetings, seminars and workshops, the Macedonian customs officers are timely informed about actions which are to be undertaken and planned by the Member States, regarding the improvement of customs operations, as well as realisation of EU Strategic Policies and Objectives.The Community Program in 2022 continued to be implemented through active participation face to face and on-line meetings.In 2022 new Agreement for participation of the Republic of North Macedonia in the EU Customs Program for the approach 2021-2027 was signed and the process of ratification of this agreement is ongoing. |
| **Fiscalis:** | To enable national tax administrations to create and exchange information and expertise.To enhance the administrative capacity of participating countries, to support the fight against tax fraud, tax evasion and aggressive tax planning; to support administrative cooperation activities; to reinforce the skills and competency of tax officials; to enhance the understanding and implementation of Union law in the field of taxation. | On 11/07/2022, the Agreement between the Republic of North Macedonia and the European Union was signed for the participation of North Macedonia in the Union Fiscalis Program for the period of 2021-2027. From the Public Revenue Office 10 participants participated at 6 events organized by Fiscalis 2027. In the period 27 and 28 September 2022 in Skopje, the 4th meeting of the working group "Development of rules for the chatbot platform in tax administrations" was held. The participation in the joint activities (workshops, working visits, Project groups etc.) within the new Fiscalis 2027programme, helped the Public Revenue Office, by exchanging the best experiences and practices, in the process of implementation of EU legislation during the process of EU integration. Furthermore, the employees of the PRO have developed good business relations with their colleagues from the tax administrations in the EU member states/candidate countries, beneficiaries to this programmed and to exchange the experiences and best practices which will result in reaching improved administrative capacities, higher level of improvement of the working processes, as well as strengthening the capacities of the human resources.  |
| **Creative Europe 2021 - 2027** | Culture: The Culture strand of the Creative Europe programme supports a wide range of cultural and creative sectors including among others: architecture,culturalheritage,design,literature and publishing,music,performing arts.The Culture strand encourages cooperation and exchanges among cultural organisations and artists within Europe and beyond. Creative Europe aims to: (1) foster artistic creation and innovation (2) support the promotion and the distribution of European content across Europe and beyond (3) help artists find creation and performance opportunities across borders (4) stimulate the digital and environmental transition of the European Culture and Creative SectorsThe MEDIA sub-programme of Creative Europe supports the European film and audiovisual industries in the development, distribution and promotion of their work. It helps to launch and distribute projects with a European dimension and international potential to travel beyond national and European borders. Its funding actions provide support to audiovisual works including films, TV series, documentaries, video games and immersive content, and to cinemas, festivals and markets. It also contributes to boosting European talents via training programmes, as well as to film education, heritage and audience development. | Creative Europe Desk North Macedonia (Culture and MEDIA sub programmes) in 2022 has focused on the preparation of the CED working programmes and strategies for 2023 and 2024 considering the priorities of Creative Europe 2021- 2027 and the role of the CED’s: * Information and technical assistance related to the specific Calls for Culture and MEDIA sub programmes
* Capacity of the CED and the organization from CCS and AVS on local, national and regional level
* Policy issues related to the regional and EU CCS and AVS context
* Challenges of CCS and AVS during post pandemic period
* Cross cutting issues
* Promotion of projects supported by Creative Europe Programme 2021 – 2027 including projects supported by previous programmeon national level
* Preparation for development of new communication tools of the CED North Macedonia to be implemented in 2023

**Culture Office - Organization and participation at the events/meeting/workshops :*** Two info daysdedicated to the European Cooperation projects call 20022 (Skopje and Bitola)
* The representatives from CED Culture North Macedonia participated on online meeting for CED’s organized by EACEA and EC
* The Culture Office provided technical assistance and consultancy through the individual consultancy meetings with the potential applicants ( approx.25)
* Preparation on 5 forthcoming Info session to be held from 24 – 27 of January 2023 ( Skopje, Veles, Gostivar, Tetovo, Shtip) dedicated to the ongoing Calls: Cooperation projects and Circulation of European literary works

Culture sub – programme selected projects Calls 2021 (implementation from 2022): * Cooperation projects:
* participation in evaluation projects 35
* project participation in retained for funding 7 projects (coorganizers) ( total EU grant 455,581.94 EUR)
* Circulation of European literary works
* Participation in evaluation projects 9
* Participation in retained projects for funding 4 (total EU grant 319,321.84 EUR)
* Pan European cultural entities
* Participation in evaluation projets 1
* Participation in retained projects for funding 1 (organizer ( total EU grant 1.178.103 EUR)

The selection results for the Calls in 2022 has not been still published by EACEA. Other achievements:In 2022 the Ministry of Culture continued to co-finance selected Creative Europe Culture sub-programme projects. Three separate Calls has been published in 2022: (1) Call for co-financing of the supported ongoing Creative Europe – Culture sub programme under previous Culture sub programme 2014 – 2020; (2) Call for co- financing selected project under new Creative Europe Programm 2021- 2027. The support by the Ministry of Culture has been 30 % of the budget of the Macedonian co-organizers in the projects and publishing houses supported under Literary Translation projects, and 35% for the lead partners. In 2022 the Ministry of Culture published the separate call for co-financing of the ongoing projects supported under the Call for support of the Cultural Cooperation projects in the Western Balkan published by EACEA in 2019. The finance support by the Ministry of Culture has been 75% of the budget of Macedonian partner in the Creative Europe supported projects. **MEDIA Office - Organization and participation at the events** * Two info days dedicated to the Creative Europe MEDIAnovelties in thesupport schemes and priorities introduced withthe new program cycle 2021-2027 (Skopje and Bitola)
* Participation at the CEMEDIA Desks Meeting and Forum at the Marche du Film Cannes
* The representatives from MEDIA Office North Macedonia participated on online meeting for CED’s organized by EACEA and EC
* In collaboration with Macedonian Film Professionals Association, MEDIA Office during the Film Revue Golden Frame 2022 organized an event “From idea to a successful media project ”with particular focus onthe mini slate and co-development call. Una Domazetovski from the MEDIA Ofice Serbia was invited as a guest speaker to share the know how about the application process and success stories for Serbia.
* CED MEDIA Office was a co-organizerof the MakeCoProDocs Forum dedicated to documentary film projects. At the forum, MEDIA Office presented the opportunities provided by Creative Europe MEDIA for coproduction for documentary film projects.
* CED MEDIA Office was a co-organizer of the event and participant at the panel discussion “The Cinema Today-Building and Educating New Audiences” in the frame of 40th edition of the Film Festival “Golden Rose” in Varna. The collaboration was initiated by CED MEDIA Bulgaria and joined by CED MEDIA Greece, Croatia and North Macedonia
* CED — MEDIA Office North Macedonia along with the offices from Bulgaria, Croatia, Greece, Montenegro, and Serbia organized a new online TV series event called Series Rough Pitch – The Balkan Way, in collaboration with the Zagreb Film Festival. The pitch event was aimed at development-stage TV series fiction projects where 8 selected projects had an opportunity to prepare their pitching with the help of two mentors and present it in front of a jury of industry experts.
* MEDIA DeskMK as a national partner of "Euroconnection" - European Co-production Forum for short films at the Clermont-Ferrand Film Market in France, implements the public call and nominates film project from North Macedonia to participate at the market.
* The MEDIA Office provided technical assistance and consultancy through the individual consultancy meetings with the potential applicants

MEDIA sub programme selection results: 5 projects have been supported: European co-development, European film festivals, Distribution and Sales Agents Automatic Support and Audience Development and Film education ( total 160 000 EUR) |
|  |  |  |
| **Life +:** | The LIFE programme is the EU’s funding instrument for the environment and climate action. LIFE contributes to the implementation, updating and development of EU environmental and climate policy and laws by co-financing projects with European added value. | / |

|  |
| --- |
| **4. Any significant problem encountered in implementing the programme in 2022** |
| **Erasmus +:** * Аdministrative barriers and issues for opening of donor accounts by the public institutions that are our beneficiaries. This reflects on signing the agreements, due to problem of the public institutions with opening of donor’s bank accounts, whereby they have to implement a procedure in several stages in order to obtain such account;
* Current procedure and rules of obtaining a visa for a long stay of volunteers and students in North Macedonia, in cases when foreigners reside in our country longer than 3 months presents a difficulty and influence on implementation of the programme.
 |
| **Europe for Citizens:** The programme is closed. |
| **EaSI:** The Progress axis of this programme is closed, but the challenges inherent to its nature, which are common for all Member States remain relevant for future programme and they were presented in the previous reports. |
| **Civil Protection Mechanism**: No significant problems were recognized.(offers/acceptance and distribution of the assistance, according to the request sent by the MS/PS) and the challenges in that regard that we had to deal with. The Protection and Rescue Directorate, after the activation of the EUCPM on 23.03.2020, kept being determined in caring out all the procedures related with coordination of humanitarian assistance delivered via EUCPM (Host Nation Support). In that regard, we regularly participated in the coordination meetings of the ERCC, the Civil Protections Committee and other activities of the EUCPM WGs. Besides the difficulties in performing the activities on-line, significant problems were not recognized. |
| **FRA:** Providing timely and relevant information / data from the competent institutions of North Macedonia to prepare documents / surveys from FRA and lack of capacities to discuss findings on the FRA surveys. |
| **SMP-** Since the Agreement on Participation in the Single Market Programme was not signed during 2022 there was no problem registered in the implementation of the programme. Once the Agreement on Participation in the Single Market Program will be signed, than we foresee more proactive involvement of the parties involved in the implementation. |
| **Horizon Europe** Although some action has been taken to improve the national R&I environment by launching national calls in 2021 for R&I projects and to improve research infrastructure, some barriers remain, such as the lack of young scientists and researchers professionally engaged in higher education institutions and research centres; no national budget for promotion the programme and obtaining regular participation of the national contact points and Program Committees’ members to international events and trainings ; a personnel shortage working on the program in the MES. |
| **Customs:**  Delay of the administrative procedure related to signing and ratification of the new Agreement for participation of the Republic of North Macedonia in the Customs Programme results in unavailability to use the EU funds for the participation in the program activities. Namely, the entry ticket has already been paid, but we are unable to use EU funds. |
| **Fiscalis:** Not timely signing of the Agreement between the Republic of North Macedonia and the European Union for the participation of North Macedonia in the Union Fiscalis Program for the period of 2021-2027, which affected some of the events to be missed. |
| **Creative Europe:** (1)Differences in administration and. management of the CED North Macedonia, composed by separate Unites within the Ministry and Film Agency. The team of CED Culture North Macedonia, the project manager and project assistant, as civil servants, administrate and managed the programme considering the national legislation, law for civil servants and EU rules. MEDIA programme is implemented only by project assistant, engaged on the basis of contract with the Film Agency. - CED Culture North Macedonia is providing additional administrative work for the CED North Macedonia as a coordinating body for the Programme (Ministry of Culture) - The managementand administration of the new inter-sectoral strand will be carry out by the CED Culture North Macedonia. 2) Lengthy procedures and delays in national procedures 3)National procurement and (sub)contracting procedures 4) Harmonization with the MEDIA Directives of:* Directive (EU) 2018/1808 of the European Parliament and of the Council
* Directive (EU) 2019/789 of the European Parliament and of the Council
* Directive (EU) 2019/790 of the European Parliament and of the Council

This risk involves several ministries and Agencies involved in the sector. Main responsibility is given to the Ministry of Information Society and Administration and Ministry of Culture as well as North Macedonia Assembly 6) Limited MEDIA Office performance is currently carried out with only one officer.7) Increasing volume and complexity of the CED work with a small/ limited team which results in overload of staff, especially due to low average administration salaries.8) The work programme might need to be adjusted due to unknown factors we cannot affect (i.e. planned events may not take place or unforeseen cooperation events might be added). This could affect our financial/work plan and have consequences for the grant amount. 9) Collaboration between the Ministry and North Macedonia Film Agency on an administrative level can slow down the administrative collaboration between both Offices10) For the beneficiaries of the Culture sub-programme, the main problems have been capacity building, networking, partnership, EU project application preparation and project management. Additionally for national and local institutions, the national administrative and finance procedures.  |
| **Life +:** The main challenge of coordination and implementation of LIFE + instrument is the demanding procedure of finding partners from EU countries on priority nature conservation topics, due to the rule that GOs and NGOs from the Republic of North Macedonia can apply only in partnership with the countries and institutions of the EU, as associated beneficiary, and providing co-financing. Lack of capacities (human and financial) for adequate implementation should also be mentioned as an obstacle. Given the fact that a separate expert body for nature protection as an agency or institute is not yet established on country level, implementing LIFE+ nature conservation projects, that require specific expert knowledge for different taxonomic groups or habitats, is a difficult and non-productive process. Due to covid19 measures MOEPP has not organised info day for LIFE. |

|  |
| --- |
| **5. Recommendations for further actions for better promotion of the Union Programme and increase of the participation of Macedonian organizations and institutions** |
| **Erasmus** +: More target oriented promotional activities, particularly for newcomers especially bearing in mind the increased funds in MFF 2021-2027. The NA in the work programme for 2022 envisaged to open local info offices in other cities in the country where more targeted presentations and trainings will be held. Also, cooperation with the local self-government will be strengthened for the promotion of the programme. Further strengthening the coordination and communication between central governmental bodies on policies relevant for the NA actions/European education policies.Internal adaptation of the NA looking towards the new programme 2021-2027, including digitalization of the NA. |
| **Europe for Citizens:** The programme is closed. |
| **EaSI:*** Establish national contact/focal points that would provide information and would facilitate partnerships/projects preparation
* Facilitate establishment of partnership for projects that support national reforms.
* Early engagement of potential applicants (share the information about the Calls while the EaSI work programme is in draft phase, so that the organisations have enough time to develop the idea and establish partnership);
* Organise thematic meetings with potential applicants and grant beneficiaries to discuss the obstacles/difficulties;
* Adjust internal rules of ministries and national institutions to provide incentives for the staff to participate in the projects and otherwise regulate administration of such projects:
* Link the banks that provide microfinancing products with institutions that provide financial or technical support to start-ups and businesses.
 |
| **Civil Protection Mechanism**: The following difficulties still remain:* Improvement of the inter-institutional coordination and information sharing
* Development of national data base of experts, trained in different training programs. It will be a platform for the process of selection of appropriate candidates for missions, operations, projects, etc.
* Need of revision of the legal framework in order to develop more flexible, dynamic and adoptable system
* Better planning and preparedness in order to ensure timely interoperability and minimizing the crisis effects
* More comprehensive response is required
* Need of adequate and flexible budget
* Creation of national emergency management stockpiling of capacities (similar to the rescEU)
* Inadequate information management
* Better coordination in management of national and international assistance
 |
| **FRA:** Strengthening the capacities of state institutions for discussions and incorporation of relevant findings from FRA surveys in their policies for improvement of protection of human rights at national level. Greater promotion of FRA’s work at national level, also in the context of the start of the screening process. |
| **SMP:** Engaging more persons who will work on the Programme on regular basis; providing budget for organization of Info-days. Governmental incentives should be applied for successful participants from the Calls of Programme. |
| **Horizon Europe:** Organise thematic meetings with potential applicants and grant beneficiaries to discuss the obstacles/difficultiesStrengthening the organisational structure and human resources capacities in MES for successful implementation of the Programme. |
| **Customs**: Active participation in program activities |
| **Fiscalis:** As the PRO is the main beneficiary of this programme; the promotion of the Fiscalis 2027 programme is done internally through the Intranet and continuous communication with the Sectors with the PRO. |
| **Creative Europe**: Synergy events events between AV and CCS professional from European countries and North Macedonia.Fostering the inter-sectoral cooperation Capacity building Thematic events/meetings with the potential applicants and beneficiaries: Lessons learned &and challenges in order to provide mechanisms on national level for successful implementation of the programme and the selected projectsSupport for networking, mobility and development of long term partnership with the organizations from the participating countries in the Creative Europe 2021- 2027 Programme. |
| **Life+:** More info days and events, trainings and workshops that will provide better knowledge and skills for the applicants to follow the procedures and prepare proposals. |

|  |
| --- |
| **6. Implemented monitoring and evaluation activities, audits – main findings & lessons learned, recommendations, follow-up and corrective action taken in 2022** |
| **Erasmus +:** The2017 Management Declaration, Yearly NA Report, and the Independent Audit Body (IAB) Opinion for the National Agency "NATIONAL AGENCY FOR EUROPEAN EDUCATIONAL PROGRAMMES AND MOBILITY" provide the necessary assurance and confirms EU funds for the calendar year 2018 was used for its intended purpose.The Independent Audit Body recommends that "an upgrade to the accounting system that will enable distinction of records among different accounts and separate reporting for each account. Furthermore, we recommend full implementation of a project-based accounting in each of the accounts managed by the National Agency. Following this finding as well as to make the NA processes more efficient, the NA started process of digitalization. The process for digitalization started with the development of new software for accounting and finance where the team is already working on its development. The process of digitalization is in its final stage of fine tunning. |
| **Europe for Citizens**: The programme is closed. |
| **EaSI:** The Ministry of Labour and Social Policy has no formal mandate to monitor, evaluate or perform audits for this programme. Nevertheless, the Ministry collects data about the implemented activities from DG EMPL or EIF website, by contacting the organisations/individuals who participate in activities funded from this programme or through participation in events/meetings organised within the grant projects. It could be concluded that the participation in EaSI activities brings new opportunities for Macedonian organisations, especially for the newcomers. They are exposed to the experience and knowledge of their senior MS partners, both in terms of EU project administration, and content-wise. The projects of this programme bring new topics on the agenda, which otherwise would not have been covered and which are of relevance to the EU accession or socio-economic development in the country. |
| **Civil Protection Mechanism**: The Protection and rescue Directorate has no formal mandate to monitor, evaluate or perform audits for this programme. |
| **FRA:** North Macedonia has an observer status in FRA. There is no formal mandate to monitor, evaluate or perform audits. |
| **SMP:** The Ministry of Economy has no formal mandate to monitor, evaluate or perform audits for the projects supported by this programme. |
| **Horizon Europe:** MES has no formal mandate to monitor, evaluate or perform audits for the granted projects within this programme,neither there is any mechanism to impose an obligation for the grant beneficiaries to inform the Ministry that they have applied or have received HE grant. |
| **Customs 2020**: 27 participants in Customs programme activities in 2022 completed Event assessment form/ Action follow up form through the EUSurvey application. The programme coordinators are preparing a National MEF report which is to be sent to CPMT - DG TAXUD directly. |
| **Fiscalis**: N/A |
| **Creative Europe** EC and EACEA are competent institutions for monitoring and evaluation activities of CED North Macedonia and supported Creative Europe projects. |
| **Life+:** MOEPP has no formal mandate to monitor, evaluate or perform audits for this programme. |

# IMPLEMENTATION OF IPA ASSISTANCE UNDER INDIRECT MANAGEMENT

Under IPA II two annual programmes, IPA 2014 and IPA 2017 have been implemented under indirect management with beneficiary country (IMBC) as well as two multiannual programmes (MAAPs) 2014-2020 i.e. for Environment and Climate Action and for Transport.

1.
2.
3.
4.

## Execution of IPA Programmes

Available IPA funds for the financial perspective **2014-2020 under IMBC is 258.5 million EUR** and with the national contribution it reaches 302.4 million EUR. Until the end of 2022, **CFCD contracted 51 contracts** in the **value of 88.8 million EUR** out of which 25 are finalised, 1 terminated and 25 are still ongoing. In total 55.9 million EUR has been disbursed to the contractors. In the table below and graph is presented overall status of the contracted and disbursed IPA funds until the end of 2022 for all programmes implemented under IMBC except Union programmes.



Contracting rate until the end of 2022 is around 29% or 75.7 million EUR of available IPA funds under FAs and disbursement rate is 18%. Out of contracted IPA funds, 62% has been paid to the contractors or 47.4 million EUR.

During 2022, 2 contracts were signed under MAAPs 2014-2020 in the total amount of 3.2 million EUR. The following **11 tenders were launched** under MAAP 2014-2020 for Environment and Climate Action:

* Development of Strategic Noise Maps and Action Plans with Programs of Measures NEAR/SKP/2022/EA-RP/0059 (31.10.2022 Published Contract Notice)
* Supporting the Implementation of the regional waste management systems in the East and North-East Regions NEAR/SKP/2022/EA-RP/0137 (30.09.2022 Published Contract Notice)
* Supporting the IPA Operating Structure in Project Planning and Finance Management in Environment Sector NEAR/SKP/2021/EA-RP/0168 (19.08.2022 Published Contract Notice)
* Further strengthening the capacities for effective implementation of the acquis in the field of industrial pollution (10.08.2022 Published Twinning Fiche)
* Preparation and Revision of the National Waste Planning Documents NEAR/SKP/2021/EA-RP/0184 (13.07.2022 Published Contract Notice)
* Support in the implementation of the waste management legislation and Extended Producer Responsibility (EPR) scheme - MK 20 IPA EN 01 22 R (18.05.2022 Published Twinning Fiche)
* Support in the implementation of horizontal legislation NEAR/SKP/2022/EA-RP/0172 (29.11.2022 Published Contract Notice)
* Technical audit of existing wastewater collection and treatment systems in North Macedonia and preparation of necessary documentation for Supply of Water Equipment for the Municipalities of Radovish, Kichevo, Strumica, Prilep, Berovo, Kumanovo, Bitola and Tetovo NEAR/SKP/2022/EA-RP/0173 (29.11.2022 Published Contract Notice)
* Construction of WWTP and Rehabilitation and Upgrading of the Sewerage Network in the Municipality of Bitola NEAR/SKP/2022/EA-OP/0042 (16.11.2022 Published Tender Dossier)
* Rehabilitation and Extension of Sewerage Network in the Municipality of Kichevo NEAR/SKP/2020/EA-OP/0028 / 12-3723/1 (20.05.2022 Letter of invitation to tender /Published Tender Dossier)
* Implementation of the priority actions in climate change sector NEAR/SKP/2022/EA-RP/0108 (16.11.2022 Published Contract Notice)

Under MAAP 2014-2020 for Transport no tenders were launched in 2022. In total, 4 Final reports were approved in 2022, 1 Provisional acceptance certificate was issued and 5 Final acceptance certificates.

*IPA II Action Programme for 2014*

Financing Agreement under the **IPA II Action Programme for 2014** has been signed between the EC and the Government of Republic of North Macedonia on 23rd December 2015. Overall status of the execution of the IPA AP 2014 is presented in the table below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **National Programmes** | **IPA Allocations** | **Contracted amount** | **Paid amount** | **% IPA contracting rate** | **% IPA disbursement rate** |
| **АP 2014 Justice** **MoJ**  | 13,000,000.00 | 6,845,096.08 | 6,571,132.95 | 53% | 51% |
| **АP 2014 Home Affairs MoI** | 7,000,000.00 | 5,847,486.51 | 5,822,454.28 | 84% | 83% |
| **Total** | **26,717,811.25** | **19,128,129.17** | **18,829,133.81** | **72%** | **70%** |

The contracting deadline was on 23rd December 2018 and by the end of 2018 the total IPA contracted amount was 12.692.582 EUR for the Sectors Justice and Home affairs. The **contracting rate for AP 2014 is 63%** out of total available budget under the Financing Agreement. The **disbursement rate for AP 2014** until the end of for 2022 is **62%** out of available funds in FA. Total decommitted amount is around 7,8 million euros. Chart below is presenting available, contracted and disbursed IPA funds under AP 2014 per sector and related institutions.

*IPA II Action Programme for 2017*

Financing Agreement for the **IPA II Action Programme for 2017** has been signed between the EC and the Government of Republic of North Macedonia on 2nd November 2018. Addendum on this Programme was signed on 10th October 2019. Overall status of the execution of the IPA AP 2017 is presented in the table below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **National Programmes** | **IPA Allocations** | **Contracted amount** | **Paid amount** | **% IPA contracting rate** | **% IPA disbursement rate** |
| **AP 2017 Employment MLSP** | 7,000,000.00  | 6,524,848.42 | 2,835,991.88 | 93% | 41% |
| **AP 2017 Education MES** | 5,650,000.00 | 5,151,773.55 | 1,450,296.22 | 91% | 26% |
| **Total** | **18,484,173.00** | **17,510,794.97** | **10,120,461.10** | **95%** | **55%** |

The contracting deadline was on 02nd November 2021 and **contracting rate for AP 2017 is 92%** out of total available budget under the Financing Agreement. The **disbursement rate for AP 2017** until the end of for 2022 is **33%** (without payments for Union programmes)out of available funds in FA. Compared to 2021, it is 9% progress. Two payments in 2022 for 2 contracts implemented in MoES and 12 payments for 5 contracts implemented in MLSP. Chart below is presenting available, contracted and disbursed IPA funds under AP 2017 per sector and related institutions.

*IPA II Multiannual Programmes 2014-2020*

Financing Agreement for the IPA II multiannual programmesMAAP for Environment and Climate Action 2014-2020 and MAAP for Transport 2014-2020 have been signed between the EC and the Government of Republic of North Macedonia in October 2016. Addendum to the Financing Agreement with additional funds was signed in March 2018 and October 2019 for the MAP Environment and Climate Action and MAP for Transport 2014-2019. Overall status of the execution of the MAAPs is presented in the table below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **National Programmes** | **IPA Allocations** | **Contracted amount** | **Paid amount** | **% IPA contracting rate** | **% IPA disbursement rate** |
| MAAP Environment and Climate Action | 114,957,592.09 | 23,761,717.66 | 11,949,460.04 | 21% | 10% |
| MAAP Transport | 110,914,610.16 | 29,869,742.46 | 18,772,988.91 | 27% | 17% |
| **Total** | **225,872,202.25** | **53,631,460.12** | **30,722,448.95** | **24%** | **14%** |

The contracting rate for MAP for Environment and Climate Action is 18.66% and disbursement rate is 10% out of total available budget under the Financing Agreement while for the MAP for Transport contracting rate is 27% and disbursement rate 17%. Chart below is presenting available, contracted and disbursed IPA funds under AP 2017 per sector and related institutions.

In 2022, MoEPP achieved only 4% of the adopted procurement plan while for MoTC no contracts have been signed. This led to the conclusion that procurement planning was not realistic and that all risks and circumstances have not been taken into consideration. Total MAPs disbursement rate is only 14% comparing to the FA (including addendum). Around 29% of the disbursement plan for both MAPs were achieved in 2022 compared with the Forecast of Likely payment request sent to EC. MoTC had 44% of realisation, while MoEPP had 12% of realisation of the disbursement plan. Decommitments of funds are in the amount of 24,887,629.59 EUR.

Total rejected and suspension rate for MAAPs by the EUD in Q3 of 2022 is as follows:

* For the MAAP Environment and Climate / rejected rate 0% and suspension rate 26%
* For the MAAP Transport / rejected rate 30% and suspension rate 40%

Rejection and suspension rates are still on the high level and should be decreased on the targeted level during the following year, especially considering upcoming waiving of the ex-ante and introduction of the ex-post controls under IPA III. It can be concluded that during 2022 all targeted rates of the budget execution are not met due to very slow implementation of the procurement plans and low contracting rate. It is evident that the poor quality of the procurement documentation affected the contracting rate and thus absorption of IPA funds. The main reason for this is insufficient human resources capacities i.e., insufficient number of staff and lack of experienced staff with relevant knowledge.

Several issues have been identified that hindered performance of the CFCD and led to the bottleneck in implementation. In 2022, there were several factors, both external and internal, that affected the effective functioning of the management and control system, such as: high turnover of managerial and non-managerial staff; not recruited new staff in the CFCD and operating structure in line with the WLA; recruiting of non-experienced staff in the operating structure; preparation for the new IPA III programming period; high number of audit findings opened over the years; and lack of commitment by the beneficiaries of the projects. Urgent remedial actions need to be taken, especially if it is considered capacities required for the upcoming multiannual IPA III programmes.

## Human resources in the IPA structures

One of the most critical areas influencing on the effective functioning of the management and control system is reaching optimal number of human resources in the IPA structures. National structure for the implementation of IPA II programmes under indirect management are as follows:

* Secretariat for European Affairs - NIPAC Office
* Ministry of Finance - NAO Support Office/National funds as management Structure
* Ministry of finance - CFCD as Contracting Authority
* Ministry of Justice (MoJ) and Ministry of Interior (MoI) for IPA 2014 annual program
* Ministry of Labour and Social Policy (MoLSP) and Ministry of Education and Science (MoES) for IPA 2017 annual programme
* Ministry of Transport and Communication (MoTC) and Ministry of Environment and Physical Planning (MoEPP) for MAAPs 2014-2020 in respective sectors
* Relevant public enterprises for implementation of operational program for Transport (Public Enterprise for State Roads (PESR) and Public Enterprise Railways Infrastructure of the Republic of North Macedonia (PERI)).

Table below presents overview of the human resources in the IPA structures for implementation of programmes under IMBC (cut off 31.12.2022).

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Institution** | **Programme** | **WLA 2022** | **New staff 2022** | **Left the position 2022** | **No. of staff on 31.12.2022** | **Occupancy difference WLA vs 31.12. 2022** | **Occupancy rate** | **Turnover rate** |
| **Management Structure**  | Horisontal | 19 | 0 | 1 | 17 | -2 | 89% | 6% |
| **CFCD** |  Horisontal | 49 | 2 | 11 | 34 | -15 | 69% | 26% |
| **NIPAC office** | Horisontal | 25 | 5 | 4 | 19 | -6 | 76% | 22% |
| **MoI**  | **CAP 2014** | 6 | 0 | 0 | 6 | 0 | 100% | 0% |
| **MoJ**  | **CAP 2014** | 7 | 1 | 1 | 4 | -3 | 57% | 25% |
| **MoLSP**  | CAP 2017 | 10 | 1 | 0 | 9 | -1 | 90% | 0% |
| **MoES**  | CAP 2017 | 7 | 1 | 2 | 8 | +1 | 114% | 22% |
| **MoEPP**  | **MAP ENV** | 20 | 0 | 0 | 14 | -6 | 70% | 0% |
| **PIUIPs in MoEPP** | **MAP ENV** | 8 | 0 | 0 | 2 | -6 | 25% | 0% |
| **MoTC**  | MAP TRA | 9 | 1 | 1 | 9 | 0 | 100% | 11% |
| **PESR**  | MAP TRA | 12 | 0 | 0 | 12 | 0 | 100% | 0% |
| **PERI**  | MAP TRA | 12 | 0 | 0 | 12 | 0 | 100% | 0% |
| **TOTAL** |  | **184** | **11** | **20** | **146** | **38** | **79%** | **13%** |

Overall IPA structure has **turnover rate around 13 %**. In total **20 employees left** the structure whereas only **11 new employees** were engaged. Most affected institutions with the turnover rate are CFCD, NIPAC Office and MoES. When it comes to the occupancy rate, in total **38 employees need to be engaged** in the IPA structure to align with the number of staff indicated in WLA. Most affected institutions are CFCD (15), NIPAC Office (6) and MoEPP (12).

At the end of 2021, CFCD had 43 employees. Considering that **CFCD** is Contracting Authority for all programmes under IMBC with the **occupancy rate of 69%** (15 employees are missing) and **turnover rate of 26%** in 2022 (11 employees left including the Head of CFCD and only 2 new employees have been employed), significant efforts need to be invested in capacity building to improve CFCD performance. If we consider IPA III requirements i.e., new structures and division of roles and responsibilities for implementation of multiannual programmes without ex-ante control, then this will be the major priority for the national administration in the upcoming period. Although there is no fluctuation of staff in **MoEPP** in 2022, still there is huge staff gap of 12 employees and **occupancy rate of 57%** together with the PIUIP involved in MAAP implementation.

**NIPAC office** in 2022 had **22% turnover rate** and gap of 6 employees (occupancy rate 76%). Therefore, it is of utmost importance for the national administration to strengthen NIPAC office capacities in the upcoming period to enhance their performance, especially considering their significant coordination role in IPA programming and implementation.

**For IPA II CAP 2014**, in total 106 employees are needed for effective implementation whereas the number of staff on 31.12.2022 is **80 employees or 75 % occupancy rate.** In the chart below is given the occupancy rate per involved institution.

**For IPA II CAP 2017**, a total number of required staff is 110 for the effective implementation whereas the number of staff on 31.12.2022 is **87 employees or 79** % **occupancy rate**. New IPA Coordinator has been appointed in the MoES since July 2022. In the chart below is given the occupancy rate per involved institution.

**For IPA II MAPs 2014-2020**, a total number of required staff is 154 whereas the number of staff on 31.12.2022 is **119 or 77% occupancy rate** which is below the targeted value. In the chart below is given the occupancy rate per involved institution.

It can be summarised that for the **overall IPA structure occupancy rate is 76%** which represents a **gap of 38 employees less** in the national administration dealing with IPA management than required as per WLA. However, on the level of each programme under IMBC it significantly differs. Overall high **turnover rate of 12%** which is above the targeted 5%-10%, implies **necessity for systematic and continuous capacity building activities as well as development and integration of staff retention policy measures.**

According to the NAO/MS analysis, in the following period should be given priority on vacant **key managerial positions** to be filled in. Having in mind that is evident turnover of staff in the abovementioned institutions, it is necessary to be established a staff retention policy. NIPAC secretariat is working on establishing a long-term solution for the IPA staff retention policy, which will entail number of measures aimed to motivate, stimulate and retain the IPA personnel across the entire IPA structure. Among them, but not exclusively, the new Law on Administrative Service is planned to offer salary top-ups, improved conditions for carrier advancement and career development, improving working conditions (ex. flexible work hours, work from home), trainings at international organizations/academic institutions/schools for public administration, national training program (long-life learning), networking measures etc.

In the meantime, until the establishment of the permanent system solution, the Ministry of Finance (on initiative by NAO supported by the Minister of finance) in coordination with the SEA prepared a temporary solution for 15% salary top up for the employees within IPA structures incorporated within the Law on Budget Execution for 2021 and the same is also implemented in 2022 and will be implemented also in 2023.

In addition, on the initiative of NAO a request has been submitted to the DG AGRI and DG NEAR (letter 10-2675 1 dated 13.04.2022) to consider the possibility of an additional financial component of IPA to complement the retention and motivation policy of staff in the IPA Structure under IPA III programmes. This request was supported by the colleagues from Serbia, Albania and Montenegro.

The NAO shall continue to constantly monitor the indicators for effective functioning of the management and control system for implementation of IPA programmes under indirect management and where relevant propose corrections.

## Functioning of management and control system

**Auditing and supervision of the MCS**

In 2022 expected audits of the management and control system have been implemented as well as supervision of the system functioning by the national authorities in line with the IPA II and IPA III requirement and prescribed procedures.

**DG NEAR’s** audit reports issued **high risk findings related to staff turnover, retention policy and the optimum number of human resources**. Action plan for overcoming these findings was prepared by the Management Structure in coordination with the auditees and distributed to all concerned parties. In December 2022, DG NEAR’s audit follow up mission related to IPA II Entrustment has been conducted. The draft report and the final report will be received in 2023.

**Internal audits** findings during 2022 are also mainly related to human resources i.e., optimal number of staff and lack of specialized trainings for the IPA structures. For the year 2021 the NAO received the **Annual Audit Activity Report (AAAR) and Annual Audit Opinion from the Audit Authority** for the Country Annual Action Programme for the year 2014, for the Annual Action Programme for the year 2017 and for the Multi Annual Action Programme on Environment and Climate Action and Transport. Action Plan was prepared on 19th April 2022 (ref. number 10-sl/1) upon receiving AAAR. Within the Action Plan deadlines and responsibilities for implementation of the recommendation and overcoming the findings were envisaged. Action plan is followed and updated quarterly. Status of implementation of audit findings by AA is presented in the table below.

|  |  |  |  |
| --- | --- | --- | --- |
| **Auditee** | **Open findings in AAR 2021** | **Implemented recommendations in 2022** | **Total open findings** |
| **NAO/MS** | 1 | 1 | 0 |
| **NIPAC** | 7 | 1 | 6 |
| **CFCD** | 7 | 3 | 4 |
| **MoEPP** | 6 | 1  | 5 |
| **MoTC** | 5 | 0 | 5 |
| **PESR** | 0 | 0 | 0 |
| **PERI[[18]](#footnote-19)** | 3 | 1 | 2 |
| **MoES** | 1 | 0 | 1 |
| **MoLSP** | 4 | 1 | 3 |
| **MoI** | 3 | 0 | 3 |
| **MoJ** | 4 | 1 | 3 |
| **MoJ / Audit of operations** | 2 | 0 | 2 |
| **Horizontal audit** | 3 | 1 | 2 |
| **TOTAL** | **46** | **10** | **36** |

When it comes to the **verification visits by NAO Support Office (NAOSO)**, according to the annual plan for verification visits for 2022, the verification visit over the grant contract “Joint involvement for better performance of judiciary” from **CAP 2014** is ongoing. Results from this verification visit are expected by the end of Q1 2023. In addition, the identified high risk finding regarding the twinning contract “Strengthening of the penitentiary system and the probation service” (Verification report as of 02.09.2021) with financial impact has been closed in 2022. The ineligible amount detected with this verification visit has been deducted with the final payment for the contract.

According to the annual plan for verification visits, the **verification visit for** **AAP 2017** was first conducted and completed in February 2022 at the level of paid project “Raising the quality of pre-school education and care”. With this verification visit findings are not identified. However, the recommendation regarding not respecting the deadlines for implementation of the project should be taken into account and followed by LM/CFCD in the future. Verification visit over the works contract “Construction of Kindergartens in the Municipalities of Tetovo and Tearce” is ongoing. Results from this verification visit are expected by the end of Q1.

Regarding the **MAAP** on Environment and Climate Action and Transport, NAO Support Office in 2022 conducted 2 verification visits related to this programme:

* March – October 2022, Verification visit - Reviewing whether the established structures and authorities are in compliance with the requirements for entrustment of the budget implementation tasks for IPA III AP for 2022 was performed and
* November-December 2022, Verification Visit on Project Level (paid projects) for CAP 2014, AP 2017 and MAP 2014-2020 was started and it is still ongoing. Regarding the Multi-Annual Programme on Environment and Climate Change and Transport, one works contract (Rehabilitation of State road A2, section Kumanovo – Stracin (phase 1)) is subject of check in the phase of payment and monitoring. Results from this verification visit are expected by the end of Q1 of 2023.

With new Rulebook on systematization of the working post of MoF adopted in December 2022 the NAO Support Unit has been divided into two: Unit for IPARD and Unit for IPA to ensure more efficient and clear division of tasks and responsibilities the new obligations from IPA III. The fulfilment of the vacant (key) positions will be realised in 2023 when is expected reaching the optimal number of staff. Training needs assessment is prepared and it is in the phase of adoption. IPA structures for implementation of IPA III will be supported with the technical assistance project SUPRAE which will implement capacity building programmes for overall IPA structure.

NAOSO prepared updated **Consolidated Action Plan of Internal Control Weaknesses** for each programme as of 13th February 2023 and appropriate actions that need to be taken by the management for their removal. The Consolidated action plans comprising the following weaknesses identified in the frame of NAO assessment, during 2022:

* Staff weaknesses and changes in the management (NAO/MS/CFCD/MoTC);
* Delays in the implementation of the Procurement Plan (refers to MAP);
* Limited number of offices for conducting evaluations in camera (refers to MAP);
* Unrealistic payment forecasting and
* Ineffective internal audit function in the OS (MoTC).

Regarding the CAP 2014 the identified weaknesses from previous year have been closed based on the fact that those weaknesses were regarding the functionality of the system (staff weaknesses and ineffective internal audit). During the closure of the weaknesses was took into consideration the fact that the operational implementation period for this programme finished in 2021 and the final payment application is expected to be sent during April 2023. Until the final closure of the programme the present staff will cover the ongoing activities in the following period concerning closure of the programme, sustainability. Accordingly, no further strengthening of the capacities in the LM regarding this programme is identified as need.

Taking into consideration the preformed assessment by the NAO on the corrective measures undertaken, it could be concluded that the identified weaknesses on the management and control system, although are a significant weakness, yet in practice does not jeopardize the effective functioning of the overall management and control system. The NAO and MS, the Operating Structure, including CFCD and IPA Structures - Line Ministries/Beneficiary Institutions, as well as the other concerned parties continued to work for overcoming the deficiencies identified within the Audit Reports by DG NEAR and the Audit Authority.

The NAO supported by the NAO Support Office will continue to monitor and supervise the management and control system for its effective functioning and would provide support and guidance to the Operating Structure in timely and efficient manner, addressing the problems identified.

National authorities concluded that the following is required to ensure better functioning of management and control system, performance of all involved institutions and absorption of IPA funds:

* **Vacant positions** in CFCD and operating structure, particularly the key managerial position, should be immediately filled in considering WLA and required staff expertise and experience.
* Respecting the **procurement plan deadlines** and enable more conservative planning with timely anticipation of all possible risks to enable better absorption of IPA funds. Prioritisation and development of tender documentation must be timely to ensure respect of the set deadlines.
* Beneficiaries must ensure **better quality of the procurement documentation** to avoid delays in the procurement processes, through involvement of more experienced staff in preparation and mentoring as well as by following the lessons learned and comments by the Contracting Authority and EC/EUD.
* IPA structures should support and **coach final beneficiaries** on basic PRAG principles, their role as final beneficiaries and defining the requirements.
* Develop sustainable and comprehensive IPA staff **retention and motivation policy** to avoid further fluctuation and to attract experienced and highly qualified staff.
* The professional skills of the employees working in IPA structure should be regularly improved through **capacity building activities** in different areas of expertise, including sharing the experience with other countries and similar bodies/institutions.
* Strengthening of **internal audit function** in terms of number of staff and required expertise.
* Beneficiaries must ensure nomination of **experienced and committed voting members** in the evaluation committees to ensure conclusion of the evaluation and contracting procedure within tender validity period to avoid cancelation of tender procedure.
* For the works contracts, undertaking measures for increasing the responsibility of the designer and reviewer to ensure **better quality of the design documentation**.
* For the works contracts, period for the finalisation of the **procedure for obtaining the license for the supervising engineer** in the country leaded by the Ministry of Transport and Communication should be shortened.
* For the works contracts, in case the trend of **increasing market prices** continues for the materials, the provision for price adjustments may be considered.
* For works contracts, to ensure in the programming stage **mature technical documentation** and preconditions fulfilled (land acquisition, permits, etc.) to enable for smooth implementation
* NIPAC office to **strengthen its role in coordination of training activities** and provide regular training activities for the newcomers but also for the specific contracts and control environment specificities which are deriving from the budget implementation tasks package.
* NIPAC Office to **improve the monitoring on programme level** via more frequent follow up of the conclusions and recommendations agreed on the Monitoring committee meetings.

NIPAC Office to enhance reporting procedure and **facilitate the reporting arrangements** during the drafting of the Annual Report on implementation.

**Irregularities**

According to the Article 51 (2) of the Framework Agreement, the Republic of North Macedonia shall ensure investigation and **effective treatment of suspected cases of fraud, conflict of interest and irregularities** and shall under indirect management ensure the functioning of a control and reporting mechanism as referred to in Article 16 of the IPA II Implementing Regulation. The Republic of North Macedonia shall report suspected fraud and other irregularities which have been the subject of a primary administrative or judicial finding, without delay to the Commission and keep the latter informed of the progress of administrative and legal proceedings. Reporting is done by electronic means using the IMS module provided by the Commission for this purpose.

In the course of 2022 **one irregularity was reported to the NAO** regarding the Multi-Annual Action Programme for Environment and Climate Change and Transport under IPA II. Consequently, this irregularity was reported through IMS during 2022. There was no irregularity reported regarding the Country Action Programme for the year 2014 and Annual Action Programme for Education, Employment and Social Policy for 2017 under IPA II.

With the amendment of the Act of Organization and Systematization of the Ministry of Finance of December 2018, **Anti-fraud coordination Unit** within the Department for Public Sector Financial Inspection and Coordination for Combating Fraud against EU Funds was established. As of 2019 the AFCOS in the Ministry of Finance is fully operational by coordinating the overall implementation of anti-fraud strategy, participating in quarterly irregularities meetings with the structure for implementation of IPA, monitoring reported cases of irregularities, conducts ongoing irregularities activities with OLAF and national structures and other activities related to the protection of EU financial interests.

**Management Information System**

Regarding the Management Information System (MIS), CFCD reported the progress until 31 December 2022. The Management Information System (MIS) is functional and fully operational in all modules. Also, the MIS system is continuously upgraded and adapted to the needs of the users and management structure as well as to respond to all audit findings and recommendations. The regular upgrade is achieved through regular maintenance of the MIS.

The latest contract for the MIS upgrade and maintenance, which includes preventive, corrective and adaptive maintenance, was signed on 29 December 2022 with a duration of 12 months. This Contract is funded by the national budget and is regularly renewed every 12 months.  Despite the fact that the new Contract was signed with delays of more than 2 (two) months it should be noted that this uncovered period, the MIS system was functional and fully operational with any obstacles or deficiency and whole processes of MIS was regularly used by the employees within OS/IPAS.

From technical point of view, we believe that the previous deficiencies in the functioning of the MIS have been overcome and that the MIS system is fully functional and operational in all modules (Programming, Procurement, Monitoring, Risk, Lessons Learned Analysis, Finance and Accounting and Reporting). This was stated as a finding from system audit in CFCD and after the system testing Audit Authority consider this finding as closed.

Regarding the active and regular use of the system, we would like to note that the CFCD and the NF regularly enter data into the system, but that sometimes delays can occur due to dependence on the input of other data that is not under the jurisdiction of the CFCD, for example data in the SEA programming module. Therefore, CFCD maintains а constant communication with the other institutions - users of the MIS and regularly reminds them for active and regular data entry in the system.

**Monitoring at programme level**

The monitoring on programme level is done through the organisation of the Sector monitoring committees and IPA Joint monitoring committee meetings, as well the drafting of the Annual report on implementation. The process starts in the year n-1 when NIPAC proposes the annual calendar for one meeting of the IPA Joint monitoring committee and two meetings of each Sector monitoring committee established under IPA II. The organisation and logistics of the meetings goes smoothly by NIPAC office, expect in the case of collection of data for the implementation of the conclusions and recommendations of the previous meetings. There were many discussions how to make conclusions and recommendations that are straight forward and implementable. However, the system could be improved if the state of play is checked more between the meetings and this way there is a pressure for the institutions to perform. The greatest challenge for NIPAC office is collecting the data and drafting the Annual report on implementation by 15 February each year for the previous calendar year. It is not only the change of years but also many activities that coincide before 15 February, that is difficult to IPA structure to report to NIPAC office.

## Human resources and functioning of MCS – IPARD programmes

**Administrative Capacities of the IPARD Management and Operating Structure**

In the table below are presented the data regarding the human capacities in the IPARD Management and Operating structure for the year 2022:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Institution** | **Number of staff on 01.01.2022** | **Number of staff needed as per WLA 2022** | **Realized new recruitments by 31.12.2022** | **Left the position 31.12.2022** | **Number of staff 31.12.2022** | **Occupancy rate** | **Turnover rate** |
| NAO/NF | 18 | 19 | 0 | 1 | 17 | 89% | 5.56% |
| IPARD Agency | 146 | 165 | 4 | 11 | 139 | 84% | 7.53% |
| Managing Authority | 15 | 17 | 1 | 3 | 13 | 76% | 20% |
| **Total** | **179** | **201** | **5** | **15** | **169** | **84%** | **8.38%** |

In total 201 employees have been needed in 2022 for the implementation of IPARD II Programme. The number of staff at the end of 2022 was 169 employees or 84% occupancy rate representing decrease of 2% in relation to 2021. In 2022 staff turnover on the level of the programme (IPARD II) is 8,38%. In 2022 there is a negative net balance of 10 employees, meaning 5 employees were engaged and 15 left the institutions. In the table below are presented IPARD structure changes with cut of date 01.02.2023 as per WLA 2023 including the changes regarding Sector for Control.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Institution** | **Number of staff on 01.01.2023** | **Number of staff as per WLA 2023** | **New recruitments by 01.02.2023** | **Left the position by 01.02.2023** | **Current no. of staff**  | **Current occupancy rate**  |
| **NAO/NF** | 17 | 19 | 0 | 0 | 17 | 89.5% |
| **IPARD Agency**  | 152\* | 177 | 0 | 0 | 152 | 85.9% |
| **Managing Authority** | 13 | 17 | 1 | 0 | 14 | 82.4% |
| **Total** | **182** | **213** | **1** | **0** | **183** | **86%** |

\*with WLA 2023 for IPARD Agency from Sector for Control all employees are included in the IPARD structure (meaning inclusion of controllers working on national measures). These changes shall be considered in the baseline for calculating needs in 2023 and are not considered and have no effect on the calculating the needs and turnover for 2022.

During the preparation of the self-assessment report the following has been concluded: with the Law on Execution of the Budget for 2022 short term solution for staff motivation and retention in IPA structures (one of the retention policy measure) has been implemented. The solution provides 15% flat rate top up on the salary of the staff in the IPA structures till the end of 2022 and same is also incorporated for 2023. This solution is intended to overcome the gap till adoption of long-term systematic solution.

In parallel, the working group established by NIPAC is working on long term systematic solution of retention and motivation policy that should be placed in the Law on Administrative Servants and related legal acts.

On the initiative of NAO, a request has been submitted to the DG AGRI and DG NEAR (letter 102675/1 dated 13.04.2022) to consider the possibility of an additional financial component of IPA to complement the retention and motivation policy of staff in the IPA Structure under IPA III programmes. This request was also supported by Serbia, Albania and Montenegro. However, till now no respond by EC was submitted to NAO on this request.

**Functioning of the management and control systems under IPARD programmes**

1. **Audit Authority Reports**

The IPA Audit Authority during 2022 issued the following Final Audit Reports for **IPARD 2014-2020**:

* Final Audit Report for the system audit for 2021 in NAO/MS for implementation of IPARD II Programme - Policy area 4 - Agriculture and Rural development as of 11th February 2022;
* Final Audit Report for the system audit for 2021 in MA for the programmes financed from IPA II - Policy area 4 - Agriculture and Rural development as of 11th February 2022;
* Final Audit Report for the system audit for 2021 in AFSARD for implementation of IPARD II Programme- Policy area 4 - Agriculture and Rural development as of 11th February 2022;
* Final Audit Report for the audit of operations 3 and audit of operations 4 for 2021 in AFSARD for implementation of IPARD II Programme - Policy area 4 - Agriculture and Rural development as of 29th March 2022;
* Final Audit Report for the audit of accounts and annual financial statements for 2021 in NAO/MS and AFSARD for IPARD II Programme as of 29th March 2022;

The IPA Audit Authority during 2022 issued the following Final Audit Reports for **IPARD 2007-2013**:

* Final Audit Report for the financial audit of the accuracy and completeness of the financial statements relating to debt for projects financed by IPARD I 2007-2013, Component V - Rural development as of 22nd March 2022;
* Summary Audit Report from verifications on IPARD ex-post control system in the IPARD Agency as of 1st April 2022;
* Summary Audit Report and opinion on the correctness and completeness of the financial report related to the debts for FY 2021 IPARD I Programme 2007-2013, Component V - Rural development as of 1st April 2022;
* Final Audit Report from IPARD ex-post control system in the IPARD Agency as of 1st January 2023.

**During 2022**, Annual Audit Report and Annual Audit Opinion from the Audit Authority for 2021 were issued on 01st of April 2022 (No. 01-737). With the Annual Audit Opinion for 2021, the auditors expressed an:

* **Unqualified opinion** **with emphasis of matter** regarding the reliability of the annual financial reports or statements /annual accounts.

Within the audit opinion, based on the audit procedures with regard to the programme the auditors expressed reasonable assurance that the declaration of expenditures and Annual Financial Reports or Statements/Annual Accounts for FY 2021 issued by NAO **give a true and fair view.**

In the opinion attention is given to generating incorrect data from the accounting system (SAP) in the Debtors’ Ledger, less inflow on the IPARD euro account due to off-setting of debt and withheld funds as bank charges.

* **Unqualified opinion with emphasis of matter** for legality and regularity of expenditures and functioning of Management and control systems.

Within the audit opinion, based on the audit procedures regarding the programme the auditors expressed reasonable assurance that:

* + The expenditures for which reimbursement has been requested from Commission **is legal and regular**
	+ The management and control system **put in place and function properly**.

In the opinion attention is given to lack of supervision in the process of authorisation of commitments and payments, wrong calculation of eligible funds for co-financing, late payments to recipients, absence of a long-term retention and motivation policy.

In total **29 open findings** were followed up by NAO related to IPARD 2014-2020 out of which 10 findings were closed till the end of 2022 or **34,5%.** Table below is presenting structure of risk level of the findings per institution.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Institution** | **Major** | **Intermediate** | **Minor** | **Total** | **Implemented findings during 2022** | **% Implemented findings** |
| **NAO/MS** | 2 | 2 | / | 4 | 3 | 75% |
| **MA** | / | 1 | / | 1 | / | 0% |
| **IPARD Agency** | 7 | 15 | 2 | 24 | 7 | 29,2% |
| **Total:** | **29** | **10** | **34,5%** |

In addition, findings regarding IPARD 2007-2013 are also followed up by NAO since there are still activities that are ongoing concerning their closure.

Regarding the open findings from AA reports, NAO in coordination with the operating structure on 29th April 2022 prepared consolidated **Action Plan for implementation of the recommendation and overcoming the findings from AA reports**.

On 3rd November 2022 was prepared revised Action Plan to include findings from the external IT audit engaged by DG AGRI into Action Plan. The NAO support office performs analysis and follows the dynamic of implementation of activities and informs NAO on a regular base regarding the status of implementation of the recommendations.

The latest status of findings related to the **NAO/MS is that 3 (three) findin**gs were closed related to: key position not filled (qualified as medium risk finding), Off-setting of a debt and understated inflow of funds on the IPARD II euro account (qualified as high risk finding) and less inflow on the IPARD euro account due to withheld funds as a bank fee for executed transactions (qualified as high risk finding). In addition, 1 (one) finding remain open related to providing an appropriate motivation and retention policy.

Regarding **MA 1 (one) finding** remain open during 2021 related to securing optimal HR capacities (qualified as medium risk finding).

In the **IPARD Agency 7 (seven) findings** were closed related with wrong calculation of eligible costs (less paid funds and higher amount of financial support approved), deficiency in the process of obtaining reference prices and generating incorrect data from the accounting system (SAP) in the Debtors’ Ledger. The following findings remain open in IPARD Agency:

* 11 (eleven) findings from audit on operations related to: concluding contract without 3 offers being provided (these 2 (two) findings are part of the procedure of CoA for FY 2020), non-comparable offers and higher amount of financial support paid due to technical mistake (these two finding are part of the procedure of CoA for FY 2021), delays in payment to aid recipients; delays in submission of data by the Technical bodies; delays upon processing of applications; not accepting eligible expenditure for assembling materials, weak system of established internal controls for implementation of the contract for technical assistance and 2 (two) findings related to less paid funds.
* 5 (five) findings from system audits related to HR capacities in the Agency; IT - beck up system and delay in submitting reports to MA and NAO.
* 1 (one) finding from financial audits related to budget report.

From the submission of the Annual Audit Report the activities for implementation of audit recommendations were commenced, however for some systemic issues (such as retention policy, employments and etc.) there are still activities ongoing, having in mind that they require support on highest governmental level and inter-institutional coordination.

1. **Internal Audit**

Management Structure

According to the **Annual Internal Audit Plan for 2022** **in the Ministry of Finance**, 1 audit mission was planned over the system of internal controls in the process of human resources management in the IPA Funds Management Department/Management Structure. The audit mission was performed during the fourth quarter of 2022. According to the Final Audit Report number 23-8532/3 as of 20th December 2022, one high and one medium risk findings were identified in relation to the system of internal controls in the process of human resources.

The Annual Internal Audit Plan of the Ministry of Finance for 2023 (No.23-10791/1 dated as of 15.12.2022) is foreseen audit mission over the system of internal controls in the process of management of funds/accounts and control of the correctness of requests for funds and certification of expenditures - National Fund Unit.

IPARD Agency

According to the **Annual Internal Audit Plan of the IPARD Agency** **for 2022**, 8 audit missions were planned, out of which 5 audits over processes concerning IPARD, one follow up audit and one audit at the request of the IPARD Agency director.

During 2022, 1 audit from the 2021 Annual Internal Audit Plan and 4 audits from the 2022 Annual Internal Audit Plan were conducted:

* Audit on the process of approval of payments from the IPARD Program 2014-2020;
* Audit on the reporting process to the Management Authority in accordance with the Implementing Agreement concluded between MA and IPARD Agency;
* Follow up audit on the implementation of recommendations;
* Audit over the on-the-spot control process after payment (ex-post) from the IPARD Program 2014-2020;
* Self-assessment of the compliance of the procedures of the IPARD Agency for the implementation of the IPARD Programme 2021-2027.

Three (3) remaining audits from Audit Plan for 2022 will be conducted during 2023.

The Annual Internal Audit Plan of the IPARD Agency for 2023 (No.32-1542/1 dated as of 15th December 2022) is adopted. According to the plan, 5 audit missions are planned, out of which 2 audits over processes concerning IPARD, one follow up audit and one audit upon request by the director (which might be also on IPARD if needed).

Managing Authority

The Sector for Internal Audit in the Ministry of Agriculture, Forestry and Water Economy performs internal audit over the Managing Authority. The **Annual Internal Audit Plan for the year 2022 of the Ministry of Agriculture, Forestry and Water Econom**y foresees audit mission over the process of organisation of a Monitoring Committee for 2020. The audit is ongoing and is planned to be finished till the end of February 2023.

The Annual Internal Audit Plan of the Ministry of Agriculture, Forestry and Water Economy for 2023 (No.98-1163/1 dated as of 25.01.2023) foresees one audit mission over the process of publicity of IPARD Programme that is planned to be performed in 2023.

1. **External audit**

During 2020, audit pursuant to Article 50(1)(c) of the IPARD II Framework Agreement was conducted. The audit mission was conducted by an external audit company (contractor).

The main objective of the audit was to examine whether the IPARD agency complies with the ISO 27002:2013 information security standard and limited review with focus on follow up of information security of the systems used by the National Fund and National Authorising Officer. The audit was conducted in the period 21-25 September 2020, while the report was received by NAO in July 2022.

With the report, **5 recommendations for IPARD Agency and one observation for Management Structure** were issued. These recommendations/observations are being followed through the dynamic of implementation of activities and presented in the update of the Action Plan.

1. **Verification visits carried out by the MS/NAOSO**

NAO support office within the Annual plan for verification visits for 2022 planned 3 group of verification visits.

The first verification started in April 2022 which was ex-post on the spot control over paid contracts/projects in the amount of 1,414,025.34 EUR, representing volume of around 18,58% of the total paid projects during 2018 and 2019. Under Measure 1, the sample population was also limited on investments where the paid amount to the beneficiary was over 1,300,000 MKD. The Final Report was issued on 4th July 2022.

The scope of second verification was to verify compliance of the established/designed system with the ICF requirements for IPARD III. This activity is ongoing within the process for preparation of the request for entrustment with the budget implementation tasks for IPARD 2021-2027 Programme.

Third verification is for administrative check of the paid projects in the period July - November 2022 and has started in December 2022. Within this verification mission, 7 projects are going to be checked on the spot from measures 1, 3, 7 and 9 in amount of 1,228,551.38 EUR, amount representing around 23% of the disbursed amount within this period.

Annual Plan for verification visits for 2023 is adopted on 30th January 2023 and is foreseeing four groups of verification visits (continuation and finalisation of the first two visits which have been started in 2022 and additional two visits related to the processes of ex-post-on the spot checks and follow up on the implementation of recommendations given with the previous verification visits).

#  IMPLEMENTATION OF EU INTEGRATION FACILITY

The European integration facility (EUIF) is established under IPA II as a flexible funding tool, able to mobilise resources quickly to address issues as they arise. This approach continues with IPA III, whereby the EUIF focuses more on supporting the accession process. To accomplish this, dwelling on the rules of direct management, the EUIF is in principle managed by NIPAC and EU Delegation. The basic rules relevant for putting forward an EUIF request have been agreed between EUD and NIPAC. The rules assume a demand driven process whereby potential beneficiary institutions submit an EUIF request to NIPAC on ad-hoc basis. The requests are then evaluated against the EU integration process, the NPAA and the current and planned IPA projects. When the project is positively assessed in SEA it is submitted to the EUD. The same is done within EUD and forward to NIPAC office. Once the project is agreed between both parties, the procurement and the contracting is convened by the Contracting Authority, assumed by EUD.

The specific rules of engagement under EUIF have been discussed and agreed between two parties as follows:

* The EUIF fund should be used strategically to tackle priorities that will rise at any moment.
* The starting point for discussion are the priority lists. Their priority and maturity should be carefully revised.
* Evaluations will enter into the list by default and a 'No objection' from the NIPAC is needed.
* Projects can be proposed by either EUD or NIPAC at any time and discussed at the regular weekly meeting. The priority list will be revised accordingly.
* The Line Ministries can also propose projects via the EUD and/or NIPAC. Coordination on the requests would be essential.
* All projects to be supported should be endorsed by NIPAC and EUD via confirmation letters/e-mails, or approved minutes from the weekly meetings agreeing on the EUIF to be considered as a valid document.
* An objection to the funding of a project from either NIPAC and/or EUD will automatically discharge the project.
* The elaboration of TOR, project fiche or grant application (exceptionally TS) can be initiated by line Ministry, NIPAC or EUD.
* EUD will finalize the tender documents and get final approval of the beneficiary before procurement and contracting.
* Beneficiary representative participates in the evaluations (either as evaluator or observer);
* NIPAC staff is welcome to participate in any meeting where EUD discuss project proposals with beneficiaries. For that a focal point for EUIF should be identified in the NIPAC Office.
* In order to keep resources for urgent priorities (URP and others) it is safe to keep free resources (30%) until 3-4 months before the contracting deadline.

Support provided through EUIF for specific sectors is elaborated in the relevant parts of this report.

In the previous period under IPA II, the type of supported actions are either assisting some maturity aspects of the planned EU projects under the annual and/or multiannual operational programmes either small interventions in the sector that were left out of the programmed actions but still require prompt assistance.

A variety of projects has been funded through EUIF. Support was provided efficiently and promptly with the contracting and disbursement rate of over 90%. Under IPA II until the end of 2022, in total **87 contracts** have been signed in the amount of **32 million EUR**. In the table below is presented an overview of the contracted IPA II funds under EUIF AD until the end of 2022.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Programme** | **Contracted funds** | **Contracting rate %**  | **Paid rate % out of contracted** | **No. of contracts** | **Ongoing** | **Completed** |
| **EUIF AD 2014** | 8,000,000 | 96.38% | 99.35% | 30 |  | 30 |
| **EUIF AD 2015** | 3,977,261 | 91.55% | 99.15% | 16 |  | 16 |
| **EUIF AD 2017** | 3,909,012 | 99.98% | 64.26% | 15 |  | 15 |
| **EUIF AD 2018** | 6,943,178 | 96.73% | 78.08% | 10 | 6 | 4 |
| **EUIF AD 2020** | 9,253,178 | 53.61% | 58.98% | 16 | 16 |  |
| **Total**  | **32,082,629** |  |  | **87** | **22** | **65** |

Under the EUIF 2020 AD there is a budget of 15,336,015 EUR that was increased with several amendments and reallocations made under the Programme. Until the end of 2022, amount of 9,253,178 EUR has been contracted for 16 projects and the rest of the funds is under discussion between SEA and EUD.

Under IPA III, EUIF 2021 AD has the following objectives: 1) To back-up the accession process in its entirety, enhance the alignment with the EU acquis and EU/International standards and the implementation of the legal framework in practice, and increase the public support for the EU accession process; 2) To improve the effectiveness and visibility of the EU funds invested in the country, to upscale the sector approach, and ensure that EU funding and policy creates a sustainable and visible development change. The available budget is set at 5,500,000 EUR and these funds could be used based on the signed Financing Agreement as of late December 2022.

In addition, the EUIF 2022 AD has the same objectives as under IPA 2021 and the approved budget is 7,000,000 EUR. These funds will be available with the signature of the Financing Agreement planned to be signed by end of 2023.

# Annex 1. Overview of implementation at the action level

# Annex 2: Outcome/output indicators per IPA action

# Annex 3: Sector approach roadmap - achievements

1. General objective Nr. 3, NTS 2018-2030; National strategy for environment and climate changes 2014-2020. [↑](#footnote-ref-2)
2. All four General objectives of the NTS 2018-2030; National strategy for environment and climate changes 2014-2020; Economic reform

program 2020-2022. [↑](#footnote-ref-3)
3. SSO 2019 report publication (Macedonian version only), <http://www.stat.gov.mk/PrikaziPoslednaPublikacija_en.aspx?id=47> [↑](#footnote-ref-4)
4. Sustainability refers to the extent to which the benefits/results (outputs and outcomes) achieved are likely to continue beyond its implementation period. In particular, key factors affecting sustainability are the ownership of the beneficiaries, the institutional management capacities, and the resources committed to provide for the operation and maintenance of the results. [↑](#footnote-ref-5)
5. For the meeting four CSOs were invited but only one attended the meeting. [↑](#footnote-ref-6)
6. General level note remains on strengthening the administrative capacities of the negotiating structure of the administration for the needs of the entire negotiation process. Therefore, the Unit for negotiation and integration in the MoTC as responsible unit for both Chapters for the implementation of the EU acquis, should increase its capacity. This remark among other things also applies to the administrative, operational and technical capacity of the unit to manage Trans-European networks as one of the drivers of EU integration. [↑](#footnote-ref-7)
7. Sustainability refers to the extent to which the benefits/results (outputs and outcomes) achieved are likely to continue beyond its implementation period. In particular, key factors affecting sustainability are the ownership of the beneficiaries, the institutional management capacities, and the resources committed to provide for the operation and maintenance of the results. [↑](#footnote-ref-8)
8. Federal Ministry of Social Affairs, Health, Care and Consumer Protection [↑](#footnote-ref-9)
9. Federal Ministry of Social Affairs, Health, Care and Consumer Protection [↑](#footnote-ref-10)
10. Federal Ministry of Social Affairs, Health, Care and Consumer Protection [↑](#footnote-ref-11)
11. Federal Ministry of Social Affairs, Health, Care and Consumer Protection [↑](#footnote-ref-12)
12. Federal Ministry of Social Affairs, Health, Care and Consumer Protection [↑](#footnote-ref-13)
13. SDC Country Cooperation Strategy 2017-2020: <https://www.eda.admin.ch/dam/countries/countries-content/macedonia/en/Cooperation-Strategy-Macedonia-2017-2020_en.pdf> [↑](#footnote-ref-14)
14. More information for the project: <http://mtsp.gov.mk/siap-proekt-za-administriranje-na-socijalnoto-osiguruvanje.nspx> and <https://projects.worldbank.org/en/projects-operations/project-detail/P170343> [↑](#footnote-ref-15)
15. More information for the project: <http://projects.worldbank.org/P103974/conditional-cash-transfers-project?lang=en&tab=overview> [↑](#footnote-ref-16)
16. More information for the project: <https://projects.worldbank.org/en/projects-operations/project-detail/P173916> [↑](#footnote-ref-17)
17. Official Gazette No.99 of 16.06.2015 [↑](#footnote-ref-18)
18. System Audit performed during 2022. [↑](#footnote-ref-19)