



GOVERNMENT OF THE REPUBLIC OF MACEDONIA  
SECRETARIAT FOR EUROPEAN AFFAIRS

# **NATIONAL PROGRAMME FOR ADOPTION OF THE ACQUIS (NPAA)**

**REVISION 2016**

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## 00. SUMMARY

### PURPOSE AND METHODOLOGY OF THE NATIONAL PROGRAMME FOR ADOPTION OF THE ACQUIS (NPAA)

The reforms in the priority areas of the European integration process will continue. For the realisation of the priorities, the National Programme for Adoption of Acquis (revision 2016) has been prepared, which represents 10<sup>th</sup> revision of this Programme. NPAA is a key strategic document encompassing the priorities, dynamic of harmonisation of the national legislation with the EU legislation, as well as adjusting the national institutions towards the EU administrative structures.

Key elements in the revision of the NPAA, which were also the basis for designing the short term (2016) and mid-term (2017-2018) priority objectives and activities, were:

- The findings in the European Commission Progress Report for the Republic of Macedonia in the process of EU accession for 2015 (including earlier reports) and the Enlargement Strategy and the Main Challenges for 2015-2018.
- The obligations of the Stabilisation and Association Agreement, i.e. the recommendations of the European Commission presented at the Stabilisation and Association Committee and the whole cycle of subcommittees held in the past year;
- The urgent reform priorities, the priority reform objectives adopted at the High Level Accession Dialogue, and the Plan of activities for realisation of the urgent reform priorities (PARURP);
- The priorities listed in the Council Decision on the principles, priorities and conditions contained in the Accession Partnership of the EU;

In the NPAA Revision 2016, the new approach of the European Commission has been included regarding the following selected areas: rule of law and fundamental rights (functioning of the judiciary, fight against corruption, fight against organised crime, and freedom of expression), public administration reform, public procurements, statistics and financial control.

The NPAA Revision 2016 kept the same methodological concept for preparation of this document, i.e. its content includes plans for harmonisation of the national legislation with the EU legislation, the necessary dynamic for strengthening the institutions for implementation of the legislation, as well as the necessary resources for realisation. Special attention was paid on the linkage between the NPAA priorities and the Economic Reform Platform (ERP), the SEE2020 Strategy, as well as the PARURP priorities.

The programme follows the structure of the Copenhagen and Madrid criteria and it includes the following sections:

- I Political criteria
- II Economic criteria
- III Ability to undertake the obligations arising out of the membership,
- IV Administrative capacity

The programme is structurally divided into narrative part with matrix of objectives and activities and tabular part (appendices), as follows:

- Appendix 1 - Overview of the national legal acts which are subject to compliance with the EU legislation (with EU measures and international standards that are to be transposed), with deadlines for adoption, responsible institutions and status of the process of their adoption;
- Appendix 2 - Distribution of Job Posts;
- Appendix 3 - Projected budget funds;
- Appendix 4 - Instrument for Pre-Accession Assistance (IPA) and other foreign assistance, and TAIEX trainings.

The implementation of the NPAA will be regularly monitored through the already established mechanisms. The Secretariat for European Affairs, on a regular basis, will inform the Government of the Republic of Macedonia on the implementation of the National Programme for Adoption of the Acquis (revision 2016).

## SUMMARY OF KEY PRIORITIES FORESEEN UNDER THE NPAA

In order to improve the overall situation in the European integration process, and also in view of addressing the open issues and findings in the European Commission Reports, the following key priorities have been planned:

Regarding the **political criteria**, the main focus during 2016 will be put on the implementation of the remaining obligations arising from the Political Agreement, such as the obligations contained in the list of urgent reform priorities and recommendations of the Senior Experts' Group on the situation of the rule of law. The focus will be also put on the High Level Accession Dialogue obligations, as well as the remaining obligations arising from the Stabilisation and Association Agreement.

In the area of elections, aiming at efficient organisation and implementation of the early parliamentary elections 2016, the State Election Commission (SEC) will focus on strengthened education of the electoral bodies, as well as on conducting a campaign for informing and educating the voters. In accordance with the last amendments to the Electoral Code, the SEC was given extended competencies regarding the maintenance and updating of the Voters' list.

Key priority towards the fulfilment of the political criteria will be the achievement of a **constructive political dialogue** in the Assembly of the Republic of Macedonia. The efforts for implementation of the recommendations of the Report of the Inquiry Committee for the Assembly events of 24.12.2012 will continue. The **Inquiry Committee** on the interception of communications scandal, according to the findings, will have to prepare a report and submit it to the Assembly by the end of January 2016. The activities for ensuring a functional parliamentary oversight over the work of the intelligence services will continue.

In order to implement the NPAA Revision 2016, the Assembly will give priority to the adoption of the laws harmonised with the European legislation. The Committee on European Affairs and the National European Integration Council will continue to play significant role in the European integration process.

In terms of the development of the local self-government and decentralisation process, the Government of the Republic of Macedonia will continue its activities to improve the legal, financial, institutional and administrative environment for ensuring sustainable local development and decentralisation, and for entering the second phase of fiscal decentralisation with special focus on Municipality of Plasnica. The horizontal and vertical coordination of the national policies for sustainable local development will be improved. Also, the activities for increasing the funds for project financing within the Balanced Regional Development Programme will continue.

In the area of civil society, the activities for inclusion of the civil society organisations in the process of policy making will continue, through the establishment of the Council for Promotion of Cooperation, Dialogue and Encouraging the Development of the Civil Society Sector.

In the area of **police reform**, adoption of a Law Amending the Law on Police has been planned, to regulate the use of rubber bullets and means of coercion, in accordance with the European Convention on Human Rights. Law regulating the establishment of a new, independent institution that will operate in the system of external control of the respect for human rights and freedoms, and professional standards, is to be adopted in the medium term. Regarding the fight against organised crime, a new Law on Interception of Communications and Strategy for Computer Security and Action Plan will be adopted.

Regarding the **public administration reform**, the legal framework on the public and state administration and the Methodology for Employment Planning will be implemented. Interoperability of 25 state institutions will be provided by the end of 2016.

Harmonisation of more than 200 material laws with the Law on General Administrative Procedure is in progress. A Catalogue of all administrative procedures in the country and a room for public services will be established, the implementation of the new legal regulations on human resources management in the public administration will continue, whilst the principle of equitable representation will be implemented in the employment procedures. New Public Administration Reform Strategy 2015-2020 will be prepared.

Regarding the **judiciary**, it is expected to adopt and amend the part of the legal framework regulating the system for disciplinary liability and dismissal of judges, the Public Prosecutor's Office and the criminal procedure. Law on Administrative Disputes will be adopted. Initial training of the sixth generation of candidates of the Academy for Judges and Public Prosecutors will start. Judges will be sent to stay temporary in the ECHR, while the candidates for initial

training will be provided one-month stay in the European Court of Human Rights. The activities for overcoming the issue of so-called old cases will continue.

In the area of **anti-corruption policy**, the analysis of the anti-corruption legal framework, will continue. For the implementation of the Law on Protection of Whistleblowers, bylaws for regulation of protected internal reporting in the public sector institutions, protected outdoor reporting, as well as guidelines for internal reporting in the private sector will be adopted. The focus will be on strengthening the institutional system and legislation for prevention of corruption and conflict of interests, strengthening the repression against corruption, strengthening the capacities and independence of institutions for law enforcement and increased public involvement in the fight against corruption and conflict of interests.

In the area of **freedom of media/freedom of expression**, amendments to the Law on Civil Liability for Defamation and Insult will be adopted. Amendments to the Law on Media are planned in order to increase the transparency of media financing. Methodology of Allocation of Funds Intended for Public Interest Campaigns will be prepared.

In the area of **protection against discrimination**, activities that are planned in the Strategy and National Action Plan for Gender Equality will be implemented. Activities will be undertaken regarding the implementation of the Strategy for Gender Budgeting and evaluation of the Strategy for Equality and Non-Discrimination.

Regarding the Roma inclusion, the implementation of the National Action Plans of the Roma Strategy will continue. The continuous implementation of the project "Inclusion of the Roma Children in Pre-School Education" will continue. The activities for recording individuals without personal identification documents in the Registry of Births will continue.

In the area of **regional issues and international obligations**, promotion of the relations and cooperation with the neighbouring countries, as well as strengthening the regional cooperation remain high on the priority list. The activities for further improvement of the cooperation with the neighbouring countries will continue. The country will continue to actively participate in the regional initiatives. Regarding the relations with the Republic of Bulgaria, the focus will be on the agreed framework and improving the cooperation in the spirit of good neighbourly relations and regional cooperation. The Republic of Macedonia will continue its constructive approach in the cooperation with Greece, as well as in the talks under the UN auspices, in accordance with the principles and norms of the international law, including the ICJ judgment of 2011.

Regarding the economic criteria, macroeconomic policy in 2016 will continue to pursue the strategic goals for long-term and sustainable economic growth of the country. Macroeconomic policy is aimed at maintaining macroeconomic and financial stability, increasing the competitiveness of the economy, employment and improvement of living standard and quality of living.

Past economic performance and sound macroeconomic policies represent a solid basis for the favourable economic trends to continue in 2016, in a situation of positive expectations for the global economic growth and the economy growth of the EU as the most important trade partner of Macedonia. The economic activity growth in Macedonia in 2016 is projected at around 4%. Exports of goods and services is expected to achieve a real growth of 8.1% in 2016, mainly as a result of expectations for the activity of the foreign companies export capacities, with a gradual growth in external demand.

Monetary policy in 2016 will be focused on maintaining price stability, by maintaining a stable exchange rate of denar against the euro. Furthermore, the Central Bank will be directed towards maintaining financial stability as an important component of macroeconomic stability

The projected economic growth in 2016 is expected to positively influence the developments in the labour market. The number of employees is expected to increase by 2.4% due to expected investments of the foreign companies in the free economic zones, active measures and employment programmes, as well as realisation of infrastructure projects in the public sector, which will contribute to further decrease of the unemployment rate.

In the period January-August 2015, net inflows of foreign direct investment of 155 million euros were registered, which is 17.2% more compared to their level in the same period last year.

The government debt by 30.09.2015 amounted to 3,233.3 million euros, or 36.0% of GDP, while the public debt in the same period amounted to 3,941.4 million euros, or 43.9% of GDP.

According to the World Bank Report, Doing business 2016, the country ranks first in Europe and second worldwide in terms of the indicator - starting a business.

In extended solid economic growth, despite the strong domestic political turmoil and inherent risks and uncertainties related to the outcome of the debt crisis in Greece, the total banks' activities in the country registered an increase during

2015. Thus, by the end of October 2015, the assets of the banking system achieved solid annual growth of 6.3%, as well as the loans and deposits from non-financial entities, which achieved growth of 8.5% and 6.1%, respectively (October 2014, the growth was 6.3% for assets, 9.7% for loans and 6.3% for deposits).

Capital investments are planned in an increased amount at a level of 25,578 million denars (increase of 15% compared to 2015) intended for finalisation of Corridor X highway and improvement of the railway infrastructure of the same, construction and rehabilitation of the eastern part of Corridor VIII railway, energy and utility infrastructure, as well as capital investments for improving the conditions in the health, education and social system, agriculture, culture, sport, environmental protection and judiciary.

In March 2015, upon a proposal by the National Council for Entrepreneurship and Competitiveness (NCEC), the Government adopted the second package of measures to improve the competitiveness. The package contains 32 measures in 9 areas to promote access to finance, liquidity, productivity, skills and education of employees, transport, regulation and business environment, as well as innovation and technological development of the companies in Macedonia. In September 2015, the World Economic Forum published the Global Competitiveness Report for 2015-2016 in which Macedonia is ranked on the 60th place, thus improving the ranking for 3 positions compared to previous year, or a total of 20 positions compared to 2012.

In 2015, the negotiations on further liberalisation of trade in services within CEFTA continued, for the following sectors: business and professional services, tourism services, environmental services, communication services, audiovisual and construction services, educational and health services.

Considering the ability to undertake the obligations from the EU membership, the following key priorities have been planned:

In the area of free movement of goods, the new EU Directives of the seven industrial sectors (pressure equipment, transportable pressure equipment, low voltage equipment, electromagnetic compatibility, simple pressure vessels, and part of construction products), that are part of the negotiations for conclusion of the ACAA Agreement, will be transposed.

The remaining 9 measures of the Action Plan for Conformity with Articles 34-36 of the Treaty on the Functioning of the European Union (TFEU) considering the preparation of the Eurocodes, will be implemented.

In the area of freedom of movement for workers, the improvement of the legal framework will continue in order to simplify the procedures for obtaining working permit, as well as increasing the mobility of foreigners. In the medium term, the national legislation will be harmonised with the provisions of Directive 2001/98/EU of the European Parliament and of the Council of 13 December 2011. The monitoring of the EURES (European Job Mobility Portal) legislation will continue. The country will continue initiating and concluding bilateral agreements with several EU Member States. The promotion and upgrade of the Electronic Health Card System shall continue. In the forthcoming period, activities on signing agreements for using the European Health Insurance Card with several countries will be initiated.

In the area of right of establishment and freedom to provide services, adoption of the Draft Law on Services transposing Directive 32006L0123 is planned for 2016. The activities for further analysis of the conformity of the legislation in the service sector with Directive 32006L0123 regarding the cross-border provision of services will continue, as well as the activities for updating the Action plan for compliance with Directive 32006L0123, on the basis of the results of the analysis. Activities for establishing "Single Point of Contact" (SCP) have been planned, as an obligation arising from Directive 32006L0123.

With the support of IPA2011 project, it is planned to involve all stakeholders in the process of recognition of professional qualifications, as well as full harmonisation of the national legislation with the provisions of Directive 36/2005/EC and 55/2013/EU.

In the area of free movement of capital, Law on Payment Services transposing Payment Services Directive (2007/64/EC) and Electronic Money Directive (2009/110/EC) will be adopted in 2016. In this period, adoption of the bylaws on payment services is planned, in accordance with the Law on Payment Services. For the proper and effective implementation of the provisions of the IV Directive into the national legislation, the Financial Intelligence Office will conduct an analysis of the impact of the Law on Prevention of Money Laundering and Terrorism Financing and will determine the need for its amendment.

In the area of **public procurement**, Law on Public Procurement will be adopted, transposing: Directive 2009/81/EC on the award of contracts in the fields of defence and security, Directive 2014/24/EU on public procurement, Directive 2014/25/EU on public procurement by entities operating in the water, energy, transport and postal services sectors and Directive 66/2007/EC on legal protection.

The State Appeals Commission will begin equipping with appropriate information - communication technology and software, as well as a plan to introduce a complete electronic system, enabling electronic management of the overall appeals procedure.

In the area of **company law**, by the end of 2016, the national legislation will be harmonised with Directive 2013/34/EU on annual financial statements, consolidated statements and related reports of certain types of undertakings.

The Institute of Accountants and Chartered Accountants will start implementing trainings for continuous professional development of the Institute's members.

In the area of **intellectual property rights**, bylaws for implementation of the Law Amending the Law on Copyright and Related Rights have been adopted, enabling more efficient collective management of copyrights and related rights. Strategy for Industrial Property 2016-2018 will be adopted with the support of IPA project.

In the area of **competition policy**, CPC will strengthen the cooperation with the Ministry of Interior in order to efficiently implement the Law on Protection of Competition (LPC) and it will continue to cooperate closely with the other regulatory bodies in the country.

Analysis will be conducted on the possible amendment of the Law on State Aid Control and the Decree on Aid of Minor Importance in order to determine a new threshold of aid in the country, in accordance with the recommendations of the European Commission.

Electronic Registry of State Aid will also be established, thus achieving better control and monitoring of state aid.

In the area of *financial services*, amendments to the Law on Banks will be adopted in 2016, and the bank regulations will be harmonised with Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, and Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms.

Also, a special Law on Recovery of Banks with Problems harmonised with Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, will be adopted.

Two new laws in the area of capital market (Law on Securities Market and Law on Issuance and Offering of Securities) will be adopted by the end of 2016, which will be largely harmonised with the EU legislation in the area of capital market, provide greater protection of minority shareholders in joint stock companies, greater transparency of companies and introduction of new financial instruments. IPA 2010 project was approved for the preparation of the new laws.

In the area of **information society and media**, the interoperability system will be extended, and a central portal for electronic administrative services will be established. During 2016, the Agency for Audio and Audiovisual Media Services will harmonise the existing ones and will adopt new bylaws in case of amendments to the relevant positive legislation in the Republic of Macedonia. Also, the Agency will continue its activities towards strengthening its institutional capacity.

In the area of **agriculture and rural development**, the activities provided for in the National Programme for Agriculture and Rural Development 2013-2017 and in the National Strategy for Agriculture and Rural Development 2014-2020, will be implemented.

With the accreditation of *the fourth measure of the IPARD 2007-2013, the measure for Technical assistance*, the activities to support the development of agriculture and rural development will continue.

The adopted Programme for Agriculture and Rural Development, within IPA2 2014-2020, is the basis for the implementation of a series of activities which are continuation of the activities from past years to improve the general situation in agriculture.

The amendments to the Law on Organic Production in accordance with recent amendments to the EU Regulation 889/2008, mostly in the area of surveillance and control in organic agricultural production, are in final stage. The implementation of the National Plan for Organic Production in the Republic of Macedonia 2013 - 2020 that is part of the National Strategy for Agriculture and Rural Development 2014-2020, is in progress. Activities will continue in 2016.

In the area of food safety, veterinary and phytosanitary policy, amendments to the Law on Food Safety have been adopted, and full harmonisation with Regulation 32011R1169 and Decision 32006D0677 has been achieved. Most of the activities provided in the 2016 NPAA, arise from this Law. The preparation activities for accreditation of FVA inspection services according to the international standard EN/ISO/IEC17020:2012, will continue.

In the area of phytosanitary policy, there has been progress in terms of harmonisation with EU legislation in the area of plant health, as well as adopting the international phytosanitary ISPM standards, and the adoption of a new Law on Products for Plant Protection, harmonised with current EU legislation, has been foreseen. During 2016, preparation of National Strategy for Phytosanitary Policy 2016-2020 is planned, supported by IPA2010 project.

In the area of fisheries, the activities in the forthcoming period will be focused on permanent use of fish through sustainable development by finalising procedures for the award of concessions for managing fish and placing on the market of fish and fish products.

Structural activities in the field of fisheries and aquaculture will be implemented through the measures planned in the annual programs, as well as through the implementation of the measures envisaged in the operating plan set out in the Strategy for Agriculture and Rural Development 2014-2020.

In the area of transport policy, in the field of rail transport, amendments to the Law on the Railway System<sup>1</sup> are planned for further harmonisation with Directive 2012/34/EU of the European Parliament and of the Council, of 21 November 2012, establishing a single European railway area (recast).

Also, it is planned to commence the procedure for negotiations to conclude an Agreement for border regulation of the railway traffic between the Republic of Greece and the Republic of Macedonia, as well as harmonisation of the existing bylaws with the technical specifications for interoperability (TSI). Furthermore, the planned activities for realisation of the projects in the areas of inland waterways, combined transport and satellite navigation, as well as the planned activities in the air traffic, will continue.

In the area of energy, activities for modernisation of existing energy infrastructure and construction of new facilities for electricity generation and systems for transmission and distribution of energy and energy fuels will be implemented in the forthcoming period, in order to reduce the import dependency of the country from certain types of fuels and energy. Also, preparation of a *Strategy for Energy Development of the Republic of Macedonia by 2035*, has been planned.

It is expected to implement the third package of EU legislation on internal energy market, thus providing greater independence of transmission system operators, strengthening the role of the ERC, and introducing specific measures for defining the concept of vulnerable customers and support them. This allows ensuring greater competition in the energy sector by increasing the number of participants in the energy markets.

In the area of *renewable energy sources*, amendments to the Law on Energy and the Law on Biofuels are planned, in order to transpose Directive 2009/28/EC on the promotion of renewable energy sources. Also, it is planned to adopt a *Strategy for the Use of Renewable Energy Sources for the next ten years*. Furthermore, it is planned to prepare an Action Plan for Renewable Energy Sources in accordance with the requirements of the Energy Community and Directive 32009L0028.

In the area of *energy efficiency*, Action Plan for Energy Efficiency (Second APEE) will be prepared, as an obligation arising from the Energy Community Treaty.

In the area of taxation, in the field of direct and indirect taxes, examination and analysis of all relevant EU legal acts will continue, and they will be incorporated into the national legislation in order to achieve full compliance and to ensure smooth implementation, in medium term.

The Public Revenue Office is directed towards providing high quality services to taxpayers, simplified tax procedures for timely and accurate compliance with the obligations, and fair and efficient collection of taxes and other public dues by introducing quality management systems, implementation of education programmes and provision of quick and easy access to tax information, reducing the time and costs of tax procedures, introduction of new and developing the existing electronic tax services and increasing the level of their use.



In the area of economic and monetary union, the National Bank will continue to examine the structure of the monetary policy operational framework and take actions for further harmonisation of the monetary operations legal framework with the ECB regulations i.e. preparation of a Law Amending the Law on the National Bank is planned.

Macroeconomic policy in the period 2016-2018 will be directed towards maintaining the financial and macroeconomic stability and increasing the competitiveness of the economy on a permanent basis, increasing the employment, improving living standards and the quality of life of the population. It is expected for the positive economic developments in Macedonia to continue, and the real GDP growth is foreseen to 4%. The Ministry of Finance will continue with regular issuance of treasury bills, as well as focusing on expanding the maturity structure of the government securities portfolio with longer maturities, i.e. with issuance of two, three, five, seven, ten and fifteen year government bonds.

*The Economic Reform Programme for 2016* will be presented as a single integrated document with a greater focus on employment and social challenges, as recommended by the EC.

In the area of statistics, the provision of high quality statistics according to EU regulations and international recommendations will continue. Special attention shall be paid to the development of metainformation system, data protection from disclosure, technical support for efficient statistical production processes, facilitating the data collection, and improving the quality of communication with reporters and users.

The sectoral statistics include statistical surveys that are carried out in accordance with the Statistical Surveys Programme 2013-2017, taking into account the statistical compendium as a relevant document for all producers of official statistics within the European Statistical System, as well as the European Statistics Code of Practice which specifies the principles of quality of European statistics.

In the area of statistics, the National Bank will provide statistics with good quality, fully harmonised with the international and European statistical standards.

In the area of social policy and employment, the key priorities in the area of social policy and employment in the forthcoming period will be directed towards improving the situation of the labour market, increasing the employment rate and dealing with high unemployment, especially youth unemployment, increasing the efficiency and inclusiveness of the labour market, and further strengthening of the capacities of institutions responsible for making, implementation, monitoring and evaluation of employment policies. Efforts will be undertaken to promote social dialogue, strengthening the capacities of social partners and increasing their participation in the policy-making process.

The implementation of measures to reduce poverty and social exclusion and to improve the quality of services and care for the various categories of vulnerable citizens (persons with disabilities, the elderly, children and socially vulnerable families, people in rural areas, Roma, etc.) will continue. Activities will be undertaken for introduction and development of new services in the field of professional rehabilitation and personal assistance for people with special needs, development and support of alternative services for childcare, as well as developing, supporting and promoting conditions for social entrepreneurship in the country.

The implementation of activities in accordance with the strategic and operational documents in the field of equality and non-discrimination, activities for capacity building and raising awareness about issues related to gender equality, gender-responsive budgeting, the concept of equality and protection against discrimination, promotion of the work of the Commission for Protection Against Discrimination and strengthening its capacities, will continue.

For the implementation of the planned activities and realisation of the priorities under this Chapter, in the forthcoming period, despite funding from the national budget, significant assistance and support will be provided through the projects implemented in the framework of the Instrument for Pre-Accession Assistance of the European Union (IPA - Component 1 and 4).

In the area of enterprise and industrial policy, the measures for improving the business environment and dialogue with the business community will continue, for creation and doing business, removing administrative barriers - through further implementation of regulatory guillotine and RIA, policy creation and program activities for creating and fostering competitive knowledge-based economy, innovation, attracting foreign investment, development of entrepreneurship, clustering and export orientation.

In relation to better access to finances, the activities of the Macedonian Bank for Development Promotion (MBDP), and of the Fund for Innovations and Technology Development are very important, as well as the possibilities offered by the

Community Programmes, COSME and HORIZON 2020, the regional project "Western Balkan Enterprise Development and Innovation Facility Platform", and recently an Office of the Regional Innovations Fund ENIF has been established in Skopje.

As from 2016, the realisation of the IPA Project for Private Sector Development is expected to start, as well as IPA2 for 2016 supporting the increasing number of measures for supporting the business.

With the adoption of the SME's Development Strategy in line with the Small Businesses Act and the Competitiveness Strategy, new initiatives and measures for support of the enterprises sector development are expected.

In the area of trans-European networks, progress has been achieved regarding the development of the transport and energy networks in the country. The road and railway infrastructure in the country along the Corridor VIII and X (Xd) which is part of the network of the South East Europe Transport Observatory (SEETO), is being continuously constructed and renewed.

Also, the country supports the initiative for integration of the SEETO network into the trans-European transport networks. Regarding the energy networks, the construction of interconnection lines with the neighbouring countries will continue, which will contribute to greater security of electricity supply in the region in the long term. The country continuously participates in the working bodies of South East Europe Transport Observatory SEETO, the Energy Community and the European Network of Transmission System Operators for Electricity (ENTSO-E), etc.

In the area of regional policy and structural instruments coordination, the focus will remain on maximum absorption of the IPA funds, ensuring proper, effective and efficient implementation of the IPA funded projects, while respecting the principles of sound financial management and appropriate controls. Special emphasis will be placed on the introduction of fully decentralised management of IPA without ex ante controls. According to the regulations adopted by the European Commission on implementation of IPA II for the programming period 2014-2020, focus will be on ensuring the right for indirect management of the newly approved programmes/ new measures under IPA II (2014-2020). The efforts for promoting the development of all regions in the country will continue. Balanced regional development should help in creation of equal opportunities in all regions of the country, so that they can integrate into the economy, thus improving their infrastructure.

In the area of judiciary and fundamental rights, in the field of judiciary, the legal framework regulating the system of disciplinary liability and dismissal of judges will be amended, new Law on Public Prosecutor's Office will be adopted, and amendments to the Law on Criminal Procedure are expected. The Strategy on Reform of Judicial System 2016-2020 will be implemented. Regarding the application of the amendments to the Law on Judicial Council establishing new criteria for election of members of JCRM, new internal procedures with explanation on the quantification for the election of members of JCRM will be developed.

Guidelines for imposing the detention measure, in accordance with the provisions of the Law on Criminal Procedure, will be prepared. Allocation of equipment and human resources for full operational functionality of the Judicial Police and Investigation Centre will be conducted.

In the area of anti-corruption policy, the process of keeping records of criminal investigations, prosecutions and convictions in corruption cases will continue. The capacities of the SCPC will be strengthened in order to implement the Methodology for anti-corruption assessment of legislation, and IT solution for establishing the Registry of elected and appointed officials in the electronic system will be developed. Activities aimed at establishing a system for protection of whistleblowers will be implemented. In order to determine the national legal requirements for accession to the Council of Europe Convention on the Access to Official Documents, analysis will be prepared on the compliance and the need for amendments to the Law on Free Access to Public Information. SAO will conduct audit on the financing of political parties and financing of election campaigns for the presidential and early parliamentary elections in 2014, and the following early parliamentary elections in 2016.

In the area of fundamental rights, amendments to the Law on the Ombudsman will be adopted, in order to ensure full harmonisation with the Paris Principles. The legislative framework for the establishment of a probation service is expected to be fully completed. Regarding the reform of the prison system, the capacities of the prison system will be further improved through the project "Reconstruction of Penitentiary and Correctional Institutions in the Republic of Macedonia". Amendments to the Law on Personal Data Protection will be adopted in order to harmonise the Law with the EU regulations. National Strategy for Prevention and Protection from Domestic Violence 2016-2020 will be adopted. Concerning the freedom of media, the practice of conducting trainings for judges in charge of defamation cases for

applying the principles of the ECHR and keeping records of cases of defamation and insult, in accordance with the Law on Civil Liability for Defamation and Insult, will continue. The process of establishing local councils for child delinquency prevention will continue.

In the area of justice, freedom and security, in the field of migration, Standard Operating Procedures for Identification, Profiling and Referral of Vulnerable Migrants, and Standard Operating Procedures for the Reception Centre for Foreigners, will be adopted. The national capacities for management of mixed migration flows of refugees and economic migrants for short reception of migrants in the temporary transit centres in winter will be strengthened, as well as through strengthening the technical capacities for registration of migrants. New Law on Foreigners will be adopted. Migration Profile for 2015-2016 will be adopted.

In the area of asylum, a new Law on Asylum and Temporary Protection and Strategy for Integration of Refugees and Foreigners (2015-2025) will be adopted. A database of asylum seekers is planned to be established.

In the area of visa policy, a Rulebook on the manner of selection of external service providers for visas will be adopted in accordance with the amendments to the Law on Foreigners, for further harmonisation with the legislation of the EU /Schengen countries.

In the area of external borders and Schengen-zone borders, a Strategy for police development, including border police, will be adopted, and the capacities of the border police for more effective tackling of the migrant crisis will be strengthened. A Law amending the Law on Border Control will be adopted, in order to comply with the current amendments to the Schengen Borders Code, as well as in the part related to NCCBM.

In the area of judicial cooperation in civil and criminal matters, the negotiations will start for concluding agreements on mutual legal assistance in civil matters between the Republic of Macedonia and the Czech Republic, the Slovak Republic, Poland, as well as the Russian Federation.

In the area of police cooperation and fight against organised crime, a new Strategy and Action Plan for fight against human trafficking and illegal migration 2017-2020 will be adopted. A new Methodology for staffing will be introduced in the Unit for Combating Organised and Serious Crime, and Methodology for preparing analysis of threats from organised crime at a strategic level will be established. Also, a Methodology for efficient overcoming of the determined weaknesses in the conduct of financial crime investigations will be established.

In the area of fight against terrorism, a Law Amending the Criminal Law is planned to be adopted, which will be harmonised with the Council Framework Decision, of 13 June 2002, on combating terrorism, the Council Framework Decision (2008/919/JNA), of 28 November 2008, and the Additional Protocol to the Council of Europe Convention on the Prevention of Terrorism, of 19 May 2015. A National Strategy for Fight Against Terrorism 2016-2019 and Action Plan will be adopted.

In the area of fight against drugs, Law Amending the Law on Control of Drugs and Psychotropic Substances will be adopted in 2015, in order to harmonise the national legislation with Council Decision 2005/387/JNA on the information exchange, risk assessment and control of psychoactive substances.

In the area of science and research, the priority will be the adoption of the National Programme for Higher Education and Scientific and Research Activity 2016-2020, as well as continuation of the implementation of the Strategy for Innovation 2012-2020. The country will actively implement the measures provided for in the Western Balkans Regional Research and Development Strategy for Innovation.

Regarding the use of the opportunities of the Framework Programme "Horizon 2020", the emphasis will be on increasing the participation of small and medium-sized enterprises and use of the "Marie Skłodowska-Curie" actions. The promotion of the programme by the national contact persons will be intensified, in order to animate the scientific and business community and to increase the number of successful applications.

The country will continue with the activities for integrating into the European Research Area (ERA), active participation in the high level working bodies of ERA, strengthening the collaboration with the EU Joint Research Centre (JRC), as well as through developing the bilateral and multilateral cooperation and activities for encouraging the mobility of researchers.

In the area of education and culture, the comprehensive reforms will continue. Measures have been planned for improving the coverage of pre-school children, and for improving the situation children in rural areas from non-majority communities and children with disabilities in pre-school education.

Reforms are planned regarding teacher trainings aimed at improving the basic and transversal skills in primary education levels and increasing the number of marginalised children in quality and inclusive early learning and education by implementing two-year Action plans for 2016-2017 and 2018-2020. The activities within the Programme for Mentoring and Tutoring for Roma Students and University Students will continue until 2018.

In order to prepare the young people for a smooth transition from education to labour market, the reforms for completion of the process of modernisation of the 2 and 3 year vocational education and modernisation of the technical vocational education, as well as analysis of the legal setup of post-secondary education, will start as of 2016. The web platform of the Skills Observatory (SO) is foreseen for 2016, in order to provide information on the programmes offered by higher and secondary vocational education and adult education, as well as information about the labour market and trainings offer.

Reforms in higher education are directed towards a new Model of financing of higher education and the implementation of external evaluation of the higher education in the country.

Adoption of a new strategic framework for education, Comprehensive Education Strategy 2016-2020 is foreseen for 2016.

The IPA Twinning Project aimed at further development of the National Qualifications Framework, will start its implementation in 2016.

The participation in the EU Programmes Erasmus+, Europe for Citizens, and participation in the programme Creative Europe and MEDIA sub-programme will continue.

In the area of **environment and climate change**, in the upcoming period, the country will continue the process of harmonisation of the national legislation with the Acquis, as well as with its implementation. As regards the investment in the environment, evaluation is to be made of the needed investment for implementing the environment legislation and efforts will be made for increasing investment.

In the area of **consumer protection and public health**, new Law on Consumer Protection transposing the relevant EU legislation is planned, implementation of the Consumer Protection Programme for the period 2015 – 2016, and improving cooperation with the NGO sector in this area.

In the area of public health, the priorities will be: improving the quality of health services at all levels, strengthening the primary health care and prevention, and establishing a stable system of financing health care for all citizens.

The Ministry of Health is focused in particular on strengthening the human capacity in health care through further professional education of the medical personnel in public health care institutions, implementing specialisations and professional trainings abroad. At the same time, the medical equipment is continuously being modernised and the public health care institutions are continuously being fully reconstructed.

In the area of **customs union**, the basic obligations will continue to be implemented: preserving the financial interests of the country, protecting the health and life of people, sustaining and promoting the competitive economic atmosphere. Key priorities will be: investment in the working staff, simplifying and accelerating the economic activities, advancing the capacities for control over the implementation of laws, promoting the administrative and logistic support, as well as maintaining and upgrading of the IT systems.

In 2016, the Customs Administration will focus on finalising the implementation of the new electronic system for processing customs declarations and excise documents, finalisation and consolidation of current IT projects and ensuring maintenance and continuity of the operation of IT systems, as well as further harmonisation of customs legislation and accelerating of procedures.

In the area of **external relations**, implementation of CEFTA 2006 and the Integrated Growth Pillar of the SEE 2020 Strategy; new development model was created in Dimension A "Free Trade Area", and in Dimension C "Integration into the Global Economy" will continue.

The focus of activities is directed towards trade facilitation, liberalisation of trade in services, by gradual approaching towards progressive liberalisation of trade in services and joint opening of markets of services. Trade facilitation should be achieved by establishing transparent means and simplifying the customs and trade procedures for eliminating possible risks in import and for undistorted access on the markets in the region. The amendment of the Origin Protocols in accordance with the Regional Convention on pan-Euro-Mediterranean Rules of Origin (PEM Convention) will enable creation of preferential access to existing and other markets within the PEM region. The full implementation of the Convention is also a possibility to participate in the global supply chains.

In the area of common foreign, security and defence policy, the country regularly follows the declarations, statements and decisions of the EU for introducing restrictive measures and sanctions against countries, entities and persons. The country participates in the EU operation in Bosnia and Herzegovina EUFOR Althea, the NATO Resolute Support Mission in Afghanistan, UNIFIL mission in Lebanon, and supports the NATO led KFOR mission in Kosovo. In the upcoming period, the country will continue contributing towards promoting the bilateral political dialogue with the EU by participating on the EU meetings on political dialogue with the candidate countries and the European NATO members that are not EU members.

In the area of financial control, the development of the system of public internal financial control will continue through developing a stable and effective system of financial management and control and internal audit in the public sector entities. In the area of financial management and control, the system of internal controls will be enhanced by developing the risk management system providing reasonable believe that in achieving the goals, the budget and other means will be used rightfully, ethically, economically, efficiently and effectively. In order to enhance the conducting of the internal audit and completing the process of certification of the internal auditors, in 2016 the preparations for initiating national certification will continue, as well as the international certification of internal auditors.

In 2016, the capacities of the State Audit Office will be strengthened and a National Strategy for fight against fraud - Protection of the EU financial interests of the European Union 2016-2018 will be adopted.

In the area of financial and budgetary provisions, in the medium term, activities will be undertaken for establishing the whole operative coordination structure in order to provide accurate calculation, accounting, forecasting, collection, payment and control of own resources and reporting on the implementation of EU rules on own resources.

# I. POLITICAL CRITERIA

## *Summary*

*In terms of the political criteria, the main focus during 2016 will be to implement the remaining obligations of the Political Agreement of 2 June and the Protocol of 15 July, as well as the obligations of the list of urgent Reform Priorities and Recommendations of the senior experts on the situation regarding the Rule of Law. The focus will also be placed on the obligations of High-Level Accession Dialogue, as well as on other obligations arising from the Stabilisation and Association Agreement.*

*Regarding the elections, and for the purpose of efficient organisation and conduct of early parliamentary elections in 2016, the State Election Commission (SEC) will be focused on enhanced education of the electoral bodies and implementation of a campaign to inform and educate the voters. According to the latest amendments to the Electoral Code SEC received increased responsibilities for maintaining and updating the Voter list.*

*A key priority in meeting the political criteria will be enhancing the structural political dialogue in the Assembly of the Republic of Macedonia. The efforts to implement the recommendations of the Report of the Inquiry Committee to investigate the events in the Assembly from December 24, 2012, will continue. The Inquiry Committee on the wiretapping scandal, according to the Decision on establishing and, on the basis of the findings, would need to draft and submit a Report to the Assembly by the end of January 2016. The activities will continue for providing functional parliamentary oversight of the intelligence services.*

*In order to implement the NPAA revision 2016, the Assembly will give priority to the adoption of laws which will be harmonised with the European legislation, with scope and pace that depend on the authorised proponents of the laws. The Committee on European Affairs and the National Council for European Integration will continue to fulfil an important role in the process of the European integration.*

*Regarding the development of the local self-government and decentralisation process, the Government of the Republic of Macedonia will continue its activities to improve the legal, financial, institutional and administrative environment to ensure sustainable local development and decentralisation and to enter the second phase of fiscal decentralisation with a special focus on the Municipality Plasnica, as well as improvement of the horizontal and vertical coordination of the national policies related to sustainable local development.<sup>2</sup> The activities to raise funds for financing projects under the Programme for Regional Development will continue.*

*In the area of civil society, activities will continue to involve civil society organisations in the process of policy making through the establishment of the Council for promotion of cooperation, dialogue and promotion of the civil society development.*

*In the area of police reform, the Law Amending the Law on Police to regulate the use of rubber bullets and means of coercion, under the European Convention on Human Rights has been planned. In the medium term, the adoption of the Law that would regulate the establishment of new, independent institution that will operate in the system of external control of respect for human rights and freedoms, professional standards has been planned.*

*In the area of public administration reform, legal framework for public and state administration and methodology for planning of employment will be implemented. By the end of 2016, interoperability of 25 state institutions will be ensured. The harmonisation of over 200 substantive laws with the new Law on General Administrative Procedure is ongoing. A catalogue of all administrative procedures in the state will be established, as well as public services room, the implementation of the new legislation in the field of human resources management in public administration will continue, while the recruitment procedures will apply the principle of adequate and equitable representation. A new Strategy for Public Administration Reform 2015-2020 will be prepared.*

*Regarding the judiciary, adoption and amendment of part of the legal framework which regulates the system of disciplinary responsibility and dismissal of judges, public prosecutors and criminal proceedings are expected. A Law on Administrative Disputes will be adopted. The initial training of the sixth generation of candidates of the Academy of Judges and Public Prosecutors will be started. Judges will be sent to study visit in the ECHR, while for the candidates for initial training one-month visit in the European Court of Human Rights will be provided.*

*The activities to overcome the issue of so-called old cases will continue.*

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<sup>2</sup> Through the Programme for sustainable local development and decentralisation 2015 - 2020, the following activities will be implemented:

*In the area of anti-corruption policy, the analysis of the anti-corruption legal framework aimed at improvement will continue. For the implementation of the Law on Protection of Whistleblowers, bylaws for regulation of protected internal reporting in the public sector institutions, protected outdoor whistle blowing, as well as guidelines for internal reporting in the private sector will be adopted. The focus will be on strengthening the institutional system and legislation for prevention of corruption and conflict of interests, strengthening of repression against corruption, strengthening the capacities and independence of institutions for law enforcement and increased public involvement in the fight against corruption and conflict of interests.*

*Concerning the freedom of the media / freedom of expression, amendments to the Law on Civil Liability for Defamation and Insult will be adopted. Amendments to the Law on media are planned to increase transparency of media funding. Methodology for allocation of funds intended for campaigns of public interest will be prepared.*

*In the area of protection against discrimination, the activities planned in the Strategy and National Action Plan for Gender Equality will be implemented. The implementation of the Strategy on Gender Budgeting and the evaluation of the Strategy for Equality and Non-discrimination are ongoing.*

*In terms of Roma inclusion, the implementation of the National Action Plans of the Roma Strategy will continue. The implementation of the project "Inclusion of Roma children in pre-school education" will continue. The campaign for records of persons without identity documents in the register of births will continue.*

*Regarding the regional issues and international obligations, the promotion of relations and cooperation with neighbouring countries and the strengthening of regional cooperation, remains high on the priority list. The activities to deepen cooperation with neighbouring countries will continue. The country will continue its active participation in the regional initiatives. The focus of the relations with the Republic of Bulgaria will be the improvement of the contractual framework and enhancing cooperation in the spirit of good neighbourly relations and regional cooperation. The Republic of Macedonia will continue its constructive approach to the cooperation with Greece as well in the talks under the auspices of UN, in accordance with the principles and norms of the international law, including the judgment of the ICJ of 2011.*

## 1.1 DEMOCRACY

### 1.1.1 ELECTIONS

#### *Findings and priorities of the EC Report 2015*

To address the OSCE/ODIHR Recommendations the shortcomings for conduct of elections
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In order to address the OSCE/ODIHR Recommendations, a Law amending the Electoral Code has been adopted, which, among other, amended provisions for composition of the State Election Commission (SEC) and its responsibilities for the Voter List. The provisions, concerning the separation of the state from the party, campaign financing and electoral campaign have also been amended, the model for diaspora voting has been amended, etc. The amendments have been adopted by consensus among the key political parties. During 2015, SEC conducted activities to verify and refine the Voters List i.e. the Working Group for verification of the Voters List continued its activities and to this end a Methodology on Verification and Purging of Voters List was adopted.

For the purpose of organising and conducting the early parliamentary elections in 2016, the State Election Commission (SEC) will focus on enhanced education of the electoral bodies and implementation a campaign to inform and educate voters. According to the latest amendments to the Electoral Code the SEC obtained higher responsibilities for maintaining and updating the Voter List. In this regard, the efforts for completing the Voter List and the strengthening of appropriate capacities continued.

As a result of amendments to the Electoral Code, which entered into force in November 2015, in the following period, the SEC will be focused on:

- Review and update of the Voters List.

- Adoption of the Rulebook on methodology for updating the Voter List based on checks and statistical analysis, cross-checking of different databases and records, unlimited spot checks and other appropriate recognised screening methods and Rulebook on the methodology for full access, performance of changes and deleting data in the Voters List, and a procedure for conducting spot checks aiming at its updating, and
- organisation and realisation of early parliamentary elections in 2016.

SEC will focus on efficient organisation and conduct of early parliamentary elections through enhanced education of the electoral bodies and by conducting a campaign to inform and educate the voters. Activities include educating the electoral bodies through continuous training on the electoral process, online training and seminars, supervising the process of education of the electoral bodies, as well as education and voter informing through brochures and information materials, preparation of video clips, presenting the election process to voters who vote for the first time, preparation and distribution of guidelines on the rights and obligations of the authorized representatives of the lists, preparation of information campaigns for informing the citizens, developing continuous training in the field of elections for all civil servants in the country.

Regarding the strengthening of administrative capacity, emphasis will be put on strengthening the Sector for the Voters List and further establishing of a legal department or unit as recommended by the ODIHR and the perceived need by the SEC.

It is also envisaged to work on the following:

- the establishment of an electronic system for managing cases and complaints and
- implementation of a tool for risk management in order to identify possible risks that pose a threat to the proper conduct of the election process and measures aimed at its prevention.
- Preparing a Report on the feasibility and Plan to introduce the system of fingerprint identification of voters.

Regarding the projects, a TAIEX project for expert mission for education and training is ongoing.

### 1.1.2 ASSEMBLY

The ongoing crisis has underlined the need for the Assembly to substantially improve its performance as a forum for constructive political dialogue and representation, as well as its legislative and oversight functions. This needs to include credible functional oversight of the work of the intelligence services and the capacity to monitor the protection of human rights and fundamental freedoms in the country. The absence of the main opposition party for most of the reported period diminished the quality of reforms and hindered the operation of checks and balances.

As of September 1, 2015, the largest political party of the opposition has been participating in parliamentary work and regular meetings between the President of the Assembly of the Republic of Macedonia, the Vice-Presidents of the Assembly and the coordinators of all parliamentary groups were held. On the 65 session held on September 4, 2015, the vice president was elected of the Assembly among the Members of Parliament belonging to the largest opposition party, decisions that completed the composition of: The National Council for European Integration, working bodies of the Assembly; Delegation of the Assembly in the Parliamentary Committee on Stabilisation and Association Agreement; Committee on Inter-Community Relations were adopted.

During 2015, the Rules of Procedure of the Assembly of the Republic of Macedonia has been implementing continuously and effectively.

In 2015, the National Council for the European Integration and the Committee on European Affairs, held sessions dedicated to the key priorities of the European agenda of the country. On September 18, 2015, within the Fifth Meeting of HLAD, the Assembly held a session of NCEI where the Commissioner for European Neighbourhood Policy and Enlargement Negotiations addressed to the audience.

The Assembly, on its 75 session held on November 9, 2015 adopted a Decision establishing a Standing Committee on the wiretapping scandal, and on its 78 session held on November 17, 2015 adopted the Decision on electing a president, vice-president and members of the Select Committee on the Wiretapping Scandal.

On 3 and 4 April, 2015, the 13th meeting was held of the Joint Parliamentary Committee of the Republic of Macedonia and the EU.

In 2015, the Assembly enacted the laws from NPAA 2015 revision proposed by the Government of the Republic of Macedonia in order to harmonise the national legislation with EU legislation.

In terms of recommendations arising from the Action Plan of the Government of the Republic of Macedonia based on the list of urgent reform priorities for the Republic of Macedonia (June 2015) in the period from July to December 2015, sessions and meetings were held of both competent authorities for the parliamentary oversight of the work of the intelligence services.

A key priority in meeting the political criteria will be enhancing the structural political dialogue in Assembly. In order to ensure a high degree of coordination among the political parties in the Assembly and programming of work, the



president of the Assembly will continue to hold regular meetings with the coordinators of the Parliamentary groups. According to the Rulebook on the Coordination Meetings of the Assembly regarding the draft-laws, the coordination meetings will be attended by appropriate representatives of the Government.

The continuous implementation of the Rules of Procedures of the Assembly of the Republic of Macedonia remains a main priority in 2016.

The efforts to implement the recommendations of the Commission Report to investigate the events in the Assembly from December 24, 2012, will continue.

The Inquiry Committee on the Wiretapping Scandal, according to the Decision for its establishing, on the basis of the findings would need to prepare and submit a Report to the Assembly by the end of January 2016.

In order to ensure a functioning parliamentary oversight of intelligence services will continue the activities of the Commission for oversight the implementation of the special investigative measure interception of communications, and the Commission to oversight the work of the Security and Counter Intelligence Agency.

In order to implement the NPAA revision 2016, the Assembly will give priority to the adoption of laws which will be harmonised with the European legislation, with scope and pace that depend on the authorised proponents of the laws.

The Committee on European Affairs and National Council for EU Integration will continue to fulfil an important role in the process of European integration through the implementation of activities on the key priorities of the European agenda of the country. The Committee on European Affairs will continue to monitor and support the process of harmonisation of the national legislation with the EU legislation, to organise supervision and public debates on important issues of the EU integration process. The National Council for European Integration will continue to fulfil the role of the forum on a continuous base, which contributes to the promotion of political dialogue and a wide national consensus on the Republic of Macedonia membership in the EU.

The Joint Parliamentary Committee between the Republic of Macedonia and EU will continue its contribution to the process of European integration through the meetings of the Committee and a regular Parliamentary dialogue between the Members of Assembly and the European Parliament. JPC - Republic of Macedonia and the EU will continue to issue a monthly newsletter <sup>3</sup> that aims to inform the MPs of the European Parliament, the relevant departments of the European Commission and the Presidents of the Committees on European Affairs of the National Parliaments of the EU Member States, of the activities of the Assembly related to the process of EU integration.

The Assembly will continue its representative role in the field of multilateral and bilateral cooperation. Through the international cooperation and the activities of the President of the Assembly, of the parliamentary groups for cooperation with parliaments of individual countries and through the permanent delegations in the international parliamentary assemblies, the overall bilateral relations with the countries of the region and the Member States, will be promoted and deepened. In October 2016, the Assembly for the first time will host the Autumn Meeting of the OSCE Parliamentary Assembly, where participation is expected of the senior parliamentary delegations from 57 Member States of the OSCE. The Committee on Inter-Ethnic Relations will hold sessions in accordance with the legal responsibilities.

For realisation of the monitoring function of the Assembly, the working bodies will continue to organise supervising and public debates.

The Budget Council of the Assembly will continue its activities in accordance with the responsibilities determined by the Law on the Assembly.

The Parliamentary Institute will continue to work on strengthening the legislative and oversight function of the Assembly by providing timely, objective, independent and accessible services to MPs, services for education and communication and modern system of archiving and a library.

The EU centre of the Assembly will continue to provide access to information related to EU issues, to MPs and the Service of the Assembly. For greater efficiency of activities in the field of European issues, the EU centre will continue to issue monthly informative publication - EU news.<sup>4</sup>

The activities will continue for maintenance of the implemented system of quality management - ISO 9001:2009 as well as providing sustainable support structure of the model CAF - Common Assessment Framework for the use of techniques to improve the quality of operation and management.

The Programme for training of the civil servants in the Assembly for 2016 will be implemented to further promote their knowledge and skills. The planned activities are aimed at achieving the strategic priorities set out in the Strategic Plan of the Assembly for (2016-2018).

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<sup>3</sup> As of January 2010, the Assembly began on a monthly basis to issues the Newsletter JPC - Republic of Macedonia and the EU. So far, 48 editions of the Newsletter has been issued.

<sup>4</sup> So far, the EU centre has released 16 monthly electronic publications - EU news.

### 1.1.3 GOVERNANCE

The issues related to European integration continued to be discussed in the framework of the pre-item for the EU at the regular sessions of the Government, and the new Action Plan on selected priorities (judiciary, freedom of expression and media, interethnic relations, reform of public administration to address the recommendations of the OSCE / ODIHR and good neighbourly relations and regional cooperation) begin to be followed on a regular basis.

Regarding the political criteria, the political leaders reached agreement for implementing the Agreement of June 2, the Annex of June 19 and the Protocol of July 15. Within the framework of the Agreement, the following has been envisaged: the return of the opposition in the Assembly on September 1, 2015, forming of a technical Government responsible for preparation of the upcoming parliamentary elections in April 2016, and selecting a Special Public Prosecutor.

The fifth meeting of the High Level Accession Dialogue was held on September 18, 2015, chaired by the Prime Minister of the Government of the Republic of Macedonia and the Commissioner for Neighbourhood Policy and Negotiations for Enlargement of the European Commission. At the meeting, the progress made in the field of judiciary, fight against corruption, freedom of expression and media, reform of public administration fundamental rights and inter-ethnic relations, etc, have been presented.

The Secretariat for European Affairs held a meeting with representatives of civil society organizations to discuss on the Enlargement Strategy, and the Country Report findings of the European Commission. SEA continued to organise debates with the civic sector in order to ensure the transparency and inclusiveness of the process.

In addition, SEA hosted and organised the Regional Conference on the following topic: Accession Reforms in the Western Balkans, with the support of the German Society for International Cooperation - GIZ. It was attended by senior officials from the European Commission, the Republic of Macedonia, Serbia, Albania, Kosovo, Bosnia and Herzegovina and Montenegro.

During 2016, the Government will continuously monitor the implementation of the obligations arising from the Plan for the implementation of urgent reform priorities (PARIRP). Also, the realisation of the NPAA will be monitored on a quarterly basis.

In terms of inter-ethnic stability the Secretariat for Implementation of the Framework Agreement continuously undertakes activities to promote respect for and protection of minorities. The role of the Secretariat for the implementation of the Framework Agreement has been significantly improved in order to strengthen the control of equal representation in the process of employment in public administration as a result of the recent amendments to the Laws governing the labour relations and the status of public sector employees.

Secretariat for the implementation of the framework agreement has drafted a Review of the implementation of the Ohrid Framework Agreement. In 2016, the policies arising from the Agreement will be evaluated.

The implementation of projects to prevent violence in schools, violence in buses of the Public Transport Company Skopje and violence during sport events have continued. Regarding the online posts which make segregation on ethnic grounds, and the cheering at sport events and demonstrations, measures and activities are undertaken to prevent the violent and offensive behaviour during sports competitions.

In terms of the development of local self-government and the process of decentralisation the Government of the will continue its activities to improve the legal, financial, institutional and administrative environment to ensure sustainable local development and decentralisation, which:

- promote integrated planning of sustainable development at local level;
- improve access to services for citizens and businesses;
- achieve a higher degree of social and territorial cohesion,
- reduce disparities between and within municipalities
- raise the quality of life;
- encourage the local and regional competition;
- promote the management of climate change risks at the local level;
- promote environmental protection and the efficient use of natural resources at the local level;
- promote the development of environmentally friendly and low-carbon transport systems and sustainable urban mobility.

Furthermore, the activities to enter in the second phase of fiscal decentralization will continue, with a special focus on the Municipality of Plasnica. The coordination of national policies that have an impact on local development will be improved, through the commencement of operations of newly formed seven committees to monitor the implementation of the priorities and objectives of the Programme for sustainable local development and decentralization for the period

2015 - 2020<sup>5</sup>. In 2016, the activities will continue to raise funds for financing projects under the Programme for Regional Development.

#### 1.1.4 CIVIL SOCIETY

##### Findings and priorities of the EC Report 2015

Improvements of the climate for work the civil society organizations and aiming to reduce political polarization. Further promotion of the involvement of the civil society in creating the policy and legislation in a more regular and effective manner.

The efforts continued to promote the cooperation between the Government, state administrative bodies and the civil society by drafting a Strategy for cooperation of the Government with the Civil Sector, with an Action Plan for implementation (2012-2017). The Strategy determines interrelated strategic objectives that support cooperation and the development of civil society in five priority areas: The developed and sustainable civil society; Active participation in defining policies, laws and European integration; Economic development and social cohesion; Strengthened civil activism and community support and Strengthened institutional framework and practices of cooperation. The implementation of the Strategy for cooperation of the Government with the civil sector has a dynamics set out by the Action Plan, which is evident from the Report on implementation of the Strategy in 2014, available on the website of the Unit for Cooperation with NGOs [www.nvosorabotka.gov.mk](http://www.nvosorabotka.gov.mk).

In the priority area 5 of the Strategy: The strengthened institutional framework and practices for collaboration, establishment of an advisory body to promote cooperation is envisaged, for dialogue and encourage the development of civil sector composed of representatives of the Government, state administrative bodies and civil society organizations. The establishment of the advisory body and the adoption of all documents necessary for its work are planned for the period 2015-2017. The decision for establishing the Council for promotion of cooperation, dialogue and development promotion of the civil sector is prepared based on the comparative analysis of the advisory bodies for dialogue and development of the civil sector in Croatia, Montenegro and Slovenia, as well as the expert analysis, proposals and recommendations from the civil sector in the country. The Council will be responsible: to monitor the implementation of the Strategy for Cooperation between the Government and the civil sector and the Action Plan for the implementation of the Strategy; to encourage the promotion of cooperation and building partnership of the Government and the state administrative bodies with the civil sector; to monitor and analyze the public policy concerning and/or influencing the development of the civil sector; to initiate new or to amend the existing regulations to improve the legal and institutional framework for the operation of associations and foundations; to give an opinion on draft laws, strategies, programmes and other legal acts concerning or affecting the development of civil society; to participate in the planning of the priority areas for funding the programme activities of associations and foundations from the Budget and to analyze the annual report of the Government and the state government bodies for funded programmes and projects of associations and foundations; and to give recommendations.

The implementation of the Code of Good Practice for Civil Society participation in the policy making process is monitored on a regular basis. The General Secretariat every second year evaluates the implementation of the Code and gives recommendations to enhance the cooperation. Accordingly, the Unit for Cooperation with NGOs during July-August 2014 conducted Analysis of the implementation of the Code. For purposes of the Analysis, the Unit has distributed a questionnaire to State administrative bodies, and responses have been received from 15. Once a year, in August, according to the Article 14 of the Code of Good Practice for the participation of civil society in the process of policy making, an invitation for the civil society to contribute to the preparation of the Annual Work Programme of the Government is published. After those published in 2014 and 2015, 7 initiatives were submitted which the Department for Cooperation with NGOs regularly forwards to the relevant ministries. The initiatives by the civil society and the responses of the ministries are posted on the website of the Unit [www.nvosorabotka.gov.mk](http://www.nvosorabotka.gov.mk). Each year the Government based on the Law on Execution of the State Budget allocates funds for financing the programme activities of associations and foundations planned. The allocation of funds is carried out in accordance with the Code of Good Practices for financial support to Associations of Citizens and Foundations ("Official Gazette of the Republic of Macedonia" No. 130/07), the Decision on criteria and procedure for allocation of funding for the programme activities associations and foundations from the Budget ("Official Gazette of the Republic of Macedonia" No.23/09) and the Programme for funding the programme activities of associations and foundations from the Budget for the current year,

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<sup>5</sup> By Decision of the Government No. 42-10118/1 of 28.10.2015, Committees were established for: democracy and good local governance; innovative and more efficient delivery of services of general interest; basic social services; local economic development; fire protection and rescue and protection on a local level; basic (utility) services and public transport at a local level

and based on an announcement which was published by the General Secretariat in daily newspapers and on the website of the Unit for cooperation with the NGOs [www.nvosorabotka.gov.mk](http://www.nvosorabotka.gov.mk).

The Government is undertaking continuous measures to enhance cooperation with the Ombudsman, based on the established mechanism to review monthly reports for handling complaints and the Ombudsman's recommendations to the Government and the state administrative bodies. The established mechanism of reporting to the Government to act upon the statements and recommendations of the Ombudsman contributes to the promotion of cooperation with the Ombudsman in order to fully respect the constitutional guarantees and international standards on human rights and freedoms, responsible, diligent and timely actions and decisions upon citizens' rights, and transparency of the state administration bodies.

### 1.1.5 FIGHT AGAINST ORGANIZED CRIME

Particular attention in the upcoming year will be paid to:

- establishment of a full sound record on dealing with money laundering and improving the capacity and expertise to carry out financial investigations and asset confiscations on a more systematic basis;
- increase efforts to improve cooperation between the various agencies of law enforcement by putting the full functionality of the National Coordination Centre for combating organised crime;
- reviewing the legal and technical framework for the interception of communications and increasing the effectiveness of special investigative measures for proper implementation of the law (Urgent reform priorities).

#### Records

The national capacity to carry out financial investigations will be strengthen through:

- Adoption of Standard Operating Procedures for conducting coordinated financial investigations;
- Implementation of coordinated, joint training to conduct financial investigations at the national and local level.
- Establishment of relevant records (track record) for the prevention of money laundering and improving the capacity and expertise to conduct financial investigations and asset freezing
- Analysis of the situation in terms of financial crime, preparation of recommendations for establishing the relevant evidence (track record) for the prevention of money laundering and improving the capacity and expertise to conduct financial investigations and assets freezing;

#### Institutional and operational capacity

##### **Reform of the Police**

The Law Amending the Law on Police and the Law Amending the Law on Internal Affairs<sup>6</sup> have been adopted. The amendments will regulate standardisation of the use of technical equipment for video recording in order to improve the level of having grounds for the actions undertaken by police officers. In addition, the mandatory measures to be undertaken by the Ministry of Interior in cases where a police officer committed a crime, an offense involving violence or domestic violence will be regulated.

In October 2015, in the Centre for staff training within the MI, one year training was initiated of 660 candidates for police officers, who were selected after publishing the announcement of July 10, 2015.

During 2016, adoption of the Law Amending the Law on Police to regulate the use of rubber bullets (tasers) and means of coercion, under the European Convention on Human Rights, was planned. In creating the legal provisions, legal analysis, prepared within the project of the Council of Europe "Strengthening the capacity of the law enforcement agencies for the proper treatment of detainees and prisoners" has been taken into consideration.

By the adoption of the law, a Rulebook on performing police work, and the Decree on the use of force and firearms will be adopted. The Standard Operating Procedures (SOPs) will be also adopted for the use of force and firearms training for their use.

A Strategy on development of the police and an Action Plan for its implementation will be adopted;

The National Coordination Centre (NCC) to fight organized crime will become operational in 2016 through:

- Equipping the premises of NCC with furniture and computers;
- Appointment of staff;
- Review of Standard Operating Procedures for handling the NCC to combat organized crime.

In the medium term, the adoption of a Law that would regulate the establishment of new, independent institution that will operate in the system of external control of respect for human rights and freedoms, professional standards and the

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<sup>6</sup> Official Gazette of the Republic of Macedonia No 33/15

application of specific duties and powers by the employees in the MI has been envisaged. Within the project of the Council of Europe "Support for the establishment of an external supervision mechanism in the Republic of Macedonia" analysis on the situation and the most appropriate model will be developed for independent supervision mechanism to monitor the work of the police.

A construction of the Gorce Petrov Police Station has been planned and reconstruction of barracks Christian Todorovski Karposh in Kumanovo as a measure to improve the physical facilities.

## Fight against organised crime

### Legal framework

In order to overcome the remarks of the Priebe Report and the Recommendations of a group of senior experts on systemic rule of law relating to the communications interception, a new Law on communications interception will be adopted.

### Strategic framework

In order to complete the strategic framework in the fight against organized crime, Strategy on cyber security and an Action Plan for its implementation, will be adopted.

### Projects

- IPA 2010 - Further strengthening of the institutional capacity of the police service in the field of border management, police work in the community and the fight against organized crime, in amount of EUR 1,750,000 out of which EUR 175,000 national co-financing. Within this project the following components have been envisaged: (1) Development of the capacity of the Department for organised crime and (2) Strengthening capacities for combating financial and computer crime. (3) Strengthening the operational capacity of the Border Police in the fight against illegal trade. (4) Strengthen the capacity of uniformed police of general jurisdiction. The duration of the Project is as of 2014 to 2016. This project envisages development of a methodology and standard operating procedures for conducting financial investigations, and training to conduct financial investigations, according to the new SOPs. In addition, through the project, a Strategy for Police Development and an Action Plan for its implementation, whose adoption will follow, will be drafted.
- IPA 2011- "Rule of law" Development of police working with the intelligence information, in amount of EUR 900,000. The project will contribute to drafting the analysis of the legal framework, assessment of material and technical facilities for the smooth functioning of the National Coordination Centre for Combating Organized Crime and it will also contribute to its full functionality.
- IPA 2012- Strengthening the national capacities to combat corruption and organized crime. Overall project value is EUR 1,200,000. The project duration will be a total of two years. The project will contribute to the analysis of the situation in the area of financial crime, which will establish the relevant records to prevent money laundering and to improve the capacity and expertise to conduct financial investigations and freezing of assets, as well as coordinated training to conduct financial investigations.
- Project of the Council of Europe - Support for the establishment of an external monitoring mechanism in the Republic of Macedonia." The project started on December 1, 2015, with duration of 5 months and a budget in total amount of EUR 130,000. The project will contribute to perform the analysis of the situation, and the development of the most appropriate model for independent supervision mechanism to monitor the police working, aiming at drafting a law that would regulate the establishment of new, independent institution that will operate the system of external control over the police.

## 1.2 PUBLIC ADMINISTRATION REFORM

### Findings and priorities of the EC Report 2015

During the next year the focus will be on:

- Further strengthening the principles of accountability, transparency and merit, including the introduction of an improved human resources management information system;
- Adopting a new Public Administration Reform Strategy for the next five years and a Public Financial Management Reform Programme that would address the identified weaknesses, including greater budget transparency.

In order to improve the administrative structures and to strengthen the administrative capacities, as well as to increase the transparency and accountability of the administration, the Ministry for Information Society and Administration (hereinafter: MISA) continues to coordinate: the process of Public Administration Reform (PAR) through monitoring the implementation of the Action plan resulting from PAR Strategy; planning the new PAR Strategy 2016 - 2020 and its Action Plan; the implementation of the legislation on administrative officials and public employees; the improvement of the legal framework of administrative procedures through the new Law on General Administrative Procedure; provide a system for continuous training of the administration; the improvement of the coordination mechanism for human resources, and service delivery to citizens.

The Administration Agency (hereinafter: AA) as an independent state body enables the development and sustainability of professional and service-oriented administration in line with the new approach for competence based human resources management.

In the upcoming period, MISA will continue to implement the legal framework for administrative officers and for the employees in the public sector by: issuing approvals for the acts on internal organisation and systematisation acts in the public sector institutions in terms of their compliance internal acts as well as their compliance with the Law on Public Sector Employees; adopting a Methodology for planning in public sector employment as a basis for the adoption of the first annual employment plans and the implementation of training.

In 2016, MISA and AA will continue to coordinate the process of PAR. MISA and AA will start to monitor the implementation of the Law on Administrative Servants and the Law on Employees in the Public Sector. In order to improve the public services, the MISA by the end of 2016 will ensure interoperability of 25 state institutions, establish Catalogue of all administrative procedures in the state, and will establish a room for public services. Strengthening the capacity of MISA and other institutions will continue through the introduction of ISO and CAF and their implementation where they are already in place. By the end of 2016, a new Strategy for Public Administration Reform 2015-2020 will be prepared. During 2016, an annual training programme for administrative management for 2017 will be prepared. The improvement of the coordination mechanism for human resources for the whole administration is ongoing through the established network of human resources, and the electronic system for human resources will be updated.

During 2016, the AA in its work will be focused on timely, efficient and effective implementation of the new obligations stipulated in the Law on Administrative Servants: publishing job advertisements for administrative officials; organisation of the selection procedures of administrative officials; conducting the exam for administrative officer, the exam for administrative management and integrity test; keeping records of candidates who have submitted false evidence in the application for employment; keeping records of network access to computers in the examination room for administrative officer and to the module and database of questions and tests, by access time, by user name of the person who accessed and actions performed, and acting upon complaints and appeals of administrative officers in the second instance.

During 2016, the Secretariat for the Implementation of the Framework Agreement (hereinafter: SIFA) will continue to advocate for proper monitoring and implementation of the constitutional principle of equitable representation under the new legal framework. Consequently, appropriate action to deploy administrative officers working at the SIFA will be taken and methods for integrating at the workplace and diversity management will be developed.

Regarding the promotion and coordination of the functional process of strategic planning, the General Secretariat (hereinafter: GS) will continue to support the Government in establishing its strategic priorities and objectives. Also, the GS during 2016 will continue with: the development of a sustainable and stable system of training in the area of strategic planning; provide expert advice and enhancing the knowledge and skills in developing strategic planning in the Ministries and other state administration bodies; to coordinate the process of preparing and monitoring the implementation of the Annual Work Programme of the Government.

During 2017 and 2018 in the medium term, MISA will continue to improve the public services through implementation of the project "Evaluate the Administration" and "Quality barometer". Annual Training Programmes for administrative management for 2018 and 2019 will be prepared. The implementation of the Learning Management System and Micro-learning System in Public Administration and maintenance of the platform for e-training is ongoing.

## 1.3 RULE OF LAW

### 1.3.1 JUDICIARY

*(See also Chapter 3.23.1 Judiciary)*

#### Findings and priorities of the EC Report 2015

In the following year attention will be paid to:

- practical professionalization through the systems of appointment and promotion;
- support and resources to the Special Public Prosecutor;
- reform of the existing disciplinary dismissal system for judges;
- new Judicial Reform Strategy and Action Plan addressing remaining shortcomings in a sustainable manner;
- improve strategic planning, needs assessment, resources management and allocation within the judiciary.

The preparation of the Strategy and Action Plan for further reform of the judicial system 2016 - 2020 is in the final stage, defining the future reform actions to implement the judiciary policies in the following six thematic areas: I. Judiciary, II. Criminal justice system, III. Access to justice, IV. Sectoral policy and implementation of the EU acquis, V. Administrative Law, and VI. IT- E-justice.

To increase the independence of the judiciary, the Law on the Council to Establishing Facts and Initiating Disciplinary Procedure has been adopted, establishing a new body for initiation of proceedings and investigation to determine the responsibility of the judge, while the decision on the disciplinary accountability is under the jurisdiction of the Judicial Council. In February 2015, amendments to the Law on the Judicial Council were adopted to align it with this Law.

The amendments to the Law on the Judicial Council of the Republic of Macedonia of April 2015, strengthened the criteria for selection of its members.

A new Law on the Academy for judges and prosecutors has been adopted to further enhance and strengthen the capacity of the Academy.

A total of 78 candidates from 80 candidates have been selected from I, II, III and IV generation of AJP. 2 more candidates have remained to be selected, one of III and one of IV generation for whom the selection procedure is in progress.

In November 2015, the practical training for 13 participants in the initial training of the fifth generation of the Academy of Judges and Public Prosecutors was completed, and in December 2015 the final examination was conducted. On 9th November 2015, the Academy published the public announcement for the 30 participants in the initial training for the sixth generation, and the procedure for admission is underway.

The Judicial Council has monitored the courts regarding the old cases older than 3 years. On a monthly basis, the courts delivered tables of old pending cases which were summarized on a monthly basis. In January 2015, 10,370 cases were identified, while in September 2015, 6,631, indicating that 3,739 cases were closed in this period.

In 2016, in order to improve the rule of law, adoption and amendment of part of the legal framework is envisaged as follows: New Law on Courts and amendments to the Law on Judicial Council aimed at amending the system of disciplinary responsibility and dismissal of judges, a new Law on The Public Prosecutor's Office, amending the Criminal Procedure Code to comply with the European Convention on Human rights and the practice of the European Court of Human rights in relation to the detention, amendments to the Law on Free Legal Aid, as well as amendments to the Law on Administrative Disputes.

The reforms of the judicial system in order to strengthen the judiciary in relation to other branches of the authority, strengthening strategic planning, financial and communication capacities of the management system of judicial institutions, strengthening the independence, efficiency, competence and transparency of the entire judicial system will continue through the implementation of the Strategy for reform of the judicial system 2016-2020.

The Judicial Council will prepare a multi-year assessment of the required number of judges and the need for budgetary resources on which basis announces of appointment of judges in higher courts according to the merit system will be launched.

In 2016, the initial training of the sixth generation of candidates of the Academy of Judges and Public Prosecutors will begin. The Academy for Judges and Public Prosecutors will prepare Guidelines for the selection of judges who will be sent on study visit in the ECHR, while for the candidates for initial training one-month visit in the ECHR will be provided. A methodology will be developed for assessing the effectiveness of training and their impact on improving the quality of regular judicial prosecution practice.

The function and application of new judicial portal will be monitored on a continuous basis for better disclosure and quick search of court verdicts <sup>7</sup> for all courts.

The Judicial Council will draw up action plans to reduce the number of old cases, and will regularly update records of the length of court proceedings with emphasis on the so-called old cases. The monitoring of the efficiency of the courts on the basis of indicators, clearance rate and disposition rate of cases will continue.

The functioning of the existing system and procedures for allocating items by ACCMIS will be assessed, and JCRM will prepare quarterly reports on the authentication system of allocation of cases.

### 1.3.2 FIGHT AGAINST CORRUPTION

#### Findings and priorities of the EC Report 2015

For further progress in the area, special attention in the coming year should be given to:

- political will in fighting corruption in the form of autonomous and effective measures by law enforcement and supervisory bodies, notably the State Commission for Prevention of Corruption;
- increasing the visibility of anti-corruption measures and the results achieved to improve public awareness and trust;
- developing a credible track record on fighting high level corruption;
- creating an effective framework for the protection of whistle-blowers, in line with European standards and best practices (Urgent Reform Priorities).

In 2015, the Law Amending the Law on Prevention of Corruption was adopted<sup>8</sup> which provides Register of elected and appointed officials, which will improve the verification of data on the assets and interests by monitoring the compliance with the obligation to submit assets declarations and statements of conflict of interest<sup>9</sup>. A Regulation on the content, form and manner of keeping the Register of selected and appointed officials and Form of data of the selected and appointed officials, have been adopted.

In September 2015, SCPC adopted a Methodology for checking anti-corruption legislation, which defines the process of analysis and assessment of the legislation, in order to minimize the risks of corruption and conflict of interest.<sup>10</sup>

On November 11, 2015, a Law on Protection of whistle-blowers was adopted,<sup>11</sup> which regulates the so-called protected channels of reporting, the rights of the whistleblowers and the actions and responsibilities of the institutions or legal persons regarding the protected applications and providing protection to the whistleblowers in the public and private sector.

In order to strengthen the fight against corruption, a National Programme for Prevention and Repression of Corruption Prevention and Reduction of Conflict of Interest, and Action Plan 2016-2019 and the final report for accomplishing the National Programme 2011-2015 have been adopted, which were presented before the general public on December 12, 2015.<sup>12</sup>

<sup>7</sup> web content management system

<sup>8</sup> Published in "Official Gazette of the Republic of Macedonia" No. 97/2015.

<sup>9</sup> This and regarding the implementation of the recommendation xviii) of GRECO from the Fourth round of evaluation.

<sup>10</sup> The determination of this Methodology is aimed at implementing the key measure O.1 Transparent rules: move away from discretion to rule-based political and administrative decision making by conducting risk assessment actions, by adopting public, simple and enduring rules, under the dimension Anti-corruption of the Strategy for South-eastern Europe 2020. Activities to support the implementation of the Methodology envisaged by the Regional Programme "Building capacities of anti-corruption bodies in Southeast Europe and the strengthening of their cooperation", prepared by the Regional anti-corruption initiative (RAI) in cooperation with UNODC, whose implementation is planned to start in December 2015.

<sup>11</sup> The law will begin to apply four months from the date of entry into force.

<sup>12</sup> On 28 of July, 2015, SCPC adopted a draft Guidelines on the preparation of the State Program 2016-2019. In September 2015, a working meeting was held and an expert opinion on the text of the Guidelines was received by the international anti-corruption expert MCIC



In terms of establishing credible record of cases of high-profile corruption, Criteria for determining cases of high-profile corruption have been prepared. The criteria are accepted by the Public Prosecutor's Office.

Within the IPA 2010, the Twinning project, in November 2015 started the analyzing the anti-corruption institutional framework and institutional cooperation that will result in recommendations for their improvement.<sup>13</sup> The activities are underway for the development of IT solutions for improving the records of criminal investigations, prosecutions and convictions for corruption and application of methodology for relevant statistical monitoring system of anti-corruption policy<sup>14</sup>, as well as the activities for the development of IT solutions for establishing the Register of elected officials in the electronic system.

The country is included in the UNODC Regional Programme for South East Europe 2016-2019,<sup>15</sup> which incorporates the activities to strengthen the effectiveness in the prevention, detection, prosecution and punishment of corruption and promoting criminal justice, integrity and legal cooperation.

Within the IPA 2010 twinning project "Support to efficient prevention and fight against corruption" the analysis of the anti-corruption legal framework aimed at improvement will continue. Based on the recommendations received under this project, amendments to the Law on Prevention of Corruption and the Law on Conflict of Interest will be prepared.

For the implementation of the Law on Protection of whistle-blowers in the first quarter of 2016, bylaws will be adopted for regulation of protected internal reporting in the public sector institutions, the protected external reporting, as well as guidelines for internal reporting in the private sector. Also, the laws that regulate the rights and obligations arising from employment in the public and private sector will be complied with the Law on Protection of Whistleblowers.

#### **Institutional framework**

In the upcoming period the focus will be on strengthening the institutional system and legislation for prevention of corruption and conflict of interests, strengthening of repression against corruption, strengthening the capacities and independence of the institutions for law enforcement and increasing the public involvement in the fight against corruption and conflicts of interest.

Within the IPA 2010 Twinning project, IT solutions for improving the records of criminal investigations, prosecutions and convictions for corruption and application of Methodology for relevant statistical monitoring system of anti-corruption policy will be developed.

Activities aimed at improving the system of verification of data on the assets and interests of elected and appointed officials on the basis of the established database of appointed officials will be carried out.

Within the Component 6 of the same project, IT solution for establishing the Register of appointed officials in the electronic system will be prepared.

During 2016, the capacities of the SCPC will be strengthened in order to apply the Methodology on anti-corruption examination of the legislation.

Regarding the realisation of the GRECO recommendations of the Fourth round of evaluation on the topic: "Prevention of corruption among MPs, judges and prosecutors,"<sup>16</sup> in the second half of 2016, Information will be prepared for GRECO Report on compliance of the country - The fourth round of evaluation.

Activities aimed at improving the system of public internal financial control and implementing risk assessment for corruption will be carried out.<sup>17</sup>

Activities aimed at establishing a system of protection of the whistleblowers will be carried out.

Regarding the financing of political parties, according to the Annual Work Programme for 2016, the SAO will audit the political parties. Final audit reports will be prepared on audits of financial statements of the organisers of the election campaign, conducted presidential elections and the early parliamentary elections in 2014, and the following early

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<sup>13</sup> Within the Component 1 "Promotion of the legal and institutional framework for combating corruption" from IPA2010 Twinning Project "Support to efficient prevention and fight against corruption"

<sup>14</sup> Activity within the Component 4 of the twinning project.

<sup>15</sup> Sub-Programme 2: Strengthening Criminal Justice, Integrity and Legal Cooperation  
United Nation Office on Drugs and Crime UNODC

<sup>16</sup> GRECO report on evaluation of the Republic of Macedonia - The Fourth round was adopted on 62 nd Plenary Meeting of GRECO which was held from 2nd to 6th December 2013 in Strasbourg. This GRECO Report addressed 19 recommendations to the Republic of Macedonia, out of which 4 shall apply to Members of the Assembly, 9 to the judiciary, 3 to the Public Prosecutor's Office and 3 shall apply to all categories.

<sup>17</sup> The determination of the Methodology is aimed at risk assessment for corruption and implementing the key measure O.1 Transparent rules: move away from discretion to rule-based political and administrative decision making by conducting risk assessment actions, by adopting public, simple and enduring rules, under the dimension Anti-corruption of the SEE2020. Activities to support the implementation of the Methodology envisaged by the Regional Programme "Building capacities of anti-corruption bodies in SEE and the strengthening of their cooperation", prepared by the Regional anti-corruption initiative (RAI) in cooperation with UNODC, whose implementation is planned to start in December 2015.

parliamentary elections in 2016. According to the Law on State Audit final Audit Reports on the audits performed on the political parties will be published on the website of the SAO.

The Committee on Free Access to Public Information (CFAPI) will prepare quarterly reports on complaints submitted to the Committee, i.e. the total number of complaints, number of decisions and a number of conclusions.

During 2016, AJPP and SCPC will conduct continuous trainings for corruption risks, preventive measures and awareness raising and training for confiscation of illegally acquiring property and misuse of the public procurement.

Also, according to the Annual Programme for generic training of administrative officials of MISA in 2016, training courses on anti-corruption policies and ethics in the civil service are envisaged.<sup>18</sup>

Regarding the transparency of the public procurement contracts see *Chapter 3.05. Public Procurement*

### *Medium term priorities*

In the medium term, the implementation of the activities to further strengthen the prevention and repression of corruption, reducing conflicts of interest, the promotion of transparency of financing the political parties and strengthening of inter-and institutional cooperation will continue.

### **Legal framework**

The activities aimed at implementing the Action Plan of the State Programme for Prevention and Repression of Corruption and Prevention and Reduction of Conflict of Interest, as well as the activities foreseen in other strategic and programming documents pertaining to anti-corruption law frame, will continue.

Measures to improve the legislation in order to promote transparency and standards for the award of public procurement, concessions and contracts to establish public-private partnership will be taken.

### **Institutional framework**

In the medium term, SCPC will continue to monitor the activities under the new state programme for prevention of corruption and conflict of interest for the period 2016-2019.

The track records of criminal investigations, prosecutions and convictions for corruption and other data reporting in the area of fight against corruption will continue.

The activities aimed at implementing the Action Plan of the State Programme for Prevention and Repression of Corruption and Prevention and Reduction of Conflict of Interest, implementation of key measures in the Anti-corruption pillar of the Strategy for South Eastern Europe 2020, and other measures and activities with other strategic and programming documents pertaining to anti-corruption institutional framework will continue.

In the medium term, activities aimed at monitoring and improving the system of protection whistle-blowers, will continue.

Also, the activities will continue for promoting the application of the Methodology for relevant statistical monitoring system of anti-corruption policy. The implementation of the Register of elected officials in the mechanism for verification of assets and interests of the elected and appointed officials will be promoted. Activities to assess the needs for capacity building of the institutions of the anti-corruption institutional framework and activities appropriate for their provision will be undertaken. The activities of the Twinning project IPA 2010 – "Support for effective prevention and fight against corruption" will be carried out continuously.

### **PROGRAMMES AND PROJECTS**

- Twinning project IPA 2010 – "Support for effective prevention and fight against corruption".
- Strategy for South East Europe 2020
- Regional programme "Capacity building of anti-corruption bodies in Southeast Europe and strengthening of their cooperation", prepared by the Regional Anti-Corruption Initiative (RAI), in cooperation with UNODC
- UNODC Regional Programme for South Eastern Europe 2016-2019

## **1.4 HUMAN RIGHTS AND PROTECTION OF MINORITIES**

*(See also 3.23.3 Fundamental Rights)*

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<sup>18</sup> According to Catalogue of training, for 2016 implementation of 3 training courses is envisaged on "Confiscation / Liability of legal persons" 1 counseling on the topic "Bribery" 1 counseling on the topic "Criminal offenses related to abuse of public procurement and corruption in the public procurement procedures" intended for judges from all the appellate regions.

Regarding the part freedom of expression/freedom of media, the Law on Civil Liability for Insult and Defamation has been implementing on a continuous basis. The judges and public prosecutors are continuously trained on the jurisprudence of the European Court of Human Rights. In 2015, consultations continued on practical application of the Law on Civil Liability and Defamation by analyzing the reference case-law concerning Article 10 of the Charter of human Rights, as mandatory for judges, who in accordance with the annual work schedule of the courts were deployed to handle these cases.

The Government adopted a moratorium regarding the broadcasting of campaigns financed by the Budget. A draft code of ethics for the media has been prepared.

In 2016, amendments to the Law on Civil Liability for Defamation and Insult will be adopted.

A Methodology for allocation of funds intended for campaigns of public interest by budget users, state-owned enterprises, public enterprises and state agencies will be prepared. The methodology will include the principles of 1) relevance of the campaign in terms of the government's legal powers, 2) justification of the campaign objectives and communications strategy and 3) political neutrality of the campaign, as well as mechanisms to check the compliance with these principles.

Amendments to the media to increase the transparency of media funding have been planned. The dialogue with media representatives will continue.

In the area of protection against discrimination, the Commission for Protection against Discrimination continuously acts upon the complaints received on different grounds.

The operational programmes have been prepared for 2015 for the implementation of the Strategy for Gender Equality and the Strategy on Gender Responsible Budgeting.

The implementation of the twinning project to support the implementation of gender equality, with duration of 18 months has begun. The Project activities are aimed at strengthening the capacities of all stakeholders in the field of gender equality, and to increase the effectiveness of the state in this area. The activities for analysis of national legislation and relevant EU legislation, in the field of gender equality are ongoing.

Implementation of concrete measures and activities aiming to ensure improvement of the situation and overcome the weaknesses in this area has started. Regarding the activities pertaining to special schools, allocation of the resources needed to perform re-classification of children in special schools has been made.

The efforts for protection of victims of trafficking continued, in cooperation and continuous coordination with the trained social workers from Social Welfare Centres, labour inspectors, the Ministry of Interior Unit for Combating Human Trafficking and Illegal Migration and NGO "Open Gate" and "For Happy Childhood" at the Centre for victims of Human Trafficking.

During 2016, the activities planned in the Strategy and National Action Plan for Gender Equality will be implemented. The implementation of the Strategy on Gender Budgeting and the evaluation of the Strategy for equality and non-discrimination, are ongoing.

The annual operating plans for 2016 for implementation of the Strategy for Gender Equality 2013-2020 and for implementation of the Strategy for Gender Responsive Budgeting 2012-2017 will be prepared, and their implementation will be followed.

During 2016, the realisation will continue of the informative meetings with local self-government units and Commissions for equal opportunities at local level to promote cooperation and exchange of proposals and initiatives for activities in the area of equal opportunities and non-discrimination, issues of gender equality, gender responsive budgeting, and the concept of equality and protection from discrimination.

During 2016, within the project "Support to the implementation of gender equality" training programmes and the preparation of gender markers are planned.

Activities in accordance with the strategic documents and action plans in the area of equality and non-discrimination and gender equality and for further strengthening the capacities of the mechanisms for gender equality and protection and prevention against discrimination will be implemented.

Activities to promote respect and protection of communities have been undertaken. The role of the Secretariat for the Implementation of the Framework Agreement (hereinafter: SIFA) has been significantly improved in order to strengthen the control of equal representation in the process of employment in public administration as a result of the recent amendments to the laws regulating the labour relations and the status of public sector employees.

In terms of Roma inclusion in the active employment measures, the Employment Agency currently implements the employment programmes of the Operational Plan for active programmes and measures for employment in 2015. Roma inclusion in the Programmes and measures of the Operational Plan is implemented in cooperation with the Employment Agency and Roma Information Centres (RICs). Upon the commencement of the new academic year 2015/2016 the

realisation of the project "Inclusion of Roma children in public kindergartens in Macedonia", continued, under which, for the particular school year, 650 children are envisaged to be included. The focus of the activities of RICs aims to promote and inform the Roma community of current announcements for application in the active employment measures.

Regarding the activities for improving the social inclusion of the Roma, the implementation of the National Action Plans from the Roma Strategy will be further continued.

During 2016, the implementation of the project "Inclusion of Roma children in pre-school education" in cooperation with the Roma Education Fund, municipalities and public pre-schools will also continue. The implementation of the programmes for Roma health mediators, the programme for scholarships and mentoring of Roma pupils, included into the secondary education, and the operating support of 12 established Roma Information Centres on the territory of the country will continue. The support for Roma employment as a target group in accordance with the measures from the Operating Plan for Activities, measures and employment programmes for 2016, as well as the activities within the coordinated action for identification of persons, who are not registered in the birth registries, will continue.

In terms of RICs, their operation will continue in accordance with the work plan for 2016. The action for recording of persons in the registry of births will also continue.

According to the revised National Roma Strategy, the Agenda for Social Roma Inclusion together with the EU 2020 targets, and the National Action Plans, the implementation of the planned activities for promotion and improving the condition and social inclusion of Roma in the country will be continued.

## 1.5 REGIONAL ISSUES AND INTERNATIONAL OBLIGATIONS

The improvement of the relations and cooperation with neighbouring countries and the strengthening of the regional cooperation are among the key priorities.

During 2015, several actions aimed at further strengthening and improvement of relations with the immediate and extended neighbourhood, as well as active participation in the regional initiatives have been performed. The Republic of Macedonia successfully chaired the Central European Initiative (CEI) from January to December 2015. The country chaired the Regional Initiative for Migration, Asylum and Refugees in SEE (MARRI) in the period from 2014 to 2015, and the South-Eastern Europe Health Network (SEEHN) in the period from July to December 2014.

More formal and informal meetings have been organised between high level representatives with the countries from the region. Representatives of the Ministry of Foreign Affairs of Greece visited the country in June 2015, whereby eleven measures for practical cooperation in areas of mutual interest were agreed. The areas of cooperation are: interior affairs, education, culture, health, economy, energy, railway connection, the EU issues and etc. This is the first bilateral visit of representatives from the Ministry of Foreign Affairs of the Republic of Greece to Macedonia in the last 11 years. The meetings between Macedonia and Bulgaria on the harmonisation of the draft text of the Agreement on friendship, good neighbourly relations and cooperation (AFNC) continued. In the regional cooperation, the focus will be on further proactive participation in the Process of Cooperation in South East Europe (SEEC), the Regional Cooperation Council (RCC), especially the Central European initiative (CEI). The country continues with active participation in the regional police cooperation that takes place within the Southeast European Law Enforcement Centre (SELEC) <sup>19</sup> or the Regional SECI Centre in Bucharest <sup>20</sup> and in the framework of the Convention on Police Cooperation in Southeast Europe.

The country participates in the Secretariat of the Network of Associations of Local Authorities of SEE (NALAS), the Standing Working Group on Regional Rural Development (RRD), with representatives in the Regional Cooperation Council and SECI. The Republic of Macedonia has observer status in the Danube process.

In relations with the Republic of Albania, the focus is on maintaining continuity in the cooperation and constructive dialogue. In the next period the Republic of Macedonia is committed to the priorities of mutual interest to both countries, such as: more efficient use of the European funds, joint participation in new projects within the IPA component for cross-border cooperation, deepening economic cooperation, promotion of economic potentials and implementation of infrastructure projects of importance to both countries and the region. The realisation of the re-affirmative initiative of holding a joint meeting of the governments of both countries is of particular importance, as well as the realisation of several return official visits. Macedonian side has taken an initiative for the reactivation of the Joint Committee on Economic Cooperation in the upcoming period.

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<sup>19</sup> Process of South East European Cooperation Process (SEEC), the Regional Cooperation Council (RCC), the Central European Initiative (CEI), the Regional Initiative for Migration, Asylum and Refugees in SEE (MARRI) Health Network of Southeast Europe -SEEHN), the Centre for law enforcement in Southeast Europe (SELEC), the Network of associations of local authorities of South East Europe (NALAS), the Standing working group for regional Rural development (CWG)

<sup>20</sup> Convention of the Southeastern European Law Enforcement Centre- SELEC.

The focus of relations with the Republic of Bulgaria is a further improvement of the regular and constructive political dialogue and further improvement of the sector and contractual cooperation on issues of bilateral and regional interest. Political consultations between both of the Ministries of Foreign Affairs for the purpose of preparation of official visits and meetings of presidents, prime ministers and ministers of foreign affairs are envisaged.

The Republic of Macedonia continues with the proactive approach and initiative to enhance bilateral relations with the Republic of Greece in order to intensify the overall bilateral cooperation and promotion of good neighbourly relations. The Republic of Macedonia will continue, with sincere intentions, with an active and constructive approach to the talks on the name dispute under UN auspices and in accordance with the principles and norms of the international law, including the judgment of the ICJ in 2011.

The focus of relations with the Republic of Kosovo will be maintaining and strengthening the constructive and open dialogue and intensification of bilateral cooperation in various areas of mutual interest. The interest is mutual to hold the first joint intergovernmental session, in the first half of 2016 and continuation of the visits at the highest level. An Agreement on Mutual Trips of Citizens of Both Countries, the Agreement on Reciprocal Recognition of Driving Licenses, and Cooperation Agreement on Matters of European Integration, are expected to be signed. Realisation of joint infrastructure projects is expected, especially on the highway Skopje-Pristina and the border crossing Belanovce – Stanchikj. In order to strengthen economic cooperation, attracting foreign investors and ranking third markets, with joint projects for financial assistance for infrastructure connectivity through the EU funds and other international donors. 20 initiatives to conclude new agreements for cooperation in the field of transport, investment, justice, education, security, cross-border cooperation, environment, etc., as well as cooperation between the two governments on issues in the field of European integration are ongoing.

The Republic of Macedonia and the Republic of Serbia have recorded excellent results in terms of bilateral cooperation. Both of the countries have a regular dialogue at the high and highest level, as well as continued dialogue within the regional and multilateral cooperation that will continue in 2016. Based on the Agreements signed at the Second Joint Government Session between the two countries, the bilateral cooperation, in the following period is expected to deepen and strengthen in many areas.

In relations with Bosnia and Herzegovina the focus will be on retaining the positive development, by mutually expressed interest in cooperation in several areas. Considering that the strategic objectives of both countries is full membership in Euro-Atlantic structures, the mutual interest has been confirmed in signing of the Cooperation Agreement in the context of the EU accession process. The interest in fostering economic cooperation is present, especially in the Chambers of Commerce, as well as communication between the business communities of the two countries by creating a favourable economic climate, promoting cooperation in tourism, facilitating communication between the citizens of both countries including through initiating mutually enabling entry and residence of nationals of both countries with biometric IDs, cooperation in the succession of diplomatic property of Former Yugoslavia, implementation of the Protocol on cooperation between diplomatic academies and etc.

The relations with the Republic of Turkey, are characterized with a continuous and intensive cooperation between the two countries. The excellent and intensive bilateral relations will continue, addressing a number of topics in different areas. The cooperation will continue through maintaining dialogue and visits to the appropriate level in different areas of common interest.

The bilateral cooperation with the Republic of Croatia is expected to continue. Deepening of the economic cooperation through the exchange of experiences in the field of use of IPA funds, joint presentation of Macedonian and Croatian companies in third markets, and strengthen cooperation in the field of tourism are common goals of the two countries. Maintenance of the political consultations is envisaged between the Ministries of Foreign Affairs of the two countries.

In bilateral relations with the Republic of Montenegro, the focus of the cooperation will be on maintaining dialogue and visits at the high and highest level of implementing the Agreement on Economic Cooperation between the Governments of both countries through holding meetings of the Joint Commission for Economic Cooperation. There is a mutual consent to consider the possibilities for holding Joint Session of the Governments of both countries.

## II. ECONOMIC CRITERIA

### Findings and Priorities from EC Report 2015

The Republic of Macedonia has a good level of preparation in the development of the functional market economy. Overall, no progress has been achieved. On one hand, positive events have been noticed, especially regarding business environment. Macroeconomic environment, besides the key weaknesses, has been further strengthened. However, a counterbalance to this is the backsliding in the part of management of public finance. The Government continues to promote growth and employment through greater investments in public infrastructure and foreign direct investments (FDI). This contributed to improvement of the structure of export and the creation of job posts. However, the development of the competitive private sector is still restrained by weak execution of contracts and greater informal economy. In accordance with the recommendations from the Economic Reforms Programme for 2015, and for the purposes of continuing the long-term growth of the Republic of Macedonia, special attention should be paid to:

- enhancement of the medium term planning and execution of the budget and stricter respect of the medium term fiscal strategy;
- continuation of the structural reforms for improvement of the business climate and creation of efficient bankruptcy proceedings; and
- undertaking additional measures to renew the channel of bank credit supply.

The economy is moderately prepared to cope with competitive pressures and market forces within the Union. Certain progress has been achieved, especially regarding the resolution of the active disadvantages in respect of human capital and the physical infrastructure. However, the business activities will be further concentrated on low-productive activities and it is necessary the added value in the productive sectors to be increased. Further investments are necessary for increasing labour productivity improvement and acceleration of the transformation of the economy. In general, state influence on competitiveness has been increased.

In accordance with the recommendations from the ERP for 2015, and for the purposes of supporting long-term growth, the Republic of Macedonia should pay special attention to:

- improvement of the employment possibilities of workers through better harmonisation of the education with the needs of the workforce demand, as well as improvement of the basic and advanced skills of students at all educational levels;
- improvement of relations between the foreign direct investors and the economy and investment incentives in capital goods and innovations; and
- better prioritisation of investments and harmonisation of the transport strategy with the regional agenda for connecting.

### Summary

*The macroeconomic policy in 2016 will continue to fulfil its strategic goals for long-term and sustainable economic growth of the country. The macroeconomic policy is in function of maintaining the macroeconomic and financial stability, increasing the competitiveness of economy, employment and enhancement of the living standard and the quality of life of the population.*

*The economic realisations so far and the sound macroeconomic policies are a solid ground for the favourable economic movements to continue in 2016 as well, in conditions of positive expectations for the global economic growth and the growth of the EU economy as a most significant trade partner of Macedonia. The growth of the economic activity in Macedonia in 2016 has been projected at a level of about 4%. The export of goods and services is projected to achieve a real growth of 8.1 % in 2016, mainly as a result of the expectations for the activity of the export capacities of the foreign companies, in a gradual growth of the external demand.*

*The monetary policy in 2016 will be focused on maintaining price stability, by maintaining a stable exchange rate of the denar against the euro. At the same time, the Central Bank will be directed to further maintenance of the financial stability as a significant component of the macroeconomic stability.*

*Projected economic growth in 2016 is expected to have a positive influence on the developments of the labour market. The number of employees is expected to increase for 2.4 % as a result of the expected investments of the foreign companies in the free economic zones, the active measures and programmes for employment, as well as the realisation of the infrastructural projects of the public sector, which will contribute to additional decrease of the unemployment rate. In the period from January to August 2015 are recorded net inflows of foreign direct investments of 155 million euros, which is about 17.2 % more, compared to their level in the same period of the previous year.*



The state debt<sup>21</sup> within 30.09.2015 is 3,233.3 million euro, i.e. 36.0 % of GDP, whereas the public debt<sup>22</sup> in the same period is 3,941.4 million euro, i.e. 43.9% of GDP.

According to the Report of the World Bank, Doing Business 2016, the country has been ranked first in Europe and second worldwide in terms of the indicator-starting a business.

In times of a solid economic growth and besides the greatly visible domestic political turmoil and present risks and uncertainty regarding the outcome of the debt crisis in Greece, the total activities of the banks in the country achieved growth during 2015 as well. Thus, within October 2015, the assets of the banking system realised a sound annual growth of 6.3 %, as well as the loans and deposits from the non-financial entities, which realised a growth of 8.5 % and 6.1 % accordingly (October 2014, the growth is 6.3 % for assets, 9.7 % for loans and 6.3 % for deposits).

The capital investments have been planned in increased amount at a level of 25,578 million denars (increased by 15 % compared to 2015), intended for completion of the highway on Corridor X and improvement of the railway infrastructure on it, construction and rehabilitation of the eastern part of the railway on Corridor 8, energy and utility infrastructure, as well as capital investments for enhancing the conditions in the health, educational and social system, in agriculture, culture, sport, environmental protection and judiciary.

In March 2015, upon proposal of the National Council on Entrepreneurship and Competitiveness (NCEC), the Government adopted the Second package of measures for improvement of competitiveness of the Republic of Macedonia. The package contains 32 measures in 9 areas for improvement of the access to finance, liquidity, productivity, skills and education of employees, transport, regulation and business environment, as well as innovation and technological development of the Macedonian companies. In September 2016, the World Economic Forum published the Global Competitiveness Report for 2015-2016, in which Macedonia was ranged 60, enhancing the rang for 3 places compared to the last year or, in total, 20 places compared to 2012.

In 2015, the negotiations continued for further liberalisation of trade on services in CEFTA in the following sectors: business and professional services, tourist services, environmental services, communication services, audiovisual services and construction services, educational and health services.

## 2.1. EXISTENCE OF A FUNCTIONAL MARKET ECONOMY

### 1. Macroeconomic stability<sup>23</sup>

The macroeconomic policy in 2016 will continue to fulfil its strategic goals for long-term and sustainable economic growth of the country. The macroeconomic policy is in function of maintaining of the macroeconomic and financial stability, increasing the competitiveness of economy, employment and enhancement of the living standard and the quality of life of the population. This will be achieved by improving the business environment, conducting tax and customs policy to support the development of economic entities, encouraging investment activity and attracting foreign direct investment (FDI), development of human capital and economic infrastructure of the country.

**Economic activity** The economic realisations so far and the sound macroeconomic policies are a solid ground for the favourable economic movements to continue in 2016 as well, in conditions of positive expectations for the global economic growth and the growth of the EU economy as a most significant trade partner of Macedonia. The growth of the economic activity in Macedonia in 2016 has been projected at a level of about 4%. The export of goods and services is projected to achieve a real growth of 8.1 % in 2016, mainly as a result of the expectations for the activity of the export capacities of the foreign companies, in a gradual growth of the external demand. The growth of export is expected to be accompanied by further diversification and improvement of the export structure in the light of greater participation of products with higher added value. The projected growth of the domestic demand and the export activity condition growth of export as well, which is expected to be 6.8 %. Gross investments are expected to realise a real growth of 7.5 % based on the planned public sector investments for improvement of infrastructure and of expectations for gradual growth of private investments, driven mostly by the FDI. Within the public investment, a realisation of investment projects is projected in order to improve the transport network in the country, improving the energy and utility infrastructure, capital expenditures to improve conditions in the educational, social and health systems. These investments, besides the current positive effect on the economic activity, on long term will influence towards increase in the competitiveness of the country. The private expenditure is expected to notice a real growth of 2.7 % in 2016, mainly as a result of the

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<sup>21</sup> The state debt is the sum of financial liabilities created by borrowing by the Republic of Macedonia, the public institutions established by the Republic of Macedonia and the municipalities, the municipalities in the City of Skopje and the City of Skopje.

<sup>22</sup> The public debt is the sum of the state debt and the guaranteed debt of the public enterprises and the state-owned joint-stock company.

<sup>23</sup> The parts relating to economic activity, the labour market and public finance include projections of the Ministry of Finance, while the parts of monetary policy, inflation and external sector are projections of the National Bank of the Republic of Macedonia.

expected growth in the number of employees. The projection for public expenditure growth is 1.3 %. In 2016, construction is expected to realise a real growth rate of 5.6 % as a result of the realisation of the planned infrastructural projects and the announced investments in the TIDZ and in the industrial zones. The favourable movements in industry are planned to continue in 2016 with projected growth rate of 3.8 %. The service sector is expected to reach a growth rate of 3.6 %, and the real growth in agriculture is expected to be about 2 %, supported by the subsidies provided by the Government.

### Monetary policy

The monetary policy in 2016 will be focused on maintaining price stability, by maintaining a stable exchange rate of the denar against the euro. At the same time, the Central Bank will be directed to further maintenance of the financial stability, as a significant component of the macroeconomic stability. In this context, the Central Bank will continue to monitor the developments in the domestic economy regularly and the international environment as a basis for taking timely measures in order to achieve its goals.

### Inflation

The average annual inflation in the period January - September 2015 is - 0.3 %, whereas since the beginning of the year it noticed decreasing tendency of the negative rates. In terms of components, the most significant contribution is provided by the low food prices, reflecting the movements of these prices in the world markets. In the last quarter of the year similar movements are expected, whereas the inflation rate in 2015 is expected to be about 0 %.

Moderate increase of the inflation of about 1.5% is expected in 2016. The growth of prices in the next year will primarily reflect the price changes of food products and energy and to a lesser extent the effects of further growth of the domestic demand. The acceleration of the rate of inflation is expected to continue during 2017, when it is expected to be about 1.6%. The risks for the projected path of inflation are mainly related to the uncertainty about the movements in the world prices of primary products.

**Labour market** Projected economic growth in 2016 is expected to have a positive influence on the developments of the labour market. The number of employees is expected to increase for 2.4 % as a result of the expected investments of the foreign companies in the free economic zones, the active measures and programmes for employment, as well as the realisation of the infrastructural projects of the public sector, which will contribute to additional decrease of the unemployment rate. The nominal growth of the average gross salary is expected to be 2.6 % in 2016.

### External sector

The movements in the current account of the balance of payments of the country in 2015 are in line with the movement of the world prices of the basic products, the increased economic activity and strengthening the positive effects of the new production facilities on the total exports in terms of still relatively weak import demand. According to actual movements and assessments by the end of the year, the deficit of current account for 2015 was estimated at 0.5% of GDP. Compared to the previous year, it is moderate narrowing, which is mainly a reflection of the improvement of the deficit of goods and services, given the widening of the deficit in primary income and lower level of secondary income. Within the secondary income, a slight decrease was achieved as well by the net purchased cash currency on the exchange market (approximation for private transfers), which was expected and represents a part of their gradual normalisation, after exceptionally high levels in the crisis period (especially in 2012). In terms of exports, the contribution of new facilities with foreign capital should be emphasised. On the import side, the export of raw material and equipment was predominant, whereas there was a favourable price effect in the fuel import.

Just like in 2015, in the following years the new companies with foreign capital will have a significant positive effect on export. Given the increase of the number of new export capacities and the gradual increased use of their potential, stabilisation of the deficit in goods and services may be expected in the following two years at a similar level as it was in 2015. In terms of private transfers (approximated by the net purchase on the exchange market), a gradual slowing of their share in GDP is expected to continue. With these projected movements of the basic items on the current account, the deficit in the current account in 2016 is expected to moderately deepen to 1.9 % of GDP, and in 2017, the negative balance on the current account is expected to reach 2.4 % of GDP, which, given the assessments for relatively stable deficit in the exchange of goods and services, will rise from the expected decrease of the private transfers and the slight widening of the deficit in the primary income. The projection of the balance of the current account of balance of payments for the period 2016 - 2017 was accompanied by risks, which are mainly related to global economic recovery and prices on world markets.



Net inflows on the financial account in the period 2016 - 2017, mainly will arise from the expected foreign direct investments, external encumber with debt of the public and private sector. The growth of the domestic economy, improvement of the global environment and the stabilisation of the global financial markets are expected to contribute to maintaining positive perceptions among investors. Total net inflows on the financial account in 2016 will reach 1.8 % of GDP, and in 2017 are expected to increase to about 4% of GDP. Risks concerning capital inflows are mainly related to the dynamics of the global recovery, and may affect the decisions of investors. Projected activity in the current and financial account is expected to provide additional accumulation of foreign exchange reserves in the following period and further maintenance of adequate coverage of the average imports of goods and services every subsequent year, in order to maintain the capacity to support the denar exchange rate stability.

**Foreign direct investments.** In the period from January to August 2015 are recorded net inflows of foreign direct investments of 155 million Euros, which is about 17.2% more, compared to their level in the same period of the previous year. Within the structure, the bulk (about 63 %) refers to the equity capital and the re-invested profit, as opposed to the lesser participation of the inter-company debt. In the first half of 2015, the foreign direct investments inflows were mainly directed towards the following businesses: mining, motor vehicle production, wholesale trade, telecommunications, textile and clothes production, food production, beverages and tobacco products. In terms of countries of origin, in the first half of the year, highest inflows of foreign direct investment are achieved by: Germany, the Netherlands, Saint Vincent and Grenadine, Switzerland, Great Britain.

**Public finance.** The aims of the fiscal policy directed towards fiscal sustainability and phase consolidation of public finance will be realised through further strict control of public expenditures and significant participation of capital investments in overall expenditures. In this way, the role of fiscal policy will be ensured in order to maintain the macroeconomic stability and to promote the economic growth as basic conditions for increasing the employment and improving the standard of living.

The total revenues of the consolidated budget for 2016 are planned at the level of 177.292 million denars, while the expenditures are projected at 196.276 million denars. Income and expenditure planned in this way ensure phase consolidation of public finance, i.e. decrease of budget deficit at a level of 3.2 % of GDP or in the amount of 18,984 million denars. This deficit level is in line with the determination for gradual decrease of the public expenditure, while at the same time ensuring significant amount of capital investments which will have appropriate contribution for higher rates of economic growth. The expenses planned for 2016 provide support of the national economy and the living standard which will be realised through capital investments, subsidies, pensions and social compensations.

The projections for the income to the Budget for 2016 are based on the expectations for positive economic realisations, as well as the realisation of the income in the current 2015. Tax revenues are planned in the amount of 101,531 million denars. The remaining tax revenues are planned on the basis of performance in 2015, and the income on the basis of tariffs includes the effect of the reduction of tariffs on imports of goods from the EU under the Stabilisation and Association Agreement. The other budget revenues will be realised on the basis of non-tax revenues (administrative fees, concessions and other non-tax revenues) and capital revenues (based on sale of social housing and land, and on the basis of the planned dividend of AD Makedonski Telekom).

The social contributions are planned in the amount of 49.187 million denars, as original revenues of the pension and health insurance funds and the Employment Agency.

In the course of 2016, as donations, 5,032 million denars are planned, to be realised by the budget beneficiaries on the accounts for own revenues for specific projects, as well as withdrawals from the EU pre-accession funds.

The expenditure side of the Budget of the country is planned in order to support the growth of the Macedonian economy by investing in important infrastructure projects, maintenance of social security and stability, and improvement of the economic situation and population's living standards, especially the most vulnerable categories of citizens (pensioners and beneficiaries of social benefits). Also, the determination to implement a disciplined budget spending towards restrictive and rigorous control of less productive costs will continue without disrupting the normal functioning of budgetary institutions.

The total expenditures in the Budget for 2016 are planned in an amount of 196.276 million denars, for regular and timely fulfilment of all legal obligations and continuation of the ongoing infrastructure projects.

The current expenditures for 2016 are planned in an amount of 170.698 million denars intended for regular financing of salaries for public sector employees, timely and regular payment of increased pensions and social benefits, as well as payment of subsidies in agriculture.

The capital investments are planned in increased amount at a level of 25,578 million denars (increased by 15 % compared to 2015) and they have priority significance in the creation of the fiscal policy, ensure improvement of the economic performances and better and more quality life for the citizens.

The funding of the Budget deficit for 2016 and the liabilities from the domestic and external debt are planned to be performed with the combination of domestic and foreign sources of funding, with the aim optimal combination to be achieved from a view of the expenditures for financing.

The state debt<sup>24</sup> of the country, by 30.09.2015 is 3,233.3 million euro, i.e. 36.0 % of GDP, whereas the public debt<sup>25</sup> in the same period is 3,941.4 million euro, i.e. 43.9% of GDP. Regarding encumbering with debt on the domestic market, basic commitment in the upcoming period will be increase of the maturity of the issued securities. Whereas, special accent will be put on the continuation of the maturity of the existing portfolio by issuing state bonds with longer maturity, i.e. by issuing 2, 3, 5, 10 and 15-year state bonds.

## 2. Free interaction of market forces (privatisation)

### • Privatisation of state capital

The economic activities in the country are based on dominant private property with full functioning of the market economy on the principles of the free interplay of supply and demand.

The further privatisation process covers the market adjustment of the public sector (Macedonian railway, the State Enterprise for Management of Housing and Business Premises, PE "Makedonija Pat", "Makedonska Poshta", etc.). In the procedure for transformation of the public sector entities, a legal possibility was determined for further sale of separated parts, organised as state capital companies. The realisation of the sale of shares of the country or of the Pension and Disability Insurance Fund is yet to be completed.

For the four companies which are completely dominantly in state ownership: 11 Oktomvri Eurokompozit AD Prilep (special purpose production and production of composite materials), Company Factory for rail vehicles VELES DOOEL Veles (production of railway locomotives and rail vehicles), OHIS AD Skopje and EMO AD Ohrid, in the following period their further status should be defined, after a detailed analysis of their economic and financial condition.

In the case with Tutunski Kombinat AD Prilep, strategic partnership has been realised with Philip Morris Management, through mutually established company.

## 3. Lack of barriers to enter and exit the market

### Entering the market

According to the Report of the World Bank, Doing Business 2016, the country is ranked first in Europe and second worldwide in terms of the indicator-starting a business. The report concluded that for a business to be registered, only one procedure was required: registration within the Central Registry and provision of company stamp.

For reducing the required steps and simplification of the registration procedure, numerous reforms have been implemented. The amendments to the Company Law and the Law on One-Stop-Shop System and on keeping trade registry and the registry of other legal entities<sup>26</sup> provided for exclusion of the stamp from the mandatory use in legal circulation (in the course of exercising rights in front of competent authorities and on official documents), and also a new category of submitters was introduced 'registration agent' with public authorisations for submitting applications for entry of establishment of a limited liability company, limited liability company on a single person and trade company, exclusively in electronic form through the system for e-registration. There are already visible results from the implementation of the new legal solution for the introduction of the category of submitters - registration agents, whereas, from the issuing of the first authorisation, August 2013 within the end of October 2015, through the System for e-registration, 11,395 electronic applications for entry of establishment have been submitted. The greatness of the

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<sup>24</sup> The state debt is the sum of financial liabilities created by borrowing by the Republic of Macedonia, the public institutions established by the country and the municipalities, the municipalities in the City of Skopje and the City of Skopje.

<sup>25</sup> The public debt is the sum of the state debt and the guaranteed debt of the public enterprises and the state-owned joint-stock company.

<sup>26</sup> Official Gazette of the Republic of Macedonia No. 70/2013.

number is visible if it is to be compared to the number of applications that were submitted from the point of putting into the function of the System in 2011 when there were only 20 applications.

Additionally, with the amendments to the Law on One-Stop-Shop System and on keeping trade registry and the registry of other legal entities<sup>27</sup>, the category 'registration agent' has been extended with the professional community of lawyers, which starting as of 01/11/2015 will be able to submit applications for entry of establishment, changes and deletions in the trade registry, for all types of legal entities. With the new amendments, as of 01/11/2015, all the new entries in the trade registry for all types of trade companies shall be done exclusively electronically.

In 2015 the total written equity capital of newly registered companies is:

- Domestic capital in euro 19 458 941.95 and in Macedonian denars 1 224 908 122.00;
- Domestic capital in euro 429 939 368.29 and in Macedonian denars 46 499 300.00;

Since its putting into operation, until 28.10.2015, the trade registry has made a total of 77 096 entries of establishment, modified 36 056 entries, deleted 50 335, 1036 corrections, 19 020 entries of open bankruptcy and 17 093 entries of open liquidation. There is a total of 6 327 foreign persons founders of companies and 1 617 foreign entities founders of companies.

#### Exit from the market

Data on completed procedures in the period from 01/01/2014 until 30/12/2014\*)

Wound up companies from 01/01/2014 until 31/12/2014	Voluntary wind up according to CL	Bankruptcy proceedings open/close	Closed that were in procedure	Total closed
Number of cases	1922	2028	43	2061
Average duration per years	0.25	---/--	--/--	--/--
Average settlement of creditors	--/--	--/--	--/--	--/--

Data on closed proceedings in the period from 01/01/2015 until 30/11/2015. \*)

Wound up companies from 01/01/2015 until 30/11/2015	Voluntary liquidation according to CL	Bankruptcy proceedings open/close	Closed that were in procedure	Total of closed
Number of cases	1491	1348	72	1425
Average duration per years	0.24	--/--	--/--	--/--
Average settlement of creditors	--/--	--/--	--/--	--/--

\*) Source: Central Registry of the Republic of Macedonia

The System of e-bankruptcy was introduced in March 2011 and upgraded with the amendments to the Bankruptcy Law of 2013, when e-auction was introduced for bankruptcy mass sale, where the bidding is realised electronically. The first auction has been conducted on 14/04/2014.

Data on electronic biddings in 2015:

- Active (in progress).....none
- Deleted (due to implementation or expiration of the call).....15
- Waiting to be realised in the following period.....none
- Successful (auction held).....341
- Unsuccessful (there was no application for the auction).....714

<sup>27</sup> Official Gazette of the Republic of Macedonia No. 97/2015.

As of 23/04/2015, the system for appointment of a bankruptcy manager electronically was put into operation, whose aim is providing legal and fair distribution of bankruptcy proceedings of the licensed bankruptcy managers. For the purposes of ensuring consistent application of the legal solutions, three workshops were conducted in September for the participants in this system.

#### 4. Legal system

##### Regulatory reform

Regulatory guillotine. In the light of further simplification of the conditions for doing business, the implementation of the measures of the regulatory guillotine will continue, which provided for elimination of a great administrative burden, as well as a great deal of customs procedures as well as procedures for issuing licenses and permits for doing business are simplified.

Regulatory impact assessment (RIA) is an integral part of the process of law-preparation. The Ministry of Information Society and Administration, as a responsible ministry for managing the process of regulatory reform, regularly informs the Government on the application and implementation of the methodology to estimate the impact of regulation and methodology for assessing the implementation of the regulation. Regular check is performed to the draft-laws that are submitted in a Government procedure for reviewing, whether they have been harmonised with the acts that regulate the matter for RIA and whether timely consultation has been conducted with the stakeholders via the Single National Electronic Registry of Regulations (ENER).

The new updated design of ENER became operational, which offers new modern and practical modules for the public and governmental users. ENER is integrated with the multi-platform system for e-collaboration for e-Government, thus preventing submission of draft-laws for reviewing in Government procedure if the text of the proposed law has not been published for consultation on the ENER.

In the period to come, MISA will continue with the activities for constant strengthening of the capacities of the civil servants for implementation of the RIA, evaluation of the implementation of the regulation, use of the ENER and cooperation with the representatives of the stakeholders in the process of policy-making.

##### Regulation of property rights

##### Maintaining of the real estate cadastre (REC)

The total number of cases in the Centre for Real Estate Cadastre - Skopje and local offices for real estate cadastre by 30 October 2015 is 1 271 764 cases, whereas the number of open cases is 2 184.



МК-ЕН

Решени = solved

Нерешени = unsolved

Вкупно примени предмети = Total number of received cases

Through the implementation of the e-cadastre, the Agency for Real Estate Cadastre (AREC) introduced new services for the citizens and professional users, which aim is increasing the transparency in the operations, and services have been provided for:

- insight in the status of resolution of the case;
- obtaining property certificate for real estate that is located in another city;
- AREC, through the one-stop-shop-system connected all the professional users (notaries, geodetic companies, municipalities, banks, evaluators, etc.), thus enabling the professional users to issue property certificates through the one-stop-shop system, a copy of a plan, graphical excerpt from a digital cadastre plan for preparation of a geodetic study, and electronic submission of documentation for changes in the real estate cadastre has been enabled.

By the end of October 2015, the usage of the e-cad window is 56 %, which points to the increasing trend of the number of electronic applications in the real estate cadastre.

**Basic geodetic works and cartography** - In January 2015, the activities related to the implementation of the detailed gravimetric survey on the entire territory of the country was completed and promotion of the results from this project were presented. With the detailed gravimetric survey, a total of 2 310 detailed gravimetric points with average distance between them of about 5 kilometres are covered. In 2015 the preparation of the topographic maps at a scale of 1:50000 for the entire territory of the Republic of Macedonia will be completed.

**Digitalisation of cadastre plans** - The updating of the vectorised archived originals of the cadastre plans is performed according to the Action plan on digitalisation of the cadastre plans. The vectorised cadastre plans are imported in graphic data base (MakEdit). After the performed harmonisation of the graphic data of the cadastre plans with the attributed data, they are put in a central data base (e-kat). In the MakEdit base, until 30/10/2015, 1 811 KO have been imported and maintained, i.e. 98.23 % of the territory of the country, whereas in the e-kat central data base, a total of 1 660 KO have been put, i.e. 90.55 % of the territory of the country.

**Infrastructure facilities** - The module of e-kat cadastre of infrastructure facilities is completed for telecommunication lines and antennas, energy, water and sanitation, or enabled registering property right to all types of infrastructure (underground and surface) as provided by law, as well as their graphic display. Registering of the infrastructure facilities in the infrastructure cadastre provides for putting into legal trade (purchase, lease, mortgaging), and the owners have the possibility to provide additional means.

**HELP DESK - Contact centre** - The Contact Centre works with a free info line for professional users, individuals and internal users. All of these channels are connected in the application which enables monitoring of all the telephone calls, history of questions and answers, thus the Unit for Customers has the access to all the information for the client at any time.

**Mass evaluation of real estate** - The registry of prices and rents of real estate has been established and put into production on 18 March of 2015. Since its establishment by 30.10.2015, data for a total of 4,307 transactions/rents has been entered into the registry, of which for sales a total of 2,639 and for rents a total of 1,668. AREC undertakes activities for equipping the Sector of Mass Evaluation, as well as activities for conducting training and upgrading of the existing IT system. AREC plans to conduct a pilot-project for mass evaluation of real estate for municipalities of the City of Skopje.

**Registry of construction land** - After the conducted tender procedure activities for establishing the registry of construction land was started. Business analysis has been prepared, on-site visits have been conducted in all municipalities and meetings have been held with representatives from the key institutions included in the procedure for preparation and approval of the urban plan documentation. The technical infrastructure has been installed (on the AREC servers) and trainings have been conducted for the planners included in the procedure for preparation of the urban plans and the urban-plan documentation. The registry will be linked to the digital cadastre plans.

**Address registry** - The graphic registry of streets and house numbers will contain spatial and descriptive data for streets and house numbers, as well as spatial data for the line of coverage based on which the belonging of the house number according to the street will be determined. It will be connected to the Spatial Units Registry for the purposes of identification of the street according to the township, i.e. the administrative units. In that way, the stakeholders will obtain

the information regarding the cadastre parcels, streets and house numbers in a fast and efficient way, electronically by the AREC.

In the framework of the Electronic Records Committee, a work group has been established in which representatives from the following institutions will participate: the Ministry of Interior, the Ministry of Transport and Communications, the Central Registry, the Association of the Local-Self Government Units, the Office for Keeping Civil registration Books and the AREC. The group prepared draft solution and an action plan for implementation of the address registry of the Republic of Macedonia. This proposed solution and the action plan were adopted by the Government. Based on that action plan, the work group started the activities related to the amendment of the legal regulation. Technical specification and the tender procedure for design of a software solution for the address registry are in the final stage. In the beginning, the address registry is planned to be realised for 3 administrative units.

**AREC GIS-Portal** - the GIS-Portal of the Agency is a browser of all the geospatial data under the jurisdiction of the Agency for Real Estate Cadastre. The GIS-Portal gives access to the cadastre parcels and buildings that are registered in the real estate cadastre, topographic maps, geodetic points, air footages of the entire territory of the country, the infrastructure facilities, all the information related to the parcels, the buildings and their owners, as well as the locations for which construction approval has been issued and if the construction is ongoing with detail insight of the future building with all its parts. Besides this, the GIS-Portal presents all the points of interest, such as: the locations of the notary offices, geodetic firms, municipalities, i.e. all the locations on which the cadastre services are available, outside of the real estate cadastre units.

**NIPP Governmental Geo-portal** - The establishment of the national geo-portal was realised in May 2015. On the geo-portal one can browse and publish data and services and the NIPP entities, by using an editor for meta-data can create own metadata. The AREC published the data and web-services on the geo-portal (CSW, WMS, WFS), which refer to: the state border, statistical regions, local self-government units, settlements and the digital model on the field. Besides the published data which have been prepared according to the national standards, the geo-portal gives access to the standardised data for the administrative units and the digital elevation model, prepared according to the technical specifications which arise from the directive INSPIRE. The NIPP entities have also the possibility to publish the geospatial data, and those are 16 Government institutions, the City of Skopje and the Economic Chamber of Macedonia.

#### **Short-term planned activities for 2016:**

- Preparation of topographic maps with ration 1:100,000 and topographic maps with ration 1:200,000, -Q4 2017;
- Development of software solution for the address registry, -Q4 2016;
- Development of software solution for graphic registry of construction land, -Q4 2017;
- Preparation of draft Rulebook on metadata, -Q4 2016;
- Determination of a precise geode for the territory of the Republic of Macedonia, -Q4 2016;

#### **Medium-term priorities for 2017-2018**

- Established graphic registry of construction land, - Q1 2018;
- Established Address registry, -Q4 2017;
- Introduction of the use of ETRS89 coordinate system, - Q4 2018;
- Transformation of the basic sets of cartographic data in accordance with the INSPIRE Directive and preparation of appropriate metadata Q4 2018;
- Establishment of a 3D cadastre, -Q4 2017;
- Orthophoto and laser scanning, -Q4 2017;

#### **Programmes and projects**

Institutional development programme for AREC, NIPP, the digital cadastre plans and Web-GIS upgrade of the geodetic infrastructure are supported also by the financial means from the budget of the AREC. TAIEX support in the field of mass real-estate evaluation, the referent geodetic networks, the NIPP and the geo-information systems management is envisaged.

#### **Enforcement of laws and contracts**

The preparation of the Strategy and the Action Plan for further reform of the judicial system 2015-2020 is in the final phase and it represents a thorough document which defines the future reform activities for implementing the judiciary

policies in six thematic areas, as follows: I. Judiciary, II. Penalty-legal system, III. Access to justice, IV. Sector policy and implementation of the EU law, V. Administrative law and VI. IT - E Justice.

For promoting the independence of the judiciary, a Law on the Council for Determining Facts and Initiating Disciplinary Action has been adopted, as a new body for initiating a procedure and conducting investigation for determining responsibility of the judge, while the decision-making for the violation lies within the Judicial Council of the Republic of Macedonia. 8 members of the Council have been elected (3 members-retired judges, 3 members-retired prosecutors, 1 retired lawyer and 1 retired professor). One more member from the retired university professors at the faculties of law in the country remains to be elected. The Law on Judicial Council of the Republic of Macedonia has been amended to comply with the provisions of the new Law on the Council for Determining Facts and Initiating Procedure for determining Responsibility of the Judge.

A new Law on the Academy for Judges and Public Prosecutors was adopted for further promotion and strengthening of the capacities of the Academy. The amendments are expected to improve the quality and efficiency in the course of election of judges and public prosecutors based on the results and the success achieved within the initial training, as an introduction in the merit system and their career system in the professional development.

In November, the practical teaching was completed for the 13 attendees at the initial training from the fifth generation of the Academy for Judges and Public Prosecutors "Pavel Shatev", which lasted for 15 months. On 5 November 2015, the Managing Board of the Academy adopted a decision for publishing a public call for enrolment of 30 participants at the initial training for the sixth generation. The call was published in the Official Gazette of the Republic of Macedonia and in two daily newspapers on 9 November 2015, with a deadline to apply of 15 days after the day of its publishing, after which there is a procedure for enrolment of participants at the initial training according to the Law on the Academy for Judges and Public Prosecutors and the Rulebook on Entry Exam. A total of 78 candidates out of 80 candidates were selected from I, II, III and IV generation of AJPP. Another two candidates are to be elected, one of the III and one of the IV generation.

## **5. Sufficiently developed financial sector**

### **Banking system**

The banks have a dominant role within the entire financial system, with about 90 % of the total assets. The banking system kept its stability and security, maintaining high and stable liquidity and solvency. In times of extended solid economic growth, besides the gradual calming down of the domestic political turmoil and the debt crisis of Greece in the summer of 2015, the total activities of the banks in country achieved growth in the course of 2015 as well. Thus, by October 2015, the assets of the banking system realised a sound annual growth of 6.3 %, as well as the loans and deposits from the non-financial entities, which realised a growth of 8.5 % and 6.1 % accordingly (October 2014, the growth is 6.3 % for assets, 9.7 % for loans and 6.3 % for deposits).

**Credit risk.** The quality of the credit portfolio of the banking system, monitored through the share of the bad credit loans in the total loans of the non-financial entities, is on moderate and stable level, which in the last three years is between 11 % and 12 % (11.8 % in the end of October 2015, and 12.6 % in October 2014). The credit risk is mainly concentrated within the companies. In 2015, considerable slow down of the annual growth rate of the bad credit loans has been noticed, which at the end of October was 1.6 % (as compared to 16.2 % in October 2014). The bad credit loans are covered completely with the total correction of the value (102.4%), which contributes to the minimisation of the risk for the banks' own funds from their possible entire uncollectibility. There is a high concentration of the bad loan credit portfolio composed of legal persons (which dominates in the total bad loan credit portfolio) where the fifty largest bad loans stand for almost 60 % of the total amount of bad loans towards the legal persons.

The National Bank monitors the movement of the bad loans, not only because of the risk from endangering the financial stability of the country, but also because of the possibility for damaging the credit capital. In this context, the central bank undertakes activities for the purposes of determining the reasons for the high persistence of the existing bad loans, but also the reasons for emergence of new bad loans. In December 2015, the NBRM introduced an obligation for the banks to write off those claims which are completely (100 %) reserved for a period longer than two years.

The National Bank in cooperation with the International Financial Corporation organised a workshop for the banks which was an opportunity for exchange of experience and general raising awareness for the significance of the process of construction of a sustainable system for bad credit loans management and solving the problematic debts.

The National Bank prepared an analysis for the structure and the concentration of the bad credit loans. The analysis did not find regulatory or tax barrier for more thorough writing off of 'old' bad credit loans by the banks, including taking over activities for restructuring of the already given loans (the banks have even the possibility, as main creditors of separate corporate clients, to actively involve themselves in a process of reorganisation of the work of the enterprise-debtor, in cases of initiating bankruptcy procedure). On the other hand, in conditions of weakly developed and non-liquid real estate and movable items market in the country, the banks are able to sell the means in a fast and easy manner, on the basis of outstanding claims, which may refrain them from activities for taking over property which has been offered as a guarantee for the outstanding claims. In this context, one should keep in mind that in the previous period greater efforts have been undertaken for establishing two new registries within the cadastre of the country - registry of prices of concluded transaction with real estate and registry of the assessed value of the property in the country. These registries will be useful for the banks, not only in the course of establishing new loans with clients that offer properties as guarantees, but also in the course of making decision for forced collection on the basis of activating the guarantee.

The conducted analysis also found a high level of concentration of the bad credit loans portfolio composed of legal persons (which dominates in the total bad credit loans portfolio) and showed that there is a room for restructuring of the bad credit loans. The timely and appropriate restructuring of the loans which are close to the conditions of uncollectibility is probably the best proactive measure available to the banks for avoiding the non-functional status of their clients, if positive effect from the restructuring is to be expected. In this direction, in 2013, the National Bank adopted a new regulation for credit risk management, which, among other things, encourages the banks for timely restructuring of loans, as well as for faster sale of the overtaken property<sup>28</sup>. In this context, progress has been noticed regarding the restructuring of loans, which, by the end of June 2015 constituted 28.4 % of the total bad credit loans, as opposed to 16 % in June 2013. The analysis found that by the end of 2014, half of the restructuring were successful.

Furthermore, the analysis proved that more than half of the amount of the bad credit loans are 'completely reserved', which restricts the negative effects on the bank capital, but is an indicator for the insufficient success of the banks to solve the bad credit loans. If these loans are to be exempted, the share of the bad credit loans into the total number of loans will be decreased by half. The latter will be further confirmed by the fact that in the structure of the bad credit loans, the most common loans are those whose maturity deadline has already expired, and among half of the bad credit loans, the clients are late for more than two years in the payment of obligations (among half of them, late payment of obligations can be noticed for more than four years), which is an indicator for the relatively long time period in which the non-functional loans are kept in the bank portfolios.

At the beginning of 2015, the NBRM conducted a survey among banks for the activities and the measures that are taken regarding the credit exposure management which has non-functional status and for the reasons because of which they do not decide to undertake write-off of claims, although they have been uncollectible for a longer period of time and even they have been fully reserved in their balances. In general, the banks gave a list of common activities and measures taken for managing the bad credit loans (strengthened personal contacts with the clients, adjustment of the credit conditions of the current financial difficulties, etc.), and the write-off of the claims is not used until there is even a slightest possibility for payment, i.e. until they do not exhaust all the legal possibilities for payment of bad claims. In this context, the existence of instruments for guarantee for bad claims is usually considered as a reason which deters the banks from implementing fast and more thorough write-off of claims. Namely, more than 85 % of the bad claims are guaranteed with certain instrument for guarantee, and of them, as much as 60 % are covered with residential living space and renting for living and/or business premises.

**Profitability.** In the first ten months of 2015, the banking system achieved profit in the amount of 4.3 billion denars, which is for 54 % higher compared to the same period of 2014. The increased profit reflected on the improvement of the indicators of profitability, whereas ROA and ROE are 1.3 % and 11.7 % appropriately (October 2015).

**Solvency.** The solvency of the banking system is high and stable, whereas within September 2015, the adequacy rate of the capital is 16.2 %, which is double the legal minimum of 8.0 %. The Tier 1 rate is 14.6 %. With the sensitivity tests which are conducted regularly quarterly, the relatively high resistance is confirmed of the banking system against simulated, hypothetical shocks. The simulations show that only in the case of exceptionally high growth of bad credit loans of the non-financial entities (more than twenty times higher rate than the growth rate of the bad credit loans

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<sup>28</sup> The above mentioned regulation introduced a minimum percentage of correction of the value and the special reserve if the particulate claim obtains non-functional status, which is a motive for the banks to undertake activities for restructuring of loans before they 'obtain' non-functional status.



achieved by the banking system or in the case of twice bigger share of the bad credit loans in the total loans), the adequacy of the capital adequacy of banking system would be lowered to 8 %.

Liquidity. The banking system liquidity is at a satisfying level. At the end of October 2015, one third of the assets are liquid assets that cover 57.5 % of the total short-term obligations and 60 % of total deposits of households.

### Insurance

15 insurance companies have actively operated on the market, out of which 11 companies perform activities related to non-life insurance and 4 on life insurance. The number of insurance companies in the second quarter of 2015 compared to the previous period was increased for 1 (business bank which performs representation tasks), thus the total number of representation companies is 14, the number of insurance broker companies is 30 and compared to the previous period there is no change.

In the second quarter of 2015, gross written premium was realised (hereinafter referred to as GWP) in a total amount of 4.31 billion denars, which is a growth of 8.36 % compared to the GWP realised in the second quarter of 2014 (2Q of 2014: 3.97 billion denars). The positive trend is present in the both segments of insurance (life and non-life). In the structure of the channels of sale, the biggest share lies within the direct sale with 48.82 %. According to insurance groups, with the life insurance companies, the most important distribution channel are OBD with 58.98 %, and with the non-life insurance companies, the most important channel is direct sale with 52.61 %.

At the end of the second quarter of 2015, the total capital of insurance companies amounted to 5.21 billion. The solvency margin as the main indicator for assessing the stability of the insurance sector was 1.15 billion denars (in non-life insurance 992 million denars, and in the life insurance 152 million denars), and thus the capital of the insurance sector is 4.5 times over the necessary level of solvency margin.

In the same period in the licensing domain, the Insurance Supervision Agency (ISA) issued 1 licence for performing insurance broker services, 2 licences for performing tasks relating to representation in insurance, 3 licences for introducing a new insurance class, 11 consents for change of statute, 5 consents for appointing members in management body, 10 consents for appointing audit company, 1 consent for obtaining qualified participation in the insurance brokerage company and 1 consent for performing tasks of representation in insurance by a bank.

### Fully funded pension insurance

The market of fully funded pension insurance is composed of two pension funds; each of them manages one mandatory and one voluntary pension fund. The assets of the pension funds are separate from the assets of the companies and are stored in authorised banks as Custodians. The Agency for Supervision of Fully Funded Pension Insurance (MAPAS) performs control over the operation of these entities, which also regulates the second and the third pillar by means of by-laws and proposes amendments.

Having in mind that reform in the financial sector cannot be conducted without strengthening the supervision capacities, MAPAS is constantly investing in strengthening its human and material capacities. MAPAS, a supervisor and regulator of the fully funded pension insurance and as a member of IOPS (International Organisation of Pension Supervisors), is constantly strengthening the capacity and the role and recommends and undertakes measures with the aim to protect the interests of the pension funds.

In this period, MAPAS, conducted field controls, based on supervision, risk assessment of the pension funds and of the pension companies that manage them. Through the activities of the Committee for risk assessment, MAPAS will regularly review all the potential risks to the fully funded pension insurance system and propose possible control mechanisms.

For the purposes of strengthening of the supervisory capacities, the employees in the Agency use the opportunities of each organised training at home or abroad. For the purposes of strengthening the supervisory capacity, MAPAS also performed review of some of the processes related to control and quality and is already working on a system for managing the information security. After the controls have been performed by the certified companies, renewal of the certificate ISO9001 and obtaining the certificate ISO27001 is expected.

MAPAS is focused on the activities for education of the public in regards to the fully funded pension insurance, in close cooperation with the institutions in the system and other supervisory financial bodies. Activities shall be performed also through various projects.

### Capital market

In the period January-September 2015, on the primary capital market in the country, a total of 72,500 new ordinary shares were issued in a total value of 8,615,805 denars, i.e. 140,000 euro, by two issuers. Both emissions were realised via private bid for a buyer known in advance.

At the end of the said period, one bank started the realisation of a public bid for sale of own shares, with a total value of 25,960,000 denars, i.e. about 420,065 euro.

By September 2015, on the secondary capital market operated a total of 10 authorised participants who were operating with securities, 6 out of which are brokerage houses and 4 banks authorised to operate with securities.

In the period January-September 2015, the total turnover (traditional trading with shares and bonds and block transactions) on the Macedonian Stock Exchange was 1.533.100.785 denars, or about 24.81 million Euros. The number of listed companies on the official market of the Macedonian Stock Exchange by the end of September 2015 was 114 and their total market capitalisation on September 30, 2015 amounted to 94,518,017,780 denars, or about 1.53 billion Euros. The stock exchange index MBI10 of 30.09.2015 was 1,704.46 index points.

The number of JSC with special reporting obligations that are registered in the registry of SECRM as of September 30, 2015 is 17.

In this period, on the capital market in the country, 5 companies for management of investment funds were operating, which manage 13 open-end investment funds. On 30.09.2015, the net value of the assets of the open-end investment funds amounted 2.724.141.701 denars, or about 44.080 million Euros.

### Leasing

On the financial leasing market, by 30.09.2015 are actively operating 8 leasing companies, which is unchanged condition compared to 2014. In the ownership structure of the leasing sector dominates the foreign capital, composing 97.94%. Most of the foreign capital, or 94.8%, is owned by foreign banks and financial institutions, while the rest is owned by foreign non-financial legal persons. On 30 September 2015, the funds of the leasing sector were 3,937.7 million denars, or a decrease of 29.2% compared to 30 September 2014. The leasing companies in the first three quarters of 2015 realised loss of 93.2 million denars, unlike in the same period from the previous year when they realised profit of 26.9 %. The number of new contracts by 30 September 2015 is 686 which is a decrease of 11.9% compared to the same period of 2014. The value of concluded contracts, in this period, is 758.4 million denars or a decrease of 9.1% compared to the same period of last year. Legal entities kept the main position in the structure of new contracts with 61.5%. The average interest rate of new concluded contracts in 2015 is 8.24%, which is a decrease of 0.28 pp compared to the same period of last year, when it was 8.52 %.

## 2.2CAPACITY TO COPE WITH THE COMPETITIVE PRESSURE AND MARKET FORCES WITHIN THE EU

### 1. Sufficient amount of human capital

The Bureau for Development of Education realised the following activities:

- During October/ November 2015, the advisors from the Bureau for Development of Education were performing advisory-professional visits (insights) in primary and secondary schools in the country. At the end of 2015, narrative and summary report will be made about the insights in schools and official information will be passed.
- Application of digital contents in the curriculum in primary and secondary education (5 digital contents in sociology and chemistry were synchronised in cooperation with the MRTV, which will be available to the teachers on a website, and the translations and further synchronisation of the other selected digital contents are ongoing).
- Research on the implementation of the new adapted curricula was prepared for the children with special needs in the primary education.
- Promotion of extra-curricular activities in primary schools and the positive role of these kind of activities in the primary education - (processing of the completed survey questionnaires from the primary schools, preparation for research through creation of focus groups in some of the primary school, comparative analysis of the positive experiences from other countries was prepared and data were summarised (constantly until the end of the year);
- With the aim of modernisation of the 2- and 3-year vocational education and support to the adult education system, in 2016 the IPA project will start: Strengthening the lifelong learning through modernising the vocational education

and training systems and adult education systems. Procurement of teaching equipment for the reformed curricula and programmes for 2- and 3-year education is planned under the IPA 4 component.

- With the support of the project for development of skills and promotion of innovation activity, the process of modernisation of the technical-professional vocational education shall start, in accordance with the labour market needs. Through the project, technical assistance will be provided in the process of reforming and modernisation of the four-year technical vocational education and new syllabus will be prepared.
- In 2016, the programme for awarding grants for the secondary vocational schools with the business sector is planned. Currently, the preparation of the manual for awarding grants is ongoing. The first public call is expected to be published in the beginning of 2016.

### Higher education

The MES is involved in the work group for preparation of the National action plan (NAP) for youth employment 2020. The process of preparation of the NAP is supported by the International Labour Organisation, within the Programme for Decent Work 2018-2020, whose aim is creation of policies for increase of job posts, decrease of the inconsistency between the supply and demand of skills, quality of education and integration on the labour market.

The creation of a Board for cooperation and trust with the public at faculties has been regulated by Article 67 of the Law on Higher Education<sup>29</sup>. The boards are created for the purposes of achieving cooperation and trust with the public, the business community, the professional chambers and other institutions and citizens' associations from the region in which the higher education activity and scientific-research work is performed, as well as to establish publicity and responsibility for the performance of the public interest activity. Its composition and the manner of proposing of its members is determined with the rulebook of the faculty, i.e. high vocational school. All the faculties, already have established boards for cooperation and trust with the public.

According to Article 45 of the Law on Higher Education<sup>30</sup>, the University shall establish at least one career centre. The career centre keeps separate records for former students (alumni) and organises career fair at each faculty/university where there is a career centre. Career centres are created for the purposes of organising practical teaching for students for preparation of professional staff which will apply modern innovative technologies in teaching. The career centres are composed of a profile of advisors who have knowledge in the field of education. The career centres are obliged to form work groups (from representatives from the technical faculties and economic chambers) and to organise monthly meetings with the representatives from the FDI Agency for the needs of personnel at the labour market and to decrease the gap between the demand and supply of labour force.

### Adult education centre

Verification of programmes for non-formal education:

153 programmes and 47 institutions have been verified. In cooperation with the UNDP, a Concept for primary adult education has been prepared. Selection of an expert who will support the implementation of the planned activities is ongoing. In cooperation with the ETF, a Concept for non-formal education and informal learning of adults in the country has been prepared. Based on the Concept, started the preparation of the system for validation of non-formal and informal learning. The IPA project "Strengthening the lifelong learning through modernising the vocational education and training systems and adult education systems" will start by the end of year. In November 2015 the Adult Education Centre (AEC) started the implementation of Erasmus+ project "Support to policy-making in adult education". This project is within the Action of the national coordinators for implementation of the European Agenda for Adult Education. As a result of this project, database will be created for the needs at which AEC will provide adult education.

### Vocational education and training

Realisation of the IPA project of the IV component "Enhancing lifelong learning through modernising the vocational education and training systems and adult education systems" will start until the end of the year.

### Skills observatory

Skills observatory (SO) is a web platform being offered by the higher and secondary education, as well as adult education. The skills observatory is a management-information tool which addresses the dynamics of the conditions on the labour market and the training supply. Through the SO, the Ministry of Education and Science will conduct analysis

<sup>29</sup> (Official Gazette of the Republic of Macedonia No. 35/2008; 103/2008; 26/2009; 83/2009; 99/2009; 115/2010; 17/2011; 51/2011; 123/2012; 15/2013; 24/2013; 41/2014; 116/2014; 130/2014; 10/2015; 20/2015; 98/2015; 145/2015 and 154/2015)

<sup>30</sup> Official Gazette of the Republic of Macedonia No. 35/2008; 103/2008; 26/2009; 83/2009; 99/2009; 115/2010; 17/2011; 51/2011; 123/2012; 15/2013; 24/2013; 41/2014; 116/2014; 130/2014; 10/2015 and 20/2015.

of the adequacy of the skills of the secondary vocational education students, with the labour market needs, with the aim of continuous improvement of the syllabus in accordance with the requirements of the employers. Also, the Observatory will offer information on the employability of certain professions, the expected waiting time to find a job and the level of earning according to educational profile, thus, to a great extent, will help the future secondary education students and their parents in the course of making a decision for enrolment in a certain secondary vocational school.

*For more information on the Skills Observatory, look at Annex II Economic Criteria.*

### National qualification framework

Within the implementation of the National qualification framework, the focus will be on the qualification development bodies and their approval, raising awareness for the National qualification framework as an instrument for communication with all the interested parties and for education and training reforms, inclusion of the existing qualifications and development of new qualifications and redesigning the syllabus and study programmes.

## 2. Sufficient amount of physical capital

**Investments in fixed assets in the Republic of Macedonia.** According to the latest data of the State Statistical Office, the value of investments in fixed assets in the country in 2014 is 123 billion denars. The investments in fixed assets in 2014 are higher for 3.5 % compared to 2013, on nominal basis. In the technical structure of investments in fixed assets in 2014, the construction works participate with 62.7 %, and the machines and the equipment with 30.6 %. Highest value of investments in fixed assets in 2014 was realised in the following sectors: Civil Engineering (37.8%), Industry (23.5%) and Trade, transport and catering (13.5%). Considering the form of ownership, investments in fixed assets in public ownership in 2014 have a share of 27.3% of the total investments in fixed assets.

Table 1. Investments in fixed assets at current prices (in million denars)			
	2012	2013	2014
Total	109071	119003	123115
Cultivated assets	650	619	713
Machines and equipment	32498	36912	37681
transport means	7303	5979	7350
Construction works	70618	74592	77164
construction works- housing construction	28245	27318	27271
other construction works	42373	47274	49893
Other products	5305	6880	7557
Source: State Statistical Office			

**Foreign Direct Investments.** In the period from January to August 2015 are recorded net inflows of foreign direct investments of 155 million euros, which is about 17.2 % more compared to their level in the same period of the previous year. The analysis of foreign direct investment according to activities in the first semester of 2015 shows that about 80 % of the total inflow refers to the industrial sector, especially in mining and processing industry.

**Capital expenditures in 2016.** The capital investments are planned in increased amount at a level of 25,578 million denars (increased by 15 % compared to 2015) and they have priority significance in the creation of the fiscal policy, ensure improvement of the economic performances and better and more quality life for the citizens.

Within the budget allocated for capital expenditures, significant investments are provided for the construction of Corridor X and railway infrastructure, energy and utility infrastructure and capital investment to improve conditions in the health, educational and social system, agriculture, culture, sports, environmental protection and justice. During 2016, the following activities are planned:

Capital expenditures for road and rail infrastructure in the amount of 4.783 million denars. Within this, the Project for construction of the highway on Corridor X has been planned, on the section Demir Kapija - Smokvica, with which construction of a new modern highway section is planned, thus completing the main section on Corridor X. The project shall be funded by own funds, use of credit from EBRD and EIB and funds from IPA funds. For modernisation of the existing railway infrastructure, reconstruction of the rail on Corridor X will continue, financed with EBRD loan, whereas within this project, repair of the last section planned with the Project will be performed. These activities will enhance the flow of passengers and goods on this section, the expenses for maintenance of the rail will be decreased and safer and more efficient transport will be ensured. During 2016, funds are planned for realisation of the first and second phase from the project for construction and rehabilitation of the east part of the railway - Corridor VIII - section Kumanovo -

Beljakovce - Kriva Palanka, funded by EBRD. Within the project, activities have been planned for improvement of the technical characteristics of the rail, construction and rehabilitation of bridges, railway stations, stands, underpasses and viaducts.

Investment in energy and utility infrastructure as projected capital investments in the amount of 4.008 million denars. Completion of the activities has been planned regarding the construction of the national gas pipeline system that will be financed with funds from the obligations of the Russian Federation to the Republic of Macedonia, as well as loans from the Deutsche Bank and Erste Group Bank. The intensified dynamics of construction of water and sewer systems in municipalities funded from its own resources and funds from credit lines from the EIB and KfW bank, as well as through the Project for improvement of the municipal services, will continue.

Regulation of technological industrial development zones by building the necessary infrastructure and facilities, as well as performing the necessary geo-mechanical investigation works. For this purpose in the budget for 2016 554 million denars were planned.

In the health sector investments are planned in the amount of 1.599 million denars for the project for the construction and reconstruction of public health institutions, financed by the budget and a loan from the Development Bank of the Council of Europe, for procurement of medical equipment, as well as for completion of the construction of a PET Centre. In 2016 the implementation of the project for construction, reconstruction and outbuilding of the Clinical Centre "Mother Teresa" in Skopje and the Regional Clinical Hospital in Shtip will be intensified with a loan from the Development Bank of the Council of Europe.

For education, child care and sports, capital investments are provided in the amount of 2.544 million denars, which are intended for construction and reconstruction of primary and secondary schools, kindergartens, construction of schools and sports halls, reconstruction of dormitories, equipping and reconstruction of universities, purchase of modern laboratory equipment and investment in sports infrastructure. In the forthcoming period, the Project for conditioned money transfers will continue, within which, the reconstruction of the Social Work Centres is included, as well as the Project for Development of Skills and Innovations, funded with a loan from the World Bank, which among other things, supports the work of the Innovation and Technological Development Fund.

In the agricultural sector, an increased volume of capital investments of EUR 2.066 million denars is provided, which is intended for rural development, construction of hydro systems and investments for improvement of the competitiveness and modernisation of agricultural holdings, their restructuring and upgrading in order to accelerate the fulfilment of EU standards.

For the purposes of decreasing production costs and promotion of the industrialisation in more sectors, improvement of the local transport infrastructure and ensuring connection between the regions is necessary. In Macedonia, investments in the main corridors 10 and 8 are ongoing, and the investment activities are intensified especially in railway infrastructure for ensuring that bigger companies are able to rely on this infrastructure. These investments in a short term will stimulate growth and will lead towards long-term self-funding as a result of additional tax revenues. The investment priorities in transport infrastructure are in compliance with the multi-annual plan of the Transport observatory of the South-Eastern Europe, the National Transport Strategy 2007-2017, as well as the Economic Reforms Programme (ERP) 2015-2017. They are part of the agreed list of projects in the part of transport infrastructure, approved by the National Investment Committee.

### 3. Sector and enterprise structure

Micro, small and medium-sized enterprises (MSMEs) are the dominant type of enterprises in the economy of the Republic of Macedonia. In 2013 their total number is 60.579 and decreased (0.32%) compared to 2012, when their number was 60.774. A significant increase in the number of large enterprises of 104.2% compared to 2012 is notable. SMEs represent 99,28% of the total number of existing enterprises, thus confirming the important participants in the economy as a whole and important creators of the social product.

Table- Number of active enterprises by size								
Active enterprises	Number				Participation in (%)			
	2010	2011	2012	2013	2010	2011	2012	2013
Micro	44824	42214	43270	42529	72.52	71.10	71.20	70.20
Small	16248	16345	16629	17017	26.29	27.53	27.36	28.09

Medium-sized	557	604	660	594	0.90	1.02	1.09	0.98
Large	182	212	215	439	0.29	0.36	0.35	0.72
Total	61811	59375	60774	60579	100.00	100.00	100.00	100.00

Source: Central registry of the Republic of Macedonia

The growing number of MSMEs absorbs the bulk of the labour force, contributing to reduction of unemployment. Of the total number of employees, 76.95% are employed in micro, small and medium-sized enterprises. An increase in the number of employees in the micro and small enterprises is notable in 2013 and decreasing their number in medium-sized enterprises in comparison to 2012.

Table - Number of employees in micro, small, medium-sized and large enterprises								
Enterprises	Number of employees				Participation in (%)			
	2010	2011	2012	2013	2010	2011	2012	2013
Micro	66981	69752	71625	71712	19.42	19.75	19.88	19.08
Small	145667	150093	153808	163552	42.23	42.49	42.69	43.52
Medium-sized	64069	61085	62966	53923	18.57	17.29	17.48	14.35
Large	68245	72284	71872	86620	19.78	20.46	19.95	23.05
Total	344962	353214	360271	375807	100.00	100.00	100.00	100.00

Source: Central registry of the Republic of Macedonia

The gross value added in small enterprises and its share in GDP is highest in 2010 with 48.0%, while in the medium-sized enterprises, gross value added is the highest in 2012, with a share in GDP of 17.4%. Most positive trend is notable in large enterprises, with continuous growth of gross value added in the last three years. The gross value added of these companies is the largest in 2013, and its share in the GDP is 37.7.

Table - Gross value added according to the size of the business entities and share in GDP														
(Basic prices, million denars)														
	Gross value added							Participation in (%)						
	2007	2008	2009	2010	2011	2012	2013	2007	2008	2009	2010	2011	2012	2013
Small enterprises	170.75 7	189.76 4	190.06 4	209.71 1	208.71 0	152.49 1	168.41 4	45.8	45.7	45.8	48.0	45.0	32.7	33.6
Medium-sized enterprises	45.508	50.574	56.398	55.675	62.560	81.313	78.959	12.2	12.2	13.6	12.7	13.5	17.4	15.7
Large enterprises	105.11 3	116.81 2	111.90 7	111.81 5	128.10 6	169.88 0	189.33 3	28.2	28.2	27.0	25.6	27.6	36.4	37.7
Net taxes	51.511	57.740	56.253	60.095	64.811	63.019	65.185	13.8	13.9	13.6	13.7	14.0	13.5	13.0
GDP	372.88 9	414.89 0	414.62 2	437.29 6	464.18 7	466.70 3	501.89 1	100. 0	100. 0	100. 0	100. 0	100. 0	100. 0	100. 0

Source: State Statistical Office

Revised data ESS 2010

#### 4. State influence on competitiveness

##### Strengthening the competitiveness and support for small and medium-sized enterprises

With the adoption of several new strategic documents for competition and development of SMEs, the basis for proposing of new measures and instruments for enterprise support will be extended. In 2016, the Government should adopt a new Competitiveness Strategy, SMEs Strategy, Women Entrepreneurship Strategy, and continuation of the implementation of industrial policy measures is expected, as well as Innovation Strategy, etc.

Also, the instruments of the industrial policy will be implemented through annual government programmes. The Ministry of Economy will implement the Programme for competitiveness, innovation and entrepreneurship, which includes measures to support SMEs, implementation of the industrial policy and support of the clusters. The measures will ensure co-funding of expenses for companies for product development, personnel development, market development, and introduction of standards, development of SMEs infrastructure, women entrepreneurship, and in the part of clusters

Balkan Conference for Clusters will be organised for exchange of experiences, good practices, networking and internationalisation of cluster associations.

In 2016, the activities of the Agency for Promotion of Entrepreneurship of the Republic of Macedonia (APERM) include organisation of training to improve the competitiveness of SMEs, local consultants and women entrepreneurs, business plan preparation and entrepreneurial training for teachers, professors and students. Also, workshops will be conducted for the promotion of the entrepreneurial education of youth, mentorship, and within regular programme activities, the SMEs European week will be held and the annual report will be prepared - Observatory for SMEs for 2015.

#### SME and access to finance

In terms of access to finance, so far, the financial loan agreements between the EIB and the Macedonian Bank for Development Promotion (MBDP) have been successfully implemented, intended for loan support to SMEs and priority projects, namely, the first phase in an amount of 100 million euro, second phase in an amount of 50 million euro and third phase in an amount of 100 million Euros. The implementation of the fourth phase of the project in the amount of 100 million euro is ongoing. The following are planned activities of the MBDP for further improvement of the access to the finance in 2016:

- full implementation of an ECB credit line – fourth stage;
- enhanced promotion of the insurance of claims from domestic and foreign companies;
- intensified promotion of the factoring, especially regarding export receivables insured in MBDP, whereas the liquidity of the companies will be significantly improved;

The Fund for Innovation and Technological Development (FITD) encourages and supports the innovation activity and development of technologies for micro, small and medium-sized, newly established enterprises based on the transfer of knowledge, research and development innovations that contribute to economic growth and development, and improvement of the business climate for development of competitiveness. Priorities and aims of FITD are as follows:

- access to financial services for innovations and technological development has been enhanced, and
- innovation activity has been promoted and encouraged

The fund allocates funding for projects to encourage innovation through four instruments:

- Co-funded grants for newly established trade companies: start-up and spin-off
- Co-funded grants and conditional loans for commercialisation of innovations;
- Co-funded grants for technology transfer
- Technical assistance through business-technology accelerators.

The financial assistance provided for the instruments of the Fund has been supported with a loan agreement with the International Bank for Reconstruction and Development (World Bank) in the amount of 9 million euro within the implementation period 2015-2019.

During 2014, the Fund established its institutional infrastructure, including establishment of offices, recruiting employees and capacity building. The Investment Approval Committee, composed of 5 external experts is established for evaluation of the proposed projects. The fund has also developed all the necessary internal acts, including rules and procedures for operational activities within the financial instruments.

Under the first open invitation for the first instrument announced in February 2015, financial assets were awarded to a total of 16 users. The second invitation for I, II and III instrument was published in September 2015 when the Fund received a total of 92 applications within the deadline. According to the separated financial assets for this invitation, until the end of the year, the Fund could fund about 18 new projects.

In order to strengthen the capacity of the private sector in the field of innovation and technological development and promotion of opportunities for funding through the instruments of the Fund, continuous organisation of info and training events for potential applicants (entrepreneurs, representatives of SMEs, representatives of academia, innovators etc.) and the beneficiaries of the Fund was provided.

Keeping in mind that the approach to funds remains to be a high priority for support of small and medium enterprises, with the aim to compensate the existing gap in the course of funding entrepreneurial ideas by the traditional sources of funding, a concept for establishing a legal framework for non-formal risk capital or adoption of a new law for business angels will be prepared.

Within the IPA 2014-2020, in the Competitiveness and Innovation Sector, technical and financial assistance has been planned for the realisation of this measure in 2016, i.e. for support of promotion of the regulation and institutional organisation, with the aim of introducing financial instruments for access to capital in the early phase of SMEs development, as well as implementation of the programme for SMEs development, including business angels.

In the mid-term period, the following activities will be taken into account as key aspects in establishing of an investment system: creation of a secure investment system where angel investors and entrepreneurs will be able to meet and negotiate, promotion of the business angels concept and public education, encouraging the investment activity of the business angels, such as through introducing various forms of tax reliefs for their investments, establishment of successful measures of business angels, development of co-investment funds with investors-business angels with the aim to decrease the risk of investment, adoption of a special Law on Business Angels, etc.

#### **Horizontal measures for competitiveness improvement and business climate promotion**

In March 2015, upon proposal of the National Council on Entrepreneurship and Competitiveness (NCEC), the Government adopted the Second package of measures for improvement of competitiveness of the Republic of Macedonia. The package contains 32 measures in 9 areas for improvement of the access to finance, liquidity, productivity, skills and education of employees, transport, regulation and business environment, as well as innovation and technological development of the Macedonian companies. The realisation of the measures has already started, and in 2016 will continue to be monitored through mutual cooperation and promotion of a sustainable three-party dialogue between the business community, the academic community and the Government in the process of creation and implementation of policies. In September 2016, the World Economic Forum published the Global Competitiveness Report for 2015-2016, in which Macedonia was ranked 60, enhancing the rank for 3 places compared to the last year or, in total, 20 places compared to 2012.

In order to provide competitive functioning market economy, a procedure for launching of projects financed under IPA Component 1-TAIB has started; sector fiche for private sector development, where in 2016 projects will take place which include activities to support the promotion of competitiveness of the Macedonian companies, forming accelerators and support for start-up companies within the accelerators, supporting women's entrepreneurship and entrepreneurship among youth in order to reduce unemployment of these categories. Through these activities, the recommendation from the last European Commission Report for continuation with structural reforms for business climate improvement is addressed.

**Development of local and regional competitiveness in the field of tourism.** Within IPA 2014-2020, in the sector Competitiveness and Innovation, in 2016, the realisation of activities included in the Action document for local and regional competitiveness will start, with a special focus on projects in the field of tourism. This programme includes realisation of visible projects with high effect on the development and promotion of tourism, such as: construction and reconstruction of the local infrastructure, revitalisation of cultural heritage buildings, support to the development of tourist services and promotion of the tourist offer, promotion of the tourist destinations and cultural heritage, building of a recognisable tourist image by introducing world standards in the tourist-catering services, etc.

**Business accelerators.** With the aim to establish a sustainable mechanism for support to the innovations and innovativeness of start-up companies, especially those in the field of high technology as a prerequisite for their development and development of the economy as a whole, activities in the light of establishment of infrastructure for initiating business accelerators have been started within the universities, which will continue in 2016 as well. This measure is directed towards achieving the strategic priority of the Government: Investment in education, innovations and information technology as key elements for creating a knowledge-based society, and the main aims achieved by this will be: improved competitiveness of the Macedonian companies on the domestic and foreign market; introduction of new available and flexible financial instruments for start-up SMEs or in the beginning of their existence; knowledge transfer and opportunities for the start-up companies in an organised and institutional manner. For these measures, financial assets have been planned through the programme process for IPA component 1-TAIB for 2012-2013, in the sector fiche for Private Sector Development.

**Participation in the regional project "Platform for the Development of Enterprise and Innovation for Western Balkans".** The regional project "Platform for Development of Enterprises and Innovation for the Western Balkans" started in 2013, supported by the EC, EBRD and the European Investment Fund, in which the country actively participates. So far, three out of four components of the Platform are active, as follows: The Expansion Fund, the Grant Fund and the Regional Innovation Fund (ENIF). Through the three components of this project, over 140 million euro



shall be provided as support to the companies from the region which focus on innovations. The fourth component is technical assistance which should help for better usage of assets.

**We learn from the business community.** In the light of promotion of the dialogue with the business community, the Government started the fifth cycle of visits to companies within the project "We learn from the business community". The project provides for direct visits to companies throughout the entire territory by expert government teams, with the aim to identify the main problems that the companies are facing, and the initiatives by the business community for further improvement of the business environment, as one of the main priorities in the implementation of the economic policies of the government. According to the Action Plan, the visits to the companies have been planned in the first quarter of 2016, after which selection of the acceptable demands and initiatives will follow and creation of measures directed towards their realisation.

**One-stop-shop system for business licences and permits.** In 2015, the procedure for design of a software and preparation of technical specification for purchase of hardware for establishing a one-stop-shop system has started, with the support of IPA (Component 1-TAIB 2012-2013), and through hiring appropriate expert assistance. In 2016 and 2017, a procedure is planned to be conducted for contract for services for software design and purchase of the necessary hardware, its testing and putting into operation. Initially, the system will be implemented in institutions that issue majority of permits and licenses i.e. that have the significant scope in terms of the business community. Thus the problems associated with the time and costs for their issuing, identified by the EC as shortcoming, will be overcome. At the same time, the recommendation from the last European Commission Report for continuation with structural reforms for business climate improvement, is addressed.

#### **Competition Protection Policy**

By 25.11.2015, the CPC adopted 11 (eleven) decisions for assessment of the possibility for granting state aid after notifications submitted by the state aid providers, and approved future planned state aid.

During this period, analysis on possible amendment of the Law on State Aid Control and the Regulation of de minimis aid will be completed, with participation of all stakeholders (providers and recipients of state aid). The goal is establishing of possible new threshold of de minimis aid in the country.

The administrative capacity of the CPC will be strengthened with new employments and trainings. In 2016, advanced training of the employees in the expert service of the CPC will be conducted..

By the end of 2017, adoption of a Law amending the Law on State Aid Control has been planned, as well as a Regulation amending the Regulation of de minimis aid.

Trainings for the professional staff of the CPC and the state aid providers will continue in 2016-2017. New employments are planned in CPC and the IT equipment and furniture will be procured.

#### **5. Trade integration with the EU**

The country continued the implementation of the trade policy in accordance with the obligations arising from the membership in the World Trade Organisation (WTO) and the obligations arising from the Stabilisation and Association Agreement (SAA), the Central European Free Trade Agreement (CEFTA 2006) and the other agreements for free trade in which are undertaken obligations for preferential trade regime in 2015. The country ratified the Protocol on the WTO Trade Facilitation Agreement.

During 2015, the activities within CEFTA were focused on the implementation of the annual Programme of the Republic of Moldova for CEFTA 2006 chairing, including priorities and activities in the Pillar for integrated growth in the Strategy SEE 2020. The main priorities of the CEFTA 2006 presidency are the following:

**Creation of a free trade area** - In 2015, the negotiations for further liberalisation of trade on services in CEFTA continued in the following sectors: business and professional services, tourist services, environmental services, communication services, audiovisual services and construction services, educational and health services. Four rounds of negotiations were held for concluding a regional Protocol for Trade in Services. The progress in the negotiations process will continue in the forthcoming period and it should result in concluding a regional Protocol for Trade in Services, by the end of 2016. The regional Protocol will provide achieving a progressive liberalisation of trade in services and mutual opening of the services markets, in the context of the European integration.

Simultaneously with the negotiations for services liberalisation, in 2016 negotiations and conclusion of an Agreement for recognition of professional qualifications has been planned, which will directly contribute to the simplification of trade and liberalisation of the trade in services, for the purposes of reducing any barriers existing in the region in the course of export of services.

Two rounds of negotiations for concluding a Contract for Trade Simplification started within CEFTA were held, are expected to intensify in the forthcoming period and to result in conclusion of the contract until mid-2016. The aim of the activity is aimed at simplification of trade and liberalisation of trade in services for the country from the region. The simplification should be achieved through establishment of transparent means and simplification of customs and trade procedures for eliminating possible risks in export and unrestricted access to the markets in the region.

**Integration in the global economy** - The activities on amending the protocols on rules of origin in free trade agreements continued in order to apply identical diagonal cumulation of origin of CEFTA countries with EU countries (28 countries), EFTA countries (Switzerland, Norway, Iceland and Liechtenstein) and Turkey, according to the Regional Convention for Pan-European Mediterranean rules for origin. The aim is creation of a preferential access, not only towards the existing export destinations, but also towards other markets within the PEM region. The application of the convention as a whole is at the same time an opportunity for participation in the global procurement chain.

The Republic of Macedonia ratified the Protocol for Origin of Goods according to the CEFTA Contract of 27 August 2014, which means that already four, out of seven CEFTA countries (Republic of Macedonia, Republic of Albania, Republic of Serbia and Montenegro) apply the protocol of origin of the convention in their mutual trade. Soon, the harmonised Decision between the Republic of Macedonia and the Stabilisation and Association Council between of EU will be signed. The already started harmonisation of the text of the Decision amending the Protocol for Origin of Goods of the Contract between EFTA and the Republic of Turkey is yet to be completed in the year to come.

**Competitive economic environment** - the CEFTA-concept 'management-information system', has been developed, thus the transparency package will be available to the business sector.

In 2015, during the Moldova presidency of CEFTA, the following activities were completed: The additional protocol for eliminating the remaining wine quotas between the Republic of Macedonia and the Republic of Moldova has been signed by the two countries, and the Republic of Macedonia ratified it in July 2015. 1 extraordinary meeting was held of the Mixed Committee, 1 meeting of the Mixed Committee, 2 Strategic Meetings, 1 meeting of the Supervisory Committee, 1 meeting of the deputy ministers, 2 Committees for Trade Simplification, 4 Sub-Committee for Trade in Services, one Sub-Committee for Customs Duty, Sub-Committee for TBT and NTB and Sub-Committee for Agriculture, 1 Work Group on Statistics of Trade in Services, 2 Work Groups for Mutual Recognition of Professional Qualifications, 2 Work Groups on Investments, 1 Work Group on TBT, etc.

In 2015, the Law amending the Law on Control of Dual-Use Goods and Technologies was successfully implemented and a Decision was adopted for Determining a List of Dual-Use Goods and Technologies, which is in accordance with Annex I of Council Regulation (EC) No. 388/12.

## **6. Reforms aimed at increasing productivity and competitiveness**

Within the Programme on competitiveness, innovation and entrepreneurship for 2015 of the Ministry of Economy, in the area of: Support and development of the cluster association in the country, the projects of cluster associations were financed, covering activities aimed at:

- support to mutual projects for connecting clusters with universities,
- support to the development of innovation and brand products,
- support to clusters for sector export promotion,
- support to organisation of theme fairs and
- support to the development of quality standards and adjustments of requests to the EU markets.

Until the deadline for application 15/04/2015, 16 cluster associations submitted project applications. After the evaluation of the 16 received projects, 12 projects were selected for financial support. At the moment, the planned activities from the project applications are on-going.

### III. ABILITY TO TAKE ON THE OBLIGATIONS OF EU MEMBERSHIP

#### 3.01 FREE MOVEMENT OF GOODS

##### *Findings and priorities of the 2015 EC Report*

The country is moderately prepared in the area of free movement of goods. Some progress was made, in particular on strengthening administrative capacity. However, there was no further progress last year in eliminating non-tariff barriers to trade. In the coming year, the country should in particular:

- complete the adoption of measures to remove non-tariff barriers to trade;
- further align itself with provisions on conformity acceptance so that an agreement on conformity assessment acceptance can be negotiated.

##### **SUMMARY**

*In 2016, the new EU directives of the seven industrial sectors (pressure equipment, transportable pressure equipment, low voltage equipment, electromagnetic compatibility, simple pressure vessels and part of the construction products), that are part of the negotiations for signing the ACAA Agreement, will be transposed.*

*The remaining 9 measures of the Action Plan for Conformity with Articles 34-36 of the Treaty on the Functioning of the EU (TFEU) relating to the preparation of Eurocodes will be realised.*

#### 3.01.1 GENERAL PRINCIPLES

##### *Current situation*

In March 2015, Information was adopted on the realisation of measures to repeal or amend the regulations that contain measures with equivalent effect on exports and imports of goods from the Action Plan for conformity with Articles 34-36 of the Treaty on the Functioning of the EU (TFEU), for 2014. 33 out of the 42 regulations proposed in the Action Plan were realised, which is 80%. The remaining 9 regulations relating to the preparation of Eurocodes, in accordance with the preparation dynamics, will be completed in 2016.

##### *Short term priorities*

###### **Legal framework**

The remaining 9 measures of the Action Plan for Conformity with Articles 34-36 of the Treaty on the Functioning of the EU (TFEU) relating to the preparation of Eurocodes will be completed.

The transposition of the EU directives of the seven industrial sectors (pressure equipment, transportable pressure equipment, low voltage equipment, electromagnetic compatibility, simple pressure vessels and part of the construction products), that are part of the negotiations for signing the ACAA Agreement, will continue.

###### **Implementation**

The process of implementation will be carried out through employment, training, workshops and strengthening of the administrative capacities of the Ministry of Economy and the other competent institutions involved in the process of preparation and application of the legal regulations, as well as the new regulations of the global, new and old approach.

The implementation of the National Strategy for the introduction and effective implementation of legislative measures and strengthening of the administrative capacities of the institutions that form the quality infrastructure (standardisation, accreditation, metrology, conformity assessment and market surveillance) will continue.

##### *Medium term priorities*

In 2017, the Regulation (EU) No. 764/2008/EC laying down procedures relating to the application of certain national technical rules to products lawfully marketed in another Member State will be transposed.

If the new Regulation on product safety is adopted by the EU Council and the European Parliament, the Ministry of Economy will transpose it into a new Law on Product Safety, which will be adopted within 1 year of the adoption of the Regulation.

### 3.01.2 HORIZONTAL MEASURES

#### STANDARDISATION

##### *Current situation*

The Institute for Standardisation of the Republic of Macedonia (ISRM) carried out self-evaluation of its operations, according to the criteria established by the European standardisation bodies - CEN / CENELEC, and relate to the fulfilment of conditions for full membership and after that a positive assessment was obtained by the European Commission and European standardisation bodies.

In May 2015, a Rulebook Amending the Rulebook on the establishing and operation of the technical committees of ISRM was adopted, in view of more effective work of the technical committees in accordance with the rules of the European standardisation bodies. Training was organised for all members of the technical committees on the use of the electronic platform ISO Livelink, which provides electronically protected distribution of materials and efficient provision of opinions and comments as regards the standardisation projects by the experts and members of the technical committees and working groups.

The ISRM is continuously working on adopting the European and international standards and standardisation documents as Macedonian standards and standardisation documents, and notification to the European standardisation bodies. The total number of adopted European and international standards and standardisation documents adopted as Macedonian standards and standardisation documents and original national standards and approved corrigendum is 26696, out of which 22181 are European standards and standardisation documents, whereas 777 are ETSI standards. The total number of adopted European standards as Macedonian standards is 19100, which is 99 % of the total number of European standards.

All adopted European standards are notified to the CEN/CENELEC and ETSI.

The translation into Macedonian of multiple standards in the field of Eurocodes, systems and equipment for thermal protection and fire protection in construction facilities, quality management and environment, gas techniques and equipment, waste characteristics, accreditation and conformity assessment, concrete products and masonry, etc. was approved.

The ISRM notified the European standardisation body CEN of 5 adopted original national Macedonian standards.

After submitting the first review of the documents for the certification body by the consultant and its verification for entry into service, certification audits of two clients (Municipality of Veles, Macedonia Bureau) were implemented and certificates for introduced system of quality management in accordance with ISO 9001: 2008 were awarded. The final check is to be done on a higher education institution on which representatives of the Institute for Accreditation of the Republic of Macedonia (IARM) will attend and on the basis of that the certification body should be accredited.

In 2015, one new employment was finalised at the ISRM, bringing the administrative capacity of the ISRM to a total of 26 employees.

The ISRM is a signatory to the Framework Agreement for Financial Assistance (FPA) with the European Commission for projects related to standardisation.

##### *Short-term priorities*

##### **Legal framework**

In the field of standardisation and certification, the following activities are foreseen:

- adoption of the Statute of the ISRM as well as certain Rulebooks related to the process of preparation and adoption of Macedonian standards and other standardisation documents, work of the Technical Committees, Working Groups and Expert Committees, in view of full compliance with the Internal Rules of the European Standardisation Bodies; and
- translation into Macedonian of European standards of the New Approach Directives;

##### **Implementation**

In 2016 the following activities are foreseen:

- continuation of active cooperation with the European Standardisation Bodies and National Standardisation Bodies;

- establishing the certification body and performing activities for certification of quality management systems in various companies;
- maintenance of the existing and procuring new IT equipment, procurement of licensed operating systems and programmes;
- publishing the Bulletin of adopted Macedonian standards;
- introducing the national promotional sign "Macedonian Sun";
- realisation of trainings for:
  - the rules and practice of the European and International Standardisation;
  - procedures for the preparation, adoption of European, International and Macedonian standards;
  - various standards;
- promotional campaigns, organising thematic workshops and publishing thematic publications for the benefits from using standards and raising awareness of the business community and interested parties;

#### Programmes and projects

- organising three workshops for certain standards with the support of the TAIEX instrument.

#### *Medium term priorities*

##### Implementation

In the field of standardisation, the following activities are planned:

- creation of new revenues through certification and trainings;
- issuing certificates by the certification body of the ISRM for ISO 9001; and
- maintenance of a stable and efficient system of standardisation in accordance with the national interests of Macedonia and the European and international rules.

#### Programmes and projects

Project IPA Component 1 - Transition Assistance and Institution Building (TAIB). The project will enable strengthening of the infrastructure of ISRM and the certification sector, i.e. development of national standards and harmonisation with EU standards, strengthening the ISRM management system, equipment procurement, assistance in realisation of training for the importance of establishing standardisation in production and services and trainings for the business community.

#### ACCREDITATION

##### *Current situation*

The Institute for Accreditation of Republic of Macedonia (IARM) in 2015 completed all foreseen short-term activities as planned, but also upgraded the activities and added new ones.

The number of bodies for conformity assessment (laboratories, certification bodies, inspection bodies and medical laboratories) at the IARM, was increased in numerical terms, within the scope and areas of accreditation. The IARM accredited 172 bodies for conformity assessment, out of which: 11 are calibration laboratories, 57 are testing laboratories, 93 are inspection bodies, 5 are certification bodies for product certification, 3 are certification bodies for certification of quality management systems. 19 accreditations were withdrawn and 4 were suspended. For certificates granted for accreditation, the IARM carries out regular annual supervision. In May 2015, within EA (European Cooperation for Accreditation), contract was officially signed to maintain the mutual recognition of accreditation results EA MLA (Multilateral Cooperation) expanded for the scope of accreditation of medical laboratories upon standard MKC EN ISO 15189, pursuant to the recommendation of the evaluators<sup>2</sup> of the European Cooperation for Accreditation (EA). The ILAC certificate - MRA for accreditation of medical laboratories i.e. certificate for mutual recognition of certificates for accreditation of medical laboratories IARM was officially awarded.

The application for membership in the International Accreditation Forum (IAF) resulted by signing a MLA IAF arrangement for mutual recognition of the certificates from bodies accredited for product certification i.e. full membership in the International Accreditation Forum (IAF).

The IARM reviewed all internal regulations related to the current harmonisation with the rules of European accreditation and international organisations for accreditation i.e. transfer of ISO standards for accreditation of certification bodies for product certification of ISO 45000 series in ISO 17000 series.

#### *Short term priorities*

##### Implementation

- Maintenance of the Agreement for mutual recognition of certificates for accreditation (EA-MLA ) for the areas: testing, calibration, product certification, inspection and for medical laboratories,

- maintenance of the Agreement for mutual recognition of the certificates for accreditation (ILAC MRA) for the areas: testing, calibration, inspection and for medical laboratories,
- maintenance of the membership in the International Accreditation Forum (IAF)
- maintenance of the Agreement for mutual recognition of the certificates (MLA IAF) for certification of products,
- implementation of the software for the procedures for accreditation,
- promotion of the accreditation system,
- organising and realising of trainings for assessors, leading assessors, potential customers and new accreditation schemes;
- strengthening the cooperation with the ministries in the part of authorisation of the bodies for conformity assessment;
- new employments;
- regional cooperation with the accreditation bodies;
- organisation of promotional events, workshops and issuing of publications;
- maintenance and upgrading of the system of quality management as a basic precondition for maintaining the validity of agreements on mutual recognition of the certificates of accreditation with the European Cooperation for Accreditation EA-MLA, the International Laboratory Accreditation Cooperation ILAC-MPA and the International Accreditation Forum (IAF);
- participation in the work of the EA and ILAC and IAF;
- participation in the work of the Committees of European Co-operation for Accreditation (EA MAC, for Laboratory Committee, Inspection Bodies Committee, Certification Bodies Committee for, Horizontal Harmonisation Committee);
- on 5-6 October 2016, the IARM will host a meeting of the Committee on mutual recognition within the European co-operation for Accreditation EA MAC.

#### Projects

- Government project about accreditation of laboratories equipped with higher education scientific institutions in cooperation with the ministries of education and science, as well as
- the project of the Ministry of Health for accreditation of 8 medical laboratories in accordance with ISO standard 15189.

#### *Medium term priorities*

##### Implementation

- increasing the number of accredited Macedonian bodies that will perform conformity assessment, which will be present on the market in the country and on the international markets;
- effective application of the established system of accreditation;
- increasing the number of technical assessors and experts;
- signing of EA-MLA for other areas of accreditation (certification of systems and certification of personnel);
- extension of accreditation activities in new areas;
- development of new accreditation schemes, in accordance with the requirements of the users of its services and the requirements of the regulators;
- developing of the procedure for accreditation of notified bodies, and the initiative to sign the European Agreement on Conformity Assessment
- providing optimal pool of assessors and experts which will be involved in the assessment of conformity assessment bodies,
- trainings of assessors and other trainings for potential accredited bodies,
- promotion of the accreditation system in the country,
- cooperation with the state administrative bodies and other economic entities in the area of accreditation and performing the procedures for conformity assessment,
- cooperation with institutions in the area of quality infrastructure, primarily: the Bureau of Metrology (BM), the Institute for Standardisation (ISRM) and conformity assessment bodies,
- strengthening the overall material and technical resources and capacities in terms of working conditions and in particular human resources by employing new qualified and competent staff, motivated to carry out the mission of the IARM impartially, objectively and competently.

#### Projects

Implementation of the Project for researching the systems for quality management.

## METROLOGY

### *Current situation*

In November 2015, the Bureau of Metrology (BM) signed a memorandum with the National Metrology Institute of the Kingdom of Spain (CEM), by which opportunities were opened for knowledge exchange and update the measurement capabilities of the Bureau of Metrology by establishing a new laboratory for preparation and certification of reference gas mixtures. Also, in November 2015, the Bureau of Metrology signed a Memorandum of Understanding and Cooperation with the Faculty of Electrical Engineering and Computer Technologies within the Ss. Cyril and Methodius.

Within the Bureau of Metrology, nine calibration laboratories, Laboratory for testing of alloys of precious metals, as well as laboratories for examination and verification of mechanical measuring instruments (measures of length, mass, etc.) were established. Six of the laboratories were accredited according to MKS EN ISO/IEC 17025 for calibration of standards and devices and in the area of mass, temperature and relative humidity, volume and flow, pressure, electrical quantities and acoustic measurements). Two of the laboratories (mass and volume and flow) published calibration and measurement capabilities in the database of the International Bureau of Weights and Measures (BIPM), and the temperature laboratory is in the process of publication of calibration and measuring opportunities in the thermometer area.

Equipment that allows expansion of the scope of the laboratory for mass up to 500 kg, which increases the existing range of calibration laboratory of 20 kg was procured, as well as a possibility of extending the calibration and measuring capabilities of the laboratory in the basis of the International Bureau of Weights and Measures (Kcdb). At the beginning of 2015, the laboratory center of the BM was reconstructed in order to ensure full functionality and optimisation of work of existing calibration laboratories and the newly established Laboratory for acoustic measurements.

### Projects

During 2015, the BM participated in several projects of inter-laboratory comparisons organised at European and world level. The table below contains data on the type and status of the projects in which the BM participated.

Type of project	Area	Identification of ILC	Status
Interlaboratory comparison (ILC) with the participation of 13 instituts from the EU	FLOW (F)	EURAMET 1297 Comparison of a 50 mL pycnometer and 500 mL flask	current
Interlaboratory comparison (ILC) with the participation of 22 instituts from the EU	THERMOMETER (T)	EURAMET 1189 Comparison of the realisations of the relative humidity in the range from 10% to 95% at temperatures from -10 °C to 70 °C	current
Interlaboratory comparison (ILC) with the participation of 21 institutes from the EU and the world.	MASS AND RELATED SIZES (M)	EURAMET 1252 Comparison in the range of 10 MPa to 100 MPa of liquid pressure	current
Interlaboratory comparison (ILC) with the participation of 13 instituts from the EU	ELECTRIC. SIZES (EM)	EURAMET Project No 1341 Comparison on calibration of Multimeter	current
Interlaboratory comparison RR 34 and 35	Chemical analysis and XRF spectrometric determination of the gold and silver in alloys	RR 34 & 35 organised under the Hallmarking Convention and IAAO	Completed criteria for satisfactory results Z score <2 successfully RR 34 (gold) =0.94 RR 35 (silver) =1.19
(PT Scheme) 2015	Chemical analysis of the alloys of gold and silver	Czech Assay office / IAAO	current

During 2015, within the TAIEX, four study visits were organised for the implementation of the Directive on measuring instruments (2004/22/EC) in the field of conformity assessment and verification of measuring vessels and measuring systems for liquids other than water, a study visit for implementation of the Directive on non-automatic weighing

instruments (NAWI) in the field of conformity assessment and verification of weighing instruments and a study visit for harmonisation of legislation in the area of controlling objects made of precious metals. Also, in 2015, there were 3 new employments and the number of employees at the BM is 45.

### *Short term priorities*

#### **Implementation**

- Institutional development and raising public awareness by:
  - Strengthening the regional cooperation by signing bilateral cooperation agreements with the metrological institutions of the Republic of Croatia, the Republic of Montenegro and Bosnia and Herzegovina;
  - Organising seminars, workshops and meetings with different target groups (state institutions, representatives of the industry, laboratories) in order to strengthen the metrological infrastructure in the country, informing the public about the regulation in the field of metrology, supporting the economy, etc.
  - Harmonisation of the national by-laws with the international normative documents
  - New employments in the field of scientific and legal metrology
  - Preparation of project for establishing and developing a laboratory for preparation and certification of reference gas mixtures
- Strengthening the capacities in the field of legal metrology and industrial/scientific metrology by:
  - Putting into operation a Laboratory for time and frequency, realisation of a national standard for time and distribution of time for beneficiaries at national level;
  - Increasing the scope of services of the Bureau of Metrology (BM) through procurement of equipment to support the legal metrology and of calibration laboratories, expanding the scope of services for calibration of standards and measures;
  - Participation in projects of inter-laboratory comparisons to ensure the competence and publishing calibration and measurement capabilities in the database of the International Bureau of Weights and Measures in Paris, France (KCDB BIPM);
  - Maintenance of entries of calibration and measurement capabilities (CMC) published at the database of the International Bureau of Weights and Measures in Paris, France (BIPM KCDB) and maintenance of accreditation of laboratories in accordance with ISO/IEC 17025;
  - Submitting requests and registration of calibration and measurement capabilities in the field of relative humidity and pressure;
  - Expanding the scope of accreditation of the laboratory for mass;
  - Improving the knowledge of employees by:
    - Trainings organised at regional level within the Focus Group of the EURAMET;
    - Specialised trainings for professional personnel of BM in the area of industrial/scientific (calibration of measures and dissemination of measurement units) and legal metrology (verification of measures) organised within the TAIEX; and
- Active participation in the work of the technical committees of EURAMET, working groups of VELMEC and IAAO;

### *Medium-term priorities*

#### **Legal framework**

- Amending the Law on Metrology, so that the Bureau of Metrology is given legal capacity;
- Harmonisation of national by-laws with the international normative documents.

#### **Implementation**

- Proclamation of national standards of measurement units in the area of temperature, pressure depending on the results of projects of inter-comparison;
- Expanding the scope of laboratory accreditation of the laboratories for dimension sizes according to the system of quality management in accordance with ISO 17025;
- Equipping a new laboratory for measuring the flow of gas as part of the gasification project in the Republic of Macedonia;
- Equipping a new laboratory in the field of metrology in chemistry with a focus on making the reference gas mixtures that are used in the calibration of measures for monitoring of pollution of environmental, check and verification of gas analysers for measuring emissions from cars;
- Active participation in the work of the technical committees of EURAMET, working groups of VELMEC;
- Utilisation of the domestic resources, especially of the scientific-educational institutions for targeted education and formation of national standards in areas where there are no BM opportunities.



## CONFORMITY ASSESSMENT (CHECK, CERTIFICATION and CONTROL)

### *Current situation*

The Minister for Economy in accordance with the Law on Product Safety adopted 2 new decisions on authorisation of legal persons for conducting conformity assessment in 2015. Authorised legal subjects were registered in the register of authorised bodies for conformity assessment kept by the Ministry of Economy. Decisions for authorisation were published on the website of the Ministry of Economy. In accordance with the Law on Vehicles, the Minister for Economy adopted a total of 6 decisions for authorisation, of which 1 decision on authorisation of legal subjects to perform identification and assessment of the technical condition of vehicles and 5 decisions on authorisation of a technical service for conducting approval of vehicles.

### *Short term priorities*

The authorisation of bodies for conformity assessment and technical services upon request and performed accreditation by the IARM according to the Law on Product Safety and Law on Vehicles will continue. The new authorisations will be part of the functioning of the MLA.

### *Medium term priorities*

In the medium term, the number of Macedonian bodies to perform conformity assessment, as well as their participation in the markets of the countries signatories of MLA, is planned to increase. The Ministry of Economy will perform notification of bodies for conformity assessment in the European Commission, after the ACAA Agreement is signed or with the accession in the EU.

## MARKET SURVEILLANCE

### *Current situation*

The Coordinating body for market surveillance holds regular meetings (at least once per month) for the implementation of the National Programme for coordination and for taking effective measures for market surveillance for 2015 and 2016. In addition to the regular inspection surveillances, carried out by the Unit for product safety within the State Market Inspectorate (SMI), inspection surveillances are being conducted following a notification from the Customs Administration when importing products.

### *Short term priorities*

The following activities are planned for 2016:

- preparation of Annual Report on the activities of the Coordinative body for market surveillance, according to the National Programme for Coordination and taking effective measures for market surveillance for 2015 and 2016;
- preparation of the National Programme for Coordination and taking effective measures for market surveillance for 2016 and 2017; and
- trainings will be organised for state inspection organs, in collaboration with the business community for adequate application of the rulebooks and the laws on product safety and safety of construction products related to CE marking and the procedure for evaluation of conformity.

### *Medium term priorities*

Application will be submitted for implementation of the RAPEX system by the SMI, in collaboration with the other state bodies in charge of market surveillance.

## 3.01.3 OLD APPROACH OF THE PRODUCTS LEGISLATION

### *Current situation*

In 2015, new legal entities were continuously authorised for carrying out identification and assessment of the technical condition of the vehicles and for carrying out activities of technical service as well as carrying out technical inspection of vehicles. This will also continue in 2016.

## 3.01.4 NEW AND GLOBAL APPROACH OF THE PRODUCTS LEGISLATION

### *Current situation*

In June 2015, the Law on Construction Products in compliance with the Regulation (EU) No. 305/2011 laying down harmonised conditions for the marketing of construction products was adopted.

### *Short-term priorities*

Legal framework

In 2016, the following will be adopted:

- Rulebook on transportable pressure equipment, within which Directive 2010/35/EU will be transposed;
- Rulebook on gas appliances, within which Directive 2009/142/EU will be transposed;
- Directive 2014/35/EU will be transposed in the new Rulebook on equipment with low voltage;
- Directive 2014/29/EU will be transposed in the new Rulebook on Simple Pressure Vessels.
- Directive 2014/30/EU will be transposed in the new Rulebook on electromagnetic compatibility; and
- Directive 2014/34/EU will be transposed in the new Rulebook on equipment and protective systems which are supposed to be used in potential explosive atmospheres (ATEKS).

In the same time, the preparation of the requested euro codes of the Business community for construction will proceed.

#### **Implementation**

One transfer in the Sector for Internal Market within the Ministry of Economy, in charge of free movement of goods is planned.

#### ***Medium term priorities***

In 2017, the following EU directives are planned to be transposed:

- Directive 2014/33/EU will be transposed in the new Rulebook on Placing on the Market of Lifts and Safety Components for Lifts;

In the same time, in 2016 and 2017 a new Law on Product Safety is to be adopted, pursuant to the new Regulation on Product Safety, which is being harmonised in the EC.

### **3.01.5 PROCEDURAL MEASURES**

#### ***Current situation***

In accordance with the Decree on the Notification Procedure of the European Commission for adopting technical and non-harmonised regulations, technical specifications and standards, ISRM made a notification to the European standardisation body CEN of 5 adopted original Macedonian national standards.

## 3.02 FREEDOM OF MOVEMENT FOR WORKERS

### *Findings and priorities of the 2015 EC Report*

Preparations in the area of freedom of movement for workers are still at an early stage, but some progress was made in the past year.

#### **Summary**

*The country will continue promoting legislation in order to simplify the procedures for obtaining a work permit, as well as to increase the mobility of foreigners. In the medium term, the national legislation will be harmonised with the provisions of Directive 2011/98/EU of the European Parliament and of the Council of 13 December 2011 on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State. The EURES (The European job mobility portal) legislation will continue to be followed, in order to prepare the public service for employment in view of fulfilling the obligations arising of the future full inclusion in the EURES network. In view of coordinating the social insurance systems, the country will continue initiating and signing bilateral agreements with several EU Member States. The Electronic Health Card (EHC) system will continue to be promoted and upgraded. In the forthcoming period it is planned to initiate the signing of agreements for using the European Health Insurance Card (EHIC) with several countries.*

### 3.02.1 GENERAL PRINCIPLES OF THE ACCESS TO THE LABOUR MARKET

The bases of the policy on employment and work of foreigners are regulated by the Law on Employment and Work of Foreigners, which since the adoption in September 2007 has been amended 8 (eight) times (Official Gazette of the Republic of Macedonia, no. 70/07, 5/09, 35/10, 148/11, 84/12, 148/13, 38/14 and 150/15). The amendments are aimed at facilitating the procedures for obtaining work permit, as well as at increasing the mobility of foreigners employed in companies of the country. At the moment the procedures for obtaining work permit and residence permit apply to all foreign citizens, i.e. there is no difference between the employees of the European Union and the employees coming from third countries i.e. there is a single work permit for everyone.

In the past period a new text of the Law on Employment and Work of Foreigners was drafted, and it is in a parliamentary procedure, expected to be adopted. It is a result of the harmonisation of the Law on Foreigners, as well as improvement and facilitating of the procedures for obtaining work permit for foreigners i.e. introducing a single work permit and residence permit of foreigners through the amendments of the Law on Foreigners. The Ministry of Labour and Social Policy (MLSP) with the new Draft Proposal of a Law retains the competence to act upon only foreigners that have regulated their residence in the country on another ground and within that residence they intend to obtain work permit to participate on the labour market. The Employment Service Agency of the Republic of Macedonia (ESARM) is in charge of registering the beginning and ending of the work engagement of foreigners, as well as delivering opinion in the procedure led by foreigners before the Ministry of Interior (Mol) for obtaining a single work and residence permit. The Law shall be applied after six months as of the date of its entry into force.

#### *Statistics of issued work permits*

By 30.06.2015 the number of issued work permits is 1821 (for 178 out of which the requests are submitted before 01.01.2015). Out of these, 1771 positive work permits on all grounds are issued. In the period between 01.01.2015 and 30.06.2015, ESARM issued 1771 work permits to foreigners in total. Out of these, 1023 are employment approvals, 474 are personal work permits and 274 work permits; 686 work permits are issued for extending the work permit on all grounds; 1085 work permits are issued as new work permits on all grounds.

#### **Short term priorities**

- Participation in working groups for drafting, monitoring and promoting the legal frame for work and employment of foreigners

#### **Medium term priorities**

- Harmonisation with Directive 2011/98/EU of the European Parliament and of the Council of 13 December 2011 on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State, by

adopting the new Law on Foreigners, in the competence of Mol. It is planned that the competences of the MLSP as regards the procedures for issuing work permits are transferred to the Mol.

### 3.02.2 EURES

#### *Current situation*

The EU Acquis in the area of EURES is partially implemented in the following legal acts of the national legislation: Law on Employment and Work of Foreigners (Official Gazette of the Republic of Macedonia, No. 70/07, 05/09, 35/10, 148/11, 84/12, 148/13 and 38/14, 150/15), Law on Employment and Insurance in Case of Unemployment (Official Gazette of the Republic of Macedonia, No. 37/97, 25/2000, 101/2000, 50/2001, 25/2003, 37/2004, 4/2005, 50/2006, 29/2007, 102/2008, 161/2008, 50/10, 88/10, 51/11, 11/12, 80/12, 114/12, 39/14, 44/14 and 113/14), Law on Temporary Employment Agencies (Official Gazette of the Republic of Macedonia, No. 49/2006, 102/2008, 145/10, 136/11, 13/13, 38/14, 98/15 and 147/15). Institutions competent for implementing the EU Acquis in this Chapter are the MLSP, Mol and ESARM.

The twinning project “Strengthening the capacities for effective implementation of the Acquis in the field of freedom of movement for workers” was successfully implemented in the period between 24.02.2014 and 24.08.2015. The aim of the project is to prepare the national institutions for successful fulfilling of the obligations of membership in the area of freedom of movement for workers, strengthening the national institutional and administrative capacities for coordination of the social security systems and participation in the EURES network. Component 2 focused on strengthening the capacities for applying the right to freedom of movement for workers and providing employment in another Member State, as well as providing assistance to companies in finding qualified work force, on the basis of full transparency on the labour market. Employment public services have particularly important role in providing information, advising as well as finding adequate employment in the territory of Europe and in the border regions. In that regard, efforts were made through Component 2 to improve the administrative procedures and to strengthen the capacities in support of the mobility of workers within the EU and EURES services development.

National legislation areas of importance for the current and future functioning of EURES were analysed and underlined within the project. The overall assessment was that the national legislation (relevant legal acts) is in compliance with the minimum requirements and rules of the EU Acquis in the area of EURES.

Large part of the needed services that ESARM should provide as future partner of EURES are regulated by the national laws at the moment, but due to the territorial application of laws, the services are currently provided and at disposal only of the citizens of the country. The legislation will become fully applicable as soon as the Republic of Macedonia enters the European Union.

Within the project and throughout 2015, several trainings were organised for the ESARM employees in order to prepare them and the ESARM to connect with the EURES network and to provide adequate level and quality of services that are to be provided by ESARM, as follows: 4<sup>th</sup> training on the subject “Preparing a training plan, training materials and organising trainings for the involved employees, with a special focus on acquiring knowledge and expertise necessary for joining ESARM to EURES”, round table titled: “EU work in a Brussels perspective”, event for raising the awareness held in May 2015. A study visit to Hungary was organised and relevant institutions and bodies that are competent and involved in the EURES network in Hungary were visited; the work and competence of these institutions and bodies was presented there.

#### *Short term priorities*

- Carrying out analyses of the relevant areas significant for EURES of the national legislation in view of implementation and harmonisation with the EURES standards

#### *Medium term priorities*

- Identifying the key areas of EURES for harmonising/further harmonising in view of full implementation of the EU legislation in this area and defining proposals for the manner to be used for full harmonisation;
- Conduct adequate meetings and other events for monitoring of amendments and novelties in this area, as well as renewing and confirming the acquired knowledge through the implemented Twinning project

### 3.02.3 COORDINATION OF SOCIAL INSURANCE SYSTEMS

#### *Current situation*

The Law on Ratification of the Agreement on Social Insurance<sup>31</sup> between the Republic of Macedonia and the Slovak Republic and the Law on Ratification of the Agreement on Social Insurance and Social Security<sup>32</sup> between the Republic of Macedonia and the Republic of Hungary were adopted in the past period.

Agreement on Social Insurance between the Republic of Macedonia and the Republic of Albania was signed and it will regulate the relations in the area of social insurance and exercise of rights to insurance for the citizens of these two countries and the members of their families.

Negotiations for signing Administrative Agreement on implementing the Agreement on Social Insurance between the Republic of Macedonia and the Slovak Republic were held.

The Administrative Agreement on implementing the Agreement on Social Insurance between the Republic of Macedonia and the Slovak Republic was signed.

The procedure for the ratification of the Agreement on Social Insurance between the Republic of Macedonia and the Republic of Albania has begun.

A meeting was held with representatives of the Embassy of the Republic of France as regards clarification of the provisions of the draft text of the Agreement on Social Insurance.

In August 2015 the implementation of the twinning project "Strengthening the capacities for effective implementation of the Acquis in the field of freedom of movement for workers" was completed. The project was financed within the Instrument for Pre-Accession (IPA) – "Transition Assistance and Institution Building". Component 1 of the Project referred to the coordination of schemes for social security, according to which the persons of one EU Member State can move in another Member State and exercise in whole the social security rights.

Trainings were held as regards the rules on coordination of social systems for several branches, as follows: pension rights, healthcare protection abroad, family allowances and contributions for maternity leave, unemployment and applicable legislation. 429 representatives of institutions participated on the basic and advanced trainings.

Reports were prepared on the implementation of the project on organisational structure, coordination and cooperation and adequate mechanisms for collecting data and management, procedures on instructed workers and self-employed persons. 18 key recommendations were given as regards the future work of institutions in view of preparation for EU membership.

Documents were prepared as follows: training plans and materials, 5 manuals on the branches of social insurance from EU perspective and 1 manual for self learning, 1 manual for EESSI (Electronic Exchange of Social Security Information) and 1 comprehensive material for self learning for all sectors. The materials include detailed instructions for resolving cases and case law examples of the European Court of Justice. Manuals are drafted to serve as support to the employees in the competent ministries and institutions when implementing Regulation 883/2004 and its Implementing Regulation 987/2009.

In March 2015 advisory days were held in Skopje and Stip, for the insured parties on which the representatives of the Pension and Disability Insurance Fund of Macedonia and the German social insurance body provided advisory answers and clarifications on the manner of exercising the rights they exercise in accordance with the Agreement on Social Insurance signed between the two countries.

In April 2015 advisory days were held with representatives of the Pension and Disability Insurance Fund of Macedonia and the Republic Pension and Disability Insurance Fund of Serbia. During the advisory days the citizens had the opportunity to be given answers as regards the exercise of social insurance rights of the Agreement on Social Insurance between the Republic of Macedonia and SR Yugoslavia.

During the same month, a working meeting was held between the representatives of the Pension and Disability Insurance Fund of Macedonia and the Section for Pension Administration of Kosovo.

In May 2015, a meeting was held between the health insurance liaison bodies of the Republic of Macedonia and the Republic of Serbia.

In September, a regular meeting was held on which the directors of funds/institutes of the former Yugoslavian countries participated.

### ***Short term priorities***

In the area of bilateral regulation of social insurance with the other countries, in 2016 the following activities are planned:

- Adoption of the Law on Ratification of the Agreement on Social Insurance between the Republic of Macedonia and the Republic of Albania;
- Initiation of implementation of the amendment of the Agreement on Social Insurance between the Republic of Macedonia and the Republic of Slovenia;

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<sup>31</sup> Official Gazette of the Republic of Macedonia, no.80/15

<sup>32</sup> Official Gazette of the Republic of Macedonia, no.80/15

- Initiation of negotiations on concluding an Agreement on Social Insurance with the Republic of France regarding which initiatives with draft-text of the Agreement are already submitted;
- Initiation of negotiations on concluding an Agreement on Social Insurance with the Russian Federation, regarding which initiatives with draft-text of the Agreement are already submitted by the Russian Federation;
- Holding a meeting with representatives of the United Kingdom (Great Britain and Northern Ireland).
- Implementation of the Agreements for Social Insurance with other countries:
  - organising advisory days between representatives of the Pension and Disability Insurance Fund with German social insurance bodies, social insurance bodies of the Republic of Serbia, social insurance bodies of the Republic of Slovenia and holding a meeting of the directors of funds of the countries in the region.
  - Holding meetings with representatives of the Pension and Disability Insurance Fund of Macedonia with the social insurance bodies of Germany, Italy, Croatia, Slovenia, Hungary and Romania.

#### *Medium term priorities*

- Signing of an Agreement on Social Insurance between the Republic of Macedonia and the Republic of France.
- In the area of bilateral regulation of social insurance with other countries, negotiations on concluding agreements on social insurance with some countries will be initiated: Great Britain, Spain, Portugal, Estonia, Lithuania, Latvia, and New Zealand.

### 3.02.4 EUROPEAN HEALTH INSURANCE CARD (EHIC)

#### *Current situation*

Representatives of the Health Insurance Fund of Macedonia (HIFM) held a meeting with the representatives of the Croatian Health Insurance Fund (CHIF), on which the HIFM initiated signing of an Agreement on use of the European Health Insurance Card for the Croatian insured persons on the territory of the country, an initiative adopted by CHIF. CHIF has signed an Agreement on the use of the European Health Insurance Card (EHIC) on the territory of the country for the insured persons coming from 8 Member States of the European Union: Slovenia, Czech Republic, Germany, Luxembourg, the Netherlands, Belgium, Bulgaria and Austria.

#### *Short term priorities*

- In this area, initiation of negotiation on concluding the following agreements is planned:
- Agreement on use of the European Health Insurance Card on the territory of the country with the Republic of Croatia.
- Agreement on use of the European Health Insurance Card on the territory of the country with the Republic of Hungary.
- Agreement on use of the European Health Insurance Card on the territory of country with the Slovak Republic.

#### *Medium term priorities*

- Initiation of negotiations on signing an Agreement on use of the European Health Insurance Card on the territory of the country with the Republic of Italy.

### ELECTRONIC HEALTH INSURANCE CARD

The Project for Electronic Health Card (EHC) continues with implementation on the whole territory of the country. In 2015 the Pension and Disability Insurance Fund of Macedonia also worked on the implementation of more electronic services that make possible the use of the EHC.

As a support to the system, in the beginning of October 2015 a new body was set up within the Ministry of Health, namely the Electronic Healthcare Office (EHO), whose basic competence is to establish "National system for electronic records in the healthcare", i.e. implementation, maintaining and upgrading of the integrated healthcare information system, focusing on all aspects of this complex information system in which all healthcare institutions, pharmacies and other institutions of all three healthcare levels are integrated.

#### *Short term priorities*

In 2016, EHC will continue through the electronic services and systems introduced by the Ministry of Health and the Pension and Disability Insurance Fund, such as: electronic referral, electronic prescription, electronic ambulatory medical record, and system of monitoring the electronic list for scheduling medical examination in the institutions of secondary and tertiary healthcare. The IT system of the Pension and Disability Insurance Fund with the implemented

electronic services expects over 80% of services offered on the counter windows of the local offices, to be used by healthcare workers and authorised persons electronically by means of the EHC.

The system is to be upgraded through the electronic health file as regards the necessary data for each insured person and through the use of the EHC in view of advancing and facilitating the administrative works in healthcare institutions in accordance with the electronic service of the Pension and Disability Insurance Fund.

The EHO will create new and maintain the existing web services for integration and development of data with the state administrative bodies and companies that have already developed a software or are using a software at all levels of healthcare protection (selected physicians, pharmacies, hospitals, university clinics, etc.), and will establish and keep several different registries such as registries of institutions, healthcare workers, healthcare collaborators, healthcare services and procedures, medical supplies, etc.

### *Medium term priorities*

Full implementation of EHC on the whole territory of the country is planned.

Drafting analyses and reports out of the data entered in the integrated healthcare information system in view of proposing concepts for healthcare policy development.



### 3.03 RIGHT OF ESTABLISHMENT AND FREEDOM TO PROVIDE SERVICES

#### *Findings and priorities of the European Commission Report for 2015*

The country is moderately prepared in the area of right of establishment and freedom to provide services. There has been some progress. In the next year, the country should, in particular:

- continue the harmonisation of the national legislation with the EU legislation, particularly for the mutual recognition of professional qualifications and the Service Directive;
- complete the full liberalisation of the universal postal service.

#### **Summary**

*The adoption of the Law on Services and the ongoing implementation of the Action Plan on harmonisation with Directive 32006L0123 will ensure the right of establishment and provision of services after accession in the EU. Activities are planned for establishing a "Single point of contact" (SPC), as an obligation from the Directive 32006L0123. With their implementation should be possible in one place to get all the necessary information on access and provision of services procedures, as well as opening and closing of the procedures electronically.*

*With the support of IPA2011 project, (started in December 2015), the Ministry of Education and Science will continue the involvement of all stakeholders in the process of recognition of professional qualifications in order to fully harmonise the national legislation with the provisions of the Directives 36/2005/EC and 55/2013/EU.*

#### 3.03.1 RIGHT OF ESTABLISHMENT

##### **Current situation**

During 2015, continuous activities were carried out in order to further simplify the procedures for starting and running a business in the country and reduce the labour costs. The one stop shop system for business registration through the Central Registry is fully functional. The electronic registration of companies can be done by registration agent at no cost and in one single step. In addition, for establishment of new legal entities the system offers a possibility of registering for mandatory pension and social insurance electronically.

In order to further facilitate the conditions for starting and running a business, the implementation of the other measures of the second, third and fourth phase of the project "Regulatory Guillotine" continues. The implementation of the measures of the Regulatory Guillotine - Phase 4 "The advantage of small" is ongoing, which simplified the procedures for obtaining documents provided by the state institutions, shortening the deadlines for obtaining permits, expanding the interoperability process, including additional institutions and information campaigns.

The project "One-stop-shop system for permits and licences" ("One-stop-shop system for domestic and foreign investors") provides establishment of a system that will allow all the necessary procedures and information for starting and running a business to be provided in one place. The project is planned to be carried out in phases through various activities such as mapping of the procedures for issuing permits and licences and development of IT solutions for exchange of documents and information between different institutions. Initially, this system will be implemented in the institutions that issue most of the permits and licenses. In August 2015, the public procurement procedure began on the technical assistance for development of software and for preparation of technical specification for procurement of hardware for establishing the one-stop shop system.

In accordance with the recommendations contained in the feasibility study for the establishment of SCP, which is an obligation of the directive, the Ministry of Information Society and Administration in cooperation with the Ministry of Economy has prepared an Action Plan for establishment of SCP in the Republic of Macedonia that will be a progress in the successful implementation of the Directive 32006L0123.

##### **Short-term priorities**

In the next period, the project "Regulatory Guillotine for regulatory simplification and cost reduction for craftsmen" will continue. For this purpose, activities to amend the regulation concerning the operation of craftsmen will follow.

The implementation of the Action Plan to comply with Directive 32006L0123 will continue, aimed at removal of the identified barriers and simplification of the procedures for issuing permits and approvals for the right of establishment.

The updating of the Action Plan will continue, through further analysis of the existing regulation aiming at identification, simplification and removal of the unjustified requirements for the right of establishment of companies in the country.

The adoption of the Action Plan with activities for establishment of SCP is planned. The Ministry of Information Society and Administration is responsible institution for development, administration and maintenance of SCP, which will provide one place to get all the necessary information on access and services provision procedures, as well as opening and closing of the procedures electronically.



### *Medium-term priorities*

In medium-term period, simplification of the administrative procedures are planned in order to facilitate the procedure of starting and running a business in the country.

Realisation of the Action Plan for establishment of SPC as an obligation of the Directive 32006L0123 including collection and analysis of data on existing IT capacities of relevant institutions, development of electronic solution for SPC and its implementation, are envisaged.

In medium-term period, extension of the activities for establishment of "One-stop-shop system for permits and licences" has been planned. In 2016 and 2017, procurement of the necessary hardware, its testing and putting into operation have been envisaged. The funds for software design, technical specification and procurement of hardware are provided under IPA Component 1-TAIB, Sector fiche for private sector development.

One-stop-shop system for permits and licences presents an umbrella system that provides integrated way of connection with the other one-stop-shop systems in the country and aims at realisation of the obligation of the Directive 32006L0123 for establishment of SCP.

## 3.03.2 FREEDOM TO PROVIDE SERVICES

### *Current situation*

Draft Law on Services has been prepared in which the general principles of the Directive 32006L0123 are transposed. In order to properly transpose the Directive in accordance with the comments received from the European Commission, the text of the draft Law on Services has been revised. The revised text is submitted to the European Commission for any additional comments. The adoption of the law will provide a legal framework to eliminate the remaining barriers that hinder the access and provision of services in the country. The draft-law contains provisions that will provide cross-border provision of services after the accession of the country in the European Union.

### *Short-term priorities*

The adoption of the Draft-Law on Services is planned for 2016. The activities for further analysis of the compliance of the legislation in the service sector with the Directive 32006L0123 regarding the cross-border provision of services based on the results of the analysis, and the updating of the Action Plan for compliance with the Directive 32006L0123 continue.

### *Medium-term priorities*

In medium term, the enforcement of the Law on Services and the harmonisation of the special regulations of the service sectors with the provisions of the law that will provide cross-border provision of services after the EU accession in accordance with the requirements of the Directive of Services have been planned.

## 3.03.3 POSTAL SERVICES

### *Current situation*

The adopted amendments to the Law on Postal Services<sup>33</sup>, limit the period of validity of the permit for provision of universal service, thereby creating conditions for development of competitive activities and development of market mechanisms of all market factors, especially the universal service providers.

In order to comply with the amendments to the Law on Postal Services and harmonisation of the access points to the postal service users as individual users and access points to postal services for business or large users, amendments were made to the regulations in this part. This provides increasing of the scope of the access points to the postal services users and enables more effective regulatory framework governing the access to the postal infrastructure that is used, maintained and managed by the universal service provider.

Licensing of the subjects on the market goes through facilitated procedure that result in issuance of 5 new general authorisations during 2015 for provision of postal services on the free market.

In order to provide easier and more efficient access to the postal network of the postal services providers, amendments were made to the Rulebook on general conditions for providing the universal service in the part which defines the method of achieving access to the postal network. The amendments will modify the provisions that represent a real obstacle to the realisation of the right to access and specifying the requirements and manner for obtaining access to the postal network.

During 2016, the Postal Agency continues with an initiative to enhance the bilateral relations with the regulatory bodies in the neighbourhood countries.

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<sup>33</sup> Official Gazette of the Republic of Macedonia, No. 187, 18.12.2014

### ***Short-term priorities***

#### **Legal framework**

During 2016, the activities related to implementation of the legislation will continue. Certain by-laws will be amended, in order to improve the working conditions of the market, as well to have better data on postal services regarding the postal services.

Conditions for implementation of full liberalisation of the market of postal service will be created continuously, which should start from January 1, 2017 through the abolition of the reserved service. In the next period there will be activities to create conditions for development of equal competition on the market under the same working conditions for all stakeholders in this sector.

In order to comply with the adopted legal solutions to better define the regulatory framework on monitoring and implementation of the quality of the universal service, the Postal Agency will make certain amendments to the Rulebook on the requirements for the quality of the services covered by the universal service, the parameters for quality and their measurement.

The Agency will perform the market analysis based on data submitted by all providers on the market. Activities for revision will be undertaken to audit reports for postal services that providers submit to the Agency.

Introduction of the system for separate accounting for the universal service provider in cooperation with the universal service provider is envisaged, to the final definition and determination of the system and the approval by an independent audit house and the Postal Agency.

Implementation of monitor and control over the market subjects by the authorised persons of the Postal Agency, in accordance with the Law on Postal Services, which verifies the operation of the postal services providers and respecting the rights and obligations set out in the general powers.

#### **Institutional framework, implementation**

Continuous training and education of the employees in the Postal Agency and other relevant authorities related to the activities of postal services provision have been planned.

Opening of regional centres within the Postal Agency aimed at better regulation, supervision and control over the provision service has been planned.

### ***Medium-term priorities***

#### **Legal framework**

The activities of the Postal Agency are aimed at implementing the provisions of the Law on Postal Services and the by-laws governing the provision of postal services, as well as their further regulation that would define the legal framework within which and despite monopoly for provision of certain services will create sustainable working conditions that will encourage further development of the market and bigger and better range of services to the users.

## **3.03.4 MUTUAL RECOGNITION OF PROFESSIONAL QUALIFICATIONS**

### ***Current situation***

During 2015, the Inter-ministerial Coordination Group for Mutual Recognition organised several working meetings with representatives of the competent authorities responsible for regulated professions in the country. These activities updated and supplemented the list of regulated professions, the legal acts and the competent authorities for their regulation. In accordance with the guidelines of the European Commission, the need of deregulation of certain regulated professions in the country, due to the need to facilitate the access to the labour market has been determined.

### ***Short-term/Medium-term priorities***

The activities of the Inter-ministerial coordination group for recognition of professional qualifications in terms of monitoring and analysis of the laws and by-laws for regulated professions in the country, as well as proposals for amending the existing regulation for recognition of professional qualifications will continue.

In addition to these activities, in December 2015, the project "Strengthening the institutional capacity for enforcement of the legislation on mutual recognition of professional qualifications" will start its implementation that will be financed under the IPA - TAIB 2011 for full implementation of the national legislation related to Directive 36/2005/EC and 55/2013/EU on mutual recognition of professional qualifications.

## 3.04 FREE MOVEMENT OF CAPITAL

### *Findings and priorities of the EC Report 2015*

In the area of free movement of capital, the Republic of Macedonia is moderately prepared. Some progress was made especially in the fight against money laundering and financing terrorism. The capacity of the Financial Intelligence Unit was further strengthened, but still needs to develop consistent track records.

### *Summary*

By the end of 2016, a Law on Payment Services will be adopted, in which the Directive on Payment Services (2007/64/EC) shall be transposed, as well as the Directive on Electronic Money (2009/110/EC). During this period, bylaws are planned to be adopted in the area of payment services pursuant to the Law on Payment Services. In the light of correct and effective implementation of the provisions of the IV Directive into the national legislation, the Financial Intelligence Office will conduct an analysis of the impact of the provisions of the IV Law Directive of the Law on Prevention of Money Laundering and Terrorist Financing and will determine the need for its amendment.

### 3.04.1 MOVEMENT OF CAPITAL AND PAYMENTS

#### *Current situation*

The Law amending the Law on Foreign Exchange Operations is adopted in June 2015.<sup>34</sup> With the amendments to the Law:

- The National Bank (NBRM) may use the authorized banks to allow access to foreign payment systems for conducting payment operations abroad. For this purpose authorized banks will open foreign currency accounts with the National Bank.
- Changes are made in the mode of investing in securities abroad by authorized banks, by expanding the range of securities issued abroad in which authorized banks can invest. Authorized banks will be able to invest in securities abroad that meet the requirements set by the National Bank.
- The possibility of investing in securities is partially liberalized for companies based in the technological industrial development zones, which due to rewarding their employees and for their own account and on behalf of the employees (residents), can buy shares of the parent companies abroad.

Law on Foreign Exchange Operations is being prepared by the Ministry of Finance. Bylaws which ensure effective implementation of the Law are adopted by the Ministry of Finance, the National Bank and the Commission for Securities. Implementation of the Law on Foreign Exchange Operations, within their powers shall be carried out by: The Ministry of Finance, the State Foreign Exchange Inspectorate, and the National Bank, the Central Registry and the Commission for Securities.

#### *Short/ medium term priorities*

By entering into the second phase of the SAA, further liberalisation in the area of movement of capital and payments will be made in accordance with the provisions of the Agreement.

### 3.04.2 PAYMENT SYSTEM

#### *Current situation*

During 2015, the working groups at the National Council of Payment Systems (NCPS) continued their work for the implementation of certain strategic directions of the National Strategy for the Development of the Payment System (2013-2017) in order to: comply with EU legislation and implementation of SEPA standards; promotion of national payment statistics in accordance with the methodology of payment statistics of the European Central Bank (ECB) by making a new framework for payment statistics of the National Bank; and adapt the existing framework for overseeing the payment systems in accordance with changes in international standards for payment systems (in accordance with the Principles for financial market infrastructure, the framework for monitoring the ECB and best practices of central banks of the Member States of the EU).

<sup>34</sup> "Official Gazette of the Republic of Macedonia" No. 97/15.

The implementation of the IPA project "Further harmonisation with the EU legislation in the area of Free movement of capital and financial services - Securities Market and Investment Services", begun in February 2015, which stipulates transposition of the three directives into national legislation:

- The Directive on Payment Services (2007/64/EC) (or its revision)
- Directive on Electronic Money (2009/110/EC) and
- Directive on Settlement Finality (98/26/EC)

In May 2015, NBRM in cooperation with the central banks of the Netherlands and Portugal organized the eighth conference on payment systems and settlement systems of securities to train the members of the working groups of the NCPS on issues related to the implementation of the Strategy for Development of the Payment system of the country for the period 2013-2017, as well as to promote international and bilateral cooperation in this domain.

A new framework for monitoring of payment systems in accordance with the changes in international standards for payment systems, is prepared, as well as its compliance with the framework for the supervision of the ECB and the central banks of the Member States of the EU, which is expected to be adopted by the Council of NBRM at the beginning of 2016.

New regulation on payment statistics in line with Regulation 1409/2013 for payment statistics of the European Central Bank is prepared. The methodology for the payment statistics of the NBRM in accordance with the ECB methodology is an integral part of new regulation on payment statistics, the adoption of which by the NBRM is expected to be in early 2016.

In the period from 4 to 5 June 2015, representatives of the Ministry of Finance and NBRM, according to the activities envisaged in the IPA project, participated in a conference organized by the European Central Bank and the Central Bank of the Republic of Finland. The conference was held in Helsinki, Republic of Finland on the topic: "Innovation, trust and regulation of retail payments."

In the period from 20 to 22 October 2015 and within the IPA project activities, a study visit to the Czech Republic was realised. The study visit was attended by representatives of the Ministry of Finance and the NBRM. Within the study visit, meetings were held with representatives of the National Bank of the Czech Republic, the Ministry of Finance of the Czech Republic, the Association of Banking of the Czech Republic and representatives of the mobile operators T-mobile and O2. This study visit enabled to perceive the means of implementing the Directives in the field of payment services, the problems that the institutions faced in their implementation and manner of regulating the performance of payment services by mobile operators with a status of payment institutions in the Czech Republic.

### ***Short term priorities***

By the end of 2016, a Law on Payment Services will be adopted, in which the Directive on Payment Services (2007/64/EC) shall be transposed, as well as the Directive on Electronic Money (2009/110/EC). The preparation of the Law on Payment Services will be carried out through the IPA Project.

By-laws are planned to be adopted in the area of payment services pursuant to the Law on Payment Services.

According to the activities envisaged in the IPA project, a study visit to the Member State of the EU will be implemented, in order to introduce the legal framework for payment services in the Member State and to transfer experience from the transposition of relevant EU legislation of the Member State. The study visit will be attended by representatives of the Ministry of Finance and the NBRM.

In 2016, a policy for monitoring of payment systems is planned to be prepared, as well as the organization of workshops with operators of payment systems for the application of international standards for payment systems according to the new by-law framework for monitoring of payment systems. Also, during the 2016, workshops and other forms of communication with banks and other reporters are planned, for consistent implementation of the new framework for payment statistics.

In 2016, the 9th International Conference on payment systems and settlement systems of securities in cooperation with the Dutch Central Bank and the Central Bank of Portugal will be organised, covering topics related to the payment infrastructure and novelties in the regulation at EU level.

### ***Medium term priorities***

In the medium term, further harmonization with EU legislation in the field of payment services is planned.

### ***Programmes and projects***

National strategy for development of the payment system for the period 2013-2017 defines eight priority strategic directions for the next two years. The practical realization of the strategic directions is exercised by working groups composed of representatives from the Ministry of Finance, NBRM, Clearing Interbank Systems (KIBS), International Card System (KASIS) and commercial banks formed by NCPS. A separate budget for the activities of the working groups is not foreseen.

### 3.04.3 PREVENTION OF MONEY LAUNDERING AND FINANCING OF TERRORISM

#### *Current situation*

The legal framework regulating the prevention of money laundering and terrorist financing is set by the Law on Prevention of Money Laundering and Terrorist Financing<sup>35</sup>. This Law sets out the measures and actions for detection and prevention of money laundering, related criminal actions and financing of terrorism, and the jurisdiction of the Financial Intelligence Office (FIO). The Law shall implement the measures recommended by the Moneyval Committee of the Council of Europe, the FATF Recommendations for Anti-Money Laundering and Financing of Terrorism from 2012 and misdemeanour provisions are in accordance with the provisions of the new Law on Misdemeanours.

The system for fight against money laundering and terrorism financing is composed by the entities - legal and natural persons responsible to take measures and actions to prevent money laundering and terrorism financing as well as:

- FIO, which acts as the central authority responsible for the collection, processing and delivery of data for the purpose of preventing money laundering and terrorism financing;
- Ministry of Interior, Financial Police Office and the Public Prosecutor's Office for the fight against organised crime - bodies that act upon reports submitted by the FIO for the prevention of money laundering and terrorism financing;
- Customs Administration - as a body which monitors the entry and exit of cash from the country;
- The bodies that supervise the implementation of measures and actions for prevention of money laundering and terrorism financing by the entities: the National Bank, Agency for Insurance Supervision, Securities Exchange Commission, MAPAS, Public Revenue Office, Postal Agency, Lawyers Commission and Notary Commission.

#### *Short term priorities*

##### *Legal framework*

The new Directive 2015/849 for prevention of the use of the financial system for the purpose of money laundering and financing of terrorism from 20.05.2015, obliges the EU Member States to implement it no later than 26.06.2017. In the light of correct and effective implementation of the provisions of the IV Directive into the national legislation, the Financial Intelligence Office shall conduct an analysis of the impact of the provisions of the IV Directive of the Law on Prevention of Money Laundering and Terrorist Financing and shall determine the need for its amendment.

The NBRM will adopt a Decision on risk management of money laundering and terrorist financing. This Decision will lay down criteria for risk analysis and taking appropriate measures and actions by the banks in the process of money laundering prevention.

##### *Institutional framework*

Continuous training and education of persons employed in the FIO and other competent bodies that enforce the measures and actions to prevent money laundering and terrorism financing are planned, as well as the financial and non-financial institutions.

Also, the maintenance and continuous upgrading of the system for electronic data collection, automatic processing and categorisation, analysis of cases and generating reports in the Office is planned.

In continuation to the realization of the activities within the National Risk Assessment of Money Laundering and Terrorist Financing (NRA), the institutions of the system for prevention of money laundering and financing of terrorism will prepare an action plan for implementation of measures and activities determined by the NRA.

#### *Medium term priorities*

##### *Legal framework*

In the medium term, further harmonisation of the regulations for prevention of money laundering and terrorism financing will be made with a view of transposing the provisions of the Directive IV.

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<sup>35</sup> "Official Gazette of the Republic of Macedonia" No. 130/2014 и 192/2015.

### **Institutional framework**

- In the medium term, the institution building, maintaining and improving the technical capacity of the Office will continue;
- The maintenance of an effective system of inter-institutional and international cooperation.
- The implementation of the defined Action plan for implementation of the measures and activities determined by the NRA and further periodic reassessment of risks.

### ***Programmes and projects***

To promote democracy and the rule of law through the prevention and control of money laundering and terrorist financing in line with European and other international standards, in cooperation of the Council of Europe with the FOI, as part of the Project of Southeast Europe in 2016, the "Project for capacity building for the prevention of money laundering and terrorist financing in the Republic of Macedonia" should be launched. With planned activities in the field of legislation, institutional framework, personnel and operational capabilities, the aim of the project is to improve the capacity of the system for prevention of money laundering and financing of terrorism in the country.

## 3.05 PUBLIC PROCUREMENT

### *Findings and priorities of the EC Report 2015*

The country is moderately prepared in this field which is especially vulnerable to corruption. Some progress was made, especially through the mandatory use of e-procurement, but recent amendments to the Law on Public Procurement decreased the level of harmonisation with EU law. More efforts are needed to prevent the corruption during the procurement cycle. Significant efforts are needed to provide an efficient and effective regime for public procurement. Allegations of serious conflicts of interest and abuse of public office are not yet investigated. In the next year, the country should in particular:

- increase the transparency of the public spending through publishing real-time information on all public procurement contracts;
- remove inconsistencies with the EU aquis, including on blacklisting of companies, conditions for using awarding criteria; ensuring harmonisation with the EU procurement rules on defence and security, as well as the 2014 EU procurement Directives, especially on concessions;
- ensure that reports on irregularities are properly investigated.

### *Summary*

*"Strategic Priorities of the Public Procurement Bureau for Further Development of Public Procurement System in the 2014 – 2018" document is basis for establishment of an efficient public procurement system.*

*The harmonisation with the EU legislation and the introduction of good public procurement practices will continue by the establishment of an inter-ministerial working group of key institutions in the area, in order to prepare the Draft Law on Public Procurement in which the following Directives will be transposed: Directive 2009/81/EC on the award of contracts in the fields of defence and security, Directive 2014/24/EU on public procurement, Directive 2014/25/EU on procurement by entities operating in the water, energy, transport and postal services sectors and Remedies Directive 2007/66/EC.*

*The State Appeals Commission will begin equipping with appropriate information - communication technology and software, as well as a plan to introduce a complete electronic system, which will enable electronic management of the overall appeals procedure.*

### 3.05.1 GENERAL PRINCIPLES

#### *Current situation*

In 2015, the Law on Public Procurement was amended twice, primarily because of the further improvement and simplification of the procedure in certain cases where the recent experience showed that the actions of the Public Procurement Council (PPC) regarding the application to obtain consent by the contracting authorities is too complicated and/or too long. The compulsory implementation of procedures for the award of public procurement contracts using electronic means through the Electronic System for Public Procurement (ESPP) was also introduced by these amendments, with their continuous increase as follows: (1) starting from 2016, 30% of the procedures, (2) 50% of procedures in 2017 and (3) 100% of procedures in 2018. According to these amendments, starting as of 1 January 2016, PPC will be an autonomous state body with a legal capacity.

*(More on the measures for abuse prevention and the Methodology for relevant statistical system for monitoring of the anti-corruption policy, see Chapter 3.23 Judiciary and Fundamental Rights, Part 2 Anti-Corruption Policy.)*

In 2015, the total number of employees in the Public Procurement Bureau (PPB) was 53, out of which 32 persons work in the Sector on Matters Related to the PPC. The existing and newly hired staff is being continuously trained. The training was conducted by participation in seminars, workshops and exchange of experience with foreign experts with whom PPB has established cooperation.

In order to provide better transparency and competitiveness in the procedures for awarding concessions and contracts for establishing a public-private partnership, and consistent implementation of the Law Amending the Law on Concessions and Public Private Partnerships<sup>36</sup>, the compulsory electronic auction was introduced as the final stage in the procedure for awarding public-private partnership. In May 2015, the Electronic system for electronic auction for the award of public-private partnership contracts was established pursuant to the provisions of this Law.

<sup>36</sup> "Official Gazette of the Republic of Macedonia" No. 144/14



### *Short-term priorities*

#### **Legal framework**

During 2016, the improvement of the implementation of the Law on Public Procurement will continue. The priority in this period will be the harmonisation with the EU legislation and the introduction of good public procurement practices. An inter-ministerial working group of the Ministry of Finance, the Ministry of Defence, the Ministry of Interior, the Intelligence Agency, the Secretariat for European Affairs and the Public Procurement Bureau will be established in order to prepare a text of the Draft Law on Public Procurement in the fields of defence and security, in which the Directive 2009/81/EC on the award of contracts in the fields of defence and security will be transposed. Also, an inter-ministerial working group will be established to prepare the text of a new Draft Law on Public Procurement in order to comply with the Directive 2014/24/EU of 26 February 2014 on public procurement, Directive 2014/25/EU of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and Remedies Directive 2007/66/EC. Having regard that the Remedies Directive 2007/66/EC is not fully transposed (in the field of the nullity and deadlines), an analysis will be performed for harmonisation of the same in the new text of the Law on Public Procurement, in close cooperation with the State Appeals Commission.

During this period, a comprehensive analysis of Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 for awarding of concession contracts, with a comparative approach of EU legislation in the relevant field, is planned.

#### **Institutional framework**

The PPB will continue with mandatory certification of the administrative officers of the contracting authorities in accordance with the provisions of the Law on Public Procurement. The PPB will strengthen its capacity with new employments.

In the course of 2016, PPB will deepen the established cooperation and exchange of experience with relevant institutions in the countries of region.

In 2016, the Unit for Concessions and Public Private Partnership will be further equipped with new employments for consistent execution of the competencies. Starting from 1 January 2016, PPC will work as an independent state body with a legal capacity.

### *Medium term priorities*

#### **Legal framework**

A new Law on Public Procurement will be adopted in the fields of defence and security, which will be harmonised with the Directive 2009/81/EC on the award of contracts in the fields of defence and security. During this period, a new Law on Public Procurement will be adopted, which will be harmonised with the new package of Directives 2014 on public procurement, and the Remedies Directive 2007/66/EC. In medium term, the Directive 2009/33/EC on the promotion of clean and energy-efficient road transport vehicles will be transposed.

#### **Institutional framework**

In the medium term, the employees at the PPB will be trained and further educated, and at the same time, the institutional capacity will be improved. The PPC will work as an independent state body with a legal capacity.

In medium term, after the further staffing and strengthening of the Unit for Public Private Partnership and Concessions with new employees i.e. experts in relevant fields, organising several seminars, workshops and trainings in the field of public-private partnership for the employees of the state institutions, as well as for employees in the local self-government units, the City of Skopje, public enterprises and other public sector institutions and for the private sector stakeholders (economic operators), is planned as a priority.

## **3.05.2 AWARDING OF PUBLIC CONTRACTS**

### *Current situation*

The trend of the use of e-procurement increased the efficiency and effectiveness of the public procurement system in the country. Having regard that the PPB constantly works on the improving of the ESPP, the upgrading continued in this period, at the visual level, as well as at the level of functionalities of the system. In the first stage of the redesign, the homepage, the registration process and electronic auctions were covered. The second stage included the redesign of users' profiles (the user part of ESPP) and a new concept of divisible procurements was introduced, which significantly facilitated the procedure for submitting bids, the public opening and evaluation of bids, as well as sending notices to bidders for the decision adopted.

In order to help the contracting authorities and economic operators in the implementation of procedures for the awarding of public procurement contracts, in accordance with the amendments to the Law, the PPB updated the Public



Procurement Manual and the Manuals on the manner for use of the ESPP for the contracting authorities and economic operators.

During March 2015, the Bureau carried out two trainings for public procurement, the first one for the application of the Law on Public Procurement, while the second training related to the Law on Public Procurement with a special emphasis on the fight against corruption. The first training was attended by 26 participants from the members of public procurement commissions in the courts, while the second training was attended by 25 participants - judges and public prosecutors from all appellate districts.

In view of the obligation for renewal of knowledge of the contracting authorities, the Bureau conducted 16 trainings for persons who previously have acquired certificate for passed exam for public procurement, and by 31.10.2015 inclusive, 285 persons were trained. In accordance with the Annual Plan for Public Procurement Education, in 2015, 17 trainings with 330 visitors to the public procurement education were conducted, all from the contracting authorities. The cooperation with the state authorities such as the State Audit Office, the State Commission for Prevention of Corruption, the Commission for Protection of Competition and the State Appeals Commission, was successful during the year.

At the request of the State Audit Office, PPB held, two trainings on the amendments to the Law on Public Procurement, during the period 24-26 February 2015. The training was consisted of two parts: the part relating to the amendments to the Law on Public Procurement, and the second part relating to the news in the ESPP. Through constructive debates, suggestions and presentation of materials, the training was successfully realised. Such training is being held for several years, which provides for strengthening of the cooperation between the two institutions.

In order to provide greater transparency and competitiveness in the procedures for awarding concessions and contracts for establishing a public-private partnership, and for consistent implementation the Law on Concessions and Public Private Partnership which introduced mandatory electronic auction as a final stage in the procedure for awarding public-private partnership, adequate to that stipulated by the Law on Public Procurement, an Electronic system for electronic auction for awarding of contracts for public-private partnership was established in May 2015.

### ***Short-term priorities***

The Public Procurement Bureau will continue with upgrading of the ESPP in order to facilitate the users' access and more efficient implementation of the electronic procedures for awarding public procurement contracts, taking into account the new legal provisions for mandatory use of electronic means in conducting public procurement procedures. By using the e-procurement, the efficiency and effectiveness of the public procurement system will be increased, thus increasing the transparency of the procedures.

In 2016, regular trainings will continue in accordance with the dynamics determined in the Plan for Public Procurement Education.

The Council will provide legality in the procedures by issuing consents in cases where the access to the procedure concerned for awarding public procurement contracts would be significantly restricted. *(More on the measures to prevent abuse, see Chapter 3.23 Judiciary and Fundamental Rights, Part 2 Anti-Corruption Policy.)*

In order to promote the established public procurement system, the Bureau will continuously collaborate with the relevant institutions, such as: the Ministry of Justice, the Public Procurement Council, the State Appeals Commission, the State Audit Office, the State Commission for Prevention of Corruption, the Commission for Protection of Competition and other institutions.

### ***Medium term priorities***

In this period, an emphasis will be placed on increasing the number of procedures to be implemented, and innovative solutions of the ESPP will be introduced, which will facilitate the participation of the economic operators in the procedures conducted by electronic means, thus increasing the transparency in the procedures.

Also, in medium term, upgrading of the existing tender documents, manuals and guides will be performed.

## **3.05.03 LEGAL REMEDIES**

### ***Current situation***

The State Appeal Commission (SAC) is composed of a President and four (4) members who are appointed by the Assembly of the Republic of Macedonia. During 2015, the administrative capacity of the State Commission increased by three (3) civil servants, one of which is appointed as a General Secretary who heads the professional service. 14 people are employed in the professional service of SAC. During 2015, the participation of representatives of SAC on workshops and other forms of trainings on topics related to the legal remedies in public procurement procedures, concessions and

public-private partnership continued, as well as the implementation of generic and specialised trainings for the employed civil servants in the professional service of the SAC. Also, two training sessions were organised by the SAC, which were attended by representatives of contracting authorities and economic operators, aimed at transferring the knowledge and education of the public and private sector for the system of legal protection in the field of public procurement, in which the members of the SAC acted as trainers.

### *Short term priorities*

The legal framework will be actively monitored and measures will be proposed, to improve certain provisions of the laws on which the work of SAC is based. Own initiatives will be given for certain amendments aimed at improving the legal framework, as well as opinions on the proposed solutions regarding the Law on Public Procurement and other laws under its competence. The efforts will continue for bringing the new legislation closer to the contracting authorities and economic operators. The cooperation with the relevant institutions will continue in terms of legal protection, in order to improve the regulations on public procurement, concessions and public-private partnership, such as: cooperation with the PPB, PPC, the Ministry of Economy and other institutions. In accordance with the established practice, regular monthly meetings with the PPB and PPC will be held, aimed at improving and strengthening the overall public procurement system through quality and transparent work of all involved authorities.

### **Institutional framework**

In order to strengthen the professional service of the SAC, institutional strengthening of the Commission is planned for 2016.

The practice of participation of SAC in the process of continuous training and professional education of all involved parties (private sector, public sector and local self-government) continues, in procedures for awarding public procurement contracts, or organising workshops, roundtables and trainings on topics related to the amendments to the Law on Public Procurement, as well as in terms of the legal remedy procedure in the implementation of public procurement, concessions and public-private partnerships. At the same time, trainings for the members and the professional service of the SAC will continue in 2016, with active participation in seminars, workshops and study visits. Procedures for daily operations of the Commission in accordance with ISO Quality Standards 9001:2008 will be developed and they will be implemented in order to further improve the work in accordance with the continuously conducted analyses, measurements and improvement of services offered.

### *Medium term priorities*

The new developments concerning the legal protection in the EU will be followed and will be implemented in the national regulation. Further promotion of the system of legal protection in public procurement will be a priority in medium-term. The trainings in this field, in cooperation with the PPB, PPC and ME, will continue. The further strengthening of the administrative capacities of the SAC will be realised by new employments of administrative staff in the professional service, development and maintenance of human resources, as well as increasing the budget funds in general, and especially in the direction of equipping with appropriate information - communication technology and software, as well as a plan for introduction of completely electronic system which includes electronic management of the entire appeals procedure before the State Commission.

### *Programmes and projects*

The cooperation of the SAC with SIGMA will continue, as well as with all relevant international institutions in the field of public procurement, concessions and public-private partnerships, through organising seminars, trainings and workshops. In this context, the State Commission, in cooperation with SIGMA, will organise a Conference for the bodies for legal protection in public procurement from the IPA region countries, in June 2016. The conference has already been provided for in the SIGMA Action Plan, and participants from Macedonia as a host country, Serbia, Bosnia and Herzegovina, Albania, Kosovo, Turkey, Slovenia, Croatia and Montenegro are to be invited.

## 3.06 COMPANY LAW

### *Findings and priorities of the 2015 EC Report*

The country has a good level of preparation in the area of company law. Some progress was achieved, in particular on auditing. The Central Registry has also been updated and now refers only to active companies. In the coming year, the country should in particular:

- continue efforts towards alignment to the latest *acquis* on accounting and auditing.

#### *Summary*

*By the end of 2016, the national legislation will be harmonised with Directive 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings.*

*The Institute of Accountants and Chartered Accountants will start to carry out trainings for continuous professional development of the members of the Institute. The Ministry of Finance will monitor the implementation of the Law on Accounting Matters.*

### 3.06.1 COMPANY LAW

#### *Current situation*

With the Law Amending the Company Law provisions were introduced in accordance with the new methodology of the World Bank Report Doing Business 2015, in the part of the indicator "Protecting Minority Investors".

#### *Short term priorities*

During 2016, amendments to the Company Law will be adopted in order to increase the rights of minority shareholders, in accordance with the World Bank Report "Doing Business 2016" <sup>(37)</sup>, for improving the ranking of the Republic of Macedonia.

The Ministry of Economy in consultation with the Ministry of Finance, the Securities and Exchange Commission, the Central Registry and the Ministry of Justice will conduct an analysis of the existing legislation, to determine the need for drafting additional amendments to the Company Law.

#### *Medium term priorities*

Article 16 of the Directive on cross-border mergers of companies will be transposed into the national legislation. The major part of the Directive is already transposed in the Company Law/ Chapter X - A Cross-border mergers with companies of the European Union, which is planned to be applied as of the accession date of the Republic of Macedonia in the European Union. Article 16 of the Directive regulates the employees' participation in the management bodies of the companies established as a result of the cross-border mergers. Regulating the employees' right of participation in the management bodies of these companies in the country is not envisaged within the national legislation. Therefore, the Ministry of Economy needs consultations with experts from EU Member States, where Article 16 of the Directive applies to determine the advantages and disadvantages of the transposition of this Article into national law.

### 3.06.2 ACCOUNTING AND AUDIT

#### ACCOUNTING

##### *Current situation*

The World Bank published the updated Accounting and Auditing Report on the Observance of Standards and Codes - A & A ROSC for the country. The recommendations in the Report in the area of monitoring the European legal framework concern the harmonisation with Directive 2013/34/EU on the annual financial statements, consolidated statements and related reports of certain types of companies.

In the part of accounting, the Institute of Accountants and Chartered Accountants will become operational, in order to achieve the legal responsibilities of the Institute. The Ministry of Finance will perform the responsibilities arising from the Law on Accounting Matters and relate to monitoring of the operation of the Institute and giving consent to the acts of the Institute.

##### *Short term priorities*

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<sup>37</sup> Doing Business 2016

By the end of 2016, the national legislation will be harmonised with Directive 2013/34/EU on the annual financial statements, consolidated statements and related reports of certain types of companies.

During 2016, the Institute of Accountants and Chartered Accountants will adopt the following acts:

- Programme for taking an exam for acquiring a certificate for accountant or chartered accountant,
- Programme for recognition of qualification for accountant or chartered accountant acquired abroad,
- Annual programme for continuous professional training,
- Annual programme for control of the work of the accountant, the accountant - sole proprietor, chartered accountant - sole proprietor and company conducting accounting work,
- Annual programme for work and development and Annual financial plan of the Institute.

The Ministry of Finance gives approval to acts prior to their adoption, in accordance with the Law on Accounting Matters.

The Institute of Accountants and Chartered Accountants will start to carry out trainings for continuous professional development of the members of the Institute, and will organise an exam for acquiring certificate for accountant or chartered accountant.

The administrative capacity of the Unit for Accounting System, Payment Operations and Audit within the Sector for Financial System in the Ministry of Finance will be strengthened with employment of one person.

The members of the working bodies of the Institute of Accountants and Chartered Accountants will be appointed as defined in the Law and by the Statute of the Institute.

### *Medium term priorities*

The Ministry of Finance will monitor the implementation of the Law on Accounting Matters.

The Institute of Accountants and Chartered Accountants will perform the activities regulated by the Law on Accounting Matters, as follows:

- Organising trainings for continuous professional development,
- Conducting an exam for accountant and chartered accountant,
- Issuing certificates for accountant and chartered accountant,
- Issuing licenses for the operation of accountants - sole proprietors, chartered accountants - sole proprietors and accounting firms and
- Control of the work of accountants, chartered accountants, accountants - sole proprietors, chartered accountants - sole proprietors and accounting firms.

The administrative capacity of the Unit for Accounting System, Payment Operations and Audit within the Sector for Financial System in the Ministry of Finance will be strengthened, in the medium term, with new employments.

## **AUDIT**

### *Current situation*

The World Bank published the updated Accounting and Auditing Report on the Observance of Standards and Codes - A & A ROSC for the country. The recommendations of the Report regarding the transposition of the EU law refer to further harmonisation of the Law on Auditing with Directive 2014/56 amending Directive 2006/43 on statutory audits of annual accounts and consolidated accounts.

During 2015, the Council for Audit Promotion and Supervision (CAPS) of the Republic of Macedonia adopted the following acts:

- Statutory decision on amendments to the Statute of CAPS;
- Rulebook on issuing licenses for chartered auditors, licenses for the operation of audit companies and licenses for the operation of a chartered auditor - sole proprietor;
- Rulebook on conducting supervision over ICA;
- Rules of procedure of the Misdemeanour Commission at CAPS
- Procedures for cooperation and data exchange with ICA

Also, during 2015, the Council realised international cooperation and signed a Memorandum of Cooperation with the regulatory authorities in this area of the Republic of Slovenia (Agency for Public Oversight of Auditing), the Republic of Albania (Public Oversight Committee), the Republic of Bulgaria (Commission for Public Oversight of Statutory Auditors) and the Ministry of Finance of the Republic of Srpska and the Republic of Bosnia and Herzegovina.

By the end of September 2015, the Council issued 4 licenses for chartered auditor and 2 licenses for chartered auditor - sole proprietor, and one license of an audit company was permanently revoked.

During 2015, ICA adopted amendments to the Statute of the ICA in order to comply with the Law on Auditing and for which consent is obtained from CAPS ; ICA adopted an Annual Work Program for 2015, and Annual Work Report of the ICA for 2014 for which consent is obtained from CAPS; Annual Plan for Quality Control Review for the period 2015/2016, which are being conducted from September 2015 to June 2016; ICA adopted the Report on conducted quality control of auditing services for the period 2014/2015, which was submitted to CAPS for obtaining consent. In the period June/July 2015, ICA conducted the first session of the exam for obtaining the title of auditor and by the end of 2015 it is planned to conduct the second session. ICA adopted the Annual programme for continuous professional development for 2015 and according to the Programme, there are ongoing lectures that will end in December 2015.

### ***Short term priorities***

In 2016, CAPS as part of its regular activities, will prepare Annual Work Programme and Financial Plan for 2016.

In 2016, ICA will conduct an exam for obtaining the title of auditor, will adopt Annual Programme for continuous professional training and will organise continuous professional training for certified auditors. As part of its regular activities, in 2016, ICA will conduct revision of quality control in accordance with the Annual Plan for Quality Control Review and will prepare and adopt a Report on conducted quality control of auditing services for 2015/2016. Also, in the next period, ICA plans to align its acts with the Law on Auditing.

In the next period, the capacities of CAPS will be strengthened with new employments.

### ***Medium term priorities***

As regards auditing, further monitoring and harmonisation of the national legislation with the European Union legislation will continue, as well as harmonisation with Directive 2014/56 of the European Parliament, and of the Council of 16 April 2014 amending the Directive 2006/43 on statutory audits of annual accounts and consolidated accounts.

The Unit for Accounting System, Payment Operations and Audit in the Sector for Financial System within the Ministry of Finance, is responsible for the legal framework in the area of audit, and in view of greater efficiency in the performance of the tasks, employments are envisaged in the Unit for Accounting System, Payment Operations and Audit.

## 3.07 INTELLECTUAL PROPERTY RIGHTS

### *Findings and Priorities of the EC Report 2015*

The country is moderately prepared in this area. Some progress was made on customs enforcement. The commitments and capacities of the institutions responsible for enforcing and protecting intellectual property rights and the acquis vary, but remain insufficient. A satisfactory track record on investigation, prosecution and judicial handling of piracy and counterfeiting is lacking. Public campaigns are not yet well developed. In the coming year, the country should in particular:

- step up efforts to investigate and prosecute infringements of intellectual property.

### *Summary*

*Bylaws for implementation of the Law Amending the Law on Copyright and Related Rights have been adopted, which enables efficient collective administration of copyright and related rights. The Strategy for industrial Property 2016-2018 will be adopted within the support of the IPA Programme;*

### 3.07.1 COPYRIGHT AND RELATED RIGHTS

#### *Current Situation*

The Law Amending the Law on Copyright and Related Rights (LALCRR)<sup>38</sup> has been adopted in the direction of more efficient collective administration of copyright and related rights, further specifying of the grounds and the manner of determining the amount of the fees, as well as further regulation of the provisions of the Law which prescribe the grounds for determining fees for the use of copyrights and related rights.

On the basis of the Rulebook on the form, content and technical features of the system for electronic records<sup>39</sup>, which provides collective management organisations to provide and install a system for electronic records and data processing for broadcasted copyrights in radio and television organisations, or objects of related rights, the Ministry of Culture, with a prior opinion of the Ministry of Information Society and Administration (MISA), issued a Decision on giving a permission for the usage of the system for electronic records of copyrights to the Association for Protection of Music Copyrights "ZAMP", Skopje and a Decision on giving permission for the usage of the system for electronic records of objects of related rights to the Organisation for collective management of the rights of phonograms producers and artists' music performers MMI - Skopje.

With this activity, the short-term priority for the implementation of the electronic system for recording, data processing, monitoring and control of radio and television broadcasting of copyrights namely the corresponding objects of related rights in the application of collective management has been finalized.

The procedure before the Government, which in accordance with the competencies provided for in LALCRR acts upon the two opinions adopted by the Copyright and Related Rights Mediation Commission, is ongoing and includes: the Opinion on the Draft Tariff of the Association for Protection of Music Copyrights ZAMP (as of 31.01.2014) and Opinion on the Draft Tariff of Organisation for Collective Management of the Rights of Phonograms Producers and Artists' Music Performers MMI (as of 21.02.2014).

In accordance with its legal competence, in 2015, the Ministry of Culture has conducted supervision over the acts and work of the Organisation for collective management of rights of phonograms producers and artists' music performers MMI - Skopje (MMI) and the Association for Protection of Music Copyrights "ZAMP", Skopje.

Two supervisions over the acts and the work of both organisations for collective management are ongoing.

The Ministry of Culture continuously participate as administrative and technical support to the work of the Copyright and Related Rights Mediation Commission.

#### *Short term priorities*

Drafting an analysis for preparation of the text for the amendments of the Law on Copyright and Related Rights in terms of harmonisation with the EU legislation (deadline - the third quarter of 2016).

#### *Medium-term Priorities*

<sup>38</sup> Official Gazette of the Republic of Macedonia No. 154/2015

<sup>39</sup> Official Gazette of the Republic of Macedonia No. 72/2014

Adopting a Law Amending the Law on Copyright and Related Rights in terms of harmonisation with the EU legislation (deadline - the second quarter of 2017). Long-term priorities: Inclusion of Copyright and Related Rights in the country's education system (secondary and tertiary education)

### 3.07.2 INDUSTRIAL PROPERTY RIGHTS

#### *Current situation*

State Office of Industrial Property (SOIP), in order to encourage the protection of innovation, as a mitigating measure in the registration of the first patent, has amended the Tariff of SOIP in the part of patents through abolition of fees related to the registration procedure before the Office. If the inventor is also the applicant, when submitting the first application for a patent, the fees relating to the conduct of the procedure before the Office are abolished, namely the following items from the Tariff of SOIP:

- Regulating the application in the procedure of formal examination
- Regulating the application in the procedure of examining the conditions for granting
- For data publishing of granted patent for the first 10 years of validity
- For issuing a certificate for granted patent
- For printing the patent specification

This proposed measure will significantly facilitate the registration of first patent in SOIP, which will encourage the protection of innovations by the patent.

Also, study visits of the employees in the Office - the Sector for trademark and industrial design have been realised in the Office for Harmonisation in the Internal Market (OHIM), which is part of the bilateral cooperation between the two institutions.

- The plan for bilateral cooperation with the European Patent Office (EPO) has been realised and the new bilateral cooperation plan for 2016-2018 is in its final phase.
- The possibility of electronic submission of patent applications has been introduced (at this stage only the submission of European patent applications).
- The activities for establishing an information system for communication with the public and institutions shall continue and they are technically supported by Norway.
- SOIP, in cooperation with the World Intellectual Property Organisation (WIPO), on 30 September and 1 October, organised a national workshop on "Building a relationship with the intellectual property rights of officials authorised of intellectual property rights implementation." The workshop was attended by a number of judges and public prosecutors.
- Within the cooperation, organised by the European Patent Academy of EPO in 2014, the Office conducted 7 trainings for the employees of SOIP.
- The trainings for the employees in the SOIP for studying the official languages of the European Patent Organisation shall continue;
- SOIP works on a concrete work plan with OHIM for 2016.
- Within the project for cross-border cooperation between the Republic of Macedonia and the Republic of Albania "Contribution to the increase of competition in cross-border businesses through the promotion and protection of trademarks and patents", by September 2015 visits of SMEs from several cities in West Macedonia have been realised aiming at promoting industrial property rights and raising the awareness.

Also, three workshops have been held and they are as follows:

- Workshop on "Procedure of protection with patent and trademark" which was held in Struga on 12.02.2015
- Workshop on "Administrative procedure for protection of industrial property rights" which was held in Tetovo on 23 and 24 April and
- Workshop on "Protection with trademark and patent for businesses in the border zone" which was held in Struga on 18 and 19 September.

#### *Short term priorities*

- The amendments in the European directives and international agreements will be continuously monitored.
- Amendments will be made to the Law on Industrial Property.
- Within the IPA Project TAIB 2011, the activities planned for strengthening the capacity of SOIP for effective support of the system for protection and enforcement of intellectual property rights will be realised.

- Activities planned within the project donation by the Kingdom of Norway for establishing a system for data exchange with the users of industrial property system will be realised, namely, a software tool for communication with the public and representatives of industrial property rights will be established.
- A Strategy for Industrial Property 2016-2018 will be adopted.
- Activities for strengthening the capacity of SOIP for protection of industrial property rights will be realised by increasing the number of employees, as well as by trainings, seminars and workshops within the cooperation with WIPO, EPO and OHIM.
- The trainings for small and medium-sized enterprises will be intensified.
- The access to information from SOIP and OHIM, referring to the system of protection of the rights of trademark and industrial design will be simplified.
- The level of data exchange between SOIP and EPO will be increased by preparation of training materials and promotion of patents and innovations.
- Further actions will be taken in order to integrate the database in terms of individual industrial property rights with the bases of the relevant international institutions;
- Further action will be taken in order to improve data quality in exchange of information with EPO and OHIM.
- SOIP will continue the regular activities for strengthening public awareness of the importance of industrial property by close cooperation with the Ministry of Education and Science, with an emphasis on the first and second cycle of education. Within the cooperation, campaigns, creating educational and promotional materials, as well as the establishment of systems for e-learning will be provided.
- In cooperation with the Ministry of Justice, the problem with the implementation of the Methodology for statistical monitoring and processing of data about the measures taken by the enforcement of intellectual property rights will be overcome.

### *Medium term Priorities*

- The amendments in the legislation of the EU and international agreements will be continuously monitored.
- The activities provided in the Strategy for Industrial Property 2016-2018 will be conducted.
- The activities provided under the IPA project "Strengthening the implementation of the intellectual property rights" will be realised.
- The trainings of the employees in SOIP will continue by the plans for cooperation with WIPO, EPO and OHIM, for protection of industrial property rights.
- SOIP will continue with the regular activities for strengthening the public awareness of the importance of industrial property (lectures, meetings with representatives of the business society, organising events, participation in fairs, exhibitions, etc.), and it will be intensified in cooperation with the Ministry of Education and Science.
- The training of the employees in SOIP for studying the official languages of the EPO will continue.
- The new Bilateral agreement for cooperation between SOIP and EPO for the period 2016 - 2018 year will be implemented.
- The implementation of the activities under the Memorandum for Cooperation with OHIM will continue.
- A public awareness campaign for the intellectual property rights will be implemented within the project "Strengthening of the IPR implementation".

### *Programmes and Projects*

- The realisation of the project IPA 2011 for writing "Strategy of Industrial Property 2016 to 2018" has started;
- The implementation of the IPA Project TAIB 2011 "Strengthening the Capacity of the State Office of Industrial Property for effective support of the system for protection and enforcement of intellectual property rights" has started.
- The project that provides establishment of a software tool for communication with the public and representatives of industrial property rights in the Office is still in the phase of realisation.
- Within the cooperation with the Office for Harmonisation in the Internal Market (OHIM), during 2016, the following three projects are expected to be implemented: Project for small and medium-sized enterprises, Project for electronic submission of applications for trademarks and industrial designs, as well as preparation of a Guide for trademarks and designs.
- Within the cooperation with the European Patent Office, during 2016, projects that are important for improving the quality of data exchange and improving the integration of the databases of the Office with those of the European Patent Office will be implemented and those are: Federated European Patent Register; Quality at source; Espacenet new.



### 3.07.3 IMPLEMENTATION

#### *Current ssituation*

Every month, the State Market Inspectorate (SMI) shall submit information for every topics within its competencies to the SOIP. Key achievements in the operation of SMI are:

reduced number of counterfeit products in circulation (statement during the regular inspection supervision) and presence of state market inspectors on trainings and seminars.

Customs Administration (CA), in order to harmonise with the new EU Regulation No. 608/2013, and cancel the Regulation 1383/2003, prepared new Draft Law<sup>40</sup> on Customs Measures for Implementation of Protection of Intellectual Property Rights. This Law regulates the conditions and procedures for taking action by the customs authority when there are reasonable grounds for suspecting that goods violate the intellectual property rights, in accordance with the customs regulations.

With the amendments in July 2015<sup>41</sup>, an amendment in delegating the powers in decisions on administrative issues at second instance has been done by introducing the possibility of initiating administrative proceeding, instead of an appeal as it was prescribed before. With the amendments of November 2015<sup>42</sup>, an amendment in the area of misdemeanour provisions and the amount of the fines has been done, by which this Law is being harmonised with the Law on Misdemeanours.

With the amendments of November 2015<sup>43</sup>, an amendment in the area of misdemeanour provisions and the amount of the fines has been done, by which this Law is being harmonised with the Law on Misdemeanours.

In order to comply with the EU Regulation 1352/2013, the Customs Administration adopted a Rulebook on the form and content of the application for taking customs actions, as well as the necessary documentation and the form and content of the application for extension of the period for taking customs actions (Official Gazette of the Republic of Macedonia No. 106/2015) and the necessary data, information and documentation to be submitted to the applications. With this Rulebook, new forms of the application for taking customs actions and the application for extension of the period for taking customs action were developed, as well as the necessary data, information and documentation to be submitted to the applications for taking customs actions.

After the adoption of new legal regulations, a Guideline for implementation of the Law on Customs Measures for Protection of Intellectual Property Rights has been adopted.

Following the adoption of the Law on Audio and Audiovisual Media Services, in 2014 and the first half of 2015, the Agency adopted 22 bylaws on implementing the legal provisions for regulating the media sphere, relating to: the new advertising techniques, sponsorship, obligations for broadcasting originally created programme, music, documentary and feature programme, broadcasting of European audiovisual works and works by independent producers, minimal technical, spatial, financial and personnel conditions for obtaining a license for radio and television broadcasting, protection of minors, the formats of programme services of broadcasters, the rules for changing the ownership structure, products placement, audience measurements of the programmes, the way of classification of the types of audiovisual and audio programmes.

During 2015, a new Law on the Academy for Judges and Public Prosecutors<sup>44</sup> was adopted, and then in November, a Law Amending the Law on the Academy for Judges and Public Prosecutors<sup>45</sup> was adopted. The Law regulates the work of the Academy for Judges and Public Prosecutors (hereinafter: the Academy) as a public institution for admission and professional training of candidates for judges and public prosecutors, continuous training and improvement of the competence of the judges and public prosecutors, continuous training of professional services in the judiciary and public prosecutor's office, training of the entities involved in the implementation of laws related to the judiciary, as well as the performance of analytical activity in the judiciary theory and practice.

#### *Short term priorities*

The priorities of the Customs Administration would be adequate staffing of the Department of Non-Tariff Measures and the new systematisation of the Customs Administration.

Continuous education and training of customs officers for protection of intellectual property rights, as well as coordination of activities with all competent institutions for implementation of the protection of intellectual property rights, including the State Office of Industrial Property as the competent authority for registration of industrial property rights.

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<sup>40</sup> In the Law on Customs Measures for Protection of Intellectual Property Rights which is published in the Official Gazette of the Republic of Macedonia No. 88 from 2015.

<sup>41</sup> Official Gazette of the Republic of Macedonia No. 154/2015

<sup>42</sup> Official Gazette of the Republic of Macedonia No. 192/2015

<sup>43</sup> Official Gazette of the Republic of Macedonia No. 192/2015

<sup>44</sup> Official Gazette of the Republic of Macedonia No. 20 from 12.02.2015.

<sup>45</sup> Official Gazette of the Republic of Macedonia No. 192 from 5.11.2015.

During 2016, a Twinning Project is provided: Strengthening the implementation of the intellectual property rights in cooperation with SOIP.

- Activities for upgrading the electronic database in EDMS for recording the processes of implementation of the protection of intellectual property rights.
- Further harmonisation with the regulations and EU directives on proper implementation of the protection of intellectual property rights.

Moreover, in the area of enforcement of protection of intellectual property rights, the new Law on Customs Measures for Protection of Intellectual Property Rights will be fully harmonised with the new System for processing customs declarations and excise documents (CDEPS), which is in the phase of implementation by the Customs Administration, within which there is a special module for processing cases of seized goods suspected of infringing intellectual property rights. By implementing the new System for processing customs declarations and excise documents CDEPS, the existing system for processing customs declarations need to be replaced.

State Market Inspectorate realises the short-term and medium term priorities on the basis of the current activities, and in accordance with the quarterly plans and Annual work programme.

The Sector for preventing piracy and protection of copyright and related rights within the Agency for Audio and Audiovisual Media Services has provided the following activities:

- Education regarding the protection of industrial property rights and increased inspection supervisions.
- Fighting counterfeit products and promoting better cooperation between producers, rights holders, the institutions and bodies in order to enhance protection against counterfeiting.

During 2016, the Academy for Judges and Public Prosecutors will conduct theoretical lectures for the VI generation of attendees of the initial training which covers the area of intellectual property rights with a certain number of hours in accordance with the Programme for initial training.

In accordance with the Programme for continuous training, the specialised training for judges and public prosecutors in the field of intellectual property rights will continue during 2016.

4 trainings with a total of 120 participants or, 30 participants per training are planned to be prepared and implemented from the budget of the Academy, and the trainings will be as follows:

- One training on: "Criminal and legal protection of the intellectual property rights." Target groups: judges from criminal departments and public prosecutors, representatives from MOI and other state authorities, and relevant institutions involved in the system of protection of intellectual property rights.
- One training on: "Civil and legal protection of the intellectual property rights." Target groups: judges from civil departments and departments of commercial disputes in courts, as well as representatives of relevant institutions, including lawyers/attorneys of industrial property rights. .
- One training on: "Misdemeanour and legal protection of the intellectual property rights." Target groups - judges of the misdemeanour departments in courts, representatives of the State Market Inspectorate and other relevant institutions.
- One training on: "Administrative and court protection of the intellectual property rights." Target groups - judges and judicial associates from the Administrative Court and the Supreme Administrative Court and representatives from the State Office of Industrial Property and other relevant institutions.
- In addition to these courses, within the Twinning project, in cooperation with the State Office of Industrial Property and the Danish Patent Office, 2 trainings in the field of intellectual property will be organised for the judges.

The trainings will be conducted in the period January - December 2016 for further strengthening of the capacity of judges and public prosecutors, in order to ensure effective prosecution of offenders of the intellectual property rights and effective judicial protection.

The intensive development of the new media in the last period implies the need of developing clear criteria for identifying which entities are providers of audiovisual media services on demand. The Agency for Audio and Audiovisual Media Services will develop a Guideline with criteria for identifying the providers of audiovisual media services on demand, with reference to the legislative regulation in this area. (*For more details, see 3.10.3 Audiovisual Policy*).

### ***Programmes and Projects***

In the State Market Inspectorate, the activities related to the protection of industrial property rights for 2016 will be implemented in accordance with the Annual work programme of the Inspectorate, which shall submit it to the Inspection Council. Based on the Annual work programme, quarterly and monthly work plans will be prepared, which will reduce the presence of products in the domestic market.

## 3.08 COMPETITION POLICY

### *Findings and priorities of the 2015 EC Report*

The country is moderately prepared in the area of competition policy. Some progress was made in this field. However, the budget and the administrative capacity of the Commission for the Protection of Competition (CPC) remain insufficient. In the coming year, the country should in particular:

- strengthen the enforcement record of the CPC.

### *Summary*

CPC will deepen the cooperation with the Ministry of Interior in view of effective implementation of the Law on Protection of Competition (LPC) and will continue the close cooperation with the other regulatory bodies in the country.

In order to raise the awareness of the government institutions and the business sector, it is planned to publish brochures, organise conferences and public debates on matters of antitrust and concentrations and strengthening of the capacity of the judiciary to decide on complex cases relating to the protection of competition, by organising public debates and conferences.

The potential amendment to the Law on State Aid Control and the Decree of de minimis aid with the participation of all stakeholders (providers and recipients of state aid) will be analysed in order to establish a new threshold of de minimis aid in the Republic of Macedonia in accordance with the recommendations of the European Commission.

Electronic registry of state aid will also be established, by which a better control and monitoring of state aid will be achieved.

### 3.08.1 ANTITRUST INCLUDING MERGERS

#### *Current situation*

In January 2015, a Guide for detecting illegal arrangements in the procedures for awarding public procurement contracts was adopted, in cooperation with the Public Procurement Bureau. In July 2015, new Guidelines on the manner of submitting and filling in the notification of concentration were adopted.

In 2015, 3 new employments were realised in the professional service of the Commission for Protection of Competition (CPC), thus the total number is 23. During 2015, some of the employees participated in several trainings, workshops and conferences, including seminars organised by the Regional Centre for Competition based in Budapest, Hungary (RKC-OECD/GVH) and Working Groups on Railways organised by SEETO.

CPC in 2015, by 25.11.2015 inclusive, adopted a total of 38 (thirty-eight) decisions, out of which 2 (two) decisions for abuse of a dominant position (one in administrative procedure and one in misdemeanour procedure) and 36 (thirty-six) decisions for concentrations (all made in administrative procedure, in all cases the CPC approved the notified concentration with a decision). By 25.11.2015 inclusive, there are 12 (twelve) procedures in CPC out of which 6 (six) for prohibited agreement (all are misdemeanours), 2 (two) for abuse of a dominant position (both misdemeanour), 3 (three) for assessment of concentration (administrative procedure) and 1 (one) for minor infringement in accordance with LPC (misdemeanour procedure).

In May 2015, the CPC and the Ministry of Interior signed a Memorandum of Cooperation. This Memorandum is expected to increase the efficiency in exercising the responsibilities entrusted to two bodies that will contribute to the promotion of competition in the country.

#### *Short term priorities*

In 2016, Guidelines on the application of the leniency programme will be adopted.

In order to strengthen the administrative capacity of the CPC for implementation of the Law on Protection of Competition, TAIEX trainings will be implemented, as well as national trainings and trainings of RKC-OECD/GVH.

In 2016, there will be new employments in CPC and IT equipment will be procured, since this is needed in order to realise the envisaged ongoing activities.

CPC will deepen the cooperation with the Ministry of Interior in view of effective implementation of the Law on Protection of Competition (LPC) and will continue with close cooperation with the other regulatory bodies in the Republic of Macedonia, especially with the Energy Regulatory Commission, the Agency for Electronic Communications, the Agency for Audio and Audiovisual Media Services, the Public Procurement Bureau and the Agency for Regulation of Railway

Service Market and the Ministry of Interior, in accordance with signed memoranda of cooperation as well as cooperation with the Energy Community Competition Network.

In order to raise the awareness of the government institutions and the business sector, it is planned to publish brochures, organise conferences and public debates on matters of antitrust and mergers, if budget funds are provided. It is also planned to strengthen the capacity of the judiciary to decide on complex cases relating to the protection of competition, by organising public debates and conferences.

### *Medium term priorities*

In 2017, the following will be adopted:

- Law Amending the Law on Protection of Competition regarding the part where the agreements of minor importance (de minimis) are regulated in accordance with the recommendations of the European Commission;
- Decree on agreements of minor importance which do not significantly restrict competition according to Article 7, paragraph 1 of the Law on Protection of Competition (de minimis) that will be aligned with the Guidance of the Commission in addition to the Commission Communication No.: {C(2014) 4136}
- Decree on the application of Article 7, paragraph 3 of the Law on Protection of Competition as regards categories of agreements on transfer of technology, which will be harmonised with the Commission Regulation 32014R0316.

The administrative capacity of the CPC will be continuously strengthened with new employments and TAIEX trainings for employees in the professional service of the CPC. Also, a working position of Chief Economist at the CPC is planned to be introduced in order to perform the economic analysis and to collect economic data and evidence in cases of prohibited agreements and cartels, as well as abuse of a dominant position.

Also, activities will be organised to raise the awareness of government institutions and the business sector by issuing brochures, organising conferences and public debates on issues of antitrust and mergers, if budget funds are provided. Also, it is planned to strengthen the capacity of the judiciary to decide upon complex cases relating to the protection of competition, by organising public debates and conferences.

### *Programmes and projects*

It is noted that CPC needs TAIEX support, as well as other projects, in order to strengthen its capacities in the area of anti-trust including mergers.

## **3.08.2 STATE AID**

### *Current situation*

In 2015, by 25.11.2015 inclusive, the CPC adopted a total of 11 (eleven) decisions for assessment of the possibility for granting state aid after notifications submitted by the aid providers, and approved future planned state aid granting.

### *Short-term priorities*

In this period, analysis on the possible amendment to the Law on State Aid Control and Regulation of de minimis aid with the participation of all stakeholders (providers and recipients of state aid) will be carried out, in order to establish a new threshold of de minimis aid in the Republic of Macedonia in accordance with the recommendations of the European Commission.

The administrative capacity of the CPC will be continuously strengthened with new employments and trainings.

In 2016, advanced training of employees in the professional service of CPC and TAIEX will be organised, as well as a workshop on state aid and supervision over the implementation of contracts for granting state aid.

### *Medium term priorities*

During this period until the end of 2017, it is planned to adopt a Law Amending the Law on State Aid Control and a Decree amending Decree on de minimis aid, in order to establish a new threshold of de minimis aid in the Republic of Macedonia pursuant to the recommendations of the European Commission.

Organisation of trainings for the professional staff of the CPC and the state aid providers will continue in 2017-2018. New employments are planned in CPC, as well as procurement of IT equipment required for the realisation of the planned ongoing activities.

Also, an electronic Registry of state aid will be established, by which a better control and monitoring of state aid will be achieved.

## 3.09 FINANCIAL SERVICES

### *Findings and priorities of the 2015 EC Report*

The country is moderately prepared in the area of financial services. Some progress was made, particularly on improving the implementation and enforcement capacities of financial market regulators. The concerns expressed by the European Commission and the Venice Commission, about the *acquis* compatibility of the proposed international financial zones, still need to be adequately addressed.

#### *Summary*

*The amendments to the Law on Banks will be made, and by the end of 2016 new Law on Banks in order to provide a more stable financial system in the country will be adopted. A special law on recovery of banks with problems, transposing Directive 2014/59/EU and establishing a framework for the recovery and resolution of credit institutions and investment firms is envisaged. In 2017, a new Law on Insurance which will implement the new EU Directive 2009/138/EC (Solvency II) will be adopted. By the end of the 2016, a Law on Final Settlement Payment Systems and Securities Settlement System will be adopted, in which the Directive on final settlement (98/26/EC) will be transposed. Two new acts in the area of capital market (Law on Market of securities and Law on issuance and offering of securities) will be adopted by the end of 2016, which will be largely harmonized with the EU legislation in the area of capital market.*

### 3.09.1 BANKS AND FINANCIAL CONGLOMERATES

#### *Current situation*

In 2015, amendments to the Law on Banks in terms of harmonization with the New Basel Principles for Effective Banking Supervision, which during 2016 will be adopted by the Assembly of the Republic of Macedonia. The coating capital (buffers) will be introduced. The amendments will strengthen the banks' capacity to adequately manage the risks associated with their activities, as well as absorbing the losses that can arise in the business operation. At the same time, it will raise the quality capital of banks and allow their better supervision which will increase protection of the depositors. Also, the amendments will relax the work of the supervisory boards of banks that will re-evaluate his competence and commitment for regular meetings.

As of October 2015, the banking system of the country consisted of 15 banks.

The banking system continued to grow in the three quarters of 2015, which further increases the degree of financial intermediation. At the end of September 2015, total assets of the banking system on an annual basis rose by 5,6 %. Total deposit of non-financial entities increased by 5,9% annually, while total loans to non-financial entities increased by 8,9%. The most significant risk to the performance and stability of banks remains credit risk. On 30.9.2015, the non-performing loans to non-financial entities increased by 4,0%, which is more than triple the reduction of their growth, compared to the end of September 2014. As a result of such movement, the share of the non-functional loans in total loans to non-financial sector is reduced, from 12.2% at 30.09.2014, to 11.7% at 30.09.2015.

At the same time, it retained full coverage of nonperforming loans with impairment (which at 30.09.2015 amounted to 103.1%), thereby reducing the risk to the stability of banks for full collectability of nonperforming loans.

The solvency and capitalisation of the banking system was improved in 2015, resulting from raising the amount and quality of the capital positions. And further, the rate of capital adequacy is twice higher than the statutory minimum of 8% and amounted to 16.2% (June 2015). The liquidity position of banks remains satisfactory. Despite the low annual growth of liquid assets of 0.3%, it covers 30.7% of the total assets of the banking system. High and stable solvency and liquidity of banks contribute to the resilience of the banking system to simulated liquidity and credit shocks in stress testing. The profit of the Macedonian banking system generated by the three quarters of 2015 amounted to 3.719 million denars, and it is more than 50% higher than in the same period of 2014, which has been adequately reflected on the improvement of profitability indicators. The rate of return on assets was 1.2%, while the rate of return on equity reached 11.1%.

Regarding the developments in banking regulation and supervision in the Republic of Macedonia, 2015 was marked by two projects related to the introduction of the requirements of Basel 3 and with the completion of detailed own assessment of the compliance of banking supervision and regulation with the Revised Basel Principles for Effective Banking Supervision 2012.

Activities for the introduction of Basel 3 requirements were aimed at:

- completing the analysis of short-term liquidity standard (LCR), thus identifying the positions in the balance sheets of banks in Macedonia that correspond to the positions according to Basel 3 and the Directive on access to the activities of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV) and the Regulation on prudential requirements for credit institutions and investment firms (RDC), and they should be

involved in the setting of the rate of coverage of liquidity. Based on the analysis prepared, a proposal for the introduction of these standards in the existing regulations for managing liquidity risk is in the preparation phase;

- identifying of the similarities and differences in the way the definition of own funds of the banks between regulatory capital adequacy of the National Bank of the Republic of Macedonia and Basel 3 and CRD IV /RDC. As a result, amendments to the existing methodology for determining capital adequacy have been drafted in the part that relates to the definition of individual elements of capital.

The detailed own assessment of compliance of banking supervision and regulation with the Revised Basel Core Principles for Effective Banking Supervision of 2012, began in 2014 as a medium-term project aimed at the appropriate strengthening of supervision conducted by the National Bank, as well as improvement of banking regulation that is the competence of the National Bank or giving appropriate proposals for improvement of the Banking Law. In 2015, the full assessment has been round up and a high degree of harmonization of the Macedonian banking supervision and regulation with the Basel principles has been established. In order to overcome the identified weaknesses and shortcomings appropriate action and deadlines for their implementation were identified. Some activities have already been implemented. For the part of the identified shortcomings a proposal for amendments to the Law on Banks has been drafted.

In July 2015, amendments to the Decision on the method of determining associated persons have been made. With the amendments, alignment with the recommendations for defining associated persons, contained in the Basel document for supervisory framework for measurement and control of large exposures is made<sup>46</sup>.

During 2015, activities in the field of financial education as a separate activity in the National Bank continued. In the frameworks of cooperation in area of banking between Ministry of Finance of the Republic of Macedonia and the Ministry of Finance of the Grand Duchy of Luxembourg and in organisation of Financial Technology Transfer Agency (ATTF) from Luxembourg, workshop were held in Skopje, of following topic:

- "Back Office Operations";
- "Towards Basel III";
- "SME: From Business Plan to Bank Financing" and
- "Retail Banking"

The representatives from banks, National Bank, Ministry of Finance and the Securities and Exchange Commission participated at all seminars.

The banking supervision continues with activities that characterise strengthening the capacity through constant attendance on the seminars, using technical assistance from the EU institutions, central banks of the Member States and other relevant institutions<sup>47</sup>. In this area, of particular importance was the actual visit to the Bank of Germany, in June 2015. Subject of the visit were European standards and practices for solving problems with banks and application of the European Directive No. 59/2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (Banking Recovery and Resolution Directive).

### *Short-term priorities*

#### **Legal framework**

Retaining of financial system stability and its further development remain priorities in this area. These priorities will be implemented through following activities:

By the end of 2016 banking legislation will be harmonised with Directive 2013/36/EU for access to the activities of credit institutions and the prudential supervision of credit institutions and investment firms and Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms. The amendments will enhance the capacity of banks to adequately manage the risks associated with their activities, as well as absorbing the losses that can arise in business.

By the end of next year a special law for the recovery of banks with problems will be adopted, which would comply with the Directive 2014/59/EU on establishing a framework for the recovery and resolution of credit institutions and investment firms. The new law will create conditions for a rapid response to the supervisory authority in case of risks in banks' operations. The purpose of these activities is to follow international standards in the area of banking regulation and supervision which will consequently contribute to further strengthening the processes of risk management by banks. In 2016, activities in the field of banking regulation will be directed towards:

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<sup>46</sup> Supervisory framework for measuring and controlling large exposures, Basel Committee on Banking Supervision, April 2014.

<sup>47</sup> National Bank has signed bilateral memoranda of cooperation with the central banks of Germany, the Netherlands and Croatia.



- Preparation and publication of methodologies for determining the part of the protective layers of capital (for systemically important banks and anti-cyclical protective layer) on the inclusion of relevant provisions in the Law on Banks,
- Consideration of the need to introduce rate debt, taking into account the recommendations of Basel 3,
- Examination of the effects concerning the adoption of the draft regulations for the definition of own funds and short-term liquidity standard (testing of draft regulations by the banks in the Republic of Macedonia).

#### **Institutional framework**

The administrative capacity of the Unit of the Banking and Non-Banking institutions will continue to operate with three employees.

For the purposes of analysis and prescribing standards of Basel 3, the Sector of Supervision, Banking Regulations and Financial Stability at the National Bank will carry out regular activities to strengthen the capacity of staff by attending relevant seminars and using technical assistance from relevant institutions of the EU Member States and other international institutions. Technical assistance from the two central banks that should be realised in 2015, has already been requested in this domain.

#### ***Mid-term priorities***

Adoption and application of advanced approaches for establishing the capital requirements under Basel 2. Based on the new law that will introduce Directive 2014/59/EU (on recovery of banks with problems), appropriate alignment and amendments of the bylaws and internal procedures of the National Bank in this domain will be made.

#### **Institutional framework**

The administrative capacity of the Unit for Banking and Non-Banking institutions on average time-frame will strengthen with recruitment of new persons and their visit to training in country and abroad.

Providing personnel prerequisites to prepare regulations for advanced approaches of Basel 2 and to apply the requirements of recovery and recovery of banks with problems. Because of capacity building for the proper application of advanced approaches of Basel 2, during the first half of 2016 year a technical assistance from the Bank of Slovenia to establish an internal rating system will be organised, based on data available to the National Bank for bank customers.

### **3.09.2 INSURANCE AND FULLY FUNDED PENSION INSURANCE**

#### ***Current situation***

15 insurance companies have actively operated on the market, out of which 11 companies perform activities related to non-life insurance and 4 on life insurance. The number of agencies representing the insurance in the second quarter of 2015 increased by one company (business bank conducting representation in insurance), bringing the total number of insurance agencies to 14 and the number of insurance brokerage companies to 30.

In the second quarter of 2015 gross written premium (hereinafter: GWP) for a total of 4.31 billion has been realized, an increase of 8.36% compared to the GWP achieved in the second quarter of 2014. The positive trend is present in both segments of insurance (life and non-life). In the structure of sales channels, the direct sales have the biggest share with 48.82%. Decomposed by groups of insurance companies for life insurance the most important channel of distribution are IBC with 58.98%, whereas the non-life insurance the most important channel is direct sales with 52.61%.

At the end of second quarter 2015, the total capital of insurance companies amounted to 5.21 billion. The solvency margin as key indicator to assess the stability of the insurance sector amounted to 1.15 billion denars (non-life insurance 992 million, while in life insurance 152 million), with which the capital of the insurance sector is 4.5 times more than a necessary level of solvency margin.

The market of fully funded pension insurance is consisted of two pension funds each of them manages one mandatory and one voluntary pension fund. The assets of the pension funds are separate from the assets of the companies and are stored in authorised banks as custodians. The Agency for Supervision of Fully Funded Pension Insurance (MAPAS) performs control over the operation of these entities, which also regulates the second and the third pillar by means of bylaws and proposes amendments.

In the first half of 2015, the Insurance Supervision Agency (ISA) conducted 7 site supervisions related to the operation of 4 insurance companies and 3 insurance brokerages companies. On grounds of conducted supervisions, measures for supervision has been imposed and 25 complaints have been filed, out of which 5 have been resolved adversely, 6 in favor of the complainants, 5 complaints were with no grounds for acting and 8 complaints are in the process of settlement.

The basic legal framework governing the establishment, performance of insurance operations, representation and mediation in insurance and insurance supervision in the Republic of Macedonia are the Law on Insurance Supervision<sup>48</sup> ("Official Gazette" No. 27/02, 84/02, 98/02, 33/04, 79/07, 8/08, 88/08, 67/10, 44/11, 30/12, 188/13, 43/14, 112/14 and 153/15), the Law on Compulsory Insurance in Traffic<sup>49</sup>, Contract Law and Company Law.

As of September 2015 the Agency adopted the following regulations:

- Rulebook on the manner and procedure for conducting training for doing insurance and brokerage activities (Official Gazette of the RM No. 24/2015)
- Rulebook on the manner and procedure for conducting training for carrying out representation in insurance (Official Gazette of the RM No. 24/2015)
- Rulebook amending the Rulebook on the form, content and manner of keeping registers of insurance agents, companies representing the insurance, insurance brokers, insurance brokerage companies and banks by the Agency for Insurance Supervision (Official Gazette no. 50/2015)
- Rulebook amending the Rulebook on the form, content and manner of keeping registers of insurance agents and insurance brokers by insurance companies, insurance brokerage companies and companies representing the insurance (Official Gazette of the RM No. 50/2015).

In the same period in the area of licensing, the Agency issued one license for conducting insurance brokerage activities, 2 licenses for representation in insurance, 3 licenses for the introduction of a new class of insurance, 11 consents to amend the statute, 5 approvals for appointment of members of the management body, 10 consents for the appointment of an audit company, 1 approval for acquiring qualified participation in an insurance brokerage company and 1 approval for representation in insurance by the bank.

In the insurance system, the Ministry of Finance, namely Financial System Sector, the Unit for the insurance system with the analysis is institution responsible for drafting legislation, which currently employs two people.

Currently, ISA has 31 employees. As part of the activities for development of supervision, regular trainings of employees in the country and abroad have been conducted. In 2015 the cooperation of ISA and the National Bank of the Netherlands (De Nederlandsche Bank- DNB) is continuing, and mutual activities aimed at improving the professional capacity of the staff will be carried out.

As part of the planned activities for the development and promotion of the insurance market, ISA implemented the project activities:

- Marking the International Saving Day, October 31, 2015 - as a part of the project activities for financial education of the country's population, the ISA, the National Bank and the Ministry of Finance launched a competition for children and young people, for students of primary and secondary education;
- Celebrating the Insurance day, November 1, 2015 - on that occasion ISA held event in which the prize was awarded to a young research paper in the field of insurance and risk management. At this event, and in order to raise the level of financial education of children and youth, ISA launched a mini brochure "How insurance works" which aims to teach the youngest of the benefits of insurance and the possibility of avoiding risks and their management and
- Promoting the brochure for travel insurance.

In the field of Fully Funded Pension Insurance, MAPAS constantly invests in strengthening its human and material resources. In the past period, MAPAS developed a system of risk assessment, in which special attention is directed to the management of supervised entities and have made a revision on some processes related to the quality system management. According to the supervision based on risk, in 2015 two field controls were conducted in the pension companies and pension funds. Currently, the controls are being performed off-site by the sectors for control where the accumulation, investment and de-accumulation of the pension funds are being monitored.

### *Short-term priorities*

#### **Legal framework**

It is planned the adoption of bylaws to further improvement of the regulation, especially in terms of risk management in insurance and the adoption of internal regulations in order to strengthen the methodology for conducting supervision.

Besides activities related to establishing and continuously improving the regulatory framework, ISA will focus on the activities of further improvement and development of advocacy and mediation in insurance through the continuation of the activities of constant training of agents and brokers in insurance. The continuous training of agents and brokers will increase the efficiency of the market of insurance services and increasing the confidence of consumers of insurance services in the insurance sector.

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<sup>48</sup> Official Gazette of the RM No. 27/02, 84/02, 98/02, 33/04, 79/07, 8/08, 88/08, 67/10, 44/11, 30/12, 188/13, 43/14, 112/14 and 153/15

<sup>49</sup> Official Gazette of the RM No. 88/05, 70/06, 81/08, 47/11, 135/11, 112/14 and 145/15



In the next period, with the aim of directing resources of MAPAS towards supervision based on risk assessment through the activities of the Committee to assess the risk of MAPAS all potential risks to the pension system will be regularly reviewed and possible control mechanisms will be proposed. Maintenance of the efficiency and effectiveness of MAPAS through continuous improvement of quality management system according to the standard ISO 9001:2008 and holding the certificate of the standard, as well as the requirements of the standard ISO 27001:2013 concerning the system for data management and maintaining the standard.

In the upcoming period MAPAS will continue to participate in working meetings on financial education of the population with representatives of the financial supervisory and regulatory bodies in the Republic Macedonia on mutual cooperation, MAPAS will continue to promote the activity of open days of the Agency and by the circulation of flyers and weekly presentations at high schools and faculties will introduce to the students with the pension reform in the country.

#### **Institutional framework**

The administrative capacity of the Unit for system security with analysis will continue to operate with a staff of two people.

ISA continuously invests in strengthening human resources through the establishment and implementation of a system of continuing education and professional development of employees. Within the activities for the development of these resources, ISA conducts regular trainings in the country and abroad.

Also, ISA continues with the following activities:

- Planning of trainings within the established cooperation with the National Bank of the Netherlands - DNB,
- Using the TAIEX instruments,
- Intensify cooperation with the supervisory bodies of the EU Member States that ISA has signed a memorandum of cooperation
- Conducting a joint supervision with regulators from countries where the parent companies are established,
- Participation of ISA in the operation of supervisory colleges,
- Including the ISA in the programme goals of the European body for insurance and pension funds (EIOPA) in order to introduce equality in countries outside the EU in the process of formation and keeping professional secrecy in insurance.
- Membership in the OECD INFE (International Network on Financial Education)
- Planning workshop on market conduct, and
- Project planning joint activities in the field of supervision and insurance with EIOPA and the WB.

#### ***Mid-term priorities***

##### **Legal framework**

In the medium term further harmonisation and approximation with the European directives will continue.

In the 2017, a new Law on Insurance will be adopted, in which the Solvency Directive 2 (2009/138/EC) will be transposed. The preparation of the Law on Insurance will be made through the project "Further harmonisation with the EU in the area of insurance and increase of market operations"<sup>50</sup> in the frameworks of the National Programme for IPA Component 1 - TAIB for 2012-2013.

MAPAS will continue to improve the pension system, in particular the reform of the fully funded pension insurance, i.e. the second and third pillar pension system. In the next period the efforts will be directed towards improvements and further development of this system. Med-term priorities are aimed at monitoring the accumulation of assets of members of the pension funds through attention to better investment of resources and more attention to the process of de-accumulation that should follow in a subsequent period in which MAPAS through the established procedures will be dealt with adequate attention to each individual case.

#### **Institutional framework**

The administrative capacity of the Unit for system security at the Ministry of Finance in the medium term will be strengthened by employing a new person.

### **3.09.3 INFRASTRUCTURE OF FINANCIAL MARKETS**

#### ***Short term priorities***

By the end of 2016 within the Project "Further harmonisation with the EU acquis in the area of movement of capital and payments and financial services - markets securities and investment services", the transposition of the Settlement Finality Directive (98/26/EC) in the Law on Settlement Finality in Payment Systems and Settlement of Securities will be

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<sup>50</sup> "Further Harmonisation with the EU in the field of insurance and increase of market operations"

made. The implementation of the Directive in this law will contribute to minimizing the systemic risks of the participants in the existing payment system and the current system for the settlement of securities, as well as preserving the stability of the same.

### 3.09.4 MARKETS SECURITIES AND INVESTMENT SERVICES

#### *Current situation*

In February 2015, the Law amending the Law on Securities was adopted. By the amendment of the Law the existing definition of certificates of deposit has been changed and issuers of short-term certificates of deposits are exempted from the obligation to obtain permission for publication by the Commission, thus, the banks are stimulated to issue such securities. Also, this amendment regulates companies for management of investment funds to become members of the depository of securities in order to be able to open portfolio accounts in the depository on its own behalf and on behalf of the investor related to the services - asset management for an individual client. In order to better protect the interests of the client, the amendments to the Law will further regulate the obligations of brokerage houses in terms of entering customer orders and priority in their implementation.

In September 2015 the Law amending the Law on Securities introducing the possibility of issuing bonds secured by real estate was adopted. The Law prescribes the procedure for the issuance of bonds secured by real estate as well as the responsibilities of the issuer of such bonds. Also, this amendment made the supplement to the services with securities performed by the brokerage houses, a new service of reception and transmission of orders for trading in securities on foreign markets of securities, in order to allow operation of Macedonian brokers on common platform that will be formed by the Macedonian, Zagreb and Sofia stock exchange, which will be traded with securities listed on three stock exchanges.

In September 2015, representatives of the Ministry of Finance and the Commission for securities, with the support of the IPA project "Further harmonisation with the EU acquis in the area of capital markets, payment and financial services - markets securities and investment services", conducted a study visit in Slovenia. Within the three-day visit, working meetings in several institutions were held, namely: with the Agency for trading in securities of the Republic of Slovenia - ATPV, Central Depository - KDD, the Ljubljana Stock Exchange and the Ministry of Finance of the Republic of Slovenia. The means of implementing directives in the field of capital market in the Slovenian legislation, what is the impact of the implementation of European legislation on the Slovenian legislation and problems experienced institutions in the implementation of these directives in Slovenia were discussed on all meetings.

In the period January-September 2015 on the primary capital market in the Republic of Macedonia, a total of 72,500 new ordinary shares totalling 8,615,805 denars or 140,000 euros have been issued, by two publishers. Both issuing are sold through a private offer to the known buyer.

At the end of said period, one bank began realisation of a public offer for sale of shares, in a total value of 25.960,000 denars, or about 420,065 euros.

As of September 2015 on the secondary capital market operates a total of 10 authorized participants operating with securities, of which 6 brokerage houses and 4 authorized banks to work with securities.

In the period from January to September 2015, turnover (classic trading on stocks and bonds and block transactions) effectuated on the Macedonian Stock Exchange amounted to 1,533,100.785 denars, or about 24.81 million euros. The number of listed companies on the official market of the Macedonian Stock Exchange by the end of September 2015 was 114 and their total market capitalization on 30 September 2015 amounted denars 94,518,017.780 or about 1.53 billion euros. MBI-10 stock index of 30.09.2015 year amounted to 1704.46 index points.

The number of joint stock companies with special reporting requirements that are registered in the Register of CSRM as of September 30, 2015 is 17.

In this period, on the capital market in the country operates 5 companies for managing investment funds, which manage 13 open investment funds. On 30.09.2015 net asset value of open investment funds totalled 2,724,141,701 denars or about 44.080 million.

The Unit for Capital Market within the Financial System Sector of the Ministry of Finance of the Republic of Macedonia, which is responsible for the preparation of legislation relating to the capital market and harmonisation of Macedonian legislation with the European Union currently employs two people on full time.

#### *Short-term priorities*

##### *Legal framework*

Two new laws in the area of capital market (Law on the Market of Securities and Law on Issuance and Offering of Securities) will be adopted by the end of 2016, which will be largely harmonised with the EU legislation in the area of capital market, provide greater protection of minority shareholders in joint stock companies, greater transparency of companies and introduction of new financial instruments. For the preparation of the new laws a project under IPA 2010

was approved. The project started its implementation in the February 25, 2015 and will run until August 2016. Currently the process of preparing the first draft texts of laws is underway. Following the adoption of laws, the SEC will adopt bylaws necessary for their implementation.

#### **Institutional framework**

The administrative capacity of the Unit for Capital Market, in the Financial System Sector at the Ministry of Finance in the short term will be strengthened with recruitment of new staff.

#### ***Mid-term priorities***

In the medium term the process of harmonisation of the national legislation in the area of capital market with EU regulation will continue, which has the ultimate aim of establishing a modern, market-based, stable and competitive financial sector. It is planned to adopt amendments to the Law on Investment Funds for harmonisation of national legislation with the package (The Directive) UCITS (UCITS) 4 relating to undertakings for collective investment in transferable securities (the introduction of funds - feeder and funds - master, procedures for cross-border and domestic mergers of open investment funds and providing better information to investors by introducing the document as a supplement to the base prospectus of the fund) and AIFMD Directive for managers of Alternative investment funds.

### 3.10 INFORMATION SOCIETY AND MEDIA

#### *Findings and priorities of the EC Report 2015*

There is a good level of preparation in the field of information society and media. During the last year, some progress was made. In the coming year, the country should in particular:

- ensure proper implementation of the newly adopted legislation on electronic communications and audiovisual media services;
- strengthen the independence and capacity of the audiovisual media regulator and the public broadcasting service.

#### *Summary*

*In 2016, the interoperability system will be expanded and a central portal for electronic administrative services will be established. During 2016, the Agency for Audio and Audiovisual Media Services will harmonise the existing and adopts new by-laws in the case of amendments to the positive legal provisions in this field. Also, the Agency will continue to strengthen its institutional capacity.*

#### 3.10.1 ELECTRONIC COMMUNICATIONS AND INFORMATION TECHNOLOGIES

##### *Current situation*

Based on the new Law on Electronic Communications ("Official Gazette" No. 39/2014), in the course of 2014 the Agency for Electronic Communications (AEC) made amendments to all secondary legislation.

*Basic law:* Law on Electronic Communications (LEC)<sup>51</sup> Directive 2009/140/EC, Directive 2009/136/EC and Directive 2014/61/EU were transposed in the law.

*Strategic documents:*

- National Strategy for the Development of Electronic Communications with Information Technologies;
- National Strategy for the Development of a Next-Generation of Broadband Internet;
- Five years regulatory strategy of AEC; and
- National short-term ICT strategy

The Law on Electronic Communications ("Official Gazette of Republic of Macedonia", No.39, 25.02.2014) is fully compliant with the latest package of directives on electronic communications of the EU from 2009.

Institutions that have direct authority over the development of electronic communications in the Republic of Macedonia are Ministry of Information Society and Administration (MISA) and the AEC.

Institutions that have indirect authority over the development of electronic communications are MISA, Ministry of Economy (ME), Ministry of Finance (MF), Commission for Protection of Competition (CPC), the Directorate for Personal Data Protection (DPDP), Standardisation Institute of the Republic of Macedonia (ISRM).

##### *Short/medium-term priorities*

*Legal framework*

*Strategic documents:*

- National short-term ICT strategy 2016-2017
- Five years regulatory strategy of AEC 2012-2016

##### *Secondary legislation (competence of the AEC)*

In 2015, a Regulation on single telecommunications market in the European Union (TSM Telecoms Single Market) was adopted by the European Parliament, but the provisions for roaming on this regulation is not directly applicable to our national market because they concern the member states of the European Union. During 2016, the AEC will make an analysis of harmonisation of secondary legislation of provisions on protection of the principle of open internet of the same Regulation and will make an additional harmonisation with secondary legislation if there is need of that. During 2015, most of the provisions in the section of open internet were implemented, while the Regulation was in draft version. For the implementation of the secondary legislation in 2016 by AEC, the following activities were envisaged:

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• <sup>51</sup> "Official Gazette of the Republic of Macedonia" No.39/2014, 188/2014, 44/2015 and 193/2015.

- Control of the content of the contracts which the operators conclude with their subscribers, especially in terms of the service-level agreement (SLA) (according to the Universal Service Directive, Directive for Interconnection and Access and Framework Directive);
- Analysis of the wholesale market for access and call initiation in the public mobile communications network;
- Updating the list of notified subjects made in the Agency of all new notified operators of public electronic communications networks and their deletion if they have not started with work on the date specified in the notification, and not notified the Agency of the occurred change;
- Processing of requests and issuing of decisions for granting and withdrawal of numbers and series of numbers from the Numbering Plan of the public electronic communication networks and services in the Republic of Macedonia;
- Monitoring the implementation of number portability that should be provided by the operators of public electronic communication networks and services;
- Analysis of the parameters of quality of the public electronic communication services and the transparency of the data;
- Control of retail prices through methodology for regulating of retail prices by applying the tests for price squeeze;
- Implementation of public call procedure for the submission of requests for issuing authorisation for the use of radio frequencies and conducting of tenders;
- Monitoring with mobile and fixed monitoring stations;
- Regular, control and extraordinary expert supervision;
- Monitoring of operators for certain provider/providers of universal service;

For complete efficient and effective implementation of the Law on Electronic Communications, as well as for the implementation of measures arising from the secondary legislation in 2015, it is necessary:

- Construction of the monitoring tower on Vodno, Skopje;
- Use of specialised software and a system of sensors for efficient monitoring of frequency spectrum of the Republic of Macedonia;
- Strengthening of the cooperation with domestic and foreign regulatory bodies and state institutions, as well as institutions of local self-government;
- Active participation in the international organisations and bodies in the field of electronic communications;
- Active participation in the development and implementation of primary legislation and the strategies in the field of information society and media;
- Constant monitoring of the conformity of the national legislation with the EU legal framework.

### 3.10.2 INFORMATION SOCIETY SERVICES

#### *Current situation*

##### *Strategic documents:*

- National short-term ICT strategy; and
- National Strategy for e-inclusion.

##### *Basic laws on development of information society services:*

- Law on General Administrative Procedure ("Official Gazette of the Republic of Macedonia", No. 124/15);
- Law on Electronic Management ("Official Gazette of the Republic of Macedonia" No. 105/09, 47/11 and 193/15 );
- Law on Establishing the Macedonian Academic and Research Network – MARNet ("Official Gazette of the Republic of Macedonia", No. 124/10, 47/11 and 41/14 );
- Law on Electronic Communications ("Official Gazette of the Republic of Macedonia" No.39/14, 44/15, 193/15);
- Law on Electronic Commerce ("Official Gazette of the Republic of Macedonia" No. 133/07, 17/11 and 192/15 );
- Law on Legal Protection of the Services, Based on, or Consisting of, Conditional Access ("Official Gazette of the Republic of Macedonia", No. 127/08 and 17/11 );
- Law on Data in Electronic Form and Electronic Signature ("Official Gazette of the Republic of Macedonia", No. 34/01, 06/02, 98/08 and 33/15 );
- Law on Personal Data Protection ("Official Gazette of the Republic of Macedonia", No. 07/05, 103/2008, 124/08, 124/10, 135/11 and 43/14 );
- Law on Use of Public Sector Data ("Official Gazette of the Republic of Macedonia", No.27/14); and
- Law on Copyright and Related Rights ("Official Gazette of the Republic of Macedonia", No.47/96, 3/98, 98/02, 4/05, 23/05,131/07, 115/10, 140/10, 51/11 and 147/13);

#### *Short/medium-term priorities*

#### Measures for the development of the information society

- Implementation of the Action Plan (AP) for promotion of electronic commerce;
- Expansion of the interoperability system;
- Development of a central portal for electronic administrative services; and
- Development of electronic services

#### Measures of institutional character

- A training of ICT staff in the state administration;
- Strengthening the cooperation with domestic and foreign institutions;
- Employment of new staff and development of existing staff in the MISA; and
- Using of a technical assistance of the EU TAIEX instrument;

#### **Institutional framework**

- Ministry of Information Society and Administration and
- MARNet-Macedonian Academic and Research Network

### **3.10.3 AUDIOVISUAL POLICY**

#### ***Current situation***

##### *Strategic documents:*

Strategy for Development of the Broadcasting Activity 2013-2017

##### *Basic laws:*

- Law on Audio and Audiovisual Media Services ("Official Gazette of the Republic of Macedonia", No. 184/2013, 13/2014; 44/2014; 101/2014; and 132/2014); and
- Law on Media ("Official Gazette of the Republic of Macedonia" No. 184/2013 and 13/2014);

The Directive 2010/13/EC on audiovisual media services of the European Union was transposed into the national legislation.

Following the adoption of the Law on Audio and Audiovisual Media Services, in 2014 and the first half of 2015, the Agency adopted 22 by-laws for the implementation and enforcement of the legal provisions for regulation of the media sphere, which relate to: the new advertising techniques, sponsorship, commitments for broadcasting originally created programme, music, documentary and fiction programme, broadcasting of European audiovisual works and works by independent producers, minimum technical, spatial, financial and personnel conditions for obtaining a license for radio and television broadcasting, protection of minors, the formats of the programme services of broadcasters, the rules to change the ownership structure, placing products, the measurement of audiences of the programmes, manner of classification of the types of audiovisual and audio programmes. All those are available on [www.avmu.mk](http://www.avmu.mk).

#### ***Short-term priorities***

##### **Legal framework**

Secondary legislation (competence of the Agency for Audio and Audiovisual Media Services)

In 2016, the Agency for Audio and Audiovisual Media Services, will harmonise the existing and will adopt new by-laws in case of amendments to the positive legal norms in this field.

The recent intensive development of the new media, imposes the need to develop clear criteria to identify which entities are providers of audiovisual media services on request. The Agency will develop a guideline with criteria for identification of the providers of audiovisual media services on request, with reference to the legislation in this field.

For consistently enforcement of the Law on Audio and Audiovisual Media Services, Law on Media and by-laws, the Agency will carry out the following activities:

- Implementation of the annual plan for performing programme supervision for 2016, according to which the following supervisions will be performed:
  - regular programme supervision over the broadcasters for respect of the commitments to broadcast audio and audiovisual commercial communications;
  - regular programme supervision over the broadcasters for respect of the commitments to protect minors from programmes which could seriously impair their physical, mental or moral development;
  - regular programme supervision over the broadcasters for respect of the commitments to promote and protect the cultural identity;
  - regular programme supervision over the broadcasters for respect of the other programme commitments;
  - regular programme supervision of the providers of audiovisual media services on request;
  - regular programme supervision of the operators of the public electronic communications networks.



- Implementation of the annual plan for performing administrative supervision for 2016, according to which will be performed the following:
  - regular administrative supervision over the broadcasters;
  - regular administrative supervision over the publishers of print media;
- Preparing of two semi-annual reports for the activities undertaken by the Agency regarding the monitoring of the ownership structure of broadcasters and their obligations in respect of the ownership transparency and the funding sources;
- Research of the public opinion on the quality of the programme offer of the broadcasters and the representation of certain types of content on the programmes of the domestic broadcasters;
- An annual analysis of all the measures taken by the Agency for Audio and Audiovisual Media Services and most frequent violations by media publishers, provider of audiovisual media services and operators of public electronic communications network;
- An annual analysis of judicial misdemeanour proceedings because of determining the effectiveness of the imposed misdemeanour sanctions of the misdemeanour proceedings initiated against the broadcasters;
- For the development of audio and audiovisual media services, in 2016, the Agency will develop:
  - An analysis on the market of audio and audiovisual media services in 2015;
  - A study to determine the situation of the regional and local television market, with recommendations for overcoming the obstacles to development and creating conditions for sustainable funding models of regional and local television stations.

The Agency according to its powers will also prepare:

- An annual analysis of the structure of employees in the Audio and Audiovisual Media Sector in 2015 (according to the jobs, education, gender and status);
- An annual analysis of the structure of employees according to the ethnicity in the Audio and Audiovisual Media Sector in 2015.

In order to implement the commitments of the Agency which arise from the Law on Equal Opportunities for Women and Men, will be prepared:

- An analysis of the gender issues within the programming concepts and contents of the broadcasters;
- An analysis of the way of presenting and introducing the women and men within the programming concepts and contents of the broadcasters;

In order to implement the "Programme for providing access to media of the persons with sensory disabilities", the Agency will conduct research and analysis of the needs of persons with visual impairments and hearing and of the current situation in the media in relation with the programmes for persons with disabilities.

For the implementation of the "Programme for stimulation of media literacy in the Republic of Macedonia" in 2016, the Agency will take the following activities:

- publishing of a booklet that will explain the concepts of media literacy and which will be distributed to media professionals and the general public, especially the schools as a part of the cooperation with educational institutions;
- implementation of audiovisual information campaigns on topics of media literacy;
- organising a workshop for relevant activity related to media literacy;
- initiation of creating a network for stimulation of media literacy composed of interested subjects within of the relevant stakeholders (i.e. public institutions and ministries, media, civil society organisations and educational bodies);
- conducting research on the level of media literacy among the adult population in the Republic of Macedonia.

### **Institutional framework**

Institutions which have direct authority over the development of the Audio and Audiovisual Media Services are Ministry of Information Society and Administration and the Agency for Audio and Audiovisual Media Services.

During 2016, the Agency will continue with strengthening its institutional capacity through:

- programmes and trainings for professional development of employees of the Agency (participation in seminars, workshops, forums and international conferences, visits to other regulatory bodies in order to exchange experiences and information on specific topics, etc.);
- procurement of information funds according to the Strategy for development of ICT in the Agency;
- implementation of the project IPA EuropeAid / 136311 / IH / SUP / MK - "Providing equipment for monitoring system on media content for the Agency for Audio and Audiovisual Media Services".

## **PUBLIC BROADCASTING SERVICE - PE MACEDONIAN RADIO TELEVISION**

### ***Current situation***

In compliance with the Law on Audio and Audiovisual Media Services ("Official Gazette of the Republic of Macedonia", No.184/2013) and The Law on Media ("Official Gazette of the Republic of Macedonia", No. 184/2013), MRT prepared a draft version on the Statute of MRT in compliance with the new legal provisions.

In accordance with the Law on Audio and Audiovisual Media Services, the Programme Council of MRT in January adopted the Statute of MRT and on that basis the Supervisory Board of MRT in February and Director of PE MRT and the Deputy Director of PE MRT were elected in March 2015.

The Programme Council of MRT adopted its Rules of Procedure in August, and the Supervisory Board adopted its Rules of Procedure in November 2015.

This will complete the process of establishment of MRT bodies according the Law on Audio and Audiovisual Media Services.

During 2015, the competent authorities in the MRT have adopted the following acts:

Rulebook on salaries of the employees in MRT; Rulebook on contributions of transport and other expenses; Rulebook on financial activities of MRT; Rulebook on copyright, publishing and related rights and contributions; Rulebook on the conditions for using the archive materials; Rulebook on the prices of the services; Rulebook on security and protection at workplace; Rulebook on protection of fires; Rulebook on business secret; Rulebook on advertising and sponsorship; Rulebook on public procurements;

The Code of Ethics of PE MRT is in the final phase of harmonisation.

### *Short-term priorities*

#### **Legal framework**

By the adoption of the Statute of the MRT, formal legal requirements are being provided for election of the Monitoring board of MRT and the Chief Executive of MRT.

During 2016, MRT will adopt also general legal acts for internal organisation.<sup>52</sup>

During 2016, the MRT will start with an experimental broadcast of three new channels, documentary, entertaining and children's channels, by which it will enrich its own programme offer.

Also, the MRT will pay great attention to the creation of technical and programmatic conditions for broadcasting its program through appropriate platforms on the Internet.

An important priority will also be the stabilisation of the financial situation of the MRT, in cooperation with competent state authorities, primarily by increasing the collection of basic source of funding - broadcasting tax.

Rulebook on internal organisation of MRT; Rulebook on systematisation of working places in MRT; Rulebook on salaries of the employees in MRT; Rulebook on contributions of transport and other expenses; Ethical Code – Code of the behaviour of the employees; Rulebook on financial activities of MRT; Rulebook on copyright, publishing and related rights and contributions; Rulebook on the conditions for using the archive materials; Rulebook on the prices of the services; Rulebook on security and protection at workplace; Rulebook on protection of fires; Rulebook on business secret; Rulebook on advertising and sponsorship; Rulebook on public procurements; Rulebook on the form and the content of the registry of tax payers RTD; and Decisions with which in a general way the relations at MRT are being regulated.



## 3.11 AGRICULTURE AND RURAL DEVELOPMENT

### *Findings and priorities of the EC Report 2015*

The country is moderately prepared in the area of agriculture and rural development. Some progress was achieved. The New Strategy for Agriculture and Rural Development for 2014-2020 provides a framework needed to tackle the key constraints for development of the sector. The next year, the country should in particular:

- focus on more efficient use of the IPARD funds.

#### *Summary*

The laws, upon which the agriculture and rural development are based, were already adopted. The Integrated Administration and Control System (IACS) was established, and the systems for implementation of the programmes for financial support: a Single Register of Agricultural Holdings (SRAH), the Land Parcel Identification System (LPIS), the Agricultural Market Information System (AMIS) and the Farm Accounting Data Network (FADN) are in function.

The National Programme for Agriculture and Rural Development for the period 2013-2017 was adopted (Official Gazette of the Republic of Macedonia No. 134/2012 and No. 143/2013). In December 2014, on the basis of the Law on Agriculture and Rural Development, a National Strategy for Agriculture and Rural Development (NSARD) was adopted for the period 2014-2020 (Official Gazette of the Republic of Macedonia No. 197/2014).

The organisation of markets and the minimum quality standards of agricultural products for their placing on the market are regulated by the Law on Quality of Agricultural Products (Official Gazette of the Republic of Macedonia No. 140/2010, 53/2011, 55/2012 and 106/13) and the National Register of Vineyards and the Agricultural Market Information System (AMIS) are established by the Law on Agriculture and Rural Development at a country level. The market data from the AMIS system are fully prepared to give reports on the basis of which appropriate competent institutions will adopt decisions on market regulation of certain strategic products defined in EU regulations.

After obtaining an EC accreditation for three measures of the IPARD Programme 2007-2013, it is continuously working on upgrading and improving the systems for implementation of the EU support for rural development.

On 19.10.2015, a decision was obtained for accreditation and of the fourth measure of the IPARD 2007-2013, the measure for Technical Assistance.

The Programme for Agriculture and Rural Development of the Republic of Macedonia was adopted by a decision of the European Commission from 13.02.2015, within the Instrument for Pre-Accession Assistance IPA II for the period 2014-2020.

In the next period, obtaining re-accreditation of new measures and development of measures envisaged by the new IPARD Programme for the period 2014-2020 and starting of implementation through announcement of public calls and finalisation of activities for closure of the IPARD 2007-2013 are the main activities.

The measures for rural development are envisaged pursuant to the National Programme for Development of Agriculture and Rural Development 2013-2017, which will be realised by the Programme for Financial Support of the Rural Development through which national funding will be used for improving the situation in the agriculture and rural development. The measures for financial support of the rural development, which will be realised by annual programmes, are envisaged pursuant to the National Strategy for Development of Agriculture and Rural Development for the period 2013-2017 (Official Gazette of the Republic of Macedonia No. 197/14).

In order to facilitate the implementation of legal provisions and to obtain better compliance with the European regulation, amendments to the Law on Organic Farming are in the final stage, in accordance with the recent amendments to the EU Regulation 889/2008, mostly in the part of surveillance and control in the organic agricultural production. The implementation of the National Plan for Organic Production for the period 2013-2020 is ongoing, which is a part of the National Strategy for Agriculture and Rural Development 2014-2020.

The organisation of markets and the minimum quality standards of agricultural products for their placing on the market are regulated by the Law on Quality of Agricultural Products (Official Gazette of the Republic of Macedonia No. 140/2010, 53/2011, 55/2012 and 106/13). In Chapter III of the same law, the protection of the quality of agricultural and food products with a designation of origin, geographical designation and designation of traditional specialty is regulated. The Law on Quality of Agricultural Products is generally complied with the European regulations and regulations of the respective areas.

### 3.11.1 HORIZONTAL ISSUES

#### *Current situation*

Pursuant to the Law on Agriculture and Rural Development (Official Gazette of the Republic of Macedonia No. 49/10, 53/11 and 126/12, 15/13, 69/13 and 106/13), a National Programme for Agriculture and Rural Development for the period 2013-2017 was adopted. On the basis of the Programme, a Programme for Financial Support in Agriculture for 2015 (Official Gazette of the Republic of Macedonia No. 200/14) and a Decree on closer criteria for direct payments, beneficiaries of funds, maximum amounts and a manner of direct payments for 2015 (Official Gazette of the Republic of Macedonia No. 16/15) were adopted.

The Ministry of Agriculture, Forestry and Water Economy (MAFWE) is responsible for programming of direct payments and other measures intended for development of the agricultural sector in the Republic of Macedonia, as well as for establishment of all systems and registers necessary for realisation of the support measures. The Department of Agricultural Policy Analysis is competent in the part of the Single Register of Agricultural Holdings (SRAH), the Agricultural Market Information System (AMIS), the Farm Accountancy Data Network (FADN) and an Agricultural Policy Analysis. The AMIS during 2015, through the providers of market data – reporters, continuously collected, processed and published daily market information through the web page [www.zpis.gov.mk](http://www.zpis.gov.mk), then published weekly and monthly reports and prepared and published the Annual Report on AMIS, in which a review is given of movements in prices of agricultural products for the past two years pursuant to the Regulation CR (EC) No. 479/2010. The activities for connecting the database of the SRAH with the database of the Food and Veterinary Agency (FVA) were realised in 2014.

On the basis of the established Plan for selection of representative agricultural holdings for 2015, data is collected from 600 agricultural holdings.

An agreement is signed for implementation of the project "Upgrading of Agricultural Information System (AIS)", funded by the IPA – TAIB 2011, which should start at the end of 2015.

The registration of parcels of the holdings in the LPIS is mostly finished. Registration is currently being done of new LPIS parcels as well as updating of the already registered LPIS parcels if the need arises. The registration of a LPIS parcel is a condition for applying the Programme for Financial Support in Agriculture for 2014-2015.

### ***Short-term priorities***

#### **Legal framework**

Pursuant to the NSARD for the period 2014-2020, the future measures will be defined for development of a financing policy in the agriculture, as well as the establishment of the necessary systems and institutions for their realisation.

The Programme for Financial Support in the Agriculture in 2016 and the Decree on closer criteria for direct payments, beneficiaries, maximum amounts and method of direct payments for 2016 will be adopted and realised.

#### **Institutional framework**

Strengthening of the capacity of all sectors is envisaged, which are included in the horizontal activities for intensifying the EU integration process in the area.

At the end of 2015, under the IPA – TAIB 2011 will start upgrading the Agricultural Information System (AIS) and pursuant to the recommendations of experts, in compliance with EU standards and needs of users, the needs of the common agricultural policy (CAP) and the common market organisation (CMO). On the basis of the updated typology of the agricultural holdings, in 2015, the MAFWE and the State Statistical Office (SSO) will develop a Plan for Selection of Representative Agricultural Holdings in the Republic of Macedonia for 2016.

Under IPARD Programme, the Programme for Financial Support in the Agriculture and the Programme for Financial Support of the Rural Development is being realised and monitored through the IACS system. Primary modules of IACS are: the system for receiving and processing requirements for financial support, the integrated control system (ICS) and the system for authorisation of payments, which also includes an additional module for a database of reference prices. The configuration of the software is in progress and it is in the final testing phase.

In terms of the process of entering data into the software solution for direct payments in the agriculture, which will be exercised through the regional units of the MAFWE, it is envisaged enabling access to the existing software solution, which will allow entering data from external locations.

The AFSARD faces with increased responsibilities and continuous staff outflow. In order to partially alleviate the problem, 30 persons are employed for a certain period of time (3 months). An amendment to the Regulation on Internal Organisation of the AFSARD is being prepared towards preparation for undertaking of the databases of the Single Register of Agricultural Holdings and the Land Parcel Identification System (LPIS) for identification of agricultural parcels within the AFSARD during 2016 aiming at their timely updating.

### ***Medium-term priorities***

#### **Legal framework**

The Programme for Financial Support in the Agriculture in 2017 and 2018 and the Decree on closer criteria for direct payments, beneficiaries, maximum amounts and method of direct payments for 2017 and 2018 are envisaged to be prepared and realised.

Relating to the AFSARD, an amendment to the Law on establishment of the Agency for Financial Support of Agriculture and Rural Development is envisaged.

#### **Institutional framework**

Strengthening of the capacity of all sectors within the MAFWE is envisaged, which are included in the horizontal activities for the needs in the area of intensifying the EU integration process.

From 2017, new orthophoto images of the entire territory of the country thus upgrading the LPIS with new additional data, is envisaged with support of IPA – TAIB 2012 Programme.

For the needs of FADN, a Plan for Selection of Representative Agricultural Holdings for 2017 and 2018 will be developed. In order to improve the quality of the FADN data, the envisaged activities are of a particular importance, which are within the project IPA – TAIB 2011 for "Upgrading of the Agricultural Information System (AIS)" for preparation of technical specification for procurement of a new software for the FADN, where the procurement pursuant to the new EU regulation on the FADN is envisaged within the IPA – TAIB 2012. Relating to the SRAH, during 2017 and 2018, continuous activities are being planned aiming at updating the database and connecting it with other databases, as well as upgrading the system with new possibilities for preparation of various types of reports.

#### ***Programmes and projects***

During 2016, the project from the IPA – TAIB 2011 Component I for "Upgrading the Agricultural Information System (AIS)" will be implemented and pursuant to the recommendations of experts the need will be defined of the legal and institutional upgrading of the agricultural information system, which includes all units within the Department of Agricultural Policy Analysis. Also, the needs of new projects will be defined that will further give support to the effective analysis of the agricultural policy, aligned with the needs of chains of food producers, as well as a complete harmonisation of the standards with EU.

Full harmonisation of the legal framework and the methodology of the FADN pursuant to the new regulation and the methodology of EU for FADN is envisaged, within the twinning project financed by the IPA – TAIB 2013 finalisation of the FADN system.

In the period 2014-2016, through the Department for consolidation of agricultural land exchange and identification of land parcels, it is planned realisation of two consolidation projects supported by the FAO and from 2017 it is envisaged realisation of a greater number of projects with financial support from the IPA 2015 funds of EU and the budget.

The project "Support to the Consolidation of an Agricultural Land" financed by FAO, is being implementing from 2015. The main goal of the project is to support the consolidation of the agricultural land and increase the capacity of the Ministry for implementation of the projects for consolidation. With the assistance of projects financed by the IPA 2015 support will continuously proceed of the activities for consolidation of agricultural land.

### **3.11.2 COMMON MARKET ORGANISATION**

#### ***Current situation***

The legal framework for market organisation of plants and vegetable products and animals and animal products is currently determined by the Law on Agriculture and Rural Development, is partially harmonised with the EU legal regulation and the Law on Quality of Agricultural Products. The following laws are related to the market organisation of these products: Law on Veterinary Health (Official Gazette of the Republic of Macedonia No. 113/07, 24/11, 136/11 and 123/12), Law on Tobacco and Tobacco Products (Official Gazette of the Republic of Macedonia No. 24/ 08, 31/10, 36/11, 53/11, 99/13, 164/13, 151/14 and 193/15), Law on Establishment of an Agency for Financial Support in the Agriculture and Rural Development (Official Gazette of the Republic of Macedonia No. 72/07 and 05/09).

The Law on Quality of Agricultural Products regulates the agricultural products of vegetable origin, as well as products of animal origin. The Law regulates their minimum or market quality standards and marketing (placing on the market, packaging and consumer information), as well as the methods for their classification, verification, control and inspection on the market, complied with current EU standards within various policies on the common market organisation (CMO).

Regarding the classification of agricultural products by quality pursuant to the Law on Quality of Agricultural Products, the implementation of the provisions relating to classification are fully being implemented in the part of regulating the market of eggs and poultry, market of cereals, rice and flour, and are partially being implemented in the part of regulating the market of milk, fresh fruit and vegetables and the market of meat.

In order to overcome this problem, certain amendments were made in the part of regulating the market of milk to the Law on Quality of Agricultural Products, relating to introduction of a training system for controllers, which will be required

to take samples of the raw milk for quality analysis and with the ultimate goal of paying it by the class of quality. Amendments to the Law on Quality of Agricultural Products were developed relating to the establishment of a milk control system and they are published in the Official Gazette of the Republic of Macedonia No. 116/2015. Currently it is worked on development of the by-laws arising from the latest amendments to the Law, and in parallel it is also worked on providing funds from the Programme for Financial Support of the Rural Development that will be used to equip two modern laboratories for milk quality analysis. Realisation of these activities will allow a complete functional system for analysis, classification and payment by the class of milk quality following the example of the EU Member States.

During the month of September 2015, the MAFWE announced a public call for selection of beneficiaries of financial support to equip two modern laboratories in Stip and Tetovo for milk quality analysis.

A greater part of the horizontal aspects of the CMO that are relevant to all individual markets of agricultural products (interventional purchase, help for storage, specific measures for protection of the market and measures for encouraging the consumption) are regulated within the Law on Agriculture and Rural Development. A Decree for Financial Support for Wheat Storage is developed, which will be published if imbalance occurs between supply and demand in the domestic wheat market.

The legal framework regulating the wine sector and wine market is clarified with the Law on Wine (Official Gazette of the Republic of Macedonia No. 50/10, 53/11, 06/12, 23/13, 106/13 and 188/13).

Besides the Law on Wine, rulebooks are being applied that further regulate areas of oenological means and procedures which apply in the production of wine, methods of analysis, classification of varieties of grapes for wine production, conditions for wine production, shape, content, dimensions and other data on the label, content and form of the accompanying documents and incoming and outgoing records for products of grapes and wine, as well as the geographical areas planted with wine for protection of the geographical origin of wine in the country, the list of protected names of wine labelled with geographical indication and rules about labelling their product areas.

In regards to the tobacco market, in October 2015, with the assistance of a TAIEX workshop and, a study visit was realised on which experiences were recognised in this area of the EU Member States that have a similar structure of tobacco production. By December 2015, the electronic system for contracted and purchased quantities of tobacco by purchasers is planned to be put in full function.

### ***Short-term priorities***

#### **Legal framework**

In order to implement the provisions of the Law on Quality of Agricultural Products in the part of market organisation of milk and dairy products, a training and taking an exam are being envisaged for controllers for taking milk samples.

In 2016, it is planned to improve the tobacco market organisation by the Law on Tobacco and Tobacco Products by harmonising the definitions used in the EU general terminology partly aligned with the Directive 40/2014, as well as the monitoring of additives in tobacco products.

#### **Institutional framework**

In terms of market organisation of agricultural products of plant origin and specialised cultures, in 2016, it is envisaged strengthening of the Units for crop production and gardening within the Department of Agriculture, as well as strengthening of the respective units within the Department of Fruit Growing, Viticulture and Wine Production and the Department for Marketing and Quality of Agricultural Products.

Due to the responsibility for establishing an electronic system for record keeping of reported, recorded and arranged areas and quantities of tobacco by manufacturers, purchasers, types of tobacco, it is necessary, in 2016, the IT Department and the Department of Agriculture to be strengthened with one new employment by sector.

### ***Medium-term priorities***

#### **Legal framework**

In terms of products of plant origin, it is envisaged adoption of new by-laws pursuant to the Law on Tobacco and Tobacco Products, partly aligned with the changes to the CMO of agricultural products within the EU. Also, it is necessary to revise the existing legal framework in the part of market organisation, for compliance with the latest EU regulations.

#### **Institutional framework**

It is envisaged continuous strengthening of the relevant sectors and institutions relevant for market organisation for agricultural products in 2016-2017 through TAIEX trainings, workshops and study visits to EU Member States in order to provide knowledge and expertise in the areas and institutions that are relevant for market organisation of agricultural products.

## Programmes and projects

In the period 2016-2017, it will be implemented a project from the IPA – TAIB 2013 – Reforms in the tobacco sector in accordance with European common market organisations.

### 3.11.3 RURAL DEVELOPMENT

#### *Current situation*

Pursuant to the Law on Agriculture and Rural Development, the following was adopted: the Programme for Financial Support of the Rural Development for 2015 (Official Gazette of the Republic of Macedonia No. 67/15, 131/15, 138/15, 145/15, 177/15 and 204/15), the Decree on the type of activities, the maximum amount for operations, customers, entities participating in the procedure, the closer criteria and the method for granting technical assistance in the agriculture and rural development (Official Gazette of the Republic of Macedonia No. 6/13, 81/13, 181/13, 01/14, 23/2014, 136/14, 157/14 and 139/15), the Rulebook on the closer additional criteria for the support of rural development measures, eligible costs and the amount of the support for eligible costs per beneficiary for a separate measure (Official Gazette of the Republic of Macedonia No. 124/11, 80/13, 72/14 and 88/15) and the Rulebook on the closer criteria for selection of beneficiaries under the measures for rural development (Official Gazette of the Republic of Macedonia No. 124/11 and 80/13), and the measures provided for in the programme are being realised.

On the basis of the Law on Agricultural Cooperatives (Official Gazette of the Republic of Macedonia No. 23/15), four by-laws were adopted for clarification of the procedure for registration in the register of agricultural cooperatives, as a part of the national law.

During 2015, two new articles for the Law on Agriculture and Rural Development were developed, which are related to the financial engineering in the Section VII. State assistance in the agriculture, Article 98-a "Subsidising Interest Rate" and Article 98-b, "Co-financing Bank Guarantees", which as measures will be implemented by the Programmes for Financial Support of the Rural Development exclusively from the budget of the Republic of Macedonia intended for the rural development.

During 2015, an agreement on cooperation between the Government of the Republic of Macedonia and the Agency for International Development of the United States (US) was signed for bank guarantees for agriculture and rural development in the Republic of Macedonia for which the Programme for Financial Support of the Rural Development for 2015 sets aside 43,800,000 denars or about \$ 800,000.

The seventh modification of the IPARD Programme 2007-2013 was developed. The proposal for modifications, which includes changes to the financial tables and technical adjustments and improvements to the programme, was officially submitted to the EC Directorate-General for Agriculture on 08.10.2015 and it is expected to be approved by the end of 2015.

During September 2015, a decision was obtained to transfer the right to use the funds for the measure 501- Technical Assistance by the European Commission, and it was effectively implemented by the AFSARD by submitting a letter - an invitation to the MAFWE for submitting an Application for financial support for activities arising from the Action plan for the Technical Assistance Measure.

Within the twinning light project "Assistance for a Payment Agency for preparation of the public rural infrastructure measure", financed by the IPA 2010, an accreditation package was developed for the measure for investments in public rural infrastructure within the IPARD II programme, and it was submitted to the National Accreditation Coordinator in order to start the procedure for entrusting tasks for realisation of the budget pursuant to the adopted Accreditation Action Plan, the entire procedure is envisaged to be completed by the end of 2016.

Simultaneously, the AFSARD submitted to the European Commission's Directorate-General for Agriculture and Rural Development in July 2015 and the accreditation package for the already accredited measures, amended in accordance with the provisions of the IPARD II programme and it is expected to obtain approval at the beginning of 2016. With the completion of the procedure for entrusting tasks for realisation of the budget for the already accredited measures: Investments in physical assets in agricultural economies, Investments in physical assets in the processing and marketing of agricultural and fishery products, Diversification and business development of agricultural holdings and the Technical Assistance Measure, the AFSARD will get the right to start implementation of the funds from the IPARD II after previous adoption of the Decree on the manner and the procedure for using financial support from the Instrument for Pre-accession Assistance IPA II in the agriculture and rural development sector - IPARD II.

During 2015, within the MAFWE, a project was started, funded by the IPA 2010 for "Preparation of the measures: Implementation of local development strategies, LEADER Approach and Advisory Service", within which the written operating procedures of the AFSARD should also be developed in order to start a procedure for entrusting tasks for realisation of the budget for the above measures. It is envisaged the procedures to be prepared by the end of 2016.

On 15 December 2015, the twinning project from the IPA 2011 "Further Strengthening of the IPARD Agency" will start for a period of 21 months within which it is envisaged completion of the accreditation procedures - entrusting tasks for

realisation of the budget of the new measures. In 2014, it was realised assessment/evaluation for the IPARD by independent assessors hired by the EC. The assessment of the independent assessors consists of: assessment of the current programme, previous evaluation of the Programme 2014-2020, and assessment of the EU assistance for agriculture and rural development. Pursuant to the final documents from the independent assessment for the IPARD, a plan was developed to overcome the findings and realisation of the recommendations relating to the IPARD and AFSARD Managing Authority.

### *Short-term priorities*

#### **Legal framework**

On the basis of the NSARD 2014-2020, in 2016, amendments are planned to be adopted to the Law on Agriculture and Rural Development and accompanying by-laws in order to comply with the new EU Regulation on rural development.

In 2016, the Programme for Financial Support of the Rural Development for 2016 is planned to be adopted, in which the guidelines from the NSARD will be realised through measures for financial support.

By-laws arising from Article 5(3) of the Law on Agricultural Cooperatives and for "the manner on performing the activity through cooperation in the performance of services by the agricultural cooperative to irrigate agricultural areas by using irrigation systems on the basis of a prior agreement concluded with a competent entity for conducting water management activity" will be prepared. It is expected to be published in the Official Gazette in January, 2016.

Regarding the management of the EU pre-accession assistance for rural development (IPARD) in 2016, the following activities will be taken:

- Eighth modification/amendment of the financial tables of the IPARD Programme 2007-2013;
- Ratification of the bilateral agreement - Sectoral agreement for implementation of the IPARD Programme 2014-2020 between the Republic of Macedonia and the European Commission;
- Finalisation and adoption of the Decree on the manner and method of allocation of financial support for rural development measures, financed through the IPARD 2014-2020;
- Development and adoption of the national act for adopting the IPARD Programme 2014-2020;
- Development of an Evaluation Plan for the IPARD 2014-2020;
- Harmonisation of the legal act on the Committee for monitoring of the IPARD pursuant to the new programming period 2014-2020;
- The first amendment of the IPARD 2014-2020 by introducing new measures;
- Adoption of a legal act for implementation of the measure 501 Technical Assistance of the IPARD Programme;
- Adoption of by-laws for implementation of the measure 301 Rural Infrastructure.

In order to regularly inform the users for the opportunities of the IPARD Programme, in 2016, the campaign for the IPARD will continue. The campaign will be conducted pursuant to the Annual plan for communication with the public for the IPARD Programme 2015, prepared on the basis of the Plan for communication and publicity of the IPARD Programme 2007-2013, and it will be aimed at promotion of a guarantee fund and co-financing of interest rates for IPARD projects. In 2016, it is planned an intensive campaign and publicity of the opportunities and conditions offered by the IPARD 2014-2020.

#### **Institutional framework**

The Department for Rural Development still remains responsible for creation and realisation of policies on the rural development and state aid in the agriculture in the period from 2008 to 2015 at the MAFWE, through its 5 units.

In 2016, amendments to the internal working procedures of the IPARD Management Body are envisaged in order to comply with the Law on Civil Servants (76/2010, 167/2010, 36/2011, 6/2012, 24/2012, 15/2013, 82/2013, 106/2013) and other legal acts in force relating to standards for human resources.

In 2016, strengthening of the administrative capacity of the Department for IPARD will continue by employment and training of the additional employed persons and further training of the existing employees.

The Monitoring Committee of the IPARD Programme will continue to meet at least twice a year. An Annual Report on implementation of the IPARD Programme for 2015 will be developed, which should be submitted in the middle of 2016.

In 2016, the first Monitoring Committee of the IPARD 2014-2020 will be held.

### *Medium-term priorities*

#### **Legal framework**



Preparation of the by-laws pursuant to Article 64 of the Law on Agriculture and Rural Development during the first half of 2016.

The activities will be directed towards activities for accreditation of measures M301 Rural infrastructure M303, Support for training in the agriculture and M201 Agro-ecological measures as well as updating the List of eligible costs pursuant to the IPARD Programme 2014-2020.

By the mid of 2017, the final report on implementation of the IPARD Programme 2007-2013 will be developed.

The communication with the public for the IPARD Programme will take place on the basis of development of regular annual plans for communication with the public for the IPARD Programme in 2017 and 2018.

#### **Institutional framework**

Strengthening of the Department for Rural Development will continue by employment and training of the additional employed persons and further training of the existing employees in medium-term.

The Monitoring Committee of the IPARD Programme will hold regular meetings. In the context of the activity for establishment of a security ICT system for the IPARD Management Body, it is planned providing a user access to the databases of the AFSARD by integrating their data systems with the data systems of the IPARD Agency in one system of data flow between these two institutions.

Also, it is planned establishment of a user access to databases and registers in the Food and Veterinary Agency after realisation of all activities related to establishment of ICT systems related to the AIS.

The Monitoring Committee of the IPARD Programme will continue to meet at least twice a year in 2017 and 2018.

#### **Programmes and projects**

The following project will be realised for successful use of the IPARD funds from the IPA TAIB 2010:

- A project for services "Introducing New IPARD Measures and Preparatory Activities for the IPARD 2014-2020".
- The following project was envisaged for the AFSARD from the IPA TAIB 2011 starting on 15.12.2015:
- A twinning project "Future Strengthening of the AFSARD and preparation of the Agency for the new programming period 2010-2014";
- The following project was envisaged from the IPA TAIB 2012:
- "Support for preparation and realisation of IPA 5-th Component (IPARD II) after the 2013 - IPARD "help desks"".

### **3.11.4 ORGANIC FARMING**

#### ***Current situation***

In order to obtain better compliance with EU regulations on organic production, amendments to the Law on Organic Agricultural Production are in final stage in accordance with the developed draft amendments to it, within the twinning project: "Organic Agriculture Production and Quality Protection of Agriculture products", financed by the IPA TAIB 2009, which lasted until November 2014.

Implementation of the National Plan for Organic Production in the country for the period 2013 – 2020 is ongoing.

Pursuant to the National Programme for Agriculture and Rural Development 2013 – 2017, the financial support of the organic production also continues in 2015. Despite the determined support, which is 30% higher than the amount of direct payments for the conventional production, support measures with an additional higher amount were envisaged for 2015: 50% for crops, livestock and beekeeping, 70% for orcharding and winegrowing and 100% for vegetable production, as well as covering 50% of the cost for certification of the organic production.

MAFWE started with project "Opening shops for organic farming and campaigns for greater consumption of the organic production" within which implementation of a national campaign to increase awareness about the use of organic food and opening specialised shops for organic food are being envisaged. This project is being planned to last until 2018.

The first Register of Organic Agricultural Farmers is being established as a fundamental basis of all relevant data on organic agriculture production in the Republic of Macedonia, within the IME (an Increasing Market Employability Project) and the Swiss Foundation for Technical Cooperation, for development and reconstruction of the web platform for organic production: [www.organicmacedonia.org.mk](http://www.organicmacedonia.org.mk).

In 2015, changes were made to the system for control and certification of the organic agricultural production in the country relating to control/certification bodies. From July 2015, the system for control and certification of the organic agricultural production is being implemented by two certification bodies accredited by the MAFWE, from the previously existing three control/certification bodies. Thus, the control and certification of the organic agriculture production in the Republic of Macedonia will continue to be performed by two control/certification bodies: Balkan Biocert and Procert

Control and Certification – as a new accredited certification body for performing expert control in the organic agricultural production, starting as a new from June 2015. While the accreditation of the previous existing accredited certification body Agri Bio Cert is revoked and deleted from the records of a control/certification body: for organic agricultural production due to termination of fulfilment of the conditions referred to in Article 46 of the Law on Organic Agricultural Production.

### *Short-term priorities*

#### **Legal framework**

In order to integrate the rules and procedures provided in the Commission Regulation No. 392/2013 on the control system for organic production, the Commission Regulation No. 1235/2008 on the arrangements for imports of organic products from third countries, and the Commission Regulation No. 710/2009 on laying down detailed rules on organic aquaculture animal and seaweed production, amendments to the Law on Organic Agricultural Production are in final stage. After adoption of the amendments to the law, also, the by-laws will be additionally determined, which will be adopted on the basis of it.

The Programme for Encouragement and Development of the Organic Agriculture for 2016 is envisaged, on the basis of which the financial support in this sector will be allocated.

Functionality of the Register of Organic Agricultural Farmers as a fundamental basis of all relevant data on organic agriculture production in the Republic of Macedonia, within the IME (an Increasing Market Employability Project) and the Swiss Foundation for Technical Cooperation.

#### **Institutional framework**

Trainings are envisaged for the new staff at the Unit of Organic Agriculture Production at institutional level.

Despite the contribution to further harmonise the law and by-laws in the area of organic production, institutionally the stakeholders will also be strengthened in the organic production in the country.

### *Medium-term priorities*

#### **Legal framework**

Preparation of by-laws arising from the Law on Organic Production, as well as preparation and realisation of the Programme for Encouragement and Development of the Organic Agriculture for 2017 and 2018 are envisaged.

#### **Institutional framework**

Further strengthening of the Unit of Organic Agriculture Production and the SAI, as well as trainings of the additional employed persons and further training of the existing employees is planned.

#### **Programmes and projects**

Project "Opening shops for organic production and campaigns for greater consumption of the organic production" will continue by 2018.

## **3.11.5 QUALITY POLICY**

### *Current situation*

Pursuant to the planned activities, the Department for Marketing and Quality of Agricultural Products within the MAFWE, which is responsible for implementing the provisions of Chapter III of the Law on quality of agricultural and food products with protected designation of quality, developed the amendments to the Law on Quality of Agricultural Products and they are published in the Official Gazette of the Republic of Macedonia No. 116/15 of 09 July 2015. Despite compliance with the new European regulation 1151/12 of these amendments, the quality protection procedure is simplified and the costs of protection are being reduced that were found to be high for the producers and consequently there was little interest in them.

Currently, the by-laws of Chapter III of the Law on quality of agricultural and food products with protected designation of quality are being developed relating to keeping registers of protected designations and registers of users of protected designations. The rulebooks are submitted to the Secretariat for Legislation for opinion.

In 2015, two amendments to the Law on Quality and Marketing of Agricultural Products were made. The amendments are aimed at harmonising the misdemeanour provisions of the law with the Law on Misdemeanours, as well as clarifying the provisions in the part of the procedure for taking exams.

By the end of 2015, the realisation of the protection of product names is planned, for which elaborations were already developed as follows: Ohrid cherry, Bistra sheep kashkaval, Bistra sheep cheese etc.



In order to encourage the producers and processors to implement protection of the quality of its products, measures are envisaged for financial support of the "Programme for Financial Support of Agriculture" for 2015, i.e. item 1.4, which reads as follows: "Assistance for marketing of agricultural products and processed agricultural products - costs for introducing protected designations of quality of agricultural and processed products". This measure covers 80% of the costs incurred for introducing protected designation of quality, but not more than 300,000 denars per product. The measure covers costs such as an elaboration of the product whose name is being protected with a quality designation, laboratory analyses for the product, costs for control and verification of the suitability of the product with the elaborate, costs for external members of the expert committee that reviews the application for obtaining protected designation of quality etc.

### ***Short-term priorities***

#### **Legal framework**

Adoption of the by-laws arising from the Law Amending the Law on Quality of Agricultural Products in order to harmonise it with the new EU Regulation 32012R1151 are expected by February 2016.

During 2015, within the Programme for Financial Support in the Agriculture as well as the Programme for Rural Development for 2016, measures for financial support will be envisaged for introducing higher quality standards. During 2016, it is expected starting of the procedure for registration of the developed elaborates for "Ohrid cherry", "Bistra sheep white cheese", "Bistra sheep kashkaval".

#### **Institutional framework**

In order to strengthen the institutional capacity, several TAIEX expert missions and study visits are requested, which will contribute to implementation of the legal framework after the completed legal compliance and institutional setting of systems for development and protection of the quality of agri-food products.

### ***Medium-term priorities***

#### **Legal framework**

In this time period, also, preparation is envisaged of elaborates and realisation of the protection of designations of origin and traditional specialty of agricultural products, as well as preparation of a Sub-programme for assistance in introducing higher quality standards for 2017 and 2018 and their implementation.

#### **Institutional framework**

Within the MAFWE, it is envisaged strengthening of the Department for Marketing and Quality of Agricultural Products, the Unit for Standards and Quality of Agricultural Products and Unit for Marketing of Agricultural Products by new employments in 2017 and 2018, as well as training and upgrading of the current and newly employed persons in the area of protected names for designations of quality of agricultural and food products and their promotion.

## 3.12 FOOD SAFETY, VETERINARY AND PHYTOSANITARY POLICY

### *Findings and priorities of the EC Report 2015*

There is some level of preparation in the area of food safety, veterinary and phytosanitary policy. Some progress was made, particularly on food safety. In the coming year, the country should:

- increase administrative capacities, in particular in inspection services and laboratories;
- step up efforts on phytosanitary policy.

### *Summary*

Amendments to the Law on Food Safety were adopted and published in the "Official Gazette of the Republic of Macedonia" No. 72/2015 of 06. 05. 2015. With the amendments to the law, full compliance with the relevant EU regulations was achieved, namely with Regulation 32011R1169 and Decision 32006D0677.

The administrative capacities of the Food and Veterinary Agency (FVA) are further strengthened with employment of 31 highly educated professional staff for implementation of the legislation, harmonised with the requirements and standards of the EU, as well as maintenance of the appropriate systems. Most of the planned trainings were realised. The activities with technical support provided by IPA 2009 are in the final stage of realisation. Moreover, in June 2015 began the implementation of a twinning project, within IPA 2010. The activities within the two projects are aimed at further strengthening the capacities of the authorities responsible for food safety, veterinary and phytosanitary policy. Within FVA, the quality management system is successfully implemented according to the international standard ISO 9001. Preparations were initiated for accreditation of the FVA inspection services in accordance with the international standard EN/ISO/IEC 17020:2012.

High degree of harmonisation of the national legislation with the EU legislation was achieved in the past period, and the process of harmonisation continues following the amendments to the relevant European legislation.

In the area of phytosanitary policy, there has been progress in harmonisation with the EU legislation in the area of plant health, as well as accepting the international phytosanitary ISPM standards, and as a short term priority it is envisaged the adoption of a new Law on Products for Plant Protection, harmonised with the relevant EU legislation. The implementation of the monitoring programmes for monitoring the plant health, as well as for products for plant protection is continuously performed.

The administrative capacities of the relevant institutions for phytosanitary policy were further strengthened with employments and realisation of trainings for the administrative staff. The scope of accreditation of the State Phytosanitary Laboratory (SPL) is expanded with new accredited methods.

### 3.12.1 GENERAL PRINCIPLES

#### *Current situation*

The amendments to the Law on Food Safety were adopted in order to fully comply with the EU legislation in the field of information for consumers in terms of food and criteria for implementing the audit in the area of food safety and veterinary policy, namely Regulation 32011R1169 and Decision 32006D0677, as well as improving the text of the law, especially the provisions relating to: nutritional and health claims for food *in order to* reduce the risks of diseases outbreaks in people, improving the provisions on food supplements, food for special nutritional needs and enriched food, responsibilities of food operators in terms of information about the food.

The amendments to the Law are published in the "Official Gazette of the Republic of Macedonia" No. 72/2015 of 06.05.2015.

Protective measures were adopted, in the form of decisions for import ban, complied with the latest EU legislation adopted in 2014 and 2015, in terms of aflatoxin, special conditions for imports of okra and curry leaves from India, as well as in relation to the import ban of beans originating from Nigeria.<sup>53</sup>

The Government adopted the second amendments of the Multiannual National Control Plan (MNCP) in the area of food safety, veterinary and plant health. The amendments were adopted pursuant to the Law on Food Safety, as well as on the basis of EC Regulation No. 882/2004. In addition, the second Annual Report on the implementation of MNCP was approved by the Government of the Republic of Macedonia.

With the support of DG SANTE, during 2015, numerous training sessions were conducted in various fields for strengthening the inspection services of the FVA, for harmonisation or uniformed approach in performing official controls

<sup>53</sup> More details in **Appendix- Adopted regulations/legislative activities provided for in NPAA Revision 2015, Chapter 3.12. Food safety, veterinary and phytosanitary policy, as well as the website of FVA, Regulations.**

by the inspection services, thus achieving professional development of 81 participants, representatives of the FVA. A total of 321 participant of the FVA attended TAIEX events which were held during 2015. FVA as a national contact point for Codex and EFSA continues to deepen the cooperation with these international bodies by direct participation in their activities.

In terms of increased efficiency in the implementation of the legislation in the field of food safety and veterinary policy, as well as maintenance of established systems, the administrative capacities of the Food and Veterinary Agency, during 2015, were further strengthened by additional 31 employments of professional highly educated staff (7 official veterinarians, (especially in the field of animal health), 7 state food inspectors and 17 employments in the central organizational units of the FVA for sustainability of the respective systems).

In addition, trainings were conducted for the existing and for the new employees, organized by the FVA and external technical support, in order to improve their knowledge in a specific field of Chapter 12, including recent amendments or developments in the EU legislation and equal access to the implementation of the EU legislation.

In order to improve the organizational structure of the institutions, as well as the inter-institutional cooperation:

- sustainable business plans of FVA were developed;
- analyses of the volume of the workload of FVA were prepared;
- official memoranda of cooperation were developed and concluded between the following institutions: FVA and Ministry of Health, FVA and Ministry of Agriculture, Forestry and Water Economy, including standard operating procedures for communication between the competent institutions that are approved by both parties; and
- written procedures (manual and guidelines, accompanied by corresponding annexes) were developed for communication and coordination within the FVA at different hierarchical levels, as well as between different sectors within the FVA.

Regarding the improvement of the risk assessment, risk communication and risk management in the field of food safety and animal feed in order to establish an operating system for risk analysis in accordance with EC Regulation 178/2002 (32002R0178), the following documents were approved:

- Operational Procedures Manual for Risk Communication which covers the methodology for assessing the risk perception and methodology of risk communication in the event of a crisis; and
- The standard operational procedures for: routine risk communication, risk communication in the event of a crisis and assessment of the perception of risk; and
- Proposal for communication channels in case of crisis.

Also the following documents were approved: Operational Procedures Manual for Crisis Management, Operational Procedures Manual for Risk Assessment and Operational Procedures Manual for Risk Management.

In order to improve the processing and analysis of the data within the Food and Veterinary Agency, a methodology was approved for improving the data collection, reporting, processing and analysis of data from the official controls performed by the inspection services of the Food and Veterinary Agency. A platform was developed for filing complaints by affected consumers.

Starting from June 2015, the twinning project "Strengthening the administrative and institutional capacity of the competent authorities for food safety, veterinary and phytosanitary policy" is being implemented, where beneficiaries are: the Food and Veterinary Agency, the State Inspectorate for Agriculture and the Phytosanitary Directorate. The project is in cooperation with the Republic of Italy as a twinning partner, within the IPA Component 1 - Transition Assistance and Institution Building, programming year 2010.

### ***Short-term priorities***

#### **Legal framework**

At the beginning of 2016, the Unit for Internal Control and Audit within FVA will prepare an Annual Programme and Plan for internal audit of the official controls for 2016, and the activities therein will be based on the risk analysis, and on certain priorities from the top management of FVA.

In the first quarter of 2016, according to the amendments to the Law on Food Safety (Official Gazette of the republic of Macedonia No. 123/2015), Article 77 paragraph (6), (7), (8), (9) and (10) and in order to obtain independent supervision of the internal audit of the official controls, a *Committee for Internal Audit of the Official Controls* will be established, composed of members who have knowledge and experience in the internal audit standards and legislation.

At the beginning of 2016, the Unit for Internal Control and Audit, according to the amendments to the Law on Food Safety (Official Gazette of the Republic of Macedonia No. 123/2015), Article 77 paragraph (10), will adopt the *Rulebook on the manner and procedure for conducting internal audit of the official controls in FVA*, harmonised with Decision 2006/677/EC, ISO 19011:2011 and the International Standards for Internal Audit. The Unit for Internal Control and Audit will conduct an analysis and will prepare the new Five-year plan for internal audit of official controls 2016 - 2021.

### **Institutional framework**

For further strengthening of the capacities of the FVA, especially the inspection services and laboratories, the implementation of a Project within the IPA 2010 Programme is in progress. In the forthcoming period, a twinning project within the IPA 2012 Programme, which is currently under preparation<sup>54</sup>, is expected to start.

Software solutions were developed for introduction of a system within FVA for collecting data from laboratory tests and the results obtained of the risk assessment. For strengthening the professional capacities of the employees in the FVA, a number of trainings have been foreseen for the newly employed staff, particularly the professional staff whose working assignments are directly related to different areas.

*The cooperation with EFSA* (European Food Safety Authority ) will continue in the upcoming period, as it was before, within the EU Pre-Accession Programme, through inclusion in the activities of EFSA of the candidate countries for EU membership. In the forthcoming period, the focus shall be placed on strengthening the capacities of the candidate countries for risk assessment in relation to food safety and greater involvement of the scientific committee of the candidate countries in the working groups and projects of EFSA as well as the projects.

According to the Law on Food Safety, and the Decision of the Government, initiation of a procedure for establishment of panels and committees on risk assessment in more areas related to food safety has been envisaged, in order to improve the organizational structure for risk assessment.

In the following period, the second recertification of the Quality Management System shall be conducted within FVA.

Within IPA 2012, equipment for the Food and Veterinary Agency, necessary for smooth implementation of the official controls in the regional units and the border inspection places, will be additionally purchased.

### **Medium term priorities**

#### **Legal framework**

The amendments to the European legislation in relation to the food safety shall be monitored continuously by the Food and Veterinary Agency and shall be subsequently transposed into the national legislation.

### **Institutional framework**

Preparatory activities were implemented for accreditation of the FVA inspection services, in accordance with the European standard MKC EN ISO/IEC 17020:2012.

## **3.12.2 VETERINARY POLICY**

### **Current situation**

A number of by-laws were adopted which in detail regulate different areas covered by the veterinary policy, thus contributing for harmonisation with the relevant EU legislation of recent date in the following areas (<sup>55</sup>): control measures for animal diseases; identification and registration of animals; systems for control of import of live animals and products of animal origin; requirements for import and transit of live animals, products of animal origin and protective measures for import and transit of live animals, products of animal origin, non-commercial movement of pets, decisions - prohibition for import and transit, in order to protect the health of humans and animals.

Payment of other outstanding obligations from the previous years for the veterinary companies and the Faculty of Veterinary Medicine shall be performed during 2015, in accordance with the Programme for Using Funds for Animal Health Protection for 2015.

Interventions were made in the Law amending the Law on Agriculture and Rural Development ( "Official Gazette of the Republic of Macedonia" 154/15) for overcoming the debt.<sup>56</sup>

An upgrade i.e. expanding of the ISFVA system (Information System of the Food and Veterinary Agency) in several modules was made.

In addition to the scope of accreditation of the laboratory methods within the Faculty of Veterinary Medicine, new laboratory methods were introduced, thus increasing the number of accredited laboratory methods (a total of 131). (The details are published on the website of the Institute for Accreditation of the Republic of Macedonia ([http://www.iam.gov.mk/index.php?option=com\\_content&view=article&id=161%3Alt-001&catid=69%3Aaccr-lab-test-cat&Itemid=119&lang=mk](http://www.iam.gov.mk/index.php?option=com_content&view=article&id=161%3Alt-001&catid=69%3Aaccr-lab-test-cat&Itemid=119&lang=mk)).

### **Short term priorities**

#### **Legal framework**

<sup>54</sup> Note and recommendation from the last European Commission Progress Report for the Republic of Macedonia (2015)

<sup>55</sup> More details in: Appendix - Adopted regulations/legislative activities provided for in NPAA Revision 2015, Chapter 3.12. Food safety, veterinary and phytosanitary policy, as well as on the website of FVA, (Regulations);

<sup>56</sup> Note and recommendation from the last European Commission Progress Report for the Republic of Macedonia (2015)

Adoption of by-laws considering animal welfare, internal trade in the community with live animals, as well as amending the existing legislation regarding transmissible spongiform encephalopathies (TSE) has been planned, in order to fully comply with the newly adopted European legislation. (More details, Appendix 1 - Matrix of objectives and activities for 2016 - 2018). Revision of the Programme for Control of Brucellosis in Cattle and preparation of a new Programme for Brucellosis in Sheep have been planned.

#### **Institutional framework**

FVA (during 2015) started with active surveillance over the diseases viral haemorrhagic septicaemia - VHS and infectious haematopoietic necrosis - IHN in all registered fish farms for trout. The surveillance shall be conducted twice a year, in spring and in autumn, and the spring sampling is completed, the autumn sampling is in progress.

The payment of the remaining funds shall be conducted in accordance with the Budget for 2016<sup>57</sup>

The vaccination of the wild foxes shall continue to be implemented with financial support from the EU.

With the IPA 2010 Twinning Project, series of activities are envisaged in order to strengthen the capacities of the established systems.

In the area of animal health protection:

- Surveillance programmes of many diseases including: Bluetongue, West Nile fever, Bovine leukosis, Trichinella, Viral haemorrhagic septicaemia and Infectious viral necrosis in fish.
- The Emergency response plan for Classical swine fever and revision of the control plans for Brucellosis in sheep and goats, Brucellosis in bovine and Tuberculosis in bovine.
- Defining the course of action in order to achieve the status of "free" of the following diseases: Brucellosis (sheep, goats and bovine), Tuberculosis and Classical swine fever.
- Categorisation of pig farms based on bio-security measures
- Revision of the National Control Plan for Salmonella
- Establishment of biosafety measures on farm and
- Preparation of Emergency response plans for notifiable diseases or for diseases which have not been previously found in the Republic of Macedonia, has been envisaged.

The activities of the Western Balkans Trade Logistics project continued during 2015. The Monitoring plans for control of the import of food, feed and food contact materials started to be implemented. Adjustments in the system for border inspection started, as well as the introduction of two systems necessary for data collection and notification for unsafe shipments.

Implementation of serological tests has been planned for certain zoonotic diseases and screening of the situation of other diseases that are not covered by the current programme.

In the short term, an upgrade of the VIS system with another module for slaughter and compensation for seized infected animals has been planned.

#### ***Medium term priorities***

##### **Legal framework**

The FVA, subsequently to the adopted amendments to the European legislation regulating the areas covered by the veterinary policy, shall perform harmonisation with the national legislation.

Also, in this regard, within the IPA 2012, during 2017 it is envisaged support for the following activities:

- Analysis of the degree of harmonisation of the national legislation in the field of veterinary policy with all the amendments to the relevant EU legislation (animal health protection, animal protection and welfare, as well as other areas of the veterinary policy);
- Preparation of a Strategy and Action plan for implementation of the rules regarding animal welfare and protection;
- Preparation of implementing legislation in various areas; and
- Preparation of working papers, including procedures and relevant technical documents, i.e. guidelines, checklists, reports, etc.).

##### **Institutional framework**

The VIS system within the FVA shall be further upgraded with new modules in the area of veterinary policy.

In order to further strengthen the institutional and administrative capacities of the Food and Veterinary Agency, within IPA 2012, the following activities in the field of animal health are envisaged:

- Determination of priority diseases transmitted by vectors and priority parasitic diseases important for the Republic of Macedonia and preparation of a study on cost-benefit of the above groups of diseases;

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<sup>57</sup> Note and recommendation from the last European Commission Progress Report for the Republic of Macedonia (2015)

- Preparation of a strategy and action plan for monitoring and supervision of diseases transmitted by vectors and priority parasitic diseases important for the Republic of Macedonia;
- Preparation of procedures and checklists aimed at single/common approach in the implementation of the established system of supervision and monitoring;
- Preparation of emergency response plans and operation manuals for diseases that are subject to emergency response plans and which the Food and Veterinary Agency does not possess;
- Preparation of guidelines applicable in the event of natural disasters and radiation;
- Providing trainings for the official veterinarians in relation to the measures implemented in the event of an outbreak of a certain disease subject to emergency response plans.

In the field of veterinary medicinal products, within IPA 2012, the following activities are envisaged:

- Preparation of documents, including: Programme for antimicrobial resistance, National action plan for prevention of outbreak of antimicrobial resistance dangers, manuals, working papers, including good veterinary practices regarding the prescription of veterinary medicinal products - VMP and regarding the application of the doses for VMP by private veterinary practice;
- Introduction of operating system i.e. centre for adverse reactions caused by veterinary medicinal products;
- Establishing a functional system for control of the overuse and misuse of antibiotics intended for use in the veterinary medicine;
- Establishing an official system for monitoring/tracking adverse reactions from veterinary medicinal products.

### 3.12.3 PLACING ON THE MARKET OF FOOD, FEED AND BY-PRODUCTS OF ANIMAL ORIGIN

#### *Current situation*

According to the Law on Food Safety ("Official Gazette of the Republic of Macedonia" 157/10, 53/11, 1/12, 164/13, 187/13, 43/2014, 72/2015, 84/2015 and 129/2015), a new Rulebook on the manner and procedure for performing official controls for food of animal origin was adopted and published in the "Official Gazette of the Republic of Macedonia" 157/2015 of 14.09.2015. The Rulebook is harmonised with all amendments to the EU Regulation regulating the appropriate area. (Regulation 32004R0854)<sup>58</sup>.

#### *Short term priorities*

##### **Legal framework**

For full harmonization with the relevant EU legislation in the field of safety of food of animal origin, and taking into account the new legal frameworks of EU, which affect the already adopted rulebooks, amendments has been planned to the Rulebook on the maximum permitted levels of residues of pesticides in or on food (amendments to the EU legislation adopted in the second half of 2015).

Also, adoption of two by-laws on animal by-products has been envisaged, aimed at full harmonisation with the relevant EU regulations (Regulations 32011R0142 and 32009R1069). (Details in the Matrix of objectives and activities 2016 - 2018, Chapter 3.12. Food Safety, Veterinary and Phytosanitary Policy).

Also in the first half of 2016, adoption of a Strategy for collection, processing and safe disposal of by-products of animal origin is expected, as well as special requirements for food of animal origin, and official controls for detecting the presence of *Trichinella* in meat.

At the beginning of 2016, a *Programme for monitoring and reporting on antimicrobial resistance of zoonotic and commensal bacteria*, harmonised with the EU measure 32013D0652, will be adopted and will be implemented by the Food and Veterinary Agency. The legal basis for adoption of the Programme is Article 73 paragraph (2) of the Law on Food Safety ("Official Gazette of the Republic of Macedonia" No. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15 and 129/15).

##### **Institutional framework**

Within the twinning project "Strengthening the administrative and institutional capacity of the competent authorities for food safety, veterinary and phytosanitary policy", strengthening of the capacities at central level and the veterinary inspection has been envisaged, for the purposes of:

- Revision of the Multi-annual national control plan
- Standard procedures for sampling
- Internal audit

<sup>58</sup> More details in: *Appendix - Adopted regulations/legislative activities provided for in NPAA Revision 2015, Chapter 3.12. Food safety, veterinary and phytosanitary policy*, as well as the website of FVA, (Regulations).

- Check lists for certain manufacturing processes
- Further development of the categorisation of objects based on the principle of risk analysis
- Operational control plan for improving the quality of the raw milk
- System of managing traditional production and traditional products, based on EU quality schemes
- Guides of good practice in primary production of food of animal origin

For co-financing the activities for categorisation of food operators and harmonisation with the European standards, funds are provided under the IPARD Programme.

#### *Medium term priorities*

##### **Legal framework**

The Food and Veterinary Agency will continue to align the legislation regarding food safety rules, always taking into account the amendments to the relevant EU legislation.

##### **Institutional framework**

The process of establishing a national integrated system for collection, storage, transport and removal of by-products of animal origin has started and will be realised in the medium term. Due to the complexity of the process and the involvement of several institutions in the process of establishing the system, the realisation of the process that has already started *is being performed through implementation of several steps*. There is an ongoing procedure for selection of a contractor for construction of pound in the Republic of Macedonia.<sup>59</sup>

Within IPA 2012, development of an efficient system is envisaged for management of zoonoses<sup>60</sup> and poisonings caused by food, through: establishing a system for rapid alert for the emergence of zoonoses and poisonings caused by food, establishing a system for monitoring the flows and sources of zoonoses and poisonings caused by food and determining measures to prevent the occurrence of zoonoses and poisonings caused by food. This shall also lead to further strengthening of the institutional capacities of the Food and Veterinary Agency.

### **3.12.4 RULES FOR FOOD SAFETY**

#### *Current situation*

According to the Law on Food Safety ("Official Gazette of the Republic of Macedonia" 157/10, 53/11, 1/12, 164/13, 187/13, 43/2014, 72/2015, 84/2015 и 129/2015) a new Rulebook on information related to food was adopted, published in the Official Gazette of the Republic of Macedonia 150/2015 of 02.09.2015. The Rulebook is harmonised with Regulation 32011R1169. In this manner, full compliance with the EU legislation has been achieved in relation to food information.<sup>61</sup>

Funds are provided for implementation of the Annual Monitoring Programme for Food Safety in 2015. The programme is expected to be fully implemented by the end of the year (2015).<sup>62</sup>

#### *Short term priorities*

Adoption of a number of by-laws for harmonisation with the recent amendments to the relevant European legislation in several areas (amendments in relation to the purity criteria for additives and extraction solvents for food production) has been envisaged. (More details, Appendix - Matrix of objectives and activities for 2016 - 2018).

#### *Medium term priorities*

The Food and Veterinary Agency will continue to harmonise the legislation on rules for food safety, always taking into account the amendments to the relevant EU legislation.

Appropriate trainings for state food inspectors and trainings for professional - administrative staff for food of non-animal origin are foreseen.

### **3.12.5 SPECIAL RULES FOR ANIMAL FEED**

#### *Short term priorities*

##### **Legal framework**

The Food and Veterinary Agency will continue to harmonise the legislation on rules for animal feed safety, always taking into account the amendments to the relevant EU legislation.

<sup>59</sup> Note and recommendation from the last European Commission Progress Report for the Republic of Macedonia (2015)

<sup>60</sup> Diseases common to animals and humans.

<sup>61</sup> More details in: Appendix - Adopted regulations/legislative activities provided for in NPAA Revision 2015, Chapter 3.12. Food safety, veterinary and phytosanitary policy, as well as the website of FVA, (Regulations) .

<sup>62</sup> Note and recommendation from the last European Commission Progress Report for the Republic of Macedonia (2015)



### **Institutional framework**

During 2016, trainings are envisaged for the professional staff of the FVA directly involved in the activities in the area of safety of animal feed and animal nutrition.

The project under IPA 2012 is aimed at strengthening the system for safety and quality of animal feed.

### ***Medium term priorities***

#### **Legal framework**

The Food and Veterinary Agency will continue to harmonise the legislation on the rules for animal feed safety, always taking into account the amendments to the relevant EU legislation.

### **Institutional framework**

In order to further strengthen the administrative and institutional capacities of the Food and Veterinary Agency, within IPA 2012, the following has been envisaged:

- Preparation of Monitoring programmes regarding the safety of animal feed and nutrition,
- Preparation of a National plan for surveillance of undesirable substances in animal feed,
- Improving the implementation of the Good practice for animal feed and nutrition, trainings for the appropriate professional staff in the Food and Veterinary Agency for application of the risk analysis in the field of safety of animal feed.

## **3.12.6. PHYTOSANITARY POLICY**

### ***Current situation***

According to the Law on Plant Health and within the competence of the Phytosanitary Directorate, 2 bylaws were adopted (Rulebook and List) containing the Lists of allochthonous (exotic) species of organisms intended for biological plant protection and prescribing technical requirements for their use. Both bylaws are harmonised with the Protocols of the EPPO (European-Mediterranean Plant Protection Organization)<sup>63</sup>.

In 2015, amendments were made to the legislation in order to modify the form and content of the Macedonian phytosanitary certificate intended for re-export and export, and thus technically ensuring the process of certification of plants and plant products.

In order to improve the coordination between the authorities involved in the phytosanitary system, as of September 2014, a "Working Group on Reforms in the Phytosanitary System" has been established which holds regular meetings for addressing current problems and improving the functionality of all bodies involved in the work, including: Phytosanitary Directorate, State Inspectorate for Agriculture, State Phytosanitary Laboratory and Seed and Planting Material Directorate. The conclusions arising from these meetings are continuously realised within the previously projected deadlines.<sup>64</sup>

In terms of professional development, the staff of PD, SIA and SPL participated in several professional trainings in the past period which were organised with the support of DG SANTE, TAIEX, as well as within the IPA 2009 project "Capacity building of the competent authorities for food safety, veterinary and phytosanitary policy" EuropeAid/132281/D/SER/MK and the Twinning project IPA 2010.

Within IPA 2009 - Strengthening the capacities of the relevant bodies in the area of food safety, veterinary and phytosanitary policy, a number of expert missions were realised where the current situation in all the competent authorities of the phytosanitary system has been scanned and initial guidelines for further development of the system have been provided.

The monitoring has been continuously conducting since September 2013 based on previously prepared programmes and funds from the budget of the country.<sup>65</sup> The technical assistance for improving the content and implementation is provided within IPA 2009 "Capacity building of the competent authorities for food safety, veterinary and phytosanitary policy"; Draft Programmes for 2016 have been prepared with technical assistance and in cooperation with the competent authorities in the phytosanitary system (PD, SPL and SIA). A draft Procedure has been prepared, laying down rules for preparing a Programme for monitoring of residues of plant protection products, as well as a draft Rulebook on the manner of conducting the monitoring in the area of quality of plant protection products and their residues in the products of primary agricultural production.<sup>66</sup>

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<sup>63</sup> More details in: Appendix - Adopted regulations/legislative activities provided for in NPAA Revision 2015, Chapter 3.12. Food safety, veterinary and phytosanitary policy, as well as the website of FVA, (Regulations).

<sup>64</sup> Note and recommendation from the last European Commission Progress Report for the Republic of Macedonia (2015)

<sup>65</sup> Note and recommendation from the last European Commission Progress Report for the Republic of Macedonia (2015)

<sup>66</sup> Note and recommendation from the last European Commission Progress Report for the Republic of Macedonia (2015)



The essential restructuring in terms of sustainable use of plant protection products, as well as financial implications for all stakeholders under the draft text of the Law arise from the provisions of Directive 128/2009/EC concerning the sustainable use of plant protection products..

Numerous public consultations were held with representatives of agricultural producers, associations, cooperatives of agricultural producers and agricultural pharmacies, as well as of the scientific and research community in different cities in the country. Special emphasis during the presentation of the draft Law was given on the defined innovations, as well as the obligations arising from it. Currently the suggestions and comments are compiled, as well as it has been further aligned with the comments and suggestions from EU experts.

Bylaws were adopted governing records regarding the use of the plant protection products by the end users, as well as the records by legal persons in relation to production, receipt and sale of the plant protection products, including the products with expired expiration date.

According to the Law on Seed and Planting Material for Agricultural Plants ("Official Gazette of the Republic of Macedonia" 39/06, 89/08, 171/10 and 53/11), a Rulebook on trade in material for reproduction and planting material - nursery plant from garden plants, harmonised with the relevant EU legislation (31993L0061, 31993L0062 and 32008L0072) was adopted and published in the "Official Gazette of the Republic of Macedonia" 53/2015 of 02.04.2015.

*In terms of the inspection supervision in the area of phytosanitary policy*, the State Inspectorate for Agriculture - SIA - the Sector for Phytosanitary Inspection is in constant contact and cooperation with all the stakeholders in the phytosanitary system and follows the legislation related to phytosanitary policy regarding all laws and bylaws for its successful and efficient implementation.

The State Inspectorate for Agriculture through the state phytosanitary inspectors continued the implementation of the monitoring programmes and monitoring of harmful organisms, and it will continue with collecting and recording data on the presence or absence of harmful organisms, according to the prepared programmes for phytosanitary monitoring adopted in 2015.

In order to continuously strengthen the functionality of the phytosanitary system, despite the employment of competent professional staff, appropriate trainings for state phytosanitary inspectors were held, organised by DG SANTE, TAIEX, the EU Project for capacity building of the institutions responsible for food safety, veterinary and phytosanitary policy, during 2015.

In order to implement the phytosanitary system, in terms of functionality, efficiency and quality, the State Inspectorate for Agriculture - Sector for Inspection Supervision, in the area of phytosanitary policy, has strengthened its staff capacity with 14 new employments in 2015.

Priority in 2015 of the state phytosanitary inspectors, despite performing regular inspection supervision of legal and natural persons, at the place of production, storage, distribution or at the places of entry of plants and plant products, in the area of the health of plants and plant protection products, is continuation of the realisation of the Programmes and Plans for phytosanitary monitoring. The number of medical examinations and the number of samples for laboratory analysis of seed and mercantile potatoes, in fruit cultures and grapevine and in garden crops, outdoors and indoors, has been stipulated therein. By establishing the phytosanitary monitoring of agricultural cultures, it is enabled for detection, identification and monitoring of harmful organisms, as well as undertaking the appropriate measures by the phytosanitary inspectors for their suppression and destruction.

Within the IPA 2009 Project - Strengthening the capacities of the competent bodies in the area of food safety, veterinary and phytosanitary policy, number of manuals, guidebooks and brochures were prepared for more effective implementation of the international phytosanitary measures in practice.

Also, within the IPA 2010 Twinning project, technical assistance has been provided to further enhance these activities.<sup>67</sup>

The State Phytosanitary Laboratory - SPL, during 2015, worked intensively on accreditation of more methods for analysis of pesticides and seeds, as well as on diagnosis of harmful organisms. At this moment, the SPL has accreditation for application of multirezidual method in flexible scope of accreditation which covers all the 120 pesticide residues in all cultures of fruit and vegetables and their preparations, as well as in part of other matrixes (cereals). The method for analysis of total dithiocarbamates in fruits, vegetables and cereals has been also accredited. Also, the analyses of active substance and analyses of relevant impurities in plant protection products are covered with accredited methods in a flexible range. A new activity was introduced, analysis of quality of agricultural products and analysis of mycotoxins in plant products and there is an ongoing validation, and in 2016 also accreditation of the methods. By the end of 2015, another activity is expected to be validated and gradually prepared for accreditation, and that is analysis and determination of purity of variety with isoelectric focusing on the seed, resulting from the emerging

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<sup>67</sup> Note and recommendation from the last European Commission Progress Report for the Republic of Macedonia (2015)

necessities of buyers of seeding material. In addition to the scope of accreditation, new methods in the Unit for Diagnostics and in the Unit for Seed were accredited, bringing the total number of accredited methods from 18 in 2014, to 34 in 2015. The details are available on the following website: [http://www.iarm.gov.mk/files/Akreditirani-tela/Laboratorii/OB05-25\\_LT-036.pdf](http://www.iarm.gov.mk/files/Akreditirani-tela/Laboratorii/OB05-25_LT-036.pdf).

In 2015, the SPL has strengthened its capacities with 1 new employment, but still insufficient to meet the increased workload, resulting from the implementation of the monitoring programmes for FVA and PD, the regular controls at border crossings by the inspection services, private operators with agricultural products and their preparations, and the newly introduced activity.

The SPL at this moment is in the process of procurement of reference materials, cultures, as well as analytical standards of pesticides and laboratory equipment, gas chromatography with mass chromatography GC/MS/MS, NIR laboratory equipment for analysis. With the reference cultures, all quarantine harmful organisms included in the monitoring programmes with conformer PCR analyses will be covered, which will increase the reliability, reduce the subjective factor and confirm the detection of quarantine harmful organisms at molecular level. With the purchase of analytical standards for pesticides and GC/MS/MS, more than 400 pesticide residues will be covered, in both instrumental techniques liquid and gas chromatography with tandem mass chromatography. In 2016, the goal of SPL, already in the first quarter of the year, is accreditation of conformer PCR and other diagnostic and analytical methods for quarantine harmful organisms, accreditation of scope greater than 400 residues of pesticides, thus the Republic of Macedonia will be harmonised with the EU database for MRL, accreditation of the activity for determining the quality of agricultural products (fruits and vegetables for consumption and processing, cereals and rice). By the end of 2015, another activity is expected to be validated and gradually prepared for accreditation, and that is analysis and determination of purity variety with isoelectric focusing on the seed.

The workload has been increased in terms of increasing the number of finished analyses on the basis of samples delivered for diagnoses of plant diseases and pests.

### *Short term priorities*

#### **Legal framework**

In 2016, adoption of the National strategy for phytosanitary policy 2016 - 2021 is planned. Technical assistance for finalisation of the strategy has been provided by the IPA 2010 Twinning Project "Strengthening the administrative and institutional capacities of the competent authorities for food safety, veterinary and phytosanitary policy".

Regarding the adoption of the phytosanitary legislation which is to be harmonized with the relevant EU Directives, the following three bylaws are in the final stage of drafting: 1. Order for conducting special supervision for determining the presence of cyst nematodes *Globodera palida* (Stone) and Behrens *Globodera rostochiensis* (Wollenweber) Behrens, determining the prevalence and in case of an outbreak, the measures to be taken in order to prevent spreading and control \* (Directive 32007L0033); 2. Order for implementation of the international standard for requirements/conditions for determining the areas with low prevalence of harmful organism (harmonised with the international phytosanitary measure ISPM 22); and 3. Order for implementation of the international standard for guidelines for determination and recognition of the equivalence of phytosanitary measures (harmonised with the international phytosanitary measure ISPM 24).

During 2016, adoption of a Law on Plant Protection Products is envisaged. (More details, Appendix - Matrix of objectives and activities for 2016 - 2018).

#### **Institutional framework**

In 2016, initial activities for establishing the Phytosanitary Information System -PIS are planned.

The purpose of PIS shall be registration and updating of the registers, as well as integration of different registers and data of the area of phytosanitary policy in order to provide daily support of the work of the competent bodies in the phytosanitary system, as well as of the end users. Given the large number of stakeholders in the phytosanitary system: producers of agricultural cultures, owners of equipment for application of products for plant protection, distributors/importers and other operators, consultants, manufacturers and providers of finishing works of seeds and planting material, as well as agricultural and phytosanitary inspectors etc.), the absence of such a system would complicate its establishment and functioning.

Within the twinning project "Strengthening the administrative and institutional capacity of the competent authorities for food safety, veterinary and phytosanitary policy", improvement of the phytosanitary system has been envisaged. IPA

*Twinning Project 2010* will define the technical specifications and modules of PIS, and according to the Sectoral document for planning of IPA 2 for 2015, 400,000 Euros for establishment of this system are planned<sup>68</sup>.

With the system for passports of plants, a document (passport) is issued confirming that certain plants and plant products moving within the territory of the Republic of Macedonia are free (uninfected) of quarantine harmful organisms. In 2016, issuance of passports, as a pilot project, is planned to start only in the field of production of planting material for certain fruit species (apples and cherry) and grapevine, and from 2017, the system shall be developed for other agricultural plants for which a passport is required pursuant to EU legislation. Technical assistance for the establishment of the system shall be provided within the IPA 2010 Twinning Project "*Further strengthening of the capacities of the competent authorities for food safety, veterinary and phytosanitary policy*". Expert missions in relation to the passport system for plants were realised, and it was discussed the current structure of the competent authorities, and different models were proposed for establishing the system, and the possible risks and problems that may arise during the work were indicated.

As priority of the inspection supervision, in 2016 activities focused on establishment and implementation of the monitoring programmes in the area of plant health and the monitoring programmes in the field of plant protection products are envisaged.

SIA actively participated in the project IPA 2010, which envisages construction of facilities for the inspection services of the FVA and the State Inspectorate for Agriculture at border crossing Blace and their equipment, which would contribute to greater efficiency of the phytosanitary services for control of the consignments at import, export and transit through the Republic of Macedonia, according to the relevant EU legislation.

Monitoring Programmes and Plans for monitoring of tobacco, as a *strategic culture will continue*, after in 2015, being previously prepared by the Phytosanitary Directorate, and in order to expand the range of detection, identification and monitoring of harmful organisms, as well as undertaking the appropriate measures for their eradication.

In this context, the state phytosanitary inspectors due to new employments of professional highly educated staff will need education and trainings provided by experts, as well as foreign assistance from DG SANTE, TAIEX, in the area of plant health and plant protection products.

Within the SPL, public competition is planned, for two job positions in the Unit for Chemical Testing with employees with a university degree in the area of Chemical Sciences, one job position in the Unit for Seeds and Planting Material and Variety Purity with employee with university degree in the area of Technological Sciences, one job position in the Unit for Administrative Technical Support with employee with university degree in the area of Legal Studies, and two job positions with employees with secondary level of education in the Unit for Chemical Testing and the Unit For Seeds and Planting Material and Variety Purity.

Also, Real Time PCR is needed for detection of GMO and confirmation of positive findings of harmful organisms for the plant health that are determined by the same instrumental technique. Other instruments of smaller scale are necessary, which would increase the efficiency of SPL for implementation of the analyses, thus strengthening the work on integration of the phytosanitary system and food safety.

Professional trainings for all relevant institutions involved in the phytosanitary system in the country through foreign aid from DG SANTE, TAIEX, in the area of plant health and plant protection products, are envisaged.

Within the Sector for Forestry and Hunting, two new employments in the area of implementation of the Law on Reproductive Material of Forest Trees, are foreseen.

### ***Medium term priorities***

#### **Legal framework**

The Draft Law on Products for Plant Protection harmonized with the following acquis: Directive 32009L0128, and Regulations 32009R1107, 32005R0396 and 32012R0778. In order to strengthen the administrative capacities of the Phytosanitary Directorate, continuous training has been envisaged through IPA 2009 "*Strengthening the capacities of the competent services in the area of food safety, veterinary and phytosanitary policy*" and the IPA 2010 Twinning Project.<sup>69</sup> The Phytosanitary Directorate, during 2016, will continue to prepare and adopt phytosanitary legislation

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<sup>68</sup> Note and recommendation from the last European Commission Progress Report for the Republic of Macedonia (2015)

<sup>69</sup> Note and recommendation from the last European Commission Progress Report for the Republic of Macedonia (2015)

harmonised with EU Directive 32000L0029, as well as with the international standards for phytosanitary measures (ISPM). (*More details, Appendix - Matrix of objectives and activities for 2016 - 2018*).

The bylaws harmonised with EU Directive 32000L0029 will regulate the manner of establishing protected areas in the country, measures for detection, prevention of spreading and suppression of harmful organisms, the conditions for implementing systematic examinations, as well as the lists of protected areas.

After the adoption of the abovementioned bylaws, preparation of "control programmes" with the assistance of international experts is foreseen, covering the preventive and urgent measures against introduction and spreading of harmful organisms in accordance with the Annexes of the European regulations.

In medium-term priorities, preparation of reports and analysis for the official bodies and organs of the European Commission regarding the presence of harmful organisms on the territory of the country has been planned.

If there is a necessity the adopted phytosanitary bylaws will be reviewed and amended, aiming at their harmonisation with the new EU legislation. The Phytosanitary Directorate will be involved in the preparation of bilateral contracts, agreements and protocols in order to facilitate the international trade in plant shipments and strengthen the phytosanitary controls within the legal framework.

Under the competence of the Sector for Forestry and Hunting, until June 30 2018, the Law amending the Law on Reproductive Material of Forest Trees will be adopted, aiming at achieving full harmonisation with Directive 1999/105/EC on marketing of forest reproductive material and with Regulation 1598/2002/EC laying down detailed rules for the provision of mutual administrative assistance by official bodies.

Based on the Law amending the Law on Reproductive Material of Forest Trees, three by-laws will be adopted by the end of 2018, aiming at full harmonisation with the relevant EU legislation, including: Directive 31999L0105<sup>70</sup>, Regulation 32002R1598<sup>71</sup>, and Regulation 32002R1597<sup>72</sup>.

#### **Institutional framework**

*The passport system of plants* shall be continuously upgraded and in 2017 it is planned to cover all the plants and plant products subject to the issuance of this document.

Cooperation with the international organizations, especially the European Organization for Plant Protection shall be realised and it is of particular interest in order to exchange information on the status of harmful organisms.

Through the IPA 2010 Project "Further strengthening of the capacities of the competent authorities for food safety, veterinary and phytosanitary policy", realisation of expert missions and workshops for the competent phytosanitary staff has been planned, in order to improve the efficiency in their work.

The development and upgrading of the Phytosanitary Information System (PIS) is one of the priority activities for which the first preparations and technical assistance within the IPA 2010 Twinning Project have been already initiated.

This is an extensive activity which in the following period will be phased according to the guidelines provided by the international experts.

Also, pursuant to the Law on Plant Health, the Phytosanitary Directorate, through a public competition in the forthcoming period will allow public authorisation to the providers of public services that will be authorized to monitor the development of harmful organisms, intervention in case of sudden outbreak of quarantine harmful organisms, issuing passports for plants, performing disinfection, desinsection and deratisation and other activities.

Apart from the ongoing monitoring programmes, implementation of other monitoring programmes for ornamental, decorative and forest plants has been planned, as well as for monitoring of tobacco in order to expand the range of detection, identification and monitoring of harmful organisms, and undertaking appropriate measures for their eradication.

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<sup>70</sup> Directive 1999/105/EC on marketing of forest reproductive material

<sup>71</sup> Regulation 1598/2002/EC laying down detailed rules for the provision of mutual administrative assistance by official authorities

<sup>72</sup> Regulation 1597/2002/EC laying down rules on the format of national lists of the basic material of forest reproductive material

### 3.13 FISHERIES

#### *Findings and priorities of the EC Report 2015*

There is a moderate level of preparation in the area of fisheries. Some progress was made on monitoring of catches. In the coming year, the country should:

- make further efforts to align the market policy with the acquis.

#### *Summary*

*The activities in the next period are aimed at permanent usage of the fish through sustainable development by finalising the procedures for granting concessions for fish management (performing commercial and organising recreational fishing), as well as smooth sale of fish and fish products on the market. In order to achieve this goal, currently, the implementation of concessions and the production in aquaculture are being monitored through large number of inspections.*

*In the Programme for promotion of the fisheries and aquaculture for a period of 12 years, the tasks, activities and development measures are defined in the area of fisheries and aquaculture and it is the basis for planning structural measures in the annual programmes. In addition, the priorities in the field of fisheries and aquaculture are also implemented with the realisation of the envisaged measures in the operation plan set out in the Strategy for Agriculture and Rural Development 2014 - 2020.*

#### **Current Situation**

The area of fisheries and aquaculture is regulated by the Law on Fisheries and Aquaculture ("Official Gazette of the Republic of Macedonia" No. 7/2008 and 67/2010, 47/2011, 53/2011, 95/12, 164/13 and 116/14) as a basic law. Based on the law, 23 accompanying regulations were drafted and adopted ("Official Gazette of the Republic of Macedonia" No. 53 and 54 in 2008 and No. 7 and 94 in 2009, 93, 117 and 164 in 2010 and 24 and 153 in 2011 and 188 in 2014) which technically further regulate the area of management, inspection and control, the structural activities and the market policy. In 2015, there have been made two amendments to the Law on Fisheries and Aquaculture. The amendments are aimed at harmonising the misdemeanour provisions of the Law on Fisheries and Aquaculture with the provisions of the Law on Misdemeanours, as well as further regulation of the provisions regarding the procedure for conducting examinations.

Besides the Law on Fisheries and Aquaculture, the legal framework in the area comprises a package of laws in the field of veterinary, including the Law on Veterinary Health ("Official Gazette of the Republic of Macedonia" No. 113/07, 24/11, 136/11, 123/12, 123/15 and 154/15), the Law on Identification and Registration of Animals ("Official Gazette of the Republic of Macedonia" No. 95/12, 27/14 and 149/15) and the Law on Food Safety ("Official Gazette of the Republic of Macedonia" No. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 123/15 and 129/15) and 8 and accompanying regulations including:

- Rulebook on the conditions for placing on the market of aquaculture, its purpose and the manner of performing the official controls when placing on the market of aquaculture ("Official Gazette of the Republic of Macedonia" No. 185/13 and 114/14),
- Rulebook on suppression and eradication of certain diseases in aquatic animals ("Official Gazette of the Republic of Macedonia" No. 85/13 and 132/14),
- Rulebook on additional requirements for supervision in aquatic animals on the basis of risk analysis ("Official Gazette of the Republic of Macedonia" No. 106/14),
- Rulebook Amending the Rulebook on the manner and procedure for import and transit, list of third countries from which import and transit is approved, the form and content of the veterinary health certificate or other documents accompanying the consignment of live animals, aquaculture and products of animal origin, as well as the manner and procedure of conducting inspection and review of import and transit of consignment of live animals, aquaculture and products of animal origin ("Official Gazette of the Republic of Macedonia" No. 53/10, 86/10, 144/10, 27/11, 66/11, 72/11, 84/11, 95/11, 114/11, 168/11, 33/12, 45/12, 65/12, 86/12, 127/12, 5/13 102/13 and 124/14).

Council Directive 2006/88/EC and in the Commission Regulation (EC) No. 1251/2008 are transposed in these rulebooks.

The Inspection supervision and control in the field of fisheries and aquaculture are regulated by the Law on State Inspectorate for Agriculture ("Official Gazette of the Republic of Macedonia" No. 20/09, 53/11, 164/13, 43/14, 33/15, 88/15 and 149/15) as a material law and accompanying regulations under this law were adopted.

The State Inspectorate for Agriculture (SIA) in conducting the misdemeanour and criminal proceedings for violations in the field of fisheries and aquaculture, despite the material law, also applies the legal framework by the Law on Inspection Supervision ("Official Gazette of the Republic of Macedonia" No. 157/11, 147/13, 41/14 and 193/15), the Law

on Misdemeanours ("Official Gazette of the Republic of Macedonia" No. 62/15 and 51/11) and the Criminal Code ("Official Gazette of the Republic of Macedonia" No. 37/96; 80/99; 4/02; 43/03; 19/04; 84/05; 60/06; 73/06; 87/07; 7/08, 139/08, 114/09, 51/11, 135/11, 185/11, 142/12, 166/12, 55/13, 82/13, 14/14, 27/14, 28/14, 115/14, 132/14, 160/14 and 199/14).

The usage of fish through sustainable development for performing economic and recreational fishing are conducted according to the fishing grounds for three fishing areas (natural lakes), for nineteen artificial lakes, as well as for all fishing ponds (basin of rivers) by determining recreational areas, which are published in the "Official Gazette of the Republic of Macedonia" No. 66/11 and 145/11.

The structural activities implemented through annual programmes for financial support in the fisheries and aquaculture, adopted by the Government, based on the Programme for improvement of the fisheries and aquaculture in the country for a period of 12 years and the Strategy for agriculture and rural development 2014-2020, published in the "Official Gazette of the Republic of Macedonia", No. 197 in 2014, determining the duties, activities and development measures in the area, and operational plans for their implementation. The payment of financial assets according to measures is performed by the AFSARD.

The market policy beside the Law on Fisheries and Aquaculture and the accompanying regulations is also regulated by the legislation in the field of veterinary relating to fisheries and aquaculture.

Within the MAFWE, the Unit of Fisheries and Aquaculture (Agriculture Department) is responsible for the preparation, proposal and supervision over the implementation of the Law on Fisheries and Aquaculture, as well as for the administrative and technical issues related to fisheries. In the Unit of Fisheries and Aquaculture two people are employed. For the purpose of monitoring the status of fish production, production of fish stocking material, as well as for monitoring of the envisaged measures in the Financial Programmes, the following is currently being updated: the register of fish breeders; the register of registered reproduction centre; records of producers of fish stocking material from fish farm intended for circulation, records of beneficiaries (concessionaires) of fish from open fishery waters; records of fish production with all the necessary data for monitoring the situation in the area; records of state aid in the fisheries and aquaculture.

The State Agriculture Inspectorate (SAI), body within the MAFWE, is responsible, through the Department for inspection supervision on fisheries and aquaculture, livestock, beekeeping, land policy with agricultural production, where two Units exist, namely, the Unit for inspection supervision of fisheries and aquaculture and the Unit for physical protection of fishing waters, with a total staff of 15 civil servants.

In the Unit for inspection supervision in the area of fisheries and aquaculture in the SIA, there are 13 people, 1 senior inspector, 5 inspectors, 1 senior associate for fisheries and 6 referents for fisheries with aquaculture, while in the Unit for physical protection of fishing waters there are 2 people, both of them advisors for physical protection of fishing waters.

In the area of inspection and control, until 31.10.2015 acting in accordance with the Law on Fisheries and Aquaculture, there were organised and coordinated 1508 controls. The controls are performed on the organisation of the recreational fishing, performing aquaculture, keeping records, monitoring of concession contracts and the origin of the fish.

47 decisions were adopted, and for the irregularities in the procedure for settlement, 332 payment orders were issued in the amount of 289,087 euro, out of which 22 payment orders were collected in a total amount of 18 000 euro.

For not acting according to the decisions and breaching the provisions of the law and for not paying the payment orders 282 requests for initiation of criminal proceedings were submitted in front of the competent courts with a total requests for criminal proceedings, where 47 requests were solved until 31.10. 2015 out of which 17 are fined a total of 5,817 euro.

During the inspection controls for which a procedure was initiated, the following was seized: 543 kg of various kinds of fish and 763 pieces of different fishing tools, objects, vehicles and boats.

Six criminal charges were filed, for reasons of constant illegal fishing and fishing with illegal assets and at the time of the prohibition under this law.

Controls were performed in terms of stocking by type and quantity in the fishing waters, and also control over the authorised public research institutions.

*The Food and Veterinary Agency (FVA)*, through the Department for health protection and animal welfare, the Department for veterinary public health and the Department for border inspection is responsible for preparation and proposal of measures for implementation of the fish health protection, supervision and control of health protection in aquaculture, the primary production of aquaculture, the placing on the market of aquaculture, the product safety of aquaculture that are placed on the market and control of the import of aquaculture.

The FVA pursuant to the Law on Identification and Registration of the Animals keeps a Register of Holdings of Aquaculture. The Register is kept electronically in the Veterinary Information System (VIS) and each holding have its own unique registration number of the holding (RNH). In the register in 2015, the number of registered holdings of aquaculture is 117 active holdings. The inspection controls that are enforced by official veterinarians/inspectors of FVA

are regulated by the Law on Veterinary Health ("Official Gazette of the Republic of Macedonia" No. 113/07, 24/11, 136/11, 123/12, 123/15 and 154/15), the Law on Identification and Registration of Animals ("Official Gazette of the Republic of Macedonia" No. 95/12, 27/14 and 149/15) and the Law on Food Safety ("Official Gazette of the Republic of Macedonia" No. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 123/15 and 129/15) as material laws, regulations adopted on the bases of these laws, as well as the Law on inspection supervision ("Official Gazette of the Republic of Macedonia" No. 50/10, 162/10, 157/11 and 147/13), the Law on Misdemeanours ("Official Gazette of the Republic of Macedonia" No. 62/06 and 51/11) and the Criminal Code ("Official Gazette of the Republic of Macedonia" No. 37/96; 80/99; 4/02; 43/03; 19/04; 84/05; 60/06; 73/06; 87/07; 7/08, 139/08, 114/09, 51/11, 135/11, 185/11, 142/12, 166/12, 55/13 and 82/13).

The official veterinarians of the Unit for state inspection for animal health protection in the Department for health protection and animal welfare are responsible for the implementation of controls in the area of animal health protection. In the course of 2015, according to the Annual Order for Health Protection of the Animals ("Official Gazette of the Republic of Macedonia" No. 24/15) and the Rulebook on conditions for placing on the market of aquaculture, its purpose, as well as the manner of performing official controls while placing on the market of aquaculture ("Official Gazette of the Republic of Macedonia" No. 185/13 and 114/14) an active supervision was implemented on 48 fish farms where trout is kept by clinical examination, sampling, diagnostic examination and confirmation of absence of the diseases Viral Haemorrhagic Septicaemia and Infectious Haematopoietic Necrosis in trout.

The Unit for State Inspection of Veterinary Public Health from the Department of Veterinary Public Health is responsible for controls on primary production, in terms of specific hygiene requirements in primary production and food safety of animal origin and the official controls in the area of import are implemented by the Unit for state veterinary inspection at the border crossing. At the beginning of 2015, the FVO mission was realised in the FVA for evaluating the control system for production of fishery products intended for export to the European Union.

### *Short-term priorities*

#### **Legal framework**

Adoption of regulations in the area of resource management, inspection and control in fisheries, or adoption of new fishing grounds for fishing waters is envisaged, for the period 2016 - 2022, which will be operated by authorised institutions based on an analysis of the fish conditions in fishing waters in the past years.

In the area of market policy, in 2016, a full review of the legislation is envisaged, in terms of harmonisation of market policy with the *acquis* is planned.

In the first quarter of 2016, in the area of structural activities, adoption of the Annual Programme for Financial Support in the Fisheries and Aquaculture in 2016, with the guidelines for their implementation is envisaged.

#### **Institutional framework**

Regarding the market policy, the FVA, pursuant to the Rulebook on the conditions for placing on the market of aquaculture, its purpose and the manner of performing the official controls when placing on the market of aquaculture ("Official Gazette of the Republic of Macedonia" No. 85/13 and 132/14), in 2016 should:

- continue approving the facilities for aquaculture production and processing plants of aquaculture
- arrange software module that will upgrade the register of aquaculture holdings in the VIS in terms of data for location, data for holdings, movement and monitoring with laboratory diagnosis of aquaculture;
- continue implementing the disease surveillance of VHS/IHN with trout and
- develop and adopt a multiannual programme for surveillance of certain diseases in aquaculture (carp), for declaring the status of the country, zone or compartment free of disease.

### *Medium-term priorities*

Annual Programmes for Financial Support in the Fisheries and Aquaculture in 2017 and 2018 will be developed and implemented.

Harmonisation of the legislation (after the performed analysis) with the EU regulations is envisaged.

FVA, in accordance with the Law on Veterinary Health and the Rulebook on the conditions for placing on the market of aquaculture, its purpose, and manner of performing official controls while placing on the market of aquaculture in 2017/2018 should:

- implement a multiannual programme for surveillance of certain diseases in aquaculture for declaring the status of the country, zone or compartment free of disease and
- Include Macedonia in the list of countries which are allowed to export trout to EU markets.

Strengthening capacity of the Unit of Fisheries and Aquaculture, and the Unit for inspection supervision of fisheries and aquaculture in the SIA is envisaged.



## 3.14 TRANSPORT POLICY

### *Findings and priorities of the EC Report 2015*

The country is moderately prepared in this area. There has been some progress, but additional efforts are needed to align the legislation on road safety and rail traffic with the EU law. In the coming year the country should in particular:

- take further steps to strengthen the administrative capacity for the safety of road and rail traffic;
- accelerate the full reopening of the railway market;
- provide better work of the bodies for investigation of accidents and incidents in the rail and air transport.

### *Summary*

*During 2016 in the area of road transport, the activities for concluding agreements on international transport of passengers and goods, continued. In the area of rail transport, amendments to the Law on the Railway System<sup>73</sup> are planned in order to further comply with Directive 2012/34/EU of the European Parliament and the Council of 21 November, 2012 establishing a single European railway area (recast). Also, the procedure for negotiations to conclude an Agreement regulating the border rail traffic between the Republic of Greece and the Republic of Macedonia, is planned to start, as well as the harmonization of the existing regulations with the technical specifications for interoperability (TSI). Furthermore, the planned activities for realization of projects within the areas of inland waterways, combined transport and satellite navigation will continue, as well as the planned activities within the air traffic.*

### 3.14.1 ROAD TRAFFIC

#### *Current situation*

##### Market access

The Law on Road Traffic<sup>74</sup> regulates the conditions and manner of transport of passengers and goods in domestic and international road transport. The Law on Road Traffic transposed several directives and regulations of the Council of the European Union as follows: Regulation 1071/09/EC, Regulation 1072/09, Regulation 1073/09/EC, Directive 96/96/EC, Directive 2009/40/EC, Directive 2000/30/EC, Directive 84/647/EEC, Regulation 56/83/EEC, Regulation 684/92/EEC, Regulation 881/92/EEC, Regulation 3118/93/EEC, Regulation 792/94/EC, Regulation 3315/94/EC, Regulation 12/98/EC, Regulation 2121/98/EC, Directive 59/03/EC, Directive 94/06/EC.

The Law on Contracts for Road Transport regulates the relations arising from contracts for transport of passengers and goods in domestic and international road transport<sup>75</sup>. The Law on Contracts for Road Transport transposed partially the Directive no. 181/11/EEC of the Council of the European Union.

##### Road infrastructure

The Law on Public Roads<sup>76</sup> regulates the conditions and manner of construction, reconstruction, maintenance, protection, use, management, and financing of public roads, as well as their supervision. In the Law, the following directives are transposed: Directive 62/99/EC, Directive 52/04/EC, Directive 96/09/EC and Directive 96/08/EC (partially).

##### Hazardous substances

Transport of dangerous goods is regulated by the Law on Transport of Dangerous Goods by Road and Rail<sup>77</sup> that stipulates the conditions and manner of transport of dangerous goods in the domestic and international road and rail traffic, the conditions that packaging and means of transportation should fulfill, duties of persons who participate in transportation of dangerous goods, appointment of security adviser, training of persons involved in the transport of dangerous goods, the responsibilities of public authorities and supervision over the implementation of the law. The Law implemented the following measures of the EU legislation: Directive 94/55/EC, Directive 2000/61/EC, Directive 2001/7/EC, Directive 95/50/EC, Directive 2001/26/EC, Directive 2004/112/EC, Directive 1996/35/EC, Directive

<sup>73</sup> Official Gazette of the Republic of Macedonia No. 48/10, 23/11, 80/12, 155/12, 163/13, 42/14, 130/14 and 152/15.

<sup>74</sup> Official Gazette of the Republic of Macedonia No. 68/04, 127/06, 114/09, 83/10, 140/10, 17/11, 53/11, 6/12, 23/13, 120/13, 42/14, 112/14, 166/14, 44/15, 97/15, 124/15 and 129/15.

<sup>75</sup> "Official Gazette of the Republic of Macedonia" No. 23/13.

<sup>76</sup> Official Gazette of the Republic of Macedonia No. 84/2008; 52/2009; 114/2009; 124/2010; 23/2011; 53/2011; 44/2012; 168/2012; 163/2013; 187/2013; 39/2014; 42/2014; 166/2014; 44/2015; 116/2015 and 150/2015.

<sup>77</sup> "Official Gazette of the Republic of Macedonia" No. 92/07, 161/09, 17/11, 54/11, 13/13, 163/13, 38/14, 166/14 and 116/15.



2000/18/EC, Directive 98/91/EC, Directive 96/49/EC, Directive 2006/90/EC. The Law on Transport of Dangerous Goods by Road and Rail transpose one part of the Directive 94/63/EC concerning the specifications for the vehicle tankers. The law also provides for the application of the provisions of ADR is continually revised according to the latest EU legislation, which means that national legislation is continuously aligned with EU legislation.

### Security issues

The Law on Road Traffic Safety<sup>78</sup> set out safety measures and protection on the roads, basic principles and relations between the participants and other participants in road traffic, the rules of the road traffic, traffic signs and road equipment, obligations in the event of an accident, drivers, special security measures and more. The Law implemented the following measures of the EU legislation: 671/91/EC and 126/06/EC.

The Law on vehicles<sup>79</sup> regulates the examination of vehicles and technical inspection of vehicles. Based on this law, all bylaws arising from it have been adopted. The Law implemented the following measures of the EU legislation: 37/99/EC, 38/07/EC, 7/02/EC, 46/07EC, 37/03EC, 53/96EC.

In the area of prevention in road traffic safety, a number of campaigns on the road traffic safety were realised, media coverage on the electronic and print media at local and national level, organising and conducting traffic lectures that apply to all participants in the traffic, educational actions for introducing children with the traffic rules for their safe participation, etc.

During its operation in 2015, the Ministry of Interior (MI) has implemented 49 selective controls at state level in order to increase the road traffic safety.

During 2015, the Ministry of Interior in accordance with the adopted annual plan in the field of traffic safety on the roads started implementing several projects including:

- Safe city
- Traffic Calming Zone
- Do I drive safely
- Electronic record of inspection in traffic accident
- Propose traffic control

Competent authorities for the implementation of matters relating to the transport of passengers and goods in domestic and international road transport are: Ministry of Transport and Communications, the State Transport Inspectorate, the Ministry of Finance - Customs Administration and Units of the Local Self-Government.

In the Sector for Road Transport and Infrastructure also in 2015, according to the provisions of the Law on Road Traffic, certificates of professional competence of managers of transport companies, certificates of participation of drivers in the international road traffic have been continuously issuing, while to the companies performing certain types of road transport have been issued licenses for the carriage of goods in the road traffic, as well as licenses for the carriage of passengers in the road traffic. A detailed overview of the number of issued certificates and licenses is given in the quarterly reports for the activities of the NPAA 2015. Also, the issuing of certificates for vocational training of drivers for the carriage of dangerous goods and safety advisers for the transport of dangerous goods, continued in 2015, as well as memory cards for tachographs in vehicles.

The Ministry of Interior is the body responsible for implementation of activities related to the safety and control of road traffic. The structures in the Ministry of Interior, responsible for the road traffic safety are: Sector for traffic matters; police stations and police departments for road transport safety.

State Transport Inspectorate supervise the implementation of the regulations arising of the Law on Road Traffic, the Law on Transport of Dangerous Goods in the road and rail traffic, Law on Cable Cars and Ski-lifts, the Law on Public Roads and Law on Working Hours, compulsory rest of mobile workers and drivers in the road traffic and recording devices in road traffic, international treaties and agreements ratified by our higher national authorities and bylaws thereof, the annual work program and other current activities.

National Security Council of the road traffic safety in accordance with the adopted work program for 2015 and the action plan for implementation of the Second National Strategy of the Republic of Macedonia for improving the road traffic safety, prepared the text of the Second National Strategy of the Republic of Macedonia for improving the road traffic safety from 2015 to 2020. It was adopted by the Parliament of the Republic of Macedonia on 30.12.2014.

### *Short term priorities*

#### Access to the common transport market

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<sup>78</sup> "Official Gazette of the Republic of Macedonia" No. 169/15.

<sup>79</sup> "Official Gazette of the Republic of Macedonia" No. 140/08, 53/11, 123/12 and 70/13.

In order to fully regulate relations in road transport with the countries of Europe, the activities for concluding agreements on international transport of passengers and goods with countries with which the Government of the Republic of Macedonia has not yet signed an agreement, are planned to be continued.

In the first quarter of 2016, the first stage of the project for modernisation of toll stations and the introduction of an electronic system for toll collection is expected to be realised, or to expand and adapt the existing 4 toll stations and build 3 new toll stations.

Ministry of Interior of the area of prevention on the roads traffic safety will realise more campaigns and activities including:

- media coverage of uniformed police officers on the electronic and print media at local and national level;
- organising and conducting traffic lectures that apply to all participants in traffic accidents,
- organising and conducting educational actions for young road users, for students from first to fourth grade "Safe from home to school" with the help of auto-mobile traffic polygons,
- campaign for speed limits;
- campaign about the dangers of driving under the influence of alcohol and other psychotropic substances;
- conducting controls at national level towards prevention and increasing the road traffic safety.

Planned activities of the National Security Council of Road Traffic for the period January - May 2016:

- work activities of a working group for the introduction of traffic education within the regular education system in the country;
- elaboration of Rulebook for the functioning of school traffic units and realisation of activities for their putting into operation;
- traffic safety lectures and educational manifestations of competitive character;
- public awareness campaign of proper and responsible participation in traffic and increased traffic safety, as well as protection of vulnerable groups of participants in the road traffic;
- preparation of traffic educational materials for the needs of the practical training in traffic.

### *Medium term priorities*

#### **Access to the common transport market**

In order to fully regulate relations in road transport with the countries of Europe, the activities for concluding agreements on international transport of passengers and goods with the following countries with which the Government of the Republic of Macedonia has not yet signed an agreement, will continue:

- Agreement on International Road Transport with the Kingdom of Sweden, until 31/12/2018,
- Agreement on International Road Transport with the Republic of Finland, until 31/12/2018,
- Agreement on International Road Transport with the Republic of Lithuania, until 31/12/2017,
- Agreement on International Road Transport with the Republic of Portugal, until 31/12/2018,
- Agreement on International Road Transport with the Republic of Ireland, until 31/12/2018,

The completion of the construction of the highway Miladinovci - Shtip, with a length of 47 kilometres and a width of 29 meters, with two lanes in both directions and one additional lane for stopping is expected in the first half of 2017.

## **3.14.2 RAIL TRANSPORT**

### *Current situation*

In the last period, amendments were made to the Law on the Railway System<sup>80</sup> in order to comply with the Law establishing a State Commission for decision-making in second instance in the field of inspection and misdemeanor proceedings<sup>81</sup>. During 2015, the Annual program for financing the railway infrastructure in 2015<sup>82</sup>, was adopted.

Based on The Decision to determine the service of public interest in railway passenger transport<sup>83</sup>, a Contract was concluded for public passenger service as a service of Public interest in the passenger rail service and compensation for some of the losses in the provision of service for a period between 2014-2016, between the Minister for Transport and Communications and the General Manager of Macedonian Railway Transport JSC Skopje. The realization of assets intended to compensate part of the losses in the provision of public passenger service is envisaged for 2015, i.e. compensation for the use of railway infrastructure in passenger transport and maintenance of the existing vehicles.

<sup>80</sup> "Official Gazette of the Republic of Macedonia" No. 48/10, 23/11, 80/12, 155/12, 163/13, 42/14, 130/14 and 152/15.

<sup>81</sup> "Official Gazette of the Republic of Macedonia" No. 130/14.

<sup>82</sup> "Official Gazette of the Republic of Macedonia" No. 194/14 and 180/15.

<sup>83</sup> "Official Gazette of the Republic of Macedonia" No. 07/2014.

Ministry of Transport and Communications - Railway Sector is responsible for implementing the policy for the development of railways. According to the Rulebook on organisation and systematisation in the sector there are two units: Railway Infrastructure Unit and Railway Transport Unit. The Sector employs a total of 9 civil servants, including the head of the sector.

The Railway Regulatory Agency (RRA) based on their competencies under the Law on Railway System<sup>1</sup>, has conducted more controls on quality of services provided by rail carrier to passengers and quality of service provided by the infrastructure manager to the rail carriers, and conducted a survey of passenger satisfaction of railway transport services.

#### Administration for Safety of the Railway System (ASRS) (body for safety)

During the past period, the body for security worked according to the legal framework and issued: first licenses for engine-drivers, certificates for putting into operation of wagon series Sggrss vehicle which complies with the technical specifications for interoperability, safety management certificate while manoeuvring - Part B and additional certificate for putting into operation of the locomotive Loko Trans for their own needs. ASRS also prepared: Program for taking examination for inspectors as inspector for Inspection Council, a training program for inspectors for the Inspection Council, 6 studies for taking examination for inspectors for the Inspection Council, issues for each type of inspector for the Inspection Council, Annual program for inspectors to the Inspection Council.

Committee for carrying out investigation in case of serious accidents and incidents in rail traffic (authority for investigation)

The Committee will be established as an independent and transparent body.

#### *Short term priorities*

##### Legal framework

In 2016, amendments to the Law on the Railway System<sup>1</sup> are planned in order to further comply with Directive 2012/34/EU of the European Parliament and the Council of 21 November, 2012 establishing a single European railway area (recast).

Also during 2016 the Law on safety of the railway system will be amended, in order to provide for the establishment of the Committee to conduct the investigation in case of serious accidents and incidents in the rail traffic as an independent body. According to the Law, at the end of 2017 the Committee will be established as an independent and transparent body.

According to the Annual Programme on funding of railway infrastructure in 2016, in the Budget of the Republic of Macedonia<sup>84</sup>, 200 million denars have been provided, and intended for maintenance of railway infrastructure.

During 2016, within the short-term priorities, the following activities are planned:

- Report on the implementation of the Annual Programme on financing the railway infrastructure in 2015, according to the article 26 of the Law on the Railway System, for the implementation of the Annual Programme for 2014.
- Report on the realised funds for the project: Improvement of the railway Corridor 10, provided by a loan from the European Bank for Reconstruction and Development in 2015.
- Report on the realised funds for the project: Rehabilitation of the eastern part of the railway Corridor 8 - Phase I, section Kumanovo-Beljakovce, financed by a loan from the European Bank for Reconstruction and Development in 2015.
- Report on the implementation of the Budget for 2015, intended to compensate for part of the losses in the provision of public passenger service or compensation for the use of railway infrastructure in passenger transport and maintenance of existing vehicles and costs incurred in respect of electricity for performance of passenger rail traffic under the Contract for public passenger service as a service of public interest in the railway passenger and compensation of part of the losses of service, for the period of 2014 to 2016, and for the need of timetable 2014/2015, signed between the Ministry of Transport and Communications and Macedonian Railway Transport JSC Skopje.

Furthermore, in the Contract for loan for financing of the project "Construction of new and reconstruction of existing section Beljakovce - Kriva Palanka - the east part of the railway Corridor 8 - Phase II", MTC was awarded a grant for selection of consultants. They will need to review the existing legislation in the segment of the railway system interoperability and to draft or amend the existing laws in order to comply with the technical specifications for interoperability structural and functional subsystems of the railway system.

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<sup>84</sup> "Official Gazette of the Republic of Macedonia" No. 209/15.

During 2016, the procedure for negotiations to conclude an Agreement regulating border railway traffic between the Republic of Greece and the Republic of Macedonia on the two rail border crossing Gevgelija - Idomeni and Kremenica - Mesonison, is planned to begin.

During 2016 the Railway Regulatory Agency will start the adoption and harmonisation of the bylaws of its jurisdiction, in accordance with the recent amendments to the Law on Railway System, as well as other regulations in the Republic of Macedonia.

As part of its responsibilities, the Railway Regulatory Agency will allow transparent and non-discriminatory operation of the infrastructure manager and railway carrier. The Agency will actively control the quality of service provided by all participants in the market of railway services, and will take care to respect the rights of passengers who use rail transport.

During 2016, the Railway Regulatory Agency will continue to actively participate in the work of the working groups of the European network of independent regulatory bodies, SEETO and IRG Rail, for the implementation of its activities aimed at the integration of Macedonian in the European railway system. The Regulatory Agency will participate in the work of these working groups by exchanging data, experiences and comments of which suggestions and opinions for the amendment of the EU directives in the area of railway sector that will arise.

The following year, the Administration for Safety of the Railway System will begin the development of the "Guidelines for assessing the conformity of the submitted applications to obtain the security certificate for public railway transport for own needs and manoeuvring" and "Certification for security for railway infrastructure management" comply with the new amendments in the Law on Railway System<sup>1</sup>.

#### **Institutional framework**

##### **Ministry of Transport and Communications**

The RRA technical equipment and trainings of employees are envisaged. Technical equipment will contribute to the timely, effective and efficient implementation of the necessary reforms in the railway.

##### **Agency for regulation of the railway sector - ARRS (regulatory body)**

In order to strengthen the capacity of the Agency and in accordance with the available funds, during 2016, trainings of employees and additional 3 new employments have been planned.

##### **Railway Regulatory Agency - RRA (regulatory body):**

Strengthening of the RRA capacities by means of technical equipment and trainings of employees is envisaged. Technical equipment will contribute to the timely, effective and efficient implementation of the activities of the Administration.

#### ***Medium term priorities***

##### **Legal framework**

During 2017 and 2018, the national legislation will be further harmonised with the EU legislation. The review of existing legislation in the segment of interoperability of the railway system, will continue.

The reform projects in terms of segmentation of Macedonian Railways Transport JSC Skopje, as well as the commitment to liberalise the market for other national and international rail carriers.

Agency for regulation of the railway sector will issue licenses for rail transport according to the legislation. It will also participate in adopting bylaws and other legislation to comply with the new EU directives within the competence of the Agency.

The Administration for safety of the railway system will continue all the activities for complying with the Law on the Railway System Safety and the Law on the Railway System in terms of the safety management system, i.e. to adopt appropriate safety management certificate in accordance with the above mentioned law, as well as application of laws by the companies.

#### **Institutional framework**

#### **Ministry of Transport and Communications**

Strengthening of the Railway sector capacities by means of technical equipment and trainings of employees is envisaged.

#### **Agency for regulation of the railway sector - ARRS (regulatory body)**

During 2016 and 2017, technical equipment and organisation of training for employees in order to increase the institutional capacity of the Agency, are foreseen.

#### **Administration for Safety of the Railway System (ASRS) (body for safety)**

Strengthening of the body for safety by means of technical equipment and trainings of employees is envisaged.

### **3.14.3 INLAND WATERWAYS TRANSPORT**

#### ***Current situation***

According to the Annual Plan for supervision over the legality of implementation of the Law on Inland Waterways for 2015 and an Operational Plan for its implementation by the inspectors for safety in inland waterways within the Port Authority - Ohrid, regular checks on the ability of navigable waterways facilities, the number, the composition and professional competence of the crew members of vessels, transport of passengers and freight in terms of protection of people's lives and property and protection of the environment from pollution from vessels have been conducted.

During 2015, inspectors for inland waterway safety have made 98 inspections/controls of floating and sailing vessels and the crew of the sailing vessels, in accordance with the Law on Inland Waterways and bylaws thereof. After the controls, 25 offenses have been established, for which the infringement procedures are in progress.

During 2015, as part of the activities to improve the conditions of navigable roads and ports to inland waters in the country, as well as to regulate the navigation in order to realise safe and smooth sailing, marking the ports, bridges and access platforms and channel Studenchishta on the Lake Ohrid, with signal lights and signs airworthy, were realised. Furthermore, marking the waterways - minimum distance of the vessels from the shore of the Lake Ohrid was carried out. Also, activities for renovation of the ports of St. Naum, Radozhda, Trpejca and Peshtani are underway, as well as building a platform at Ohrid Airport;

Ministry of Transport and Communications - The Port Authority, Ohrid, is responsible for implementation of the policy for the development of inland waterways and ensuring security in the sailing. According to the Rulebook on organisation and systematisation of post, The Port Authority has two units: Inland Navigation Unit and Unit for Logistical Support. In total, the Port Authority employs 17 civil servants, including the captain of The Port Authority.

According to the Law on Copyright and Related Rights, during 2015, the Port Authority has employed one person on a fixed-term contract.

#### ***Short term priorities***

##### **Legal framework**

During 2016, amendments to the inland waterways will be adopted, in order to transpose the Directive 1177/2010 of 24 November 2010 on the rights of passengers when travelling at sea or inland waterways.

According to the Working Programme of the Government, and aiming to improve the conditions of navigable roads and ports to inland waters in the country, as well as to regulate the navigation in order to realise safe and smooth sailing in the period 2016-2018, the implementation of the activities continued for renovation of the ports of St. Naum, Radozhda, Trpejca and Peshtani, building a platform for the Ohrid airport, purchase of mobile craft for the inspection service at the Port - Ohrid and monitoring participants in sailing by installation of two radars at the Ohrid Lake, as well as continuous monitoring and adjustment with the EU legislation on inland waterways, in order to harmonise the Law on inland waterways and bylaws.

##### **Institutional framework**

##### **Ministry of Transport and Communications**

In accordance with the available funds, in 2016, necessary training for the employees are planned to be realized.

#### ***Medium term priorities***

The amendments and the adoption of new directives by the EU will follow during 2016 and 2017, which will be complied with the existing legal framework of the Republic of Macedonia in the area of inland waterways.

### **3.14.4 COMBINED TRANSPORT**

#### ***Current situation***

Within the frameworks of IPA-OPRD 2007-2009, the project: "Preparation of a study for development of strategic multimodal transport nodes" has been completed, that will promote intermodal and multimodal transport systems, which, at the same time are part of the objectives of the National Transport Strategy of the Republic of Macedonia ( 2007-2017).

Based on the multi-criteria analysis for best locations for construction of the nodes, with the sector feasibility study four sites were selected, for which a costs-benefit analysis should be made.

The National Transport Strategy envisages creating conditions for the transport of passengers and goods by two or multiple modes of transport, i.e. the creation of multi-modal transport network, which is planned to be achieved by promoting intermodal and multimodal transport systems.

In IPA programming for the next period, the financing of the elaboration of project documentation for the proposed location for multimodal node in the settlement Trubarevo-Skopje is planned.

#### *Medium term priorities (2017-2019)*

Within IPA 2, the financing of the elaboration of project documentation for the proposed location for multimodal node in the settlement Trubarevo-Skopje is foreseen. The project is planned to start in 2017.

### **3.14.5 AIR TRANSPORT**

#### *Current situation*

Law amending the Law on Aviation<sup>85</sup>. Amendments to the Law on Aviation are to improve the weaknesses of the system to keep track of all objects, buildings, installations and facilities in the country which may affect the air traffic safety. Also, the proposed solutions provide a legal basis the Government, the Ministry of Transport and Communications and the Civil Aviation Agency to adopt bylaws that need to transpose the new EU regulations and directives that are not listed in Annex 1 of the ECAA, and for which basis is not foreseen in the existing provisions of the Law on Aviation.

Law amending the Law on Aviation <sup>86</sup> which complies with the Law on Misdemeanours.<sup>87</sup>

Law amending the Law on Obligations and Property Relations in Air Traffic <sup>88</sup>. Amendments aim at compliance with the Article 24 of EU Regulation 1008/2008 and overcoming the remarks of the EU Report on implementation of the Agreement on the European Common Aviation Area. Namely, Article 24 of EU Regulation 1008/2008 requires establishing a system of penalties in case of violation of the rules of free pricing of airline tickets when they are sold by the airlines. Therefore, it is necessary to establish a monitoring system which will control compliance with this regulation and will take penalty measures in case of its non-compliance, as is the case with other EU regulations transposed into this Law.

Regulation (EC) No. 1008/2008 of 24 September 2008 on common rules for air transport in the Community, taken from Annex 1 to the Multilateral Agreement on the Establishment of a European Common Aviation Area (ECAA)<sup>89</sup> under Article 9 of the Law amending the Law on Obligations and Property Relations in Air Traffic<sup>90</sup>.

#### **Ministry of Transport and Communications**

According to Article 6 of the Law on Aviation, the Ministry of Transport and Communications is responsible for the affairs of aviation as follows: to draft the National Strategy on Aviation Development; to implement the policy of the Government in the field of aviation; to implement the policy of the Government in the process of granting the concessions in the field of aviation; to propose legislation in the field of aviation and prepare and adopt bylaws under this Law; to implement procedure for temporarily placing a concession under forced temporary administration (sequester) and performs other duties prescribed by the regulations in the field of aviation.

Within the Ministry of Transport and Communications these operations are performed by the Aviation Sector, consisting of two units: Aviation Policy Unit and Security and aviation standards unit. In total, 12 posts are envisaged. Currently, the department has six 6 employees on a permanent basis.

#### **Civil Aviation Agency**

The responsibilities of the Civil Aviation Agency are laid down in Article 7-b of the Law on Aviation. The Civil Aviation Agency currently has 68 employees.

#### **Committee for investigation of aircraft accidents and serious incidents**

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<sup>85</sup> "Official Gazette of the Republic of Macedonia" No. 97/15.

<sup>86</sup> "Official Gazette of the Republic of Macedonia" No. 152/15.

<sup>87</sup> "Official Gazette of the Republic of Macedonia" No. 124/15.

<sup>88</sup> "Official Gazette of the Republic of Macedonia" No. 10/15.

<sup>89</sup> "Official Gazette of the Republic of Macedonia" No. 173/15.

<sup>90</sup> "Official Gazette of the Republic of Macedonia" No. 148/11.

The Government of the Republic of Macedonia has adopted the Decision on the establishment of a Committee for investigation of aircraft accidents and serious incidents<sup>91</sup>. The Committee is consisted of three investigators appointed by the Government, out of which one appointed as a chairman of the Committee.

#### *Short term priorities*

During 2016 a draft - annual work program is planned to be adopted, as well as a proposal - annual financial plan for 2017 of the Civil Aviation Agency, Report on implementation of the annual work program and the development of the CAA for 2015 together with the Report of an independent auditor, Program for providing air navigation and annual financial plan for 2017 upon approval, Annual financial report with the Annual financial statement, Audit report for 2015 and Annual work report for 2015 of the service provider of air navigation, Annual work report in 2015, and an annual program with a financial work plan for 2016 of the Committee for investigation of aviation accidents and serious incidents.

Ministry of Transport and Communications within one year should sign a Memorandum of cooperation / understanding with the European Commission which will be the basis for negotiations on the use of the European Satellite Navigation Systems for air operations that will be the basis for the implementation of PBN.

#### *Medium term priorities*

Law on Ratification of the Annex Amending the Annex I of the Multilateral Agreement between the European Community and its Member States, the Republic of Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Republic of Macedonia, the Republic of Iceland, the Republic of Montenegro, Norway, Romania, Serbia and the mission of the United Nations Interim Administration in Kosovo establishing the European Common Aviation Area.

Once, the Agreement on the ECAA will enter into force, i.e. after the ECAA Joint Committee will decide to revise the Annex 1 of the Agreement, a procedure for the adoption of the Law on Ratification of the Annex to amend Annex 1 to the Multilateral Agreement between the European Community and its Member States will commence, which further is a legal basis for the transposition of EU regulations in the Macedonian legal system.

### **3.14.8 SATELLITE NAVIGATION**

#### *Current situation*

For regulation of the European satellite navigation policy or implementation and exploitation of the systems and programs under the GALILEO and EGNOS programs, the European Union adopted Regulation (EU) no. 1285/2013 of the European Parliament and the Council from 11.12.2013 on the implementation and use of the European satellite navigation systems and repealing Council Regulation (EC) no. 876/2002 and Regulation (EC) no. 683/2008 of the European Parliament and the Council.

Regarding the initial setup of the system for satellite navigation and positioning, in the Republic of Macedonia, no explicit legal framework yet exists that considers the issue concerning the satellite navigation and positioning in the field of transport, which means that the conditions and the manner of the use and the application of the satellite navigation and the satellite positioning in the transport sector of the Republic of Macedonia are still not regulated.

Regarding the application of information technology or telematics in the transport sector, the incorporation of Macedonia into the European policy on satellite navigation is of great importance, which will create opportunities for implementation and operation of systems and programs under the GALILEO program as well as the EGNOS program. It means development of strategic, legal and technical basis for the use of elements of satellite navigation in the country in the area of transport and transport infrastructure.

Given that there is no legal framework that governs and regulates satellite navigation, the institutional framework for the implementation of satellite navigation in the country has not yet been established. In this regard, priority in the transport sector is to establish an institutional framework.

#### *Short term priorities*

During 2016, the Government will take steps for the implementation of EGNOS in the country, initiating procedure for signing a Memorandum of Understanding with the European Commission, which will be the basis for negotiations on the use of European satellite navigation systems for aircraft operations.

#### *Medium term priorities*

Medium-term priorities will be determined after the signature of the Memorandum of Understanding, as successive protocols.

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<sup>91</sup> "Official Gazette of the Republic of Macedonia" No. 49/12.



## 3.15 ENERGY

### *Findings and Priorities of the EC Report 2015*

The country is moderately prepared in this area. Some progress was made in security of supply, but not in the opening of the electricity market. Obligations undertaken under the Energy Community Treaty are not fully implemented. In the year to come, the country should in particular implement the following obligations undertaken under the Energy Community:

- open the electricity market;
- participate in the regional electricity Coordinated Auction Office;
- prepare and adopt the National energy efficiency and National renewable energy action plans.

### *Summary*

*In the field of energy, measures and activities that will contribute to ensure security of supplying all types of energy and energy sources for consumers of the country will continue. Simultaneously, activities for modernisation of the existing energy infrastructure will be conducted, and construction of new facilities for production of electricity and of systems for transmission and distribution of energy and energy sources will be done. In this regard, it is expected to reduce the country's import dependence of certain types of energy and energy resources.*

*Implementation of the Third package of EU legislation is expected for internal energy market that will ensure greater independence of transmission system operators, strengthen the role of the Energy Regulatory Commission and introduce concrete measures to define the concept of vulnerable customers and support them. This allows providing greater competition in the energy sector by increasing the number of participants in the energy markets.*

*In the field of the energy efficiency and the renewable energy, measures and activities will be conducted in order to achieve the strategic goals for energy savings and participation of the renewable energy sources in the final energy consumption.*

### 3.15.1 SECURITY OF SUPPLY

*The priorities of the Government of the Republic of Macedonia in the energy sector are linked to the national goals for security and development, and they include: secure energy supply; sustainable economic development and competitiveness of the economy. Security of supply was ensured in the past period and in the next period no obstacles are expected in the consumers supply with different types of energy by taking concrete measures and actions.*

### *Current Situation*

During 2015, according to the Law on Energy, a Report on the implementation of the Programme for realisation of the Energy Development Strategy for the period 2013-2017 was prepared, which determined the degree of realisation of this document in 2014.

During 2014-2015, with technical support of USAID, a draft version of a new Energy Development Strategy of the Republic of Macedonia until 2035 was prepared by the Macedonian Academy of Sciences and Arts (MANU) as a local consultant. For the Strategy, during 2015, a strategic assessment of the environmental impact was prepared.

During 2015, the Energy Community Secretariat, in accordance with Article 29 of the Treaty establishing the Energy Community, submitted a Statement on security of energy supply, natural gas and oil derivatives.

During 2015, a Methodology and criteria for prioritisation of energy projects, as well as adequate criteria and procedures for granting authorisation for new energy facilities were developed.

In the period 2013-2015, the IPA Project for strengthening the administrative capacities of the Energy Sector, the Ministry of Economy and the Energy Agency of the Republic of Macedonia was implemented, which is described in more details in Chapter 3.15.2 Internal Market.

The Directorate for mandatory reserves of oil and oil derivatives (hereinafter: DCROOD) will continue the process of establishing mandatory oil reserves to a level of at least 90 days of the average daily consumption in the country, given that the Ministerial Council of the Energy Community by a Council Decision determined the 31 December 2022 as a deadline for the establishment of reserves in the SEE countries. The process of transposition of Directive 2009/119/EU will be completed by transposition of the four Annexes in appropriate by-laws.



DCROOD, according to the Annual programme with financial plan and the Annual Public Procurement Plan for 2015, has realised all envisaged actions for public procurement of oil derivatives for mandatory reserves. The average occupancy level of mandatory reserves is 72 days of the average daily consumption. The data on the level of oil reserves that the country gives in the reports to the EC are calculated according to the old Directive.

Regarding the process of harmonisation of the national legislation with the EU legislation, Draft Rulebooks have been prepared which transpose Annexes to Directive 2009/119/EU, which are currently under inter-sectoral harmonisation.

During 2015, the Energy Sector was strengthened with two new employments. Representatives from the Ministry of Economy and DCROOD attended the Oil Forum held on 8 and 9 September 2015 in Belgrade. In April, a working meeting was held with the Working Group on Energy Statistics, which was attended by representatives from the Ministry of Economic (Energy Sector) and the State Statistical Office.

### ***Short-term Priorities***

#### **Legal Framework**

A new *Strategy for Energy Development of the Republic of Macedonia by 2035* is planned to be adopted in 2016, which will identify the purposes for long-term development of the energy in the country.

During 2016, according to the Law on Energy, a Report on the implementation of the Programme for realisation of the Energy Development Strategy for the period 2013-2017 will be prepared, which will determine the degree of realisation of this document in 2015-2016.

A Statement of Security in Supply of Natural Gas will be drawn up in 2016, according to the Treaty establishing the Energy Community.

In order to implement the Law on Mandatory Reserves of Oil and Oil Derivatives<sup>92</sup>, adoption of the following documents is required:

Medium-term five-year programme for the period 2016-2020;

Annual programme with financial plan for 2016 and the Annual Public Procurement Plan for 2016, in accordance with the medium-term programme;

In order to implement the above mentioned programmes and plans, the Directorate for mandatory reserves of oil and oil derivatives during 2016 will carry out public procurement procedures of oil derivatives and provide reserve storage capacities of mandatory oil reserves. The Directorate will also conduct regular qualitative and quantitative control of the mandatory oil reserves on the territory of the Republic of Macedonia. DCROOD activities for 2016 are in line with the financial assets in the Budget for 2016, namely with the funds intended for strategic reserves which will help in procuring oil derivatives for mandatory reserves. The data on the level of oil reserves that the country gives in the reports to the EC are calculated according to the old Directive. The new calculations according to the methodology of Directive 119/2009 will be applied with the entry into force of the new Law on Mandatory Reserves of Oil and Oil Derivatives in 2018.

#### **Institutional Framework**

During 2016, strengthening the administrative capacities of the Energy Sector within the Ministry of Economy and the Energy Agency is planned by new employments. The representatives of these institutions will also take active participation in the working groups within the Energy Community Secretariat.

During 2016, strengthening of the administrative capacities for new job posts in DCROOD is expected in order to complete the necessary staffing for quality and timely performance of the legal obligations.

### ***Medium-term Priorities***

#### **Legal Framework**

During 2017, according to the Law on Energy, a Report on the implementation of the Programme for realisation of the Energy Development Strategy for the period 2013-2017 will be prepared, which will determine the degree of realisation of this document in the period 2016-2017.

In the period 2017-2018, the income of the funds on the basis of payment of fee for mandatory oil reserves annually, will be used for the purchase of oil derivatives for mandatory reserves and for the smooth functioning of DCROOD.

In 2018, the implementation of the Law on Mandatory Oil Reserves<sup>93</sup> will also continue, and by-laws and a Plan for intervention in case of an extraordinary disruption of the market supply of crude oil and oil derivatives will be adopted.

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<sup>92</sup> Official Gazette of the Republic of Macedonia No. 84/08, 35/11, 84/12 and 43/14

Given that the Law Amending the Law on Mandatory Oil Reserves<sup>94</sup> postpones the application of the new Law on Mandatory Oil Reserves<sup>95</sup> by 2018, which is in compliance with Directive 2009/119/EU, DCROOD will continue the process of establishment, storage and recovery of the mandatory oil reserves in accordance with the provisions of the existing Law on Mandatory Oil Reserves and Oil Derivatives<sup>96</sup>.

It should be borne in mind that the methodology for calculating the level of commitments to store oil reserves as well as the calculation of the level of reserves that countries possess, defined in Directive 2009/119/EU, varies considerably in terms of the methodology set out in Decision 68/414/EEC and Directives 73/238/EEC and 2006/67/EC (which ceased to apply with the adoption of the Directive from 2009).

#### **Institutional Framework**

In the period 2017-2018, the staffing of the Energy Sector within the Ministry of Economy and DCROOD is expected to be completed.

### **3.15.2 INTERNAL MARKET**

#### ***Current Situation***

One of the primary goals in Energy is encouraging competition on energy markets by respecting the principles of non-discrimination, objectivity and transparency, as well as integrating the energy markets of the Republic of Macedonia in the regional and international energy markets in accordance with the obligations taken under the ratified international treaties, as it is the Treaty establishing the Energy Community. The main purpose of implementing the EU legislation on the internal energy market is further liberalisation of the energy market towards achieving reliable operation of the energy market and creating conditions for greater competition in the supply of energy for consumers in the Republic of Macedonia. This is in accordance with the Strategy 2020 of the European Union, the SEE Strategy 2020 and the Regional Energy Strategy of the Energy Community.

Regarding the opening of the *electricity market*, it began in 2008. The country was the first in the region in which the electricity needed to cover the electricity losses of 2012 is supplied on the free electricity market. The liberalisation of the electricity market continued from 01.01.2014, where 222 enterprises meet their needs in the electricity market. From 01.07.2015, a total of 253 enterprises provide their needs on the free electricity market. This means that the liberalisation of the electricity market is not interrupted for those companies that meet the criteria for independent market share (over 50 employees and over 10 million annual revenue). According to the information available to the electricity market, 6 electricity suppliers are active, which is an excellent prerequisite for the functioning of a competitive electricity market. From 01.07.2015, the percentage of real liberalisation is approximately 45 %, taking into account that network operators purchase the electricity losses on the open electricity market from 01.01.2012. In the decisions of the Energy Regulatory Commission for 2014 and 2015, the costs of using the distribution system for households were for the first time calculated according to the Tariff system for electricity distribution. With a dramatic rise in the price of electricity for households, the percentage of payment will be reduced, and that will also reduce the revenues of the regulated supplier; in that way he/she would not be able to cover the cost of electricity purchasing which will endanger the security of energy supply.

Regarding the liberalisation of the *natural gas market*, in the past period, the Energy Regulatory Commission adopted all the by-laws and made all the necessary preparations that led to the natural gas market to be officially considered open from 1 January 2015. Thus, the country has fully fulfilled the obligations undertaken with the second energy package in the area of natural gas.

During 2014-2015, a new Draft Proposal of the Law on Energy was prepared, where transposition of the Third package of the internal energy market of the European Union was made. The objectives of the Law are aimed at creating more competitive conditions in the electricity and natural gas markets through the independence of transmission system operators, strengthening the position of the Energy Regulatory Commission, consumers protection etc. The Law on Energy was drawn within IPA Project for strengthening the administrative capacities of the Energy Sector in the Ministry of Economy and the Energy Agency. In the area of electricity and natural gas were formed working groups which discussed the elements of the third package that have to be transposed.

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<sup>93</sup> Official Gazette of the Republic of Macedonia No. 144/14 and 178/14 and 199/15.

<sup>94</sup> Official Gazette of the Republic of Macedonia No. 199/15.

<sup>95</sup> Official Gazette of the Republic of Macedonia No. 144/14 and 178/14.

<sup>96</sup> Official Gazette of the Republic of Macedonia No. 84/08, 35/11, 84/12 and 43/14.

The draft text of the Draft Proposal of the Law on Energy is submitted to all competent institutions, ministries, companies and to the Energy Community Secretariat. Submitted comments are reviewed with the institutions and they are appropriately incorporated into the text.

During 2015, the Programme for subsidising energy consumption for 2015 was implemented, which is adopted by the Ministry of Labour and Social Policy.

Also, during 2015, the Programme for protection of vulnerable consumers was prepared, and it is planned to be adopted in early 2016.

The main objective is the implementation of the EU legislation on the internal energy market and further liberalisation of the energy market towards achieving reliable and safe functioning of the energy market and creating conditions for greater competition in the area of supplying energy to consumers in the country. By-laws completing the process of transposing measures of Directives 2003/54/EC and 2003/55/EC and the obligations of the Treaty establishing the Energy Community were adopted in the first half of 2015. The Energy Regulatory Commission has approved the Network rules for transmission of natural gas<sup>97</sup> and the Network rules for transmission of natural gas<sup>98</sup>, and, also, the Rulebook on monitoring the functioning of energy markets was adopted in order to increase the efficiency, competitiveness and transparency of energy markets, detection of irregularities and distortions of competition and unfair market competition, as well as other activities related to the functioning of energy markets, which are not in accordance with the laws, other regulations and obligations stipulated in the licenses for performing energy activities.

In the Energy Sector within the Ministry of Economy, fifteen (15) full-time employees were employed, covering the areas of obligations under Chapter 3.15 Energy.

Within the IPA Project for strengthening the administrative capacities of the Energy Sector in the Ministry of Economy and the Energy Agency, the following trainings have been realised: Leadership and Management of Changes, Project Cycle Management, Strategic Planning, Legal Training and Negotiations, Statistics, Financial Management, on-time study visits in Vienna (December 2014) and Germany (July 2015).

IPA Project "Strengthening the administrative capacities of the Energy Sector within the Ministry of Economy and the Energy Agency" was implemented during two years (2013-2015). This project assisted in strengthening the institutional capacities of these institutions for development, monitoring and evaluation of the Energy Sector reforms that are necessary to comply with the European Union legislation and other obligations for accession to the European Union. The main objective of the Project - more competitive energy market and its integration into the regional energy market was realised. In August 2015, the implementation of the IPA Project was successfully completed.

### ***Short-term Priorities***

#### **Legal Framework**

In order to meet the obligations of the Energy Community Treaty, the country will continue with transposition of the EU legislation under the Third energy package of the EU, namely it will adopt the following acts and programmes:

The new Draft Proposal of the Law on Energy which transposes the Third package of the internal energy market of the European Union is planned to be adopted in the second quarter of 2016.

The Programme for subsidising energy consumption 2016, funded by budget resources, provides part of the financial assets for energy needs (electricity, heat, trees, etc.) to the recipients of social welfare which will be adopted at the beginning of 2016 and will be implemented in the current year.

A Programme for protection of vulnerable energy consumers will be adopted during 2016. It will include different categories of consumers who will be part of the definition of vulnerable consumers. The legal grounds for the adoption of this Programme will be determined in the new Law on Energy, which will transpose the provisions of the Third package of the internal energy market of the EU. The Programme is planned to define the concept of vulnerable consumers, subsidies for energy consumption, the obligations imposed upon the relevant system operators, rights and obligations of vulnerable customers, method of implementing the measures, budgetary resources and other funds intended for financing the measures.

The new Draft Proposal of the Law on Energy provides transposition of provisions of the Third package of the internal energy market of the EU legislation, namely Directives 2009/72/EC and 2009/73/EC and Regulations (EC) No. 711/2009, 715/2009 and 543/2013 during 2016. After the adoption of the new Draft Proposal of the Law on Energy by the Assembly of the Republic of Macedonia, the Energy Regulatory Commission will start procedures for harmonisation of the by-laws based on the transposed provisions of the Third energy package, whereby by the end of 2016 the initial focus will be towards the adoption of acts concerning the internal organisation, issuing licenses, monitoring the

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<sup>97</sup> of JP KUMANOVO GAS - Kumanovo

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functioning of energy markets, as well as procedures for deciding on disputes and complaints. (See Annex 3.15 Energy, 3.15.2 Internal Market, Activities for 2016).

#### **Institutional Framework and Implementation**

The Financial Plan of the Energy Regulatory Commission for 2016 provides employment of 2 people, bringing the total number of employees in the ERC up to 33 people (5 members of the ERC and 28 executive officers) in 2016. In 2016, the project "Capacity Building for the Law on Energy" will continue to be implemented, supported by the Kingdom of Norway, and it will be realised in cooperation with the Faculty of Electrical Engineering and Information Technology at the University of "Ss. Cyril and Methodius" in Skopje and a consulting firm.

#### ***Medium-term Priorities***

##### **Legal Framework**

During 2017-2018, the new Law on Energy will be implemented, which will transpose the provisions of the Third package of the internal energy market of the EU.

In the period 2017-2018, the Energy Regulatory Commission will continue its activities for implementation of the remaining provisions of the Third package of the internal energy market of the EU which will be incorporated in the new Law on Energy, with focus on the Rulebooks on tariffs and prices, tariff systems, market rules, rules for supply, certification procedures for operators of transmission systems as well as other acts adopted by the operators of transmission systems. (See Annex 3.15 Energy, 3.15.2 Internal Market, Activities for 2017-2018).

#### **Institutional Framework and Implementation**

The Energy Sector within the Ministry of Economy will continuously strengthen the capacities by new employments and trainings.

In order to ensure smooth performance of the competences of the Energy Regulatory Commission, strengthening of the administrative capacity will be ensured for implementation of the activities under the Third package of the internal energy market of the EU, which provides 2 employments for 2017 and 2 employments for 2018.

#### ***Programmes and Projects***

In June 2015, the Energy Regulatory Commission started with realisation of the project "Capacity Building for the Law on Energy", supported by the Kingdom of Norway, and it will be realised in cooperation with the Faculty of Electrical Engineering and Information Technology at the University of "Ss. Cyril and Methodius" in Skopje and a consulting firm. The project duration is 21 months and the funds for its implementation are provided by the Kingdom of Norway and by the Energy Regulatory Commission. The aim of this project is to improve the regulatory framework and to strengthen the capacities of the Energy Regulatory Commission by transposing the provisions of the Third energy package in order to provide competitive, transparent and non-discriminatory energy markets.

### **3.15.4 RENEWABLE ENERGY SOURCES**

#### ***Current Situation***

The use of renewable energy sources (RES) in the energy sector is strategically defined in the Strategy for utilisation of RES of the country by 2020. In the past period, a number of by-laws were adopted in order to facilitate the development of RES and to achieve the same target part of the final energy consumption. The implementation of RES in final energy consumption is in accordance with the objectives set out in the Strategy of the European Union 2020 and the Strategy of SEE 2020 within the Regional Cooperation Council. In the next period, key activities in terms of simplifying the administrative process for investing in renewable energy will follow.

In this regard, the Government has adopted the Action Plan for renewable energy sources in the country by 2025 with a vision to 2030<sup>99</sup>, and it has informed the Energy Community Secretariat.

In January 2015 the Government adopted the Programme for reimbursement of the cost for purchased and installed solar thermal collector systems in households for 2015 with financial support from the Budget in an amount of 6,000,000 denars (100,000 Euros). This incentive measure provides to buyers of solar collectors, that have installed solar collectors in their homes, to refund part of the funds spent on providing solar thermal collector systems up to 30 % but not more than 300 euros in denar counter value per household. Within this Programme, a total of 590 households were subsidised. The implementation of the Programme allows saving energy for hot water, promotion of renewable energy sources, raising public awareness and environmental protection.

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<sup>99</sup> Official Gazette of the Republic of Macedonia No. 207/2015.

In January 2015, the Ministry of Economy, in accordance with Article 15 of Decision (2012/04/EnMC), prepared and submitted the First report on progress in the promotion of renewable energy sources to the Energy Community Secretariat.

In terms of meeting the obligations for transposing Directive 2009/28/EC on the promotion of renewable energy sources, the following activities have been realised:

Within the IPA Project the following activities have been realised:

A draft text of the Law on Energy was prepared, aimed at full harmonisation with Directive 28/2009/EC on the promotion of renewable energy sources in terms of use of renewable energy sources for heating and cooling, implementation of joint projects, statistical data transfer for the use of renewable energy sources, etc. A procedure for consultation with responsible ministries and institutions has been commenced for the concerned Draft Law and at the beginning of 2016 it is planned the concerned Law to be adopted and a legal framework to be established in order to implement the provisions of Directive 2009/28 on the promotion of renewable energy sources.

A first draft version of the Law on Biofuels has been prepared which transposes the part of Directive 28/2009/EC on the promotion of renewable energy source concerning biofuels. Also, a draft text of the Action plan for renewable energy sources and by-law regulation has been prepared in order to complete the legal framework for biofuels. For the purpose of completing the legal and by-law regulation which regulates the matter concerning the use of biofuels, negotiations were under way with USAID in order to provide technical and expert support for development of methodology for the mandatory percentage of representation of biofuels, establish a system for verification of biofuels and the price of mixed biofuels, opportunities for subsidising the production and use, etc. The concerned legislative package is planned to be adopted in the first half of 2016.

Guidelines for investors on the procedures for construction of power plants that use different technologies of renewable energy sources have been prepared, namely for small hydro power plants, photovoltaic power plants, wind power plants, biomass power plants and biogas power plants. These Guidelines will ensure timely information of potential investors with procedures for construction and they will simplify the whole process. The Guidelines are published on the website of the Ministry of Economy.

In order to implement the Strategy for utilisation of renewable energy sources in the country by 2020, the Action Plan for renewable energy sources has been prepared. The government decided the purposes for the share of renewable energy sources to be determined as follows: 21% in 2020, 25% in 2025 and 28% in 2030, given that they are proposed at the meeting of the Ministerial Council of the Energy Community in Tirana on 16.10.2015.

The Energy Sector and the Ministry of Economy require training of existing employees and hiring 1 person in order timely and quality to meet the challenges in the area of energy.

### ***Short-term Priorities***

#### **Legal Framework**

According to the Draft Law on Energy, which will be harmonised with the Directive 32009L0028 for renewable energy, a set of by-laws will be adopted and harmonisation of the national legislation will continue (see Annex 3.15, 3.15.4 RES).

During 2016, a Programme for reimbursement of the expenses for purchased and installed solar thermal collector systems in households for 2016 is planned to be adopted and realised. It will be implemented during 2016 and the funds are provided in the budget proposal of the Ministry of Economy.

During 2016, a *new Strategy for the use of renewable energy sources in the country for the next ten years* is planned to be adopted, which was prepared in the first draft version within the IPA Project. The Strategy will define the potential of renewable energy sources and its technical capabilities for use in energy purposes.

The Law on Energy is planned to be adopted and implemented in 2016, in order to fully harmonise with the Directive 28/2009/EC on the promotion of renewable energy sources in terms of the usage of renewable energy sources for heating and cooling, implementation of joint projects, statistical data transfer for the usage of renewable energy sources etc.

During 2016, the Bio fuels Law is planned to be adopted, where the part of Directive 28/2009/EC on the promotion of renewable energy sources is transposed, which applies to bio fuels in terms of their certification, manufacturing etc. Also, an Action plan on Bio fuels and by-law regulation are planned to be adopted. By-law regulation is planned to be developed with technical assistance from USAID. Also, an *Action Plan for RES* will be adopted, which is in accordance with the requirements of the Energy Community and the Directive 32009L0028.

During 2016, the Ministry of Economy in accordance with Article 15 of Decision (2012/04/EnMC) needs to prepare the Second progress report in the promotion of renewable energy sources and to submit it to the Energy Community Secretariat at the latest by December 2016.

#### **Institutional Framework**

In the period of 2016, trainings for the employees in the Energy Sector within the Ministry of Economy regarding the use of renewable energy sources are planned to continue.

In 2016, the Energy Agency plans to employ 3 new persons.

#### ***Medium-term Priorities***

In the period 2017-2018, the innovations in terms of renewable energy sources will be followed and measures and activities for promotion of renewable energy sources will be undertaken.

On medium-term, continuation with trainings for employees at the Energy Sector and the Ministry of Economy regarding the use of renewable energy sources is planned, as well as employment of new staff in the Sector. In the period of 2017, the Energy Agency plans to employ 3 new persons.

### **3.15.5 ENERGY EFFICIENCY**

#### ***Current Situation***

In the area of energy efficiency, efforts are being made for creation of an environment for investment in energy efficiency through the adoption of legislation and by-laws and action plans in order to achieve saving of energy in an amount of 9% from the average energy consumption until 2018. This aims to meet the objectives set out in the SEE Strategy 2020 within the Regional Cooperation Council.

In July 2015, the Ministry of Economy re-submitted for adoption the second draft Action Plan for Energy Efficiency (Second APEE), and it will be considered until a position is taken on what will be the institutional set-up of the Energy Efficiency Fund. The Ministry of Economy is making efforts to find a model for the set-up of the Energy Efficiency Fund. The adoption of APEE derives from the existing Law on Energy, but it is also an obligation to the Energy Community, due to the implementation of Directive 2006/32/EC.

Based on the Law on Energy, in order to further implement the policies in the area of energy efficiency, the Ministry of Economy prepared and adopted several by-laws that transpose the Directives as follows: the Rulebook Amending the Rulebook on Energy Audits (Directive 2006/32/EC), the Rulebook Amending the Rulebook on energy performance of buildings (Directive 2006/32/EC), the Programme on examination for energy auditors, the Rulebook on information system for monitoring and managing energy consumption in people from public sector, and other by-laws that further regulate the examination for energy auditors.

As part of the Regional Energy Efficiency Programme for the Western Balkans, coordinated by the Energy Community Secretariat and funded by the European Bank for Reconstruction and Development, expert assistance was provided, with analysis and recommendations for promotion of the Law on Energy, the Rulebook on energy performance of buildings and the Rulebook on Energy Audits, for further harmonisation with the Directive on Energy Performance of Buildings 2010/31/EC. Also, a software tool was developed that should be used for conducting the exam for energy auditors and for issuing certificates for energy performance of buildings. The Ministry of Economy has already submitted a request to the Ministry of Municipalities and Local Government of the United Kingdom for issuing license for free usage the software tool.

According to the Law Amending the Law on Energy<sup>100</sup>, during 2015, the Ministry of Economy initiated a realisation of professional and administrative matters for the examination for energy auditors and, consequently, issuing authorisations for energy auditors. Under the new way of examination, four individuals have gained authorisation for energy auditor from the Ministry of Economy.

The Ministry of Economy is the competent institution for issuing licenses for performing energy audits of sole proprietors and legal entities, at their request. From starting the activity in 2014 until now, 66 licenses for performing energy audits were issued, 31 of which were issued during 2015.

During 2015, the Ministry of Economy continued with the previously initiated activities aimed at establishing an Energy Efficiency Fund. The necessary documents for implementation of the procedure for engaging a consulting team have been prepared and submitted in a procedure in order to specify the model for establishing the fund, preparation of law, by-laws and other operational documents for the establishment and functioning of that fund.

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<sup>100</sup> Official Gazette of the Republic of Macedonia No. 164/2013 and 151/2014.



In 2015, three meetings of the Energy Efficiency Coordination Group - EECG within the Energy Community were held. Milestones of the Working Programme of the EEWG were: monitoring the implementation of the second Action Plan for Energy Efficiency; monitoring the implementation of the Directive on Energy performance of buildings in different countries and the Directive on Labelling (2010/30/EU); analysis and recommendations for the adoption of the new Directive on Energy Efficiency (2012/27/EU); monitoring the activities of current and planned activities for supporting the donor community in 2015 and beyond.

Representatives of the Ministry of Economy, the Energy Sector and the Energy Agency participated in the following workshops: Workshop on energy efficiency in the residential sector in Montenegro and the workshop "Using the energy efficiency in public buildings in practice - example from Montenegro" in June 2015, in Podgorica and Herceg Novi. Also, in November 2015, the Energy Community Secretariat (ECS) in Vienna, the following trainings were held: Training for preparation of Action plans for energy efficiency and Training for administration of software tool for monitoring and verification of energy savings.

Within the Platform for Energy Efficiency, as a joint activity of the Ministry of Economy and AD EVN Macedonia, in March 2015 a workshop on energy efficiency for the purposes of information and education of journalists was organised. Additionally, the Energy Agency joined the Platform as a new partner, thus launched new educational campaign "Energy mathematics". It aims to educate the public about the importance of energy efficiency and the need to change the habits in everyday life. Through the "Energy Mathematics", the citizens will get a variety of useful tips and apply them in order to rationalise their everyday electricity costs.

The Ministry of Economy, through public procurement, hired an economic operator for implementation of the Campaign for Energy Efficiency, which referred to the public sector. The Campaign was conducted in the period August - November 2015 and it also included trainings for representatives from the public sector for preparing the Programmes for energy efficiency and for usage of the software for monitoring and managing the energy consumption of the people in the public sector, a Guideline for the sources of funding for measures to improve energy efficiency was prepared and distributed, a short video on the benefits of installing systems for monitoring and managing energy consumption in buildings and other energy efficiency measures was filmed and broadcasted, public debates on energy efficiency were held in eight regions in the Republic of Macedonia and a special website for energy efficiency was made ([www.energetska-efikasnost.mk](http://www.energetska-efikasnost.mk)).

In terms of administrative capacities of the Energy Sector, the Ministry of Economy and the Energy Agency, during 2015, activities for strengthening of those capacities in the form of trainings in the area of energy efficiency were conducted within the Energy Community and current projects.

The Energy Agency employed Director and 9 persons on permanent basis, by 31.12.2015.

### ***Short-term Priorities***

#### **Legal Framework**

During 2016, an Action Plan for Energy Efficiency (Second APEE) will be adopted, as an obligation from the Energy Community Treaty, namely the Decision of the Council of Ministers.

During 2016, the trainings by selected legal entities for energy auditors will continue, as well as the activities of the Ministry of Economy for passing exams and issuing authorisations for energy auditors and issuing licenses for performing energy control, which will enable implementation of the obligations of the Law on Energy, issuing certificates for energy performance of buildings and other obligations.

According to the obligations of the Energy Law and the obligations of the Treaty establishing the Energy Community, the third Action Plan for Energy Efficiency of the country will be adopted by 30.06.2016.

During 2016, the Ministry of Economy will try to provide expert assistance from some of the international financial institutions or donors and it will start activities for amending the Law on Energy for timely transposition of the Directive on Energy Efficiency (2012/12/EU) towards which the country, as a signatory to the Treaty establishing the Energy Community, has an obligation<sup>101</sup>. Following the adoption of new amendments to the Law on Energy, the preparation of new by-laws arising from that Law will start.

#### **Institutional Framework**

During 2016, the Ministry of Economy plans to strengthen the capacities and to train the staff for implementation of activities in the area of energy efficiency in accordance with the responsibilities arising from the Energy Law.

During 2016, EARM has determined the need for capacities building, with new employments and employee trainings.

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<sup>101</sup> The Decision of the Council of Ministers of the Energy Community No. D/2015/08/MC-EnC from 16.10.2015.



Also, during 2016, employees of the Ministry of Economy will participate in the working group of the Energy Community for energy efficiency.

### *Medium-term Priorities*

#### **Legal Framework**

During 2017, the Ministry of Economy will continue the activities for harmonisation of the national legislation with the Directive on Energy Efficiency (2012/12/EU). The Ministry of Economy will start preparing new by-laws arising from the transposition of the Directive on Energy Efficiency (2012/12/EU). Also, if new needs arise for transposition of any new regulations of the European Union, actions will be undertaken to amend the national legislation.

In 2017, trainings, examinations for energy auditors and the issuance of licenses for energy auditors and licenses for energy audit will continue, which will enable implementation of the obligations from the Law on Energy, namely issuing certificates for energy facilities of buildings and other liabilities.

#### **Institutional Framework**

During 2017, the Ministry of Economy plans to strengthen the capacities and to train the staff for implementation of activities in the area of energy efficiency in accordance with the competences arising from the Law on Energy.

On medium-term, and in order to efficiently and effectively implement the obligations under the Law on Energy, EARM identifies a need of new staff and further strengthening of capacities through trainings.

### *Programmes and Projects*

Project - Establishment of a network of institutions for measurement and verification of energy savings in South-East Europe: The German Society for International Cooperation (GIZ), through the Open Regional Fund for South-East Europe - Energy Efficiency (ORF-EE), in September 2015, has launched a new project in the field of energy efficiency in the Western Balkans, which will be implemented in cooperation with the Centre for monitoring business activities and investments in the energy sector (CEI) from the Republic of Croatia. The project should enable the achievement of full functionality of the software for monitoring the energy savings of the measures of the Action Plan for Energy Efficiency (hereinafter: MVP software), which was developed under the previous project of GIZ for the countries from the region. This short-term project should include: adaptation, translation and transfer of MVP server software in the institutions which will be designated for that purpose; trainings of system operators and end users to use the MVP software and transfer knowledge and guidance for successful implementation and operation of the software. The Energy Agency of the Republic of Macedonia and the Ministry of Economy are invited as partner institutions from the country.

Project for energy efficiency in the Housing Sector, funded by USAID: in cooperation with the non-governmental organisation, by the end of April 2015, provided the reconstruction of 31 buildings for collective housing by application of energy efficiency measures in eight municipalities.

Project for Industrial Management, funded by USAID (three years project): systems for monitoring and managing energy consumption have been installed in 17 industrial pilot companies from the private sector from different industries. The systems are designed to monitor and manage consumption of electricity and other energy sources at a company level. This integral system gives good grounds to make insight into the consumption and to assess the points where the companies can save energy. The project provides expert technical support for six industrial pilot companies in order to make a range of possible measures to improve energy efficiency and to secure funds from financial institutions to invest in the selected measures. With direct support for the project in the past period, training was conducted in two local engineering companies for development, installing and maintaining the systems for monitoring and managing the energy consumption. The project works actively on increasing the awareness and knowledge for improving energy efficiency, whereby six specialised two-day workshops, two round tables and two specialised trainings for financial institutions have been held so far.

USAID's Project for investing in clean energy (2013 -2015). Among other things, the project provides support for the preparation of a set of by-laws related to transposition of the new regulations by labelling of new sets of electrical devices, as well as on electronic examination for energy auditors.

Credit line of EBRD and WeBSEFF II: designed for the Western Balkan countries and the total amount of money provided by the European Bank for Reconstruction and Development (EBRD) for all countries in the region. It is implemented through two national commercial banks. So far, two projects have been implemented in the area of energy efficiency, one project for reconstruction of a facility and another one for utilisation of renewable energy sources (construction of hydroelectric power plant), as well as project for procurement of environmentally friendly vehicles.

Project of UNIDO/GEF on market transformation for energy efficiency in industry and acceleration of investments in best practices and technologies in the Republic of Macedonia: the implementation started in January 2015. The purpose of this 3.5-year project is to develop legislation and capacities for its implementation regarding introducing energy management in the industry through the introduction of ISO 50001 Standard; training for professionals in the industrial companies, national consultants in the area of energy efficiency, representatives of relevant national institutions and bankers for implementation, or financial support for projects that will introduce energy management in companies etc. So far, activities under the second component of the project have been mainly conducted, among which 11 partner companies are selected for implementation of the ISO 50001 Standard, national consultants are selected and several training sessions for energy management are held.

Project for Training of Construction Workers on Energy Efficiency: is part of the Programme for Competitiveness and Innovation - from the CIP sub-programme - Intelligent Energy of the European Commission, which continued to be implemented in 2015. It is simultaneously conducted in about twenty EU countries, with Macedonia and Croatia being the only countries from the region. The Project, during 2015, provided training of trainers for construction workers in five professions, namely: façade makers with skills for energy efficiency of buildings, roofers with skills for energy efficiency of buildings, carpenters with skills for energy efficiency of buildings; installers of heating, cooling and ventilation with skills for energy efficiency and installers of energy efficient electrical installations. A public call for recognition of prior knowledge and skills for energy efficiency for construction workers is ongoing and further engagement on the part of the trained trainers will conduct training for a number of construction workers who will be certified by issuing a *certificate for knowledge and skills for energy efficiency*. The project is planned to be completed by February 2016.

### 3.15.7 RADIATION PROTECTION AND NUCLEAR SAFETY

The area of nuclear safety and radiation protection in the Republic of Macedonia is regulated under the Law on Ionizing Radiation Protection and Safety<sup>102</sup>.

The Radiation Safety Directorate (hereinafter: RSD) is the only institution responsible for the administrative and expert matters regarding ionizing radiation protection. According to the Law on Ionizing Radiation Protection and Safety, the status of RSD is defined as an independent state administrative body in the capacity of a legal entity.

According to the obligations of the *Law on Ratification of the Additional Protocol* to the Agreement between the country and the International Atomic Energy Agency for the Application of Safeguards in connection to the Treaty on the Non-Proliferation of Nuclear Weapons<sup>103</sup>, RSD submitted reports during 2015 to the International Atomic Energy Agency (IAEA).

*Quarterly risk analysis*, within the scope of RSD, for the needs of the integrated border management, have been submitted to the National Coordination Centre for Border Management.

A review of the *Strategic Plan of RSD* for the period 2016-2018 has been made. The adoption of this strategic plan is the seventh cycle of strategic planning.

A Rulebook Amending the Rulebook on qualifications and health condition of a person who can handle ionizing radiation sources<sup>104</sup> has been adopted.

On 19 May, training was conducted for the members of the Security and Counter-Intelligence Directorate by RSD on the radiation protection, radiation safety and nuclear protection, as well as an introduction to the radioactive sources and nuclear materials they may face during their work. The training included a practical part for familiarisation with the work of instruments for detection of ionizing radiation.

In February, team of two experts within the Export Control and Related Border Security Programme (EXBS) at the Embassy of the United States of America in Skopje, visited RSD, in order to make an assessment of the progress made in the area of control of strategic trade and border security.

Representatives of the Directorate attended the seventh meeting of the National Coordination Body for prevention, risk reduction and protection against chemical, biological, radiation and nuclear weapons and materials.

In March, the Radiation Safety Directorate participated in the *ConvEx second exercise* organised by the International Atomic Energy Agency (IAEA) in order to verify the correct filling of forms of the Agency (Incident and Emergency Centre of IAEA) for exchanging information in case of radiation emergency using the electronic system USIE.

By virtue of its involvement with its members in the work of inter-ministerial work group in charge of coordination of activities related to cooperation between the Ministry of Interior and the International Atomic Energy Agency, the

<sup>102</sup> Official Gazette of the Republic of Macedonia No. 48/02, 135/07, 53/11, 164/13 and 43/14.

<sup>103</sup> Official Gazette of the Republic of Macedonia No. 43/07.

<sup>104</sup> Official Gazette of the Republic of Macedonia No. 182/15.

Radiation Safety Directorate participated in the Combined national workshop on the development of effective and sustainable radiation detection and capacities for response at the borders and integrated support centre for nuclear safety in Skopje, in March 2015, organised by the Ministry of Interior in cooperation with the IAEA.

Within the regional project IAEA RER9104, the International Atomic Energy Agency donated equipment to the Radiation Safety Directorate: 2 Multipurpose Portable Spectroscopic Identification Instrument for radionuclides - RIIDEYE M-GN and 3 Personal alarm dosimeters - EPD N2 for detection of gamma and neutrons.

Representatives from the Radiation Safety Directorate participated at the 5<sup>th</sup> meeting of the Member States to the Convention for safe management of spent nuclear fuel and safety management of radioactive waste, which was held in Vienna at the headquarters of the International Atomic Energy Agency. The purpose of the meeting was to review the Reports submitted by Member States for meeting the obligations under the Convention. The representatives of the RSD presented the way in which the country has met the obligations under the Convention.

In the period 15-16.07.2015 in Vienna, Austria, representatives of the Directorate attended the initial meeting regarding the Project "Further strengthening of the technical capacity of nuclear regulatory bodies in Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia, as well as Kosovo". The implementation of the project started on 1 July 2015 and it is planned to last 36 months. Within this period, the implementation of a number of activities for each of the countries participating in the project has been provided. Support in terms of further transposition of EU legislation into the national legislation will be provided for the Republic of Macedonia, as well as introduction of the system of quality management, improvement of training programmes for the Directorate employees, improving the system of informing the public and other activities.

Within the programme for bilateral cooperation, the Ministry of Economy of the Kingdom of Belgium, by the National Institute of Radio Elements - Fleurus, provided support for RSD to upgrade the positive by-law framework concerning the cyclotron and PET/CT facilities (preparation of provisions in accordance with the EU legislation which are not covered by the national legislation, guidelines for the operation of such facilities, etc.) and the installation of communication on both samples previously installed at the Institute of Pathophysiology and Nuclear Medicine in Skopje.

In the period 5-9 October in Bucharest, Romania, the TAIEX study visit titled "Licensing and inspection supervision of facilities for the production of radioisotopes for three representatives from the Radiation Safety Directorate" was realised. The aim of the visit was to introduce the participants with the licensing procedure and performing inspection supervision before issuing a license for performing activities and during the production of radioisotopes and PET/CT facilities by the regulatory body as well as the procedures that have to be established for preparedness and response of the radiological emergency.

During 2015, RSD continued with issuing licenses for work with ionizing radiation sources. Also, the Directorate continued the activity for inspection supervision over the implementation of the Law on Ionizing Radiation Protection and Safety and by-laws adopted on the basis of the Law by inspectors for radiation safety. The National Register of Ionising Radiation Sources, which is kept by the RSD, is constantly updated by using the electronic system for recording the sources and users of ionising radiation sources.

During 2015, DRS employees have continuously participated in trainings, both in terms of general trainings organised by the Ministry of Information Society, and specialised trainings organised by the IAEA, EU, US Embassy in the country etc. Participation in various trainings contributes to strengthening the administrative capacities and human resources of the Directorate by acquiring appropriate experience and knowledge in the relevant area.

### ***Short-term Priorities***

#### **Legal Framework**

Given that at the end of 2013 the European Commission adopted new Directive within the EU legislation in the area of Nuclear Safety which incorporates all the existing directives in the area of nuclear safety and radiation protection in a single one (CELEX: 32013L0059), RSD will prepare a detailed overview of the articles of the Directive and the national legislation and it will prepare an action plan for its transposition into national legislation and the necessary amendments to the respective legislation

During 2016, signing of a Memorandum of Cooperation with the Regulatory Body of the Republic of Albania and the Republic of Kosovo is envisaged.

The Directorate envisages activities aimed at the preparation of a Guideline for legal entities operating with ionizing radiation sources for preparing a Dossier for safety and Assessment of safety as the most important element in the authorisation procedure by the Directorate.

The Directorate envisages activities aimed at development of a National Strategy for education and training in the area of radiation protection, safety in transport and waste.

The RSD will continue its activities of issuing licenses for work with ionising radiation sources. The RSD will continue conducting inspection supervision of the implementation of the Law on Protection against Ionising Radiation and Radiation Safety and the by-laws adopted according to the Law. The National Register of Ionising Radiation Sources,

which is kept by RSD, will be constantly updated by using the electronic system for recording the sources and users of ionising radiation.

#### **Institutional Framework**

For 2016, strengthening of the administrative capacities of RSD is planned by new employments.

In order to strengthen the international cooperation and strengthen the control of ionising radiation sources, the Directorate plans to conduct trainings in the area of radiation protection and safety in 2016.

#### ***Medium-term Priorities***

##### **Legal Framework**

In 2017, RSD will start amending the Law on Protection against Ionising Radiation and Radiation Safety, in order to further harmonise with the EU legislation.

Based on the actions taken and the support received within the EC Project "Further strengthening of the technical capacity of nuclear regulatory bodies in Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia as well as Kosovo", the Directorate, during 2017, plans an introduction of a System of quality management in its operation.

During 2017, the Directorate will provide implementation of the Action Plan prepared on the basis of the need to transpose EU legislation into the national legislation.

During 2017, signing of a Memorandum of Cooperation with the Regulatory Body of the Republic of Serbia is envisaged. Continuing activities of the Directorate in issuing licenses for work with ionising radiation sources and conducting inspection supervision of the implementation of the Law on Protection against Ionizing Radiation and Radiation Safety and by-laws adopted in accordance with the Law will continue during 2017.

The National Register of Ionising Radiation Sources, which is kept by the Radiation Safety Directorate, will be constantly updated by using the electronic system for recording the sources and users of ionising radiation sources.

##### **Institutional Framework**

In 2017, strengthening of the administrative capacities of the RSD by new employments is planned, if funding is provided.

In order to strengthen the international cooperation and strengthen the control of ionising radiation sources, the Directorate plans to conduct trainings in the area of radiation protection and safety in 2017.

## 3.16 TAXATION

### *Findings and Priorities of the EC Report 2015*

The country is moderately prepared in the area of taxation. Some progress was made. The Law on Special Zones for Technological and Industrial Development is still not compliant with the EU Code of Conduct for Business Taxation. In the coming year, the country should in particular:

- Continue to fight tax fraud, tax evasion and the informal economy;
- Further develop the Public Revenue Office's compliance risk management system and strengthen its audit capacity and function;
- Bring fiscal provisions on technological development zones into line with the EU Code of Conduct for Business Taxation.

#### *Summary*

The Ministry of Finance will continue to analyse all the relevant EU acts in the field of direct and indirect taxation and they will be appropriately included in the national legislation, aiming to achieve full harmonisation in a medium-term and to enable their smooth implementation.

The Public Revenue Office will further ensure high quality services for taxpayers, simplified tax procedures for timely and precise fulfilment of obligations and fair and efficient collection of taxes and other public duties, through introduction of quality management systems, implementation of programmes for education and enabling quick and easy access to tax information, reduction of time and expenses of tax procedures, introduction of new and development of the existing electronic tax services and increasing the level of their use.

### 3.16.1 INDIRECT TAXATION

#### VALUE ADDED TAX

##### *Current Situation*

The taxation of the consumption of goods and services in the country is regulated by the Law on Value Added Tax<sup>105</sup>.

The Law on Value Added Tax has been applied since 01.04.2000, in which most of the requirements from the EU legislation on VAT have been transposed as follows: the Sixth (systemic) Council Directive – 31977L0388 and the Thirteenth Council Directive – 31986L0560.

At the beginning of 2015, the Law Amending the Law on Value Added Tax<sup>106</sup> which prescribes tax exemption without the right of deduction of previous tax for the use of public roads for motor and trailing vehicles (road tax).

In July 2015, the Law Amending the Law on Value Added Tax<sup>107</sup> was adopted and it made the following changes:

- Clarification of the provisions relating the taxation has been made in cases of turnover of goods which are transported or sent from the country in free zones, or in cases of turnover of goods from free zones in the country;
- The right of deduction of the previous value added tax has been enabled for expenses for catering for people hired by film producer in the production of a film intended for public broadcasting;
- The deadline for recovery of paid value added tax has been continued by foreign diplomatic or consular missions and international organisations, and also provides the right of return of value added tax to apply to spouses of: the head of the diplomatic mission, members of the diplomatic staff of foreign diplomatic and consular officials;
- The deadline for application of the reduced rate of 5% has been prolonged for three years (from 1 January 2016 to 31 December 2018), for the first turnover of residential buildings and apartments in the part in which they are used for residential purposes and which will be made within five years after the construction;
- Further specification/clarification of the tax treatment of turnover in the procedures for forced payment under the Law on Enforcement and the Law on Tax Procedure has been done;

<sup>105</sup> "Official Gazette of the Republic of Macedonia" No. 44/99, 86/99, 8/01, 21/03, 19/04, 33/06, 101/06, 114/07, 103/08, 114/09, 133/09, 95/10, 102/10, 24/11, 135/11, 155/12, 12/14, 112/14, 130/14, 15/15 and 129/15.

<sup>106</sup> "Official Gazette of the Republic of Macedonia" No. 15/2015.

<sup>107</sup> "Official Gazette of the Republic of Macedonia" No. 129/2015

- In July 2015, the Law Amending the Law on Value Added Tax was adopted, which is published in the "Official Gazette of the Republic of Macedonia" No. 129/2015 and which harmonises the existing misdemeanour provisions in the Law on Value Added Tax with the misdemeanour sanctions provided by the Law on Misdemeanours.

### *Short-term Priorities*

During 2016, the analyses of existing legal decisions relating to the value added tax and their compliance with the Directive 32006/L0112 and other tax regulations of the European Union will continue.

### *Medium-term Priorities*

During 2017-2018, continuous and intensive process of study and harmonisation of the national legislation with the provisions of the EU directives will follow whereby the need for adoption of a Law Amending the Law on Value Added Tax will be determined or which will result in adoption of a new Law on Value Added Tax with relevant by-laws.

The harmonisation process will especially take into account the incorporation of provisions which will regulate the turnover of goods and services within the Community.

## **EXCISES**

### *Current Situation*

The Law on Excises<sup>108</sup> is the basic legal act that regulates the excises collected directly or indirectly for consumption in the territory of the Republic of Macedonia for: mineral oils, alcohol and alcoholic beverages, tobacco goods and passenger cars, and it contains provisions on taxation, excise preferences, excise exemptions, administrative obligations, registries, legal protection and penalty provisions.

The Law on Excises has been partially harmonised with the new Systematic Directive of the European Union and its accompanying structural directives separately for every type of goods that are subject to excise duty taxation, with the:

- Council Directive 2008/118/EC of 16 December 2008 concerning the general arrangements for excises and repealing the Directive 92/12/EEC;
- Council Directive 2003/96/EC of 27 October 2003 on restructuring the Community framework for the taxation of energy products and electricity;
- Council Directive 2011/64/EU of 21 June 2011 on the structure and rates of excise duty applied to manufactured tobacco;
- Council Directive 1992/83/EU of 19 October 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages and the Council Directive 1992/84/EU of 19 October 1992 on the approximation of the rates of excise duty on alcohol and alcoholic beverages.

At the end of July 2015, the Law Amending the Law on Excises<sup>109</sup> was adopted, which harmonises the misdemeanour provisions of the law with the provisions of the Law on Misdemeanours.

According to the Law on Excises, competent authorities for its implementation are the Ministry of Finance and the Customs Administration.

During 2015, the Project "Harmonisation of the excise legislation of the country with the best practices of the European legislation in the area of excise duties" has started, supported by the EU (IPA 2010).

The current rates of some excise products are still lower than the minimum requirements of the EU law. For certain excise products, the country may need a transitional period for application of the minimum rates prescribed by the EU law, primarily due to mitigating the price impact on the population and the adaptation of domestic enterprises to competing economic conditions in the EU common market.

### *Short-term Priorities*

During 2016, the implementation of the Twinning project "Harmonisation of the excise legislation of the Republic of Macedonia with the best practices of the European legislation in the area of excise duties" (MK 10 IB FI 02 R), which began on 1.03.2015, will continue and it should be completed by 30.11.2016 (21 months). The project aims at preparing a new law and by-laws on excise duties in compliance with the directives of the European Union in this area.

### *Medium-term Priorities*

By the end of 2018, a new Law on Excises will be adopted which will be harmonised with the European Union directives.

<sup>108</sup> "Official Gazette of the Republic of Macedonia" No. 32/2001, 50/2001, 52/2001, 45/2002, 98/2002, 24/2003, 96/2004, 38/2005, 88/2008, 105/2009, 34/2010, 24/2011, 55/2011, 135/2011, 82/2013, 98/2013, 43/2014, 167/2014, 188/2014, 129/2015 and 154/2015.

<sup>109</sup> "Official Gazette of the Republic of Macedonia" No. 129/15 of 31.07.2015.

### 3.16.2 DIRECT TAXATION

#### PROFIT TAX

##### *Current Situation*

The Law on Profit Tax<sup>110</sup> regulates the manner of taxation of profits realised by legal entities, residents and non-residents of the country.

At the end of July 2015, the Law Amending the Law on Profit Tax<sup>111</sup> was adopted, which harmonises the misdemeanour provisions of the law with the provisions of the Law on Misdemeanours.

Competent authorities for implementation of the Law on Profit Tax are the Ministry of Finance and the Public Revenue Office.

##### *Short-term Priorities*

During 2016, the continuous analysis of the EU directives relating to the system of profit tax will continue.

##### *Medium-term Priorities*

In the period 2017-2018, the process of harmonisation of the Law on Profit Tax with the EU directives will continue. Subject to harmonisation will be the provisions of the Directives relating to: the common system of taxation applicable to mergers, divisions, transfers of assets and exchanges of shares between companies of different Member States (32009L0133-32013L0133), common system of taxation applicable to parent companies and subsidiaries of different Member States (32011L0096) and common system of taxation applicable to payments of interest and copyrights between associated companies of different Member States (32003L0049).

#### PERSONAL INCOME TAX

##### *Current Situation*

The Law on Personal Income Tax<sup>112</sup> regulates the manner of taxation of income of natural persons, realised during the year as a sum of the following income: personal income, income from individual activity, income from property and property rights, income from copyrights and industrial property rights, income from capital, capital gains, and income from games of chance and from other incomes.

During July 2015, the Law Amending the Law on Personal Income Tax<sup>113</sup> was adopted, which further precise the legal provisions related to the determination of capital gains from the sale of real estate. This law prescribes that capital gains realised from the sale of real estate will be fully taxed, except capital gains from turnover of real estate in which the taxpayer lived at least one year prior to the sale, which will be taxed up to 70%. Furthermore, it prescribes the cases where tax on realised capital gains from the sale of real estate will not be paid.

In order to encourage the establishment of better conditions for attracting investors in film industry and development of film industry in the country, the Law Amending the Law on Personal Income Tax<sup>114</sup> was adopted in July, which prescribes taxation exemptions for allowances for hotel accommodation, food and transportation for persons participating in the production of film, and who are not employed by the film producer.

This law extended the deadline for submission of the summary data for all payments made during the previous year that the payer of the advance payment of personal income tax is obliged to submit to the taxpayer (until 25 January the following year instead of 15 January the following year).

At the end of July 2015, amendments to the Law on Profit Tax<sup>115</sup> were adopted which harmonise the misdemeanour provisions of the Law on Misdemeanours.

Competent authorities for the implementation of the Law on Personal Income Tax are the Ministry of Finance and the Public Revenue Office.

##### *Short-term Priorities*

During 2016, the analysis of the EU directives relating to the system of personal income tax will continue.

##### *Medium-term Priorities*

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<sup>110</sup> "Official Gazette of the Republic of Macedonia" No. 13/2014.

<sup>111</sup> "Official Gazette of the Republic of Macedonia" No. 129/15.

<sup>112</sup> "Official Gazette of the Republic of Macedonia" No. 80/93, 3/94, 70/94, 71/96, 28/97, 8/01, 50/01, 52/01, 2/02, 44/02, 96/04, 120/05, 52/06, 139/06, 160/07, 159/08, 139/09, 171/10, 135/11, 166/12, 187/13 and 13/14.

<sup>113</sup> "Official Gazette of the Republic of Macedonia" No. 116/15.

<sup>114</sup> "Official Gazette of the Republic of Macedonia" No. 129/15.

<sup>115</sup> "Official Gazette of the Republic of Macedonia" No. 129/15.



In the period 2017-2018, the process of harmonisation of the Law on Personal Income Tax with the EU directives and recommendations will continue. In the legislative regulation, the directives and recommendations in this area will be incorporated, including: the Directive on the common system of taxation applicable to mergers, divisions, partial divisions, transfer of assets and exchanges of shares concerning companies of different Member States (2009L0133-32013L0133) in the part which refers to taxation of shareholders, i.e. which treats the area of income for natural persons, Directive (32003L0048) concerning the taxation of income in the form of interest payments, as well as the Recommendation on the taxation of certain items of income received by non-residents in another Member State (94/79/EC) and Recommendation concerning the taxation of small and medium-sized enterprises, whose provisions refer to natural persons – performers of individual activity who are taxpayers of personal income tax (94/390/EC).

### 3.16.3 ADMINISTRATIVE COOPERATION AND MUTUAL ASSISTANCE

#### *Current Situation*

The harmonisation of the legislation regarding mutual assistance in the field of direct taxation (31977L0799, amended by the Directive 1070/EEC of 06.12.1979), is implemented through the avoidance of double taxation agreements concluded between the Republic of Macedonia and the EU Member States.

The Republic of Macedonia has concluded 47 Avoidance of Double Taxation Agreements with the following countries: Austria, Azerbaijan, Albania, Belgium, Belarus, Bosnia and Herzegovina, Bulgaria, Vietnam, Denmark, Egypt, Estonia, India, Iran, Ireland, Italy, Qatar, Kazakhstan, China, Kosovo, Kuwait, Latvia, Lithuania, Luxembourg, Moldova, Morocco, Norway, United Kingdom of Great Britain and the Republic of Ireland, Poland, Romania, Russia, Saudi Arabia, Slovakia, Slovenia, FR Germany, FR Yugoslavia, Turkey, Taiwan, Ukraine, Hungary, Finland, France, Netherlands, Croatia, the Czech Republic, Switzerland, Sweden and Spain. Until the entrance into force of the agreement concluded between the Republic of Macedonia and Belgium, the agreement concluded between SFRY and Belgium will be applied. 24 out of those 47 are concluded with the EU Member States.

Regulation 32003R1798, as one of the most important documents related to the exchange of information and mutual cooperation of the Member States will be directly applied from the date of accession of the country into the EU, as it is a legal act which directly binds the Member State to apply it.

The Agreements on avoidance of double taxation and prevention of fiscal evasion, which the Republic of Macedonia has concluded with other countries, including the EU Member States, are legal framework and basis for promotion of the economic cooperation between the contracting parties, both in the field of exchange of goods and services and in the field of joint investments.

As a basis for conducting negotiations in the course of conclusion of these agreements, the OECD model is used.

The exchange of information with the countries with which an *international agreement on avoidance of double taxation* has been concluded shall be done on the basis of the agreement.

The information exchange with countries with which an international agreement on avoidance of double taxation has not been concluded, shall be done through the state administration body competent for foreign affairs (the Ministry of Foreign Affairs).

The country exchanges information with the relevant bodies of the contracting states through the Public Revenue Office, thus contributing to the development of the system for mutual information exchange in accordance with Regulation 32003R1798.

#### *Short-term Priorities*

Short-term priorities are acceleration of the process of signing/ratifying the Avoidance of Double Taxation Agreements with Israel, the United Arab Emirates, Hong Kong and Singapore. As a priority certainly remains the conclusion of Avoidance of Double Taxation Agreements with the remaining EU member states, particularly with Portugal, Greece, Cyprus and Malta.

Priorities of the Public Revenue Office in a short-term, regarding data exchange pursuant to Article 26 of the OECD model of tax convention for income tax and capital tax, are as follows:

- Updating and completing the register of authorised persons for information exchange with the authorised persons from all the countries with which an *international agreement on avoidance of double taxation* has been concluded;
- Establishing direct contact with the authorised persons from other countries for exchange of experience in application of the agreements for avoidance of double taxation.

#### *Medium-term Priorities*

A medium-term priority is continuation of the negotiations for concluding avoidance of double taxation agreements with the EU Member States, as well as with other non-EU countries.

Medium-term priorities of the Public Revenue Office are establishing electronic and spontaneous exchange of information with the EU Member States and other countries.

### 3.16.4 OPERATIONAL CAPACITY AND COMPUTERISATION

#### *Current Situation*

The Public Revenue Office (PRO) is a state administration body within the Ministry of Finance, with the status of a legal entity. It operatively implements the taxation policy, pays taxes and other public duties, provides assistance to taxpayers in order to meet their tax obligations, monitors and analyses the functioning of the tax system and makes recommendations for its improvement, cooperates with tax administrations of other countries and provides international legal assistance on tax issues. General tax laws and procedures are defined in the Law on the Public Revenue Office and the Law on Tax Procedure. In the previous years, the PRO has been assigned additional tasks in the range of additional tax and non-tax responsibilities.

The PRO has constant coordination with the Ministry of Finance and other state authorities with regard to: planning and changing the tax policy, tax regulation and other regulations in order to improve the tax system, efficiency and effectiveness in the collection of taxes and social contributions, broadcasting fees and other public duties, implementation of international tax agreements, monitoring and analysis of implementation of tax regulation, as well as functioning of the tax system.

Regarding the PRO mission to provide high quality services to taxpayers, simplifying tax returns for timely and accurate tax compliance, and fair and efficient collection of taxes and other public duties, the tax administration has implemented several IT initiatives including electronic submission of applications and electronic payments, e-invoicing, cash registers with GPRS, e-Auction, Supervisory Information System for reducing tax evasion through on-line tracking of all payments made by the organisers of games of chance, etc., as well as initiatives for improving the tax education, tax awareness and public transparency.

The taxpayers have easy access to the website of the PRO ([ujp.gov.mk](http://ujp.gov.mk)) for information related to tax liabilities and administrative procedures for most taxes, as well as access to the call centre of the PRO and answers to questions received via the website of the PRO. In terms of the specifics of the characteristics of taxpayers, the current taxation policy and current practices in providing assistance/support to taxpayers for voluntarily, timely and accurate fulfilment of tax obligations, the answers of the questions are given in writing, via e-mail and the PRO Contact Center. Consultation and educational sessions on certain topics are also organised with target groups, new businesses, fiscal youth education, chambers of commerce and other relevant stakeholder representatives, as well as trainings on specific topics organised by the PRO Tax Academy. Sessions or trainings can be organised by suggestion of one of the basic functions of the PRO or on request of any interested parties.

In order to acquire the abilities and skills for efficient and effective managing of the business processes and answering the challenges that bring changes, the PRO conducts continuing education of employees according to the annual education plan for the PRO Tax Academy. The framework, design, purpose and implementation of trainings and investment in human resources are in line with organisational strategy and human resources strategy for the IRS.

Regarding the further promotion of friendly approach to taxpayers, the IRS introduced the practice of electronic delivery of statements (via e-tax system and info Inbox) for the latest news regarding the taxation of different target groups (Chamber of Commerce, accounting firms, consulting houses, and different groups of taxpayers).

All services of the PRO, available through the new communication channels (website, e-services, contact centre, e-mail, mail, direct meetings with taxpayers, trainings, etc.), are designed to ensure quick and easy access to tax information for the public, a simplified tax procedure and models (tax returns), to improve the "friendly" environment in tax offices in order to reduce the time and costs for reporting and paying the taxes.

In order to increase the number of bonds and voluntary fulfilment of its obligations, the PRO introduces new and develops the existing e-services:

- Electronic services of the e-Taxes for submission of applications for certificates and verifications for state institutions and other bodies, who can electronically, on behalf of natural and legal persons for which they conduct certain procedures, to obtain, ex officio, certificates and verifications by submitting a corresponding claim;
- The new PRO electronic service "e-Payment of taxes" allows every citizen to perform on-line payment of personal income tax, VAT and broadcasting fee with cashless card Visa, Maestro or MasterCard (issued by a domestic bank). The registration of "e-Payment of taxes" is free, does not require a digital certificate, except that the citizen has to create a user account for the electronic service "e-Payment of taxes" <https://etax.ujp.gov.mk>. Besides the electronic payment of taxes, by the registration and the use of this service, the citizens can inspect and have insight to the state of tax debt at any time.

Activities are continuously taken to detect the unpaid tax obligations and non-registered taxpayers and their inclusion in regular legal flows, mainly by stimulating the voluntary compliance or by informing the taxpayers for compulsory registration for performing activities; raising the awareness of the public on the voluntary payment of tax liability;

advisory assistance for registration and implementing the liabilities; simplifying the way of registration and submission of tax returns and payment of taxes.

With the introduction of new GPRS cash registers, which are mandatory for using, the PRO monitors the cash transactions on-line in real time and receives data on detailed fiscal bills and inspection reports, thus reducing the cost to tax payers, reducing the tax audits on the spot, automatically detecting risky taxpayers and increasing the financial discipline.

In order to reduce the administrative burden on taxpayers, improve services and simplify the procedures, PRO has started the implementation of the IPA 2010 "Improving the services of the Public Revenue Office for taxpayers" intended to strengthen the quality of tax services by establishing effective information and communication methods and tools as well as to strengthen the cooperation between taxpayers and the Tax Administration. By renovating and adapting the facility of the new Contact Centre, conditions for introducing a new approach of the PRO in the provision of counter services will be ensured. Special reception offices for consultation, new types of services etc., will provide faster and easier access to tax information, and reduce the time and cost of communication between the PRO and taxpayers.

In 2015, PRO continued the cooperation with the IMF through realisation of the following expert missions:

- "Reforming the Tax Administration 2015-2020";
- "Compliance Risk Management"; and
- "Strategic Management".

During this period, a mission of the DG Taxud was also held, in order to inform about the status, planning, issues and problems of PRO regarding the implementation of the strategy for Interoperability and Interconnectivity and evaluation of the readiness the employees for interconnectivity and interoperability between national IT systems and IT systems in the EU Member States.

### *Short-term Priorities*

Within its responsibilities, PRO will focus on reorganisation and raising the quality standards of operations and business processes. The fulfilment of the following short-term priorities is provided:

- Reorganisation of PRO Contact Centre in accordance with the IPA 2010 "Improving the services of the Public Revenue Office for taxpayers";
- Introduction of new e-signature for natural persons (PINcode);
- Organising the Centre for integrated collection of gross salary;
- Introduction of a system for compliance risk management.

### *Medium-term Priorities*

Integration of tax records and automation of business procedures that will result in further reduction of the time and costs through:

- Enhancing the administrative capacities of the Sector for Information Technology;
- Organising the Centre for collection of broadcasting tax;
- Portal e-learning - introduction of an electronic system for knowledge management (LMS);
- Implementation and compliance of work processes in the PRO according to ISO 9001:2008 - Quality System Management;

### *Programmes and Projects*

#### **Current Projects**

- Harmonisation of legislation and procedures with the legislation and best practices of the EU relating to excises (IPA 2010);
- IPA 2010 Project "Improving of the Public Revenue Office (PRO) taxpayers services" (TWINNING Contract MK10-IB-FI-01).

#### **Planned Projects**

- Further harmonisation of tax legislation with the EU (Twining light project MK 11 IB FI 02 TWL): Component 1 - Further harmonisation of the VAT Law in the part regulating the place of service supply; Component 2 - Further harmonisation of the Law on Personal Income Tax and the Law on Income Tax with the EU directives.
- IPA 2012 Project: "Supply of vehicles (vans), office furniture, hardware & software & other equipment for strengthening the capacity of the Public Revenue Office – Contact centre/call centre and service counters" (IPA 2012-2013 Supply Contract EuropeAid/136758/IH/SUP/MK);
- IPA 2012 PPF Project "Strengthening of the administrative capacity and specialization of the PROs performance for taxation of taxpayers – individuals (citizens)" (PPF Framework Contract EuropeAid/132633/C/SER/multi).

## 3.17 ECONOMIC AND MONETARY UNION (EMU)

### *Findings and priorities of the 2015 EC Report*

The country is moderately prepared in the area of economic and monetary policy. Some progress was made but the capacity of the country's institutions to draft economic policy remains insufficient. In the coming year, the country should in particular:

- improve economic policy coordination within government and with relevant stakeholders;
- introduce expenditure benchmarks and fiscal rules to improve public finance management.

### *Summary*

*In 2016, the National Bank will continue to re-examine the position of the monetary policy operational framework and will undertake activities for further harmonisation of the legal framework for monetary operations with the ECB Regulation. Macroeconomic policy in the period 2016-2018 will be directed towards maintaining the financial and macroeconomic stability and increasing the competitiveness of the economy on permanent basis, increasing the employment, improving the standard of living and quality of life of the population. Positive economic developments in Macedonia are expected to continue and the real GDP growth is envisaged to amount to 4%. The Ministry of Finance will continue the regular issuing of treasury bills, as well as focusing on extending the maturity band of the portfolio of government securities with longer maturity, i.e. issuing of two, three, five, seven, ten and fifteen year government bonds.*

### 3.17.1 MONETARY POLICY

#### *Current situation*

In 2015, the National Bank maintained the basic interest rate (3.25%) unchanged, as well as the offer of treasury bills (25,500 mil. denars). In view of decreasing the excess demand for treasury bills, a new method for bank auctioning was introduced, in accordance with their share in the mandatory denar reserves<sup>116</sup>. In addition, the auction mechanism was modified<sup>117</sup>, in order for the banks to participate in the auctions according to their share in the total liabilities in domestic currency (without currency clause) of the banking system, which is in accordance with the decrease of the mandatory reserve rate applied to bank liabilities towards natural persons in domestic currency with maturity of over one year (from 8% to 0%), as an incentive for longterm saving of households in domestic currency<sup>118</sup>. The Decision on the credit of last resort<sup>119</sup> brought about further compliance with the experience of the Eurozone central banks by introducing the possibility for the credit of last resort to be approved by pledge of bank's claims by clients. When Lithuania became a member of the European Economic and Monetary Union, the Lithuanian Litas was excluded from the exchange rate list of NBRM<sup>120</sup>.

In the area of statistics, the NBRM worked on further harmonisation with the international and EU standards – within the *balance of payments*, by including the data for the reinvested profit and short term commercial credits between the domestic direct investors and foreign daughter companies; within the statistics of *interest rates* through the alignment with the European standards for interest rates of credits and deposits<sup>121</sup>; in the *monetary reports* by accomplishing full coverage of the sector “other financial institutions” and in the statistics for *financial accounts* with its initial drafting for the reporting 2013. In addition, the cooperation among NBRM, SSO and MF regarding the exchange of data for the sectoral financial accounts, has been advanced. Pursuant to the Agreement on Data Exchange between the NBRM and the SSO, centralised statistical database was established in the National Bank for the institutional units of the legal entities, in accordance with the sectoral classification base of the SSO.

#### *Short term priorities*

##### **Legal framework**

<sup>116</sup> Decision amending the Decision on treasury bills and Decision amending the Decision on obligatory reserve, Official Gazette of the Republic of Macedonia no. 35/15.

<sup>117</sup> Decision on treasury bills, Official Gazette of the Republic of Macedonia no. 148/15.

<sup>118</sup> Decision amending the Decision on obligatory reserve, Official Gazette of the Republic of Macedonia no. 148/15.

<sup>119</sup> Official Gazette of the Republic of Macedonia no. 74/15.

<sup>120</sup> Decision amending the Decision on the manner of establishing and announcing the exchange rates of the National Bank of the Republic of Macedonia, Official Gazette of the Republic of Macedonia no. 14/15.

<sup>121</sup> Stipulated by the Regulation on statistics of interest rates ECB/2009/7.

Through IPA mission in 2013, NBRM was given recommendations<sup>122</sup> for further harmonisation of the Law on NBRM with the Acquis, of the provisions of the law in the area of functional, institutional, staff and financial independence of NBRM, in the area of data confidentiality, prohibition of monetary financing and privileged access, as well as legal integration in the Eurosystem. In accordance with the given recommendations, a Proposal of a Law amending the Law on the National Bank of Republic Macedonia is currently being drafted.

#### **Institutional framework**

##### *Instruments of monetary policy and exchange rate policy*

In 2016, the National Bank will continue to re-examine the position of the monetary policy operational framework and will undertake activities for further harmonisation of the legal framework for monetary operations with the ECB Regulation. In view of increasing the efficiency in managing foreign exchange reserves, the National Bank in 2016 will continue to increase the flexibility and diversification of investment. At the same time, in 2016 it is planned to finalise the initiated activities related to the legal documentation on the application of derivative instruments (futures contracts). As regards strengthening the professional capacity, activities will be undertaken to upgrade and further improve the infrastructure for implementing the basic monetary instrument, and the activities related to the upgrade of the systems related to foreign exchange reserves management, will continue.

##### *Statistics*

In the field of statistics, the following activities will be implemented:

- Further harmonisation of external statistics with the new international standards (PPBMIP6) and EU requirements<sup>123</sup>;
- Promotion of the process of regular data transmission for external statistics to the European institutions by the National Bank. Development of a single statistical data warehouse;
- Further harmonisation of monetary statistics and interest rate statistics with the relevant EU regulations requirements<sup>124</sup>;
- Development of financial accounts statistics and statistics for securities;
- Improvement of the communication regarding statistics with the users and reporters at the National Bank.

#### **Medium term priorities**

##### *Instruments of monetary policy and exchange rate policy*

The National Bank, following the developments on the domestic financial markets and the macroeconomic tendencies, will continue the process of gradual adjustment of the monetary instruments to the position and changes in the Eurozone regulation. At the same time, the activities for improving the professional capacity and further upgrade of the infrastructure for implementing the monetary operations will continue. In view of foreign exchange reserves management, activities will focus on further strengthening of the capacity for foreign exchange reserves management and application of best practices for foreign exchange reserves management.

##### *Statistics*

Aiming at further harmonisation of statistics (within the competences of NBRM) with the requirements of ECB, NBRM will continuously make advancement in the following areas:

- Introducing new and further improving the existing sources of data for external and monetary statistics in order to provide data with adequate sector and currency distribution, as well as adequate allocation per financial instruments, maturity etc.;
- Improvement of the process of regular data transmission for external statistics to the European institutions. Development of a single statistical data warehouse;
- Development of financial accounts statistics and statistics for securities.

## **3.17.2 ECONOMIC POLICY**

### **Economic policy**

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<sup>122</sup> Recommendations were presented in the Needs Analysis Report for the NBRM and the End of Mission Report.

<sup>123</sup> Regulation (EU) 555/2012 on statistics concerning balance of payments

<sup>124</sup> Regulation (EU) of the ECB concerning the balance sheet of the monetary financial institutions sector (ECB/2013/33), on interest rates (ECB/2013/34) and statistics on the assets and liabilities of investment funds (ECB/2013/38).

The Government continues to maintain disciplined and prudent fiscal policy. Fiscal policy is aimed at maintaining the macroeconomic stability and fiscal sustainability, as well as in support of the growth of the economy. Such defined goals of the fiscal policy mean further control of public finances, as well as continuous improvement of the quality of public expenditures by increasing capital investment.

The Fiscal Strategy 2016-2018 was adopted by the Government, and the Budget for 2016 was adopted by the Assembly in November 2015.

#### **Public debt**

The frame setting out the policy for public debt management in the country is the medium term Fiscal Strategy which integrates public finances management, i.e. the fiscal frame and the public debt and full consistency of data is provided. The last Fiscal Strategy adopted by the Government covers the period 2016-2018.

The Republic of Macedonia is among the countries with lowest level of government debt when compared to the EU Member States.

The credit rating agency Fitch Ratings, in August 2015 confirmed the fiscal stability of Macedonia and assigned credit rating of the country for foreign and local currency BB +, outlook negative. In its report Fitch Ratings stated that the Republic of Macedonia has relatively low public debt level and the debt level is below the debt level of the countries at the same or similar level according to the credit rating (BB).

Standard & Poor's credit rating agency in October 2015 confirmed the previously assigned credit rating to the Republic of Macedonia for foreign and local currency BB-, while confirming the stable outlooks of the country. The confirmed credit rating is based on the moderate level of public and government debt, the low inflation and the stable well capitalised banking sector.

The stable credit rating country is an important signal for the foreign investors and positively affects the interest rate used when the country borrows on the international capital market, as well as the overall economic and political image. In addition, affirming the credit rating is another signal for the foreign investors that they can trust and they can believe that there will be sound economic policies in future as well.

In 2015, the country successfully provided the projected funds for financing the budget deficit and the ongoing projects from external and domestic sources in order to achieve optimal combination in view of the financing expenses. The Sector for International Financial Relations and Public Debt Management is comprised of 6 units and has 24 employees.

#### ***Short term priorities***

##### **Economic policy**

In accordance with the Enlargement Strategy 2015-2016, the Economic Reforms Programme for 2016 will be presented as a single integrated document with a greater focus on employment and social challenges. The programme will continue to be drafted on an annual basis. The second Economic Reforms Programme will be submitted to the Commission by 31 January 2016.

In 2016 the Government will continue its active economic policy, taking into consideration that uncertain external surrounding is expected. The positive economic developments in the country will continue, and it is expected that the real GDP growth amounts to 4%. Fiscal policy, as in the past period, will continue to be directed towards achieving reasonable balance between the two strategic goals of the Government, that relate to maintaining the macroeconomic stability and encouraging the economic activity by increasing the quality of public finances.

In the short run, several trainings are to be organised as a continuous activity in view of strengthening the capacities of the Sector for Macroeconomic Policy for macroeconomic analyses and projections.

##### **Public debt**

By the end of October 2015, the Sector for International Financial Relations and Public Debt Management has 24 employees. Due to the need for expanding the activities in the upcoming years, the capacity of several units within the Sector needs to be strengthened in 2016.

#### ***Medium term priorities***

##### **Legal framework**

##### **Public debt**

According to the policy of public debt management which is part of the Fiscal Strategy, a framework for external and domestic borrowing for a period of 3 years has been projected, as well as guidelines for improving the features of the debt portfolio of the country.

Based on the determinations for funding the necessities of the country with the lowest possible level of expenditure in the medium and long term, sustainable risk level and low level of government debt, as well as the realisation of the



planned infrastructural investments, the movement of the government debt is planned to be kept in the projected frames, i.e. to have a moderate growth which will not endanger the sustainability of public finance, thus, the public debt is expected not to exceed 60 % of GDP in the long run.

In accordance with the mid-term fiscal strategy, in the upcoming period the Ministry of Finance will continue with the constant issuing of government securities (GS) on the domestic market. The aim is with regular presence of the government securities to enable more efficient funding of the budget necessities in the short and long term, reduction of the expenses for funding, as well as stimulating the further development of the financial markets in the country. In the forthcoming period, the intention of the Ministry of Finance will be maintaining the regular issuance of treasury bills, as well as focusing on the extending of the maturity period of the government securities with long term maturity. In this regard, special emphasis will be placed on the extension of the maturity of the existing government securities portfolio by issuing long-term securities, i.e. through the issuance of two, three, five, seven, ten and fifteen year treasury bonds. Particular interest to invest in long-term securities issued by the country is expected from pension funds, as well as commercial banks and insurance companies. Moreover, in order to improve the liquidity at the domestic market of government securities, in the upcoming mid-term period it is planned to undertake measures and activities which refer to the gradual reduction in the share of government securities with foreign exchange clause in the total issued government securities, targeting the positive annual net borrowing and re-opening of the already opened auctions of government securities (re-opening).

### **Economic policy**

Macroeconomic policy in the period 2016-2018 will be directed towards maintaining the financial and macroeconomic stability and increasing the competitiveness of the economy on permanent basis, increasing the employment, improving the standard of living and quality of life of the population. The already achieved economic accomplishments, sound macroeconomic policies and Government agenda filled with large number of projects are a solid ground for continuing the positive economic developments in the upcoming medium term. In the period 2016-2018, the favourable economic developments in the country are expected to continue, and the real GDP is expected to amount to 4% in 2016, 4,3% in 2017 and 4,5% in 2018. The Government and the Ministry of Finance set successful public debt management as one of the top priorities, taking into consideration the strong economic, social and political significance of the Budget, especially in times of uncertainty and strong challenges in the European and world economy. Medium term planning of basic macroeconomic and fiscal parameters is asserted as a necessity of the professional public debt management, in view of financial safety and sustainability of public finances.

The Fiscal Strategy as a significant strategic document defines the most important goals and action policies, as well as the medium term macroeconomic and fiscal projections through which a stronger link is established between the defined strategic priorities and the available funding sources. The projection of public finances for the next medium term period is based on commitment to their gradual consolidation, in line with the expectations for positive macroeconomic indicators for the upcoming period, achieving positive growth rates, and with the effects of the planned structural reforms and expected inflows of FDI.

### **Institutional framework**

#### **Public debt**

Due to the need for expanding the activities in the upcoming years, administrative strengthening of 3 employees during 2016, 3 employees in 2017 and 3 employees in 2018 shall be needed, allocated to all units within the Sector.

After strengthening the administrative capacity of the units, the Sector will be fully staffed.



## 3.18 STATISTICS

### *Findings and Priorities of the EC Report 2015*

The country is moderately prepared in the area of statistics. Some progress was achieved in the past year, notably in the alignment of sectoral statistics with the EU standards. Continued efforts are needed to improve the quality of data in the areas of macro-economic and social statistics as well as for full harmonisation with the EU acquis. In addressing the shortcomings outlined below, in the coming year, the country should in particular:

- further strengthen human and financial resources of the State Statistical Office;
- further align statistics with the European System of Accounts 2010;
- transmit tables for the Excessive Deficit Procedure (EDP) to Eurostat.

### **Summary**

*The State Statistical Office is focused on provision of high quality statistical data in accordance with the EU regulations and with the international recommendations. The first priority in the achievement of this aim is constant work on the harmonisation of the national legal framework for statistics with the EU legislation, thus directly supporting the Government policy for European integration of the country. In the intention for increasing the quality of data, particular attention is paid to the development of the meta-information system, protection of data against disclosure, technical support for efficient processes of statistical production, simplification of data collection and enhancing the quality of communication with the data providers and users.*

*The State Statistical Office, as a competent institution for the adoption of international standards for statistical monitoring of mass phenomena in the social and economic life of the country, is responsible for their continuous harmonisation and adaptation to national conditions.*

*The statistics in sectors includes statistical researches that are carried out in accordance with the Statistical Research Programme for the period 2013-2017, taking into account the Statistical Compendium as a relevant document for all producers of official statistics within the European Statistical System, as well as the European Statistics Code of Practice which specifies the principles of quality of the European Statistics.*

*In terms of sectoral statistics, the level of harmonisation of researches is described according to the standards of the European Statistics.*

*Strategic commitment of the National Bank in the area of statistics is to provide quality statistical data, fully compliant with the international and the European statistical standards.*

### 3.18.1 STATISTICAL INFRASTRUCTURE

#### **Current Situation**

During 2015, the strengthening of the administrative capacities of the SSO continued through engagement of the necessary working potential for support of SSO in the implementation of the European legislation. SSO employed 26 persons. Administrative capacities were strengthened through improvements in the following areas:

- Training of the employees
- Metadata and implementation: 7 new researches have been included in the system for electronic data collection, bringing the total number of surveys in the system to 11. At the same time, metadata relevant to these researches have been prepared.
- Information infrastructure: Transfer of data from local disks to the centralised storage space

The total number of employees in the SSO by 31 October 2015 is 310.

The SSO improves its work through the implementation of internal trainings (25 trainings were conducted in the period 1 January – 31 October 2015, out of which 14 were generic trainings and 11 specialised trainings, with approximately 20 employees per training).

In order to use larger scope of data from administrative sources for statistical purposes, Memoranda for Cooperation were signed with:

- the Chamber of Commerce of North-West Macedonia
- the Macedonian Chambers of Commerce
- the Civil Registry Office
- the Ministry of Agriculture, Forestry and Water Economy

In October 2015, Annex to the Agreement on cooperation and exchange of data and publications with the National Bank was signed.

### ***Short-term Priorities***

- Engaging the necessary human resources to support SSO in the implementation of the European legislation (to be continued in the medium-term priorities)
- Defining indicators for monitoring the efficiency of resources usage (to be continued in the medium-term priorities);
- Self-assessment (Partnership assessment of the national statistical system);
- Implementation of the Policy for revision of statistical data (to be continued in the medium-term priorities).

## **SUPPORTING STATISTICAL OUTPUTS, TECHNICAL INFRASTRUCTURE, IT NORMALISATION AND COLLABORATIVE INFRASTRUCTURE FOR THE EUROPEAN STATISTICAL SYSTEM (ESS)**

### ***Short-term Priorities***

The usage of a single entrance point for regular submission of data and metadata to Eurostat will be strengthened through:

- Increasing the datasets submitted to the Eurostat (to be continued in the medium-term priorities);
- Establishing a single statistical data warehouse (for keeping, analysis and transmission of data) as a pre-condition for full harmonisation with the EU requirements from a viewpoint of the possibilities for disaggregation according to countries, business activities, sectors, instruments (to be continued in the medium-term priorities);
- Submission of data to Eurostat in accordance with the requirements of Vademecum 2014 (to be continued in the medium-term priorities);
- Initial activities for building a tool for internal analysis of statistical data and statistical web portal for external data users (to be continued in the medium-term priorities).

### ***Medium-term Priorities***

- Redesign of existing warehouse of national accounts data for the purpose of its expanding with data and increased opportunities for analysis and dissemination, as well as its compliance with the standards of Eurostat data transmission.

## **IT INFRASTRUCTURE AND SERVICES**

### ***Short-term Priorities***

Regarding modernisation of the IT environment in the SSO, in function of efficient support to the process of statistical production and internal and external communication, the following has been envisaged:

- Increasing the number of surveys for which the data will be collected by e-form (to be continued in the medium-term priorities).

## **DISSEMINATION**

### ***Current Situation***

In the period from 16.01 to 16.02.2015, the SSO conducted the User satisfaction survey.

In the past period, the cooperation with the users of statistical data and information has continued, in particular the cooperation with educational institutions.

A new design of the front page of the SSO website has been launched.

An application for web cartography has been prepared and placed on the website. The application presents thematic maps with data regarding population and construction, on municipal and regional level. The application is developed in MapServer and OpenLayers Open Source software.

Data on the population by age groups have been submitted for the NSDI (National Spatial Data Infrastructure) - portal managed by the Agency for Real Estate Cadastre.

Regarding communication with data providers, the National Bank worked on strengthening the support through organisation of trainings, updating the website with detailed instructions and information for statistical data in the jurisdiction of the National Bank. In the same time, in terms of communication with users, the National Bank exercised direct contact with the users, actively participated in the trainings and timely and comprehensively informed the users

about new data sets and methodological changes in statistical surveys. A project for establishment of a single statistical data warehouse is ongoing in the National Bank, which should enable optimal management with statistical databases in the National Bank, as well as sending more detailed data to Eurostat as a final goal. External supplier is engaged for the implementation of this activity.

### ***Short-term Priorities***

#### **State Statistical Office**

The modernisation of the manner of dissemination of statistical data will be realised through:

- Taking actions to increase the presence of statistical data in social media (to be continued in the medium-term priorities)
- Further development of user-oriented tools on the SSO website

#### **National Bank**

Improvement of statistics discrimination in the National Bank:

- Activities for improving the communication with users, as well as for strengthening the support for reporters and facilitating the reporting;

### ***Medium-term Priorities***

#### **State Statistical Office**

- Maintaining regular communication with users by conducting User satisfaction survey.

## **3.18.2 CLASSIFICATIONS AND REGISTERS**

### **CLASSIFICATIONS**

#### ***Current Situation***

The SSO, in cooperation with the Ministry of Agriculture, Forestry and Water Economy, continued the activities of the working groups for identification of the differences and the opportunities for compliance in the application of statistical classifications in the area of agriculture. In 2015, the amendments of the National Classification of Occupations (NCO 2008) at national 6-digit level have been adopted.

During the 2015, the Classification of Products by Activity CPA 2015 has been adopted.

### ***Short-term Priorities***

Harmonisation of the system of national standards with the European system of statistical standards:

- Monitoring the changes in the economic classification (NCA Rev.2, CPA, NNIP, Customs Nomenclature) (to be continued in the medium-term priorities);
- Preparation of Classification of Institutional Sectors according to the ESS 2010.

### **REGISTERS**

#### ***Current Situation***

Statistical Business Register (SBR) - Continuous work on the development of the methodological bases and functionality of the SBR, harmonised with the European standards and recommendations (improvement of the quality and scope of groups of enterprises). Besides regular updating of SBR, current control of the accuracy and quality of data in SDR has been done, especially of the data on activity, size, addressing data etc.

Statistical Register of Agricultural Holdings - Continuous work on development of the methodological bases and updating procedures.

Statistical Register of Population (SRP) – Continuous work on the preparation of a concept for updating the SRP with data from statistical surveys and the administrative register of population (which will be used after the establishment of an administrative register of population).

Statistical territorial register (STR) - The SSO, in cooperation with the Agency for Real Estate Cadastre is currently preparing a Memorandum of Cooperation and data exchange. This Memorandum will regulate the way of exchange and the type of data to be exchanged.

Currently, the Agency for Real Estate Cadastre communicates any changes occurred in the Spatial Units Register. Also, the Agency for Real Estate Cadastre submits data from Trigonometric Cadastral information system pertaining to cadastral parcels and facilities, upon prior request submitted by the Statistics Office.

In 2015, a warehouse for agricultural statistics was established where the available data for 2013 and 2014 were entered.

### *Short-term Priorities*

- Further development of the methodological bases and functionality of the SBR, harmonised with the European standards and recommendations (to be continued in the medium-term priorities).
- Implementation and introduction of new procedures for updating the Statistical Register of Agricultural Holdings (to be continued in the medium-term priorities).
- Development of the concept of updating the Statistical Register of Population with data from statistical surveys and the Administrative Register of Population (application after establishing Administrative Register of Population) (to be continued in the medium-term priorities)
- Analysis of databases derived from various administrative sources and establishment of definitions (to be continued in the medium-term priorities).
- Testing, adapting and using the spatial data needed for conducting surveys (to be continued in the medium-term priorities).
- Using the spatial data needed for conducting surveys (to be continued in the medium-term priorities).

### 3.18.3 SECTORAL STATISTICS

The statistics in sectors include statistical researches that are carried out in accordance with the Statistical Research Programme for the period 2013-2017, taking into account the Statistical Compendium as a relevant document for all producers of official statistics within the European Statistical System, as well as the European Statistics Code of Practice which specifies the principles of quality of the European Statistics.

In terms of sectoral statistics, the level of harmonisation of researches is described according to the standards of European Statistics.

Strategic commitment of the National Bank in the area of statistics is to provide quality statistical data fully harmonised with the international and the European statistical standards in the field of external statistics, monetary statistics, statistics of financial accounts and statistics of securities.

## DEMOGRAPHIC, SOCIAL STATISTICS

### *Current Situation*

In the area of the labour market, in 2015, data sets that can be used by the administrative records of the Public Revenue Office for paid salaries have started. These data will be adapted to the statistical standards and can be used as a source of data that would contribute to reducing the burden over reporting units as one of the strategic goals towards which the European statistics aims.

A survey of earnings was conducted within IPA 2012 which has applied combined method using data from an administrative source for the first time.

From the second quarter of 2015, the updating of the frame used for selection of sample for statistical surveys has began, where households were involved as reporting units.

A Memorandum of Cooperation was signed with the Civil Registry Office (CRO), stating that the statistical forms for births, deaths and marriages in the area of vital statistics from the regional offices of CRO where electronic input was established, have to submit a copy of the electronic input to RSU, until the moment when SSO and CRO will create technical conditions for data exchange via web service.

In 2015, the ESPROS data were submitted from all institutions managing those data.

### *Short-term Priorities*

Improving the statistics on labour market and living standard

- Using administrative data on the labour market by providing data from administrative sources and their association with the data from statistical researches in the area of the labour market (to be continued in the medium-term priorities)
- Full updating of the frame used for selection of sample for statistical surveys has began, where households were involved as reporting units.

- Improvement of the harmonised living costs index and establishment of experimental calculations of housing cost index (to be continued in the medium-term priorities).
- Conducting a survey of people aged 29 to 65 attending formal or informal education.
- Providing indicators for people aged 29 to 65 attending formal or informal education. (to be continued in the medium-term priorities)
- Implementation of CAPI method for data collection in surveys in the area of social statistics (to be continued in the medium-term priorities)

#### Improvement of statistics for social services

- Conducting an inventory of school premises of primary and secondary schools (school buildings and schools)
- Providing information on school buildings and schools (to be continued in the medium-term priorities).
- Conducting a survey on continuous vocational training (APKO)
- Providing indicators for the number and type of trainings the employees obtain (to be continued in the medium-term priorities)

## BUSINESS STATISTICS, AGRICULTURAL STATISTICS AND ENVIRONMENTAL STATISTICS

### BUSINESS STATISTICS

#### *Current Situation*

Harmonisation of statistics in the area of energy, tourism and catering, transport and trade with the EU regulations is ongoing. In 2015, data from the research on transport mobility were published. Indicators for passenger and freight transport for the period 2001-2014 and indicators for the share of passenger and freight transport in the total transport for the period 1990-2014 were published. For short-term statistics (industry, prices, construction and trade), in 2015, data accompanied by metadata started to be submitted to Eurostat by the National Metadata Editor. In the field of energy statistics, during 2015, statistical data on energy consumption in households was provided.

New indicators in the area of short-term statistics have been calculated as follows: main industry groups for wages in industry for the period from 2010 to March 2015, and metadata in the area of wages.

Data on foreign trade statistics is for the first time produced and published according to the economic characteristics of the business entities.

#### *Short-term Priorities*

- Provision of short-term statistical data in accordance with the STS Regulation 1165/98 by providing new indicators for short-term statistics (to be continued in the medium-term priorities).
- Providing data for business activities by providing short-term statistics in transport of the Inventory of passenger traffic.
- Conducting an inventory of capacities in retail trade.
- Conducting an inventory of catering and accommodation capacities.
- Further improvement of the indicators on the use of information technology in households and business entities in accordance with the European Regulation 808/2004.
- Providing data on foreign visitors at border crossings and data on foreign tourists in accommodation facilities (to be continued in the medium-term priorities).

#### *Medium-term Priorities*

- Activities for changing the base year in short-term statistics (2015 = 100). Improving the short-term statistics in industry and construction
- Providing data for business activities by providing short-term statistics in transport of the Inventory of rail traffic.
- Preparation of master plan for the introduction of INTRASTAT.
- Providing data from the inventory of catering and accommodation capacities
- Providing data from the inventory of capacities in retail trade.

### AGRICULTURAL STATISTICS

#### *Current Situation*

In 2015, revised statistical data from the second Sampling structural survey of agricultural holdings was published together with statistical data on the typology of agricultural holdings and the data was transmitted to the Eurostat. Within

the project for agrimonetary statistics (IPA 2012), a warehouse of agricultural statistics was established covering the statistical researches in the area of vegetation and livestock production, forestry, agricultural prices, the purchase of agricultural products and structural information on agricultural products in order to automate the process of obtaining agrimonetary statistics. Also, automatization of the process of production, analysis and publication of data in the field of all agricultural statistics has been done. Preliminary data on prices and wages of agricultural land have been submitted to Eurostat for the first time, the description of the calculations of economic accounts for agriculture and agricultural prices as well as for livestock production has been updated and a description of the calculations for crop production has been prepared for the first time. A pilot survey on statistics of milk has been implemented annually, which in 2016 will be transformed into a regular statistical survey. The survey for cattle slaughter in slaughterhouses has been changed from quarterly to monthly survey. A report for the quality of economic accounts for agriculture and agricultural prices has been prepared for the first time and the report for quality crop production has been updated.

### ***Short-term Priorities***

- Implementation of the third Structured survey of agricultural holdings
- Implementation of a pilot survey of the statistics in pomiculture and viticulture
- Implementation of a pilot survey for monthly survey for milk and dairy products
- Improvement of the quality of statistical data on slaughtered livestock in accordance with Regulation 1165/2008
- Further development of economic accounts for agriculture by including calculations for the price of agricultural land and rents (to be continued in the medium-term priorities).

### ***Medium-term Priorities***

Providing data of the third Structured survey of agricultural holdings

## **ENVIRONMENTAL STATISTICS**

### ***Current Situation***

During 2015, in the area of environmental statistics, regular research on environmental costs has been conducted. The survey was developed within the Twinning project and it becomes an integral part of the Statistical Research Programme by regular annual basis of implementation. During 2015, the SSO, under the IPA 2012 has developed a methodology for collecting data on two modules in the field of Environmental accounts - Taxes related to the environment and Flows of materials. The data are collected from administrative sources – the Sector for National Accounts at the SSO and the Ministry of Finance (environmental taxes), and professional departments in the SSO - agriculture, industry, energy.

### ***Short-term Priorities***

- Revision of the data set for taxes related to the environment
- Improvement of the data set established for taxes related to the environment
- Preparation of data series for taxes related to the environment
- Improvement of the established data set for the flows of materials

### ***Medium-term Priorities***

- Module development - Environmental accounts in the sector Goods and Services

## **INFORMATION AND COMMUNICATION TECHNOLOGY STATISTICS**

- Further improvement of the indicators on the use of information technology in households and business entities.

## **MACROECONOMIC STATISTICS**

### ***Current Situation***

Data on the key tables according to the ESA 2010 Programme of Eurostat for sending annual data are continuously sent (tables with main aggregates and tables according to branches, aggregated according to sector, are prepared and submitted to Eurostat in accordance with Regulation No.549/2013). Besides the provision of international comparability, these data create more adequate basis for analysis by the holders of macroeconomic measures and policies.

Concerning the activities for pilot-notification tables with data series under the Excessive Deficit Procedure using the methodology of debt and deficit by Eurostat, in June 2015 a mission with Eurostat was held and a working group that will work on organising obligations was established.

Experimental calculations were prepared for the tables of supply and use at fixed prices for 2013.

A publication on sustainable development indicators was published in July 2015.

Forms are sent, data are collected and analysis of the business services is made in order to harmonise the structural business statistics in accordance with the EU Regulation 250/2009.

### ***Short-term Priorities***

Implementation of SNS 2008 (System of National Accounts, SNA 2008) and ESA 2010 (European System of Accounts, ESA 2010):

- Preparation of data tables according to ESA 2010 Eurostat Programme for submission of data as follows: Main aggregates for the sector Country, annual non-financial sectoral accounts for the period 2008-2014
- Improving the categories of GDP and the added value on quarterly level for the period 2000-2014
- Preparation of data based on the revised GDP according the implementation of ESA 2010, for the period 2000-2014 (to be continued in the medium-term priorities)
- Preparation of data tables according to ESA 2010 Eurostat Programme for submission of data as follows: Expenditures for personal consumption by purpose, annual accounts for the household sector, tables of taxes and social contributions by type, tables by branches aggregated by the NCA sections
- Preparation of data on the main aggregates, annual and quarterly, for the series 1995-1999
- Preparation of data for notification tables of the Excessive Deficit Procedure (EDP).
- Preparation of notification tables according to the Excessive Deficit Procedure, using a deficit and debt methodology of the Eurostat.
- Improvement of the quality of data in the tables for supply and use in and input-output tables according to ESA 2010.
- Improvement of the calculations of the tables of supply and use at fixed prices. (to be continued in the medium-term priorities)
- Improvement of the tables of supply and use and input-output tables at basic prices (to be continued in the medium-term priorities)
- Improving the methods for calculating the added value at regional level.
- Harmonisation of structural business statistics in line with the EU Regulation 250/2009
- Providing information on business services (to be continued in the medium-term priorities)
- Improvement of the set of marks for the business entities (to be continued in medium-term priorities)

### ***Medium-term Priorities***

Implementing the System of National Accounts (SNA 2008) and the European System of Accounts (ESA 2010):

- Improving the data for land improvement as a special mean (analysis of the results of research and data sources).
- Survey of the data sources, analysis and preparation of data for fixed assets as part of the transmission programme of Eurostat.

## **MONETARY, FINANCIAL, AND COMMERCIAL STATISTICS AND BALANCE OF PAYMENT STATISTICS**

### ***Current Situation***

Regarding the balance of payments statistics, in 2015, the National Bank published data on direct investments abroad by improved scope (for the period of 2012). By incorporating data on re-invested profit and short-term trade credits between domestic direct investors and foreign daughter companies, identical application of international standards is achieved by the assets and liabilities according to FDI.

The new set of data on interest rates, published in early 2015, provides a better statistical coverage of data and more detailed information on the interest rates on loans and deposits. The data have been developed and adapted to European standards, prescribed by the Regulation of the interest rates statistics ECB/2009/7. In order to ensure time comparability of the data, time series of data for the period from 2005 onwards have been published.

In monetary statements (balance and review of other financial institutions and review of financial institutions), with the inclusion of data for leasing companies and financial companies, almost total coverage of other financial institutions for monetary statistics was achieved. The data for these financial institutions are available from the beginning of 2014.

In 2015, SSO was working on the improvement of data sources and the initial compilation of the financial account for the reporting 2013.

The cooperation between the NBRM, SSO and MF regarding the exchange of data and information needed for the preparation of the sectoral financial accounts, has been improved. According to the Agreement on data exchange



between NBRM and SSO, the National Bank established a centralised statistical database of institutional sectors of the legal entities in accordance the SSO classification.

### ***Short-term Priorities***

#### **External statistics**

Further harmonisation of the external statistics with the new international standards (BPM6) and the requirements of the EU Regulation 555/2012 on statistics of balance of payments, international trade in services and foreign direct investment:

- Further harmonisation of the external statistics with the new international standards (BPM6) and the requirements of the EU Regulation 555/2012 on statistics of balance of payments, international trade in services and foreign direct investment:
- Preparation of data on portfolio investments according to the standards set by the IMF within the CPIS (Coordinated Portfolio Investment Survey), as part of the plan of activities for joining of the Republic of Macedonia to the statistical standard SDDS Plus of the IMF.

Further adaptation of monetary statistics and interest rates statistics to the requirements of the EU regulations concerning the preparation of the balance schemes of the sector of monetary financial institutions (ECB/2013/33), interest rates (ECB/2013/34) and Statistics of the assets and liabilities of investment funds (ECB/2013/38):

- Development of a new time series of monetary data set according to the new statistical standards of IMF (Manual on Monetary Statistics): with enhanced sectoral and currency division of financial instruments and a new methodology for the monetary mass.
- Analysis of the reporting system in order to comply with the requirements of the ECB for statistics of balance sheet schemes.

#### **Development of Statistics of Financial Accounts**

- Activities for preparation of these financial accounts according to SNA 2008 and ESA 2010, with priority for preparation of financial accounts for the sector Country and non-financial enterprises (to be continued in the medium-term priorities).
- Activities for implementation of unified sectorisation of institutional units at national level. Activities related to the approval of limited access to the centralised database of institutional sectors for some reporters of the National Bank (banks and CSD).

#### **Development of Securities Statistics**

- Activities for establishing securities data sources traded on domestic markets by sectors of publishers and holders (to be continued in the medium-term priorities).

### 3.19 SOCIAL POLICY AND EMPLOYMENT

#### *Findings and priorities of the European Commission Report for 2015*

The country is moderately prepared in the area of social policy and employment. Some progress was made in the last year. However, labour market conditions remain very difficult, with continuing high unemployment rates, alarming levels of youth and long-term unemployment, and very low participation rates of women. Although policy measures are being taken to promote social inclusion, the poverty remains a serious problem, in particular for Roma.

The Law on Prevention and Protection against Discrimination needs to be amended to comply with the acquis. Anti-discrimination mechanisms need to be strengthened.

In the coming year, the country should in particular:

- tackle unemployment, in particular among youth and long-term unemployed;
- improve bipartite and tripartite social dialogue, particularly in the private sector, especially for collective bargaining;
- ensure appropriate institutional and financial resources are made available to implement the social inclusion and poverty alleviation strategies already adopted.

#### *Summary*

*The key priorities in the area of social policy and employment in the forthcoming period are aimed at improving the situation on the labour market, increasing the employment rates and dealing with the high unemployment, especially youth unemployment, increasing the efficiency and inclusiveness of the labour market, as well as the further strengthening of the capacities of the institutions responsible for design, implementation, monitoring and evaluation of the employment policies. Efforts to promote the social dialogue, strengthening the capacities of the social partners and enhance their participation in the policy-making process will be undertaken.*

*The implementation of measures to reduce the poverty and the social exclusion, as well as to improve the quality of the services and the care for the various categories of vulnerable citizens (persons with disabilities, the elderly, children and socially vulnerable families, citizens of rural areas, Roma, etc.), will continue. Activities for introduction and development of new services in the field of professional rehabilitation and personal assistance for people with special needs, development and support of alternative services for child care, as well as developing, supporting and promoting the conditions for social entrepreneurship in the country, will be undertaken. The implementation of activities in accordance with the strategic and operational documents in the field of equality and non-discrimination, activities for capacity building and awareness raising on issues of gender equality, gender responsive budgeting, the concept of equality and protection against discrimination, promotion of the work of the Commission for Protection against Discrimination and strengthening its capacities will continue.*

*For the realisation of the planned activities and realisation of the priorities within this Chapter, in the forthcoming period, despite funding from the national budget, significant assistance and support will be provided through the projects implemented within the IPA - Component 1 and 4.*

### 3.19.1 LABOUR LAW

#### *Current situation*

During the year several amendments to the existing laws in order to further improve, promote and precise the labour legislation were prepared.

Amendments to the Labour Law<sup>125</sup>, which increases the period of absence of the employee who will give birth to or adopt more children at once, from the current 12 months to 15 months, were adopted.

The Law Amending the Law on Labour Inspection<sup>126</sup> was adopted in order to harmonize it with the Law on Prohibition and Prevention of Conducting Unregistered Activity, whereas it was stipulated that, in addition to the other responsibilities, the labour inspectors will supervise the execution of the unregistered activity.

Amendments to the Law on Minimum Wage<sup>127</sup> regarding the misdemeanour provisions, i.e. the amount of fines that are imposed on the employers for violations disclosed in cases of paid wages below the minimum wage defined by the legal provisions, were also adopted.

Within the package of new measures to encourage the employment, promoted through the project "Macedonia employs", amendments to the Law on Employment and Insurance in Case of Unemployment<sup>128</sup>, regulating the subsidies for private sector employers for employment of unemployed persons from specific vulnerable categories of citizens, were adopted.

In the last period further actions aimed at improving and strengthening the cooperation between the relevant institutions responsible for creating and implementing the legislation in the field of labour relations, were undertaken. In this regard, inter alia, in the preparation of the amendments to the labour legislation, despite the social partners, also, the Employment Agency (EARM) and the State Labour Inspectorate (SLI) actively participated, taking into account their observations and experiences in the practical implementation of the legislation.

In the same time, the activities of the State Labour Inspectorate for increased and strengthened supervision over the implementation of the legal provisions in the area of labour law have continued.

Throughout the year, the implementation of the project "Support to the Fight against Unregistered Work", co-financed by the European Union within the IPA Component 4 has continued. The project is being implemented for a period of 2 years, until May 2016, and aims to contribute for improving the effectiveness and efficiency in tackling unregistered work by conducting extensive research and analysis of the occurrence and effects of unregistered work in the Republic of Macedonia, substantially strengthening the capacity of SLI and other relevant bodies, as well as improving the coordinated involvement and cooperation between the relevant institutions and social partners in the fight against unregistered work. During the implementation of the project so far, a number of activities aimed at strengthening the capacity of SLI and the other institutions, and several procurements (vehicles, ICT) to improve the working conditions and efficiency of the inspection services, have been realised.

#### *Short term priorities*

In the forthcoming period, the monitoring of the legislation in view of its harmonisation with the EU acquis in the field of labour law, as well as its practical application and implementation, will continue.

Several trainings and other activities aimed at strengthening the capacities of all relevant institutions involved in the creation and implementation of labour legislation, and the further improvement of their coordination and cooperation will be conducted. The exchange of experience among the relevant bodies on current issues related to the implementation of labour law and opportunities for improving the effectiveness of mutual cooperation will continue.

In the first half of 2016, the implementation of the project activities within the project "Support to the Fight against Unregistered work" aimed at supporting and strengthening the capacity of relevant institutions and other bodies in tackling unregistered work in the country will continue. Finalisation of the research (survey) of the nature, causes and effects of the unregistered work, as well as the implementation of the planned trainings and other activities to strengthen the capacity of relevant institutions (SLI, MLSP and others) to tackle unregistered work, with active involvement of the social partners, has been planned.

During the year, regular reports on the implementation of the ratified conventions (19 ratified conventions) of the International Labour Organization (ILO) and a report on the application of the non ratified conventions and recommendations will be prepared and submitted.

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<sup>125</sup> Official Gazette of the Republic of Macedonia, No. 72/2015

<sup>126</sup> Official Gazette of the Republic of Macedonia, No. 33/2015

<sup>127</sup> Official Gazette of the Republic of Macedonia, No.81/2015

<sup>128</sup> Official Gazette of the Republic of Macedonia, No.56/2015

### *Medium term priorities*

The implementation of various activities for capacity building, exchange of experiences and promotion of mutual cooperation between the relevant institutions and social partners for creating, implementing and monitoring the implementation of labour legislation will continue.

## **3.19.2 OCCUPATIONAL SAFETY AND HEALTH**

### *Current situation*

Further improvement and clarification of the existing laws and bylaws in the area of occupational safety and health has continued. Amendments to the Law on Occupational Safety and Health<sup>129</sup>, by amending the existing provisions and introduction of mandatory psychiatric and psychological examination at medical checks for people who have access and are using official firearms, were drafted and adopted.

Two rulebooks were also adopted<sup>130</sup>: "Rulebook on the manner of scoring the first (theoretical) and second (practical) part of the exam for occupational safety" and "Rulebook on the form, content and manner of keeping the registry for professionals".

In accordance with the provisions of the Law on Occupational Safety and Health, a programme for taking the exam for occupational safety for professionals in the field was developed.

At the beginning of the year, the 2015 Action Plan for implementation of the Strategy for Occupational Safety and Health (2011-2015) was adopted, where the activities and measures to be implemented during the year, and the relevant time framework, responsible institutions, monitoring indicators etc. were determined.

The functioning of the National Council for Occupational Safety and Health (NCOSH) which held three meetings (in February, October and December 2015) has continued. The ongoing and planned activities, goals and priorities within the adopted Action Plan for NCOSH were discussed at the meetings, also information about various activities in the area, the participation of the Council in the preparation of the draft amendments, as well as the participation in the process of assessment of the implementation of the Law on Occupational Safety and Health were reviewed and discussed.

The National Council, through its representatives, is actively involved in the preparation of the new Strategy for Occupational Safety and Health of the Republic of Macedonia for the period until 2020.

The functioning of the National Council and the actions undertaken in accordance with the Action Plan, contributed to a significant strengthening of the cooperation between the key partners in the area of occupational safety and health.

According to the Declaration of Parma on Health and Environment<sup>131</sup> adopted at the Fifth Ministerial Conference on Health and Environment 2010, all European Member States of the World Health Organization committed themselves to adopt national programmes to eliminate diseases caused by asbestos, in collaboration with WHO and ILO. During 2015, the prepared National Profile for Asbestos, as recommended by WHO and ILO, was submitted to the Government, and National Programme on Elimination of Diseases Caused by Asbestos is in preparation, which is scheduled to be adopted during 2016.

On 28 April, the World Day for Occupational Safety and Health was traditionally marked, organized by the Macedonian Occupational Safety and Health Association (MOSHA), this year with the theme: "Take part in building a culture of prevention for OSH," the emphasis was on raising the awareness for better national culture on occupational safety and health.

According to the Action Plan for 2015 on implementation of the Strategy for Occupational Safety and Health 2011-2015, a series of events (seminars, workshops, round tables) aimed at strengthening the capacities of all relevant bodies in the area of OSH on various relevant topics (inspection supervision records, inspection advice and information for the modules for training of experts for OSH, practical application of existing rulebooks in the area of OSH - surface and underground mineral resources exploitation, exposure to asbestos etc.) were implemented during the year.

The SLI continuously conducted the activities related to the inspection supervision over the implementation of the legislation in the area of NCOSH, and according to the report for the first nine months of 2015, 12.453 inspections in the area of OSH over legal entities with a total of 204.160 employees were conducted; 3.994 decisions with 9.396 defined shortcomings were adopted. Also, the authorised services of occupational medicine conducted preventive health examinations of 183.495 employees (90%) at 6.533 legal entities, while the preventive health examinations were not conducted in the remaining 2.624 legal entities with 20.665 employees (about 10%), that according to the criteria of WHO and ILO is a particularly positive result in terms of the scope of employees covered by the occupational medicine services.

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<sup>129</sup> Official Gazette of the Republic of Macedonia, No.15/2015

<sup>130</sup> Official Gazette of the Republic of Macedonia, No. 164/2015

<sup>131</sup> The Parma Declaration on Environment and Health

### *Short term priorities*

In the forthcoming period the implementation of actions for further strengthening of the capacities of employees in the state bodies, the social partners, experts in the field of OSH, the health workers in the field of implementation of the regulations in the area of OSH, by organizing trainings, seminars, workshops and other activities, will continue.

Numerous activities for promotion and dissemination of the knowledge and best practices of OSH, increasing the capacity of the civil society organizations and media for partnership and cooperation, improvement of the rights of workers for safe and healthy working positions in RM, are planned.

With the involvement of the relevant entities, state bodies, the National Council for OSH, the social partners, relevant citizens' associations and educational institutions, the activities for preparation of the new Strategy for Occupational Safety and Health for the period until 2020 have started, in which the strategic priorities, the general and specific objectives for development of the area in the future, according to the principles of the EU strategic framework for occupational safety and health, will be stipulated.<sup>132</sup>

The meetings of the National Council for Occupational Safety and Health (NCOSH) will continue regularly.

During the year, preparation and adoption of a National Programme for Elimination of Diseases Caused by Asbestos has been planned, as a strategic document defining the dimensions of the problem of asbestos in the country and strategies to eliminate diseases caused by asbestos, as well as the long-term goals, institutional framework for action, mechanisms of action and evaluation of the achieved results, the role of individual institutions and cooperation in addressing the problem.

### *Medium term priorities*

The implementation of activities for further strengthening of the administrative capacity of SLI and other relevant bodies in order to improve the enforcement of legislation on occupational safety and health and achieving the strategic goals and priorities in this area continues.

## **3.19.3 SOCIAL DIALOGUE**

### *Current situation*

During 2015, the ESC held 4 meetings where several laws and other documents from the economic and social sphere, such as the National Action Plan on Youth Employment, the Action Plan for Fight Against Gray Economy etc., were discussed. The Tripartite Action Plan for Strengthening the Capacity of ESC, as well as a new Rules of Procedure of the Council, was adopted.

The efforts to develop and strengthen the social dialogue at local level have continued, by increasing the number of local ESC in the municipalities, and during the reporting period three agreements for establishment of local economic and social councils in Resen, Sveti Nikole and Veles were signed.

During 2015, the realisation of the project "Promotion of the Social Dialogue", which is implemented by ILO, with financial support from the IPA has continued, and it aims to contribute for strengthening the capacities of social partners and the tripartite social dialogue at national and locally level. Number of trainings and workshops on topics and issues related to the social dialogue at different levels has been organised.

Within the project, a number of activities to establish a functioning system for the peaceful settlement of labour disputes have been conducted. So far, a tripartite commission for issuing and revoking licenses of mediators and arbitrators was established, a training curriculum was adopted, the bylaws necessary for the Law on Peaceful Settlement of Labour Disputes were prepared and adopted, a Register of mediators and arbitrators was established, some trainings were realised and a total of 16 licenses of mediators and arbitrators were issued. The established mechanism for peaceful settlement of labour disputes is already functional, whereas, in November two cases of involvement of licensed mediators and arbitrators in collective disputes are registered.

During 2015, the process of bipartite social dialogue has continued, and for this period, amendments to the Collective Agreement of the Ministry of Interior (MI) and the Collective Agreement for the Employees in the Tobacco Industry are registered in the Register of MTSP, as well as 11 collective agreements at the level of employer.

Also, the process of determining the representativeness of trade unions and employers has continued, whereas, in 2015 the Commission for establishment of representativeness issued a total of 9 decisions for representativeness.

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<sup>132</sup> EU Occupational Safety and Health (OSH) Strategic Framework 2014-2020

The implementation of the stated activities, inter alia, is aimed at directly addressing the comments and recommendations of the European Commission in the area of social dialogue, indicated in the annual progress reports.

### ***Short term priorities***

In the forthcoming period, activities for further enhancing and strengthening the capacity and efficiency of the Economic and Social Council, and conducting an active dialogue with the social partners for policies regarding economic and social sphere, will be undertaken. Appropriate measures and actions to ensure increased participation of social partners in the process of development and implementation of policies, their greater participation in the creation and implementation of the legislation in the field of labour, taking into account the international experiences in this field, will be undertaken.

Activities on further promotion, support, establishment and development of the economic and social councils at local level, will continue.

Special attention will be paid on further improvement and strengthening the capacities of social partners, in order to ensure their greater influence in the development and implementation of social and employment policies, labour legislation issues, wages and salary policies etc.

During the year, a number of thematic trainings for the members of ESC and other representatives of trade unions and employers' organisations are planned to be held, and a research for the ESC needs on topic under the competence of the Council will be conducted.

Also, during this period, trainings for mediators and arbitrators for peaceful settlement of labour disputes will continue to be conducted, and an International Conference for the institutions for peaceful settlement of labour disputes will be organised.

### ***Medium term priorities***

One of the priorities in the upcoming period remains the continued promotion of the mechanisms for efficient functioning of the social dialogue at all levels, as well as strengthening the capacities of the social partners for their active participation in the creation and implementation of the policies.

As a medium term challenge remains for building a real and functional social dialogue, to encourage an increase of the number of collective agreements at branch level, as well as continuous implementation of the system for peaceful settlement of labour disputes.

## **3.19.4 EMPLOYMENT POLICY AND THE EUROPEAN SOCIAL FUND**

### **Employment policy**

Over the past period, the decrease of the unemployment was one of the top priorities of the Government, whereas the employment policies were aimed at stimulating the demand at the labour market, alignment of the supply and demand of labour force according to the needs of the labour market, activation of the labour market of people at social risk, improvement of the services of EARM, maintaining the flexibility of the labour market, as well as reducing of the gray economy.

Regarding the situation of the labour market, during this period, positive trends have been noted in terms of the basic statistical indicators, i.e. there has been a further reduction in the unemployment rate, as well as increasing employment and activity.

	2012	2013	2014	2015 (Q2)
Unemployment rate (15-74)	31.02 %	29.00 %	28.00 %	26.84 %
Activity rate(15-64)	63.90 %	64.90 %	65.28 %	65.26 %
Employment rate (15-64)	44.00 %	46.00 %	46.91 %	47.66 %

Source: State Statistical Office

In late January 2015, the Government reviewed and adopted the newly prepared Operational Plan for services on the labour market and active programs and measures for employment in 2015. Unemployed people to be covered with services and active programmes and measures, according to the Plan is 47.826, of which 17.940 young people aged up to 29, and projected budget for implementation of over 640 million denars (over 10.4 million EUR). 16.226 unemployed are planned to be covered only with active programmes and employment measures. The implementation of the services, programmes and measures of the Operational Plan took place during the year within the established timeframes.



Besides the programmes and measures of the Operational Plan, in 2015, the implementation of the Project for self-employment through loans (through which in 2015, 114 were employed at 99 borrowers), Project for crediting legal entities to create new jobs (with realised 69 employments in 56 legal entities), Programme on self-employment through loans for young people up to 29 years (with 115 employed at 100 borrowers), as well as Project for crediting legal entities to create new jobs for young people up to 29 years (by which during the year 81 employments were realised at 65 legal entities), has continued.

During the year started the implementation of the project "Macedonia employs" which provides for certain tax concessions for employment of specific categories of unemployed. By November 2015, 9.542 persons were employed through this project.

During February 2015, as part of an open and participatory process involving all relevant institutions and organizations, social partners, as well as national and international experts, the activities for the preparation of a new National Employment Strategy 2016 - 2020, which will include the macroeconomic, the microeconomic and the policies of the labour market have started. The National Employment Strategy of the Republic of Macedonia 2016-2020 was discussed and adopted by the Government in October 2015. Within this strategic document, an analysis and detailed review of the situation, trends and challenges on the labour market in the Republic of Macedonia, as well as the priority policies and strategic objectives in the relevant areas for the next five years, aimed at increasing the employment, the quality of the working positions and the productivity, were provided.

Special attention was given to the design and implementation of measures and activities to encourage employment among young people, by introducing special measures for this vulnerable category of people on the labour market, implementation of tax concessions for hiring young people, measures to reduce the informal employment among young people, promotion and prevention activities among young people within the educational institutions, info meetings with young people etc. At the end of August 2015 the new Action Plan for employment of young people for the period 2016 - 2020 was prepared and adopted, which defines the specific activities and results that are planned to be implemented in the next five-year period until 2020 for the achievement of the defined objectives, such as improving compliance of the supply of skills with the labour market requirements; promotion of the creation of (formal) working positions, primarily in the private sector; facilitation of the transition of young people from school to work. The action plan indicates the defined specific objectives, indicators to monitor the implementation, the competent authorities and bodies, as well as the established time and financial framework for implementation.

In the past period several measures and activities aimed at reducing the informal employment in the country have been implemented. A new Law on Prohibition and Prevention of Performing Unregistered Activity was prepared and adopted, which covers persons engaged in commercial activity and have no registered company or have no contract with the employer, as well as legal entities and natural persons participating in unregistered activity by the demand side, which are considered accomplices. The effectiveness and efficiency of the fight against unregistered work in the country aims to increase, by strengthening the capacity of SLI, as well as by providing coordinated involvement of the relevant institutions and social partners in the fight against unregistered work. A programme to improve the knowledge and skills of inspectors from SLI as regards tackling unregistered work, as well as capacity strengthening through the purchase of necessary equipment, furniture and vehicles for the labour inspectors, has been implemented.

In the area of employment policy and the labour market, the implementation of several projects supported by IPA, is ongoing. Within the IPA project "Tackling Youth Unemployment, Long-Term Unemployed and Unemployed Women" (second direct grant to EARM), during the year the planned programmes for practice of young persons under 29 years of age and training at known employer, trainings for general and deficient (advantage IT) skills, are implemented.

Through the two-year twinning project "Support to EARM in the implementation of active measures and employment services", activities to upgrade the database of EARM for its restructuring and harmonisation with the European standards, are carried out. The methodology and tools to evaluate and monitor the effectiveness of the active measures are defined, and trainings for employees of the Agency for the preparation of a report to assess the effectiveness of measures were realised, as well as many other trainings and workshops to enhance their capacities and quality of services they provide. In four cities, projects for piloting of active employment measures targeted according to the needs of the labour market at local level have been implemented.

In July 2015, the implementation of the project for modernisation and adaptation of 12 employment centres started, as a support for the process for improving the operations and services of EARM, co-funded by IPA component 4.. Procurement of furniture, vehicles and IT equipment for the EARM are carried out simultaneously.

The number and quality of the services for the unemployed and employers (individual plan for employment, employment counselling in work clubs, skills training, motivational training, employment mediation and strengthening cooperation with employers by introducing working position in the employment centres for contact with the employers etc.) have been continuously increased. By November 2015 inclusive, more than 182.000 individual employment plans were prepared, whereas approximately 50,000 people are employed so far. The motivational training for long-term unemployed are conducted continuously in the working clubs of the employment centres, whereas unemployed people



are motivated to use the services of the Agency through several activities, such as: information about the type and manner of provision of services that may be obtained from the Agency, training for CV preparation, interview training for better presentation to the employer etc. With these trainings, by November 2015 inclusive, 11.313 persons were covered, out of which 2.181 were employed.

As a result of the efforts by EARM to meet the needs of its clients who live at a greater distance to the nearest employment centre and to allow easier use of its services, 16 dispersed offices of the employment centres were opened in previous years, and 5 new offices in 2015, bringing the total number of such dispersed offices to 21.

In 2015, 8 job fairs in 8 cities across the country were realised by EARM, through which an opportunity was given to employers to provide quality workforce in accordance with their needs, and the unemployed were granted an opportunity for their presentation at the labour market for their employment. Forums with employers to whom were presented the positive experiences of employers of the active use of programmes and measures for employment, and also info meetings with young people, were organised at the fairs.

### **European Social Fund**

For optimal utilisation of IPA Component IV, the competent authorities have given their best efforts and available resources for implementation of the planned public procurement procedures and the timely and proper implementation of projects co-financed by IPA Component IV.

In the "Employment" part, the operation aiming at supporting the employment measures for youth was approved in July. In September/October 2015, the line ministries performed prioritisation of the projects to be financed with the remaining allocations of IPA component IV to the completion of the programme. Therefore, except a few smaller operations, primarily in the "Education" part, the programming of the allocations of IPA Component IV may be considered completed.

From the programmed funds amounting to 47.8 million EUR, 17.6 million EUR are for the "Employment" part, 13 million Euro for the "Education" part, 14.1 million EUR for the "social inclusion" and 3.1 million EUR for "Technical assistance for implementing the programme". The value of all concluded contracts for the programmed projects is 26.8 million EUR, and that is 12.9 million EUR for the "Employment" part, 4.9 million EUR for the "Education", 6.2 million EUR for the "Social Inclusion" part and 2.8 million EUR for "Technical Assistance". The information on the projects are presented under the relevant areas of this Chapter, while the administrative capacity situation is stated in Chapter 3.22. Regional Policy and Coordination of Structural Instruments.

Regarding the IPA programming period after 2014 (IPA II) for the sector "Education, employment and social policy", the programme documents for this sector for the funds for 2015/2016 were submitted to the European Commission in June 2015. The programme documents foresee for an improved access to quality vocational education and training, provision of greater synergy between the needs of the labour market and the education system, as well as promotion of the access and inclusion in the labor market. However, the European Commission informed of the decision not to fund this sector with the programmes for 2015 and 2016, whereas the sector would continue to be funded with the programmes as of 2017, if they meet the criteria for sectoral approach to IPA II (reliable and relevant sectoral reforms, effective public financial management and resource allocation). For this purpose, the line ministries proposed a project with a plan to facilitate the transition from programming to sectoral approach and to strengthen the capacity of national institutions.

The Agreement on the Participation of the country in the EU Programme "Employment and Social Innovation 2014 - 2020"<sup>133</sup>, signed on 30 of January 2015 in Skopje and 30 of March 2015 in Brussels, was ratified. The Agreement provides participation in two pillars of the Programme: "Progress" and "Microfinance and Social Entrepreneurship", which will allow the organisations of the Republic of Macedonia to participate in calls for grants and other activities of the European Commission on modernisation of the employment policies and social protection.

### ***Short term priorities***

#### **Employment policy**

In the next period, the implementation of the policies, measures and activities aimed at further improving of the situation of the labour market in the country, increasing the employment rate and reducing the unemployment rate will continue.

During the year, EARM will continue to implement active measures and services in accordance with the Operational Plan for 2016. The planned scope with the Operational Plan for this year is 37.470 unemployed persons, for which 707.451.850 denars (more than 11.5 milion EUR) are allocated.

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<sup>133</sup> Employment and Social Innovation - EaSi

Besides the services, programmes and measures of the Operational Plan for 2016, the implementation of the self-employment through lending and the project "Macedonia Employs" will continue. Certainly, special attention will be paid to the increasing of the employment of young persons up to 29 years.

Also, the implementation of measures to support the employment that are financially supported by the IPA Component 4 (through the projects "Support to the Youth Employment, Long-Term Unemployed and Unemployed, Women " and "Support to the Youth Employment", i.e second and third direct grant to EARM) will continue.

In 2016, a new tool in the operation of EARM is to be introduced, intended for people that are disadvantaged on the labour market, thus harmonising the past practice of preparing individual employment plans. Based on an interview with an expert from the Agency, the unemployed person will be classified, and accordingly, an adequate individual plan/strategy for employment will be prepared, aiming at ensuring the most appropriate mix of services and programmes to facilitate the employment.

The Agency will continue to organise job fairs in order to facilitate and stimulate direct connection of employers and unemployed.

The strengthening of the capacity of the Agency through the implementation of the ongoing projects to support EARM in implementing active measures and employment services, to improve the financial management and internal control system of the Agency, to improve the working conditions in the Agency through purchase of furniture and IT equipment for the Agency, as well as the process of modernisation and adaptation (renovation) of local employment centers, will continue.

Within the current strategic mechanism on social - economic dialogue, initiated as a joint process with the European Commission, a Programme on reforms in employment and social policy (Employment and Social Reform Programme - ESRP), is planned to be drafted and adopted. This process involves inter-ministerial cooperation of several institutions and permanent consultations and submission of comments and observations on the text of the programme by the responsible Directorate General of the European Commission.

#### **European Social Fund**

For the harmonised projects of IPA Component 4, in the upcoming period the procedures for public procurement will be finalised. Most of the projects are being implemented, and some will end up with implementation, thus the IPA structure will focus on monitoring of their implementation.

The priority in 2016 is introduction of sectoral approach and preparation of sectoral programme "Education, Employment and Social Policy" within the new pre-accession instrument IPA II (2014-2020). Namely, the preparation of sectoral programme that would be used to programme funds intended to support this sector after 2017 is planned. By decision of the European Commission, the programming of IPA II funds in the sector "Education, Employment and Social Policy" was postponed until the fulfilment of the conditions and recommendations of the EC for the so-called sectoral approach in the implementation of the policies of the sector, and taking this into account the Ministry of Labour and Social Policy and the Ministry of Education and Science will undertake activities to meet the criteria for a sectoral approach, and therefore the use of IPA II funds.

In the first quarter of 2016, a project funded by IPA Component 4, which will support the ministries in meeting the criteria within their competence: development of a relevant and viable sectoral action plan aligned with the strategies on employment and education and Programme on reforms in employment and social policy (ESRP); improvement of the institutional set up, leadership and capacity; providing sectoral and donor coordination; establishing a framework for monitoring the success of the policies based on indicators of outcome and impact and preparation of budgeted action plans that are realistic and focused on priorities), is expected to be launched.

#### ***Medium term priorities***

##### **Employment policy**

Activities on further strengthening of the capacities of relevant entities in planning, creating and implementation of the employment policies, promotion of the monitoring and evaluation process, strengthening the inter-institutional cooperation for improving the success of the employment policies, as well as providing active inclusion of the social partners in the process of creating and implementation of the employment policies, will continue.

#### **European Social Fund**

By June 2017, the implementation of the ongoing projects will finish, and the activities to close the Operational Programme "Human Resources Development 2007-2013" and to sum up the achieved results will begin.

More effective and efficient use of the pre-accession assistance for implementation of policies and measures in the area of "Employment and Social Policy" remains a priority and in context of the new pre-accession instrument IPA II. The activities on introduction of sectoral approach in the implementation of policies in the sector and implementation of sectoral programme (assuming that the programme will be adopted by the European Commission) will continue. One of the challenges in this sector is to continue the promotion of the institutional capacity on indirect management and absorption of pre-accession assistance, even if the funds are implemented through sectoral budget support. Therefore, the priority is the optimisation of the structures and further improvement of the personnel capacities and procedures.

### 3.19.5 SOCIAL INCLUSION

#### *Current situation*

With the participation of relevant institutions and other entities, the Operational Plan for 2015 on implementation of the National Strategy for Reducing Poverty and Social Exclusion 2010-2020, which specifies the planned measures and activities for improving the condition and quality of services for socially excluded people, was prepared.

During the year, with financial support from the Ministry of Labour and Social Policy, as well as through two grant schemes under IPA Component 4, projects have been implemented in the field of social protection and social inclusion, improving skills, education levels and qualifications of vulnerable groups for their easier inclusion on the labour market, strengthening the sectoral cooperation in this field etc., implemented by NGOs, public institutions, local self-governments.

The programmes for patrol social work established in the municipalities of Karpos and Kisela Voda during 2015, where the introduction of the new profile of patrol social worker increases the level of access to social services, and therefore social security of the citizens, is continuously implemented. Their activity is aimed at direct contact with persons at risk, as well as the possibility of finding alternative techniques and forms of problem solving and respect of the fundamental principles in the social work "of help to self-help".

In order to strengthen the system, services and professional capacities for social inclusion of disadvantaged individuals and promotion of equal opportunities on the labour market, the implementation of a two-year project on "Improving services for Social Inclusion", within the IPA Component 4, has started in July 2015. Within the project, the establishment of standardised models and services for vocational rehabilitation and personal assistance for people with disabilities has been planned, for their successful inclusion on the labour market, exchange of experiences, capacity building of experts in this area, establishment of a system of cooperation and data exchange between the relevant institutions and the monitoring of social services in the centers for social work and social protection institutions.

According to the established practice and dynamics, an Annual Operational Plan for 2015 on implementation of the National Strategy for the Elderly 2010-2020 was prepared by all relevant actors involved in the process of improving the condition and quality of life of the elderly.

The activities, according to the Plan, were aimed at further enhancing and promotion of the institutional and non-institutional care and protection, as well as the quality of life of the elderly. In this respect, during 2015, new day care centres for elderly people in four municipalities were opened, bringing the total number of daily centres for the elderly in the country at 12. As a result of the use of measures to encourage the construction and opening of new private nursing homes for elderly introduced by the Government, two new private institutions for social protection of the elderly in Skopje were fully built, equipped and started to operate. 17 private nursing homes for elderly, with a total capacity of 534 beds, are built and opened so far. In 2015 an additional public institution - home for the elderly was opened in the municipality of Berovo, thus bringing the total number of public nursing homes for elderly to five with the capacity to accommodate 624 persons. Activities are underway for the construction of such private homes in several other municipalities.

In this area, in order to facilitate the procedure for the establishment of private institutions for social protection of the elderly with smaller accommodation capacity, a new Rulebook on Norms and Standards for Establishment of Social Protection Institutions for the Elderly, is adopted<sup>134</sup>.

Within the activities to improve the quality of life of the elderly, the implementation of the project, i.e. service "Free tourist weekend for pension beneficiaries" has started in 2015, within which 3.000 beneficiaries were able to use this service (bus transportation and hotel accommodations for 3 days in tourist centers). The programme for providing spa recreation for pension beneficiaries has continued to be implemented, whereas this service has been used by 5,214 persons during 2015.

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<sup>134</sup> Law on Ratification of the Agreement between the Republic of Macedonia and the European Union for the participation of the Republic of Macedonia in the European Union programme "Employment and social innovation" was published in the "Official Gazette of the Republic of Macedonia", No.125/2015 from 24 April 2015.

In order to provide support to people with intellectual disabilities, a day center for people with intellectual disabilities over 18 years was opened in Skopje, which as a form of non-institutional care and protection of these people will implement a programme to promote independent living skills of these individuals.

Regarding the activities to strengthen the non-institutional care and providing adequate support to families of children with special needs, the network of day centers has been expanded, whereas four daily centers for children with disabilities were opened (m. Kisela Voda, Lipkovo, Valandovo, Kocani), Day Center for Children with Autism (Stip), as well as a Day Center for Children with Visual Impairments (Veles).

With a proper amendment to the law, the amount of the special allowance for children with disabilities from material unsecured families has been increased by 25%, a measure used by 1.030 parents of children with disabilities.

In order to provide easier independent mobility and inclusion of the blind people, a project for setting up paths for the blind in the downtown area and in the city park in Skopje was realised at the beginning of the year, and in order to improve the social life of children with disabilities and providing a supportive environment for their proper growth and development, the realisation of the project for the construction and installation of specialised inclusive playgrounds in the Republic of Macedonia has continued, whereas, two new playgrounds were set up in the course of 2015, (m. Kisela Voda and Bitola), bringing the number of such playgrounds to nine.

In order to enhance the opportunities for education, recreation and education of blind and visually impaired, the implementation of the project on recording of 400 audio books for the blind has started, whereas the first 100 books in audio format were recorded in 2015, which are available free to visually impaired people of all ages. Also, the Ministry of Labour and Social Policy provided/donated 30 typewriters in Braille for easier education of children staying in the Day Center for Children with Visual Impairments and going to the School for Children with Visual Impairments.

To provide conditions for rehabilitation and improvement of social life through joint activities with their peers, the project on using free service of rehabilitation and recreation for children with mental and physical disabilities between the ages of 6-26 was realised. The realisation of the project began in November 2014, whereas the service is used by about 600 children and their companions so far.

The Law on a National Database for People with Disabilities<sup>135</sup> was adopted, enabling the establishment of a single electronic records, or national database, on persons with disabilities as part of an integrated health information system for processing, use and exchange of information between competent authorities, in order to establish unique records of the data and the exercise of rights on grounds of disability. This Law regulates the processing of data in the database, updating and use of the data by competent authorities, data security and oversight of the operation of the base.

To improve the involvement at the labour market, the implementation of a Programme for self-employment of persons with disabilities has started, through which a total of 360 disabled people are planned to be covered, out of them 120 people will create their own business and additional 240 unemployed that will be employed at the newly established enterprises. For the realisation of this programme a budget of about 59 million denars was provided by the Government, and all unemployed persons with disabilities have the right to participate.

In February 2015, the implementation of the two-year project on "Development of Alternative Services for Childcare" (IPA Component 4) has started, aiming at development and promotion of alternative forms of childcare, which would encourage and facilitate the active involvement of parents, especially mothers on the labour market. The project is scheduled to be implemented by various activities, including conducting analysis (survey) on demand service for child care, development and introduction of more flexible, more accessible and quality services for child care to enable better balancing of the work and family life, and it predicts piloting of the proposed forms of care through the establishment of at least 20 centers for child care. The project will encourage also the employers to support their employees in combining the work and family life. During the implementation so far, analyses and reports on existing legislation have been prepared, and preparations for the implementation of field research to identify the opportunities to improve the current system of services and identifying the demand for additional, new types of services for child care are ongoing, draft minimum standards and criteria for quality care and provision of services in family day care centers have been prepared, modules for training of individuals who care for children at home etc. have been developed.

During the year, activities for opening of new facilities and refurbishment of premises of primary schools in kindergartens/ centers for early childhood development in rural areas in order to increase the coverage, the care, the education and the socialisation of the young population of these areas, continues to be implemented. 24 new public kindergartens and centers for early childhood development in rural areas in the country were opened during 2015, and activities for construction and equipping of kindergartens in rural areas are ongoing.

Within the project "Using a free service for leisure and recreation for children from families at social risk and children - beneficiaries of special allowance", 3.000 children were included during 2015 (2,000 children for free summer holiday and 1000 for the winter holiday). The project for free summer and winter vacation for children from families at social risk has been carried out from 2012, and so far this benefit have been used by 11.000 children from families at social risk.

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<sup>135</sup> Official Gazette of the Republic of Macedonia, No. 25/2015

The implementation of the Programme for employment of persons up to 18 years that had the status of children without parents and parental care in the state and public administration (Programme D10), being implemented as of 2013, has continued during this period, whereas 60 people of this vulnerable category were employed during 2015.

In order to improve the system of protection of victims of domestic violence, sensitisation of the general and expert public, as well as raising the awareness level of responsibility for immediate and efficient action of officials and institutions for prevention of domestic violence, a greater number of activities to ensure successful and efficient implementation of the Law on Prevention and Protection against Domestic Violence have been realised in the past period, such as: organizing several regional meetings at local level with representatives from local self-government, relevant institutions and NGOs working on domestic violence in the local community, conducting more regional trainings for professional teams, preparing several bylaws for implementation and monitoring of measures against domestic violence etc. The Protocol on cooperation between the relevant institutions and associations for the protection and prevention of domestic violence was adopted<sup>136</sup>.

Regarding the activities for improving the social inclusion of the Roma, the implementation of number of activities in all areas in accordance with the National Action Plans from the Roma Strategy and the Decade for Roma Inclusion 2005-2015 has continued. The implementation of the programmes for Roma health mediators and for scholarships and mentoring of Roma students involved in the secondary education, the Project for inclusion of Roma children in pre-school education for the school year 2014/2015 (with coverage of 590 children) and 2015/16 year (650 Roma children), as well as the support of the functioning of the established Roma information centres all over the country, has continued. The activities to support the employment of Roma as a target group in active programmes and measures for employment implemented during the year, as well as the activities within the coordinated action for identification of persons who are not registered in the birth registries have continued to be implemented.

During February 2015, a National Conference on topic "Health Rights of Roma in the Republic of Macedonia", attended by representatives of relevant institutions and organizations, as well as NGOs was held, and the complexity and variety of problems affecting the health of the Roma community were discussed, as well as the necessary policies, programmes and measures to overcome these problems, including programmes for preventive health care especially directed towards this specific vulnerable population.

An International Conference on Promotion of the Rights of the Roma Women was held, on which the current situation and the progress made regarding the position of Roma women and girl, strengthening their economic position, integration in the education process and in the society, tackling issues of discrimination, gender-based violence, early and forced marriages, were discussed.

With support provided by UNDP, a Roma Information Portal ([www.romainfo.mk](http://www.romainfo.mk)) was developed and put into use, where you can find more information from different areas of promotion, assistance and support of the Roma.

During the year, number of trainings and workshops on various issues related to providing support and social inclusion of Roma in the Republic of Macedonia were carried out.

### *Short term priorities*

In 2016, the implementation of activities will continue to improve the situation in the area of social inclusion and alleviation of poverty, whereas the priority will be a continuous and consistent implementation of the objectives set out in the adopted strategic documents - National Strategy for Alleviation of Poverty and Social Exclusion, National Strategy for the Elderly, National Strategy for Equal Rights of Persons with Disabilities etc.

The implementation of the Revised National Strategy for Reducing Poverty and Social Exclusion 2010-2020 will continue through the preparation of the Annual Operating Plan for 2016, and afterwards its implementation by the relevant institutions will start.

Within the activities to support projects in the field of social inclusion, improving the skills, level of education, qualifications of vulnerable groups for their easier inclusion on the labour market, implemented by NGOs, public institutions, local self-governments, implementation of the two grant schemes through IPA Component 4 will continue, and also in the next period, the Ministry will continue its established practice of providing financial support to civil society organizations for the implementation of projects in the field of social protection and inclusion.

The project: "Promoting Social Entrepreneurship" (IPA Component 4), will be implemented within 18 months, with goal to improve the conditions for social entrepreneurship in the country, especially the establishment of various types of supporting social enterprises targeting disadvantaged people.

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<sup>136</sup> "Official Gazette of the Republic of Macedonia", No.143/2015

The implementation of already initiated action "We care about a warm home", which will provide assistance and support to the social endangered families through donations for covering the elementary needs: household goods, furniture, home electrical appliances, children equipment, bicycles etc., will continue.

The implementation of the two-year project "Development of alternative services for childcare" (IPA Component 4), started in February 2015, aiming at ensuring the promotion of women entrepreneurship in the field of child care and stimulation of demand and the use of alternative care for children, has continued. Within the project, alternative forms of childcare which will contribute to the active involvement of the parents, especially the mothers, on the labour market, are planned to be developed and promoted.

In order to increase the coverage, care, education and socialisation of the youngest population in the rural areas, the activities for opening of new facilities and re-adaptation of premises of primary schools into kindergartens in rural areas will continue, and the realisation of the project on free bus transportation for students from rural areas in primary and secondary education, will also continue. The service of free summer and winter vacation for children coming from socially disadvantaged families, as well as providing incentives and implementing the measures to encourage the construction and opening of private kindergartens in the country, will continue to be implemented.

In order to provide equal opportunities and social inclusion of children without parents and parental care, the activities aimed at providing incentives to improve their condition (full or partial relief from a number of services for children without parental care up to 18 years of age and for adults who had the status of a child without parents and parental care) will continue.

In order to provide social inclusion and proper development of children with disabilities, the project for free service of rehabilitation and recreation for children with mental and physical disabilities aged 6 to 26 years will continue. The initiative to build specialised inclusive playgrounds in the Republic of Macedonia to improve the social life of children with disabilities and providing a supportive environment for proper growth and development is planned to be implemented.

In the course of the following year, raising awareness for the care for persons with disabilities and extension of the network of centres for non-institutional protection of these persons, through opening four additional Day Care Centres for Children with Disabilities, have been planned. Aimed at successful implementation of the process of deinstitutionalisation in the social security system in the country, the viability of established services for housing will continue to be provided, and it is planned to extend the network of residential units for independent living with support for people with disabilities in intellectual development over 18 years. Also, the process of deinstitutionalisation of children without parental care, housed in the orphanage "11 October" in Skopje, through alternative forms of non-institutional care closest to family environment, is planned to continue.

The Operational Plan for 2016 for implementation of the National Strategy for Elderly 2010-2020 is planned for the next year, as well as extending the network of day care centres for this category of citizens, by opening new day care centres for elderly in three municipalities, and public institution for social protection of elderly in Skopje. Providing benefits and conducting measures for supporting the investments, i.e. building and opening of homes for elderly and their promotion, will continue.

In order to prevent social exclusion, the service for free spa recreation for pension beneficiaries will continue to be provided.

The activities aimed at improving the system of protection of victims of domestic violence and ensuring successful and efficient implementation of the Law for Prevention and Protection against Domestic Violence will continue, by organizing trainings for professionals in the Centres for Social Work for work with victims of domestic violence, as well as preparing a new National Strategy for prevention and protection against domestic violence for the period 2016-2020.

Regarding the activities to improve the social inclusion of Roma, the implementation of several activities to facilitate their social inclusion in the different areas, will continue. The activities will continue under the project for inclusion of Roma children in pre-school education, which is implemented in cooperation with the Roma Education Fund, municipalities and public preschools, as well as Scholarship Programme and mentoring of Roma students from first to fourth year of secondary education, measures to support the employment of Roma as a target group in accordance with the Operational plan for active programmes and employment measures, and the Programme for Roma health mediators and support to the functioning of the established Roma information Centres in the country. Also, activities within the co-ordinated action to identify those that are not recorded in the registers will continue.

### *Medium term priorities*

The implementation of activities aimed at improving the situation in the fight against poverty and social inclusion will continue, through continuous and consistent implementation of the objectives set out in the relevant strategic documents in the field.

The activities to support and improve the conditions for social entrepreneurship (including legal framework) and the establishment of various types of supporting social enterprises targeting disadvantaged people, will be carried out.

Regarding the improvement of the care for children with disabilities, extending of the network of day care centres for this category of children has been planned, while in direction of implementing the strategy for deinstitutionalisation, providing sustainability of the existing housing services with the support of the community for persons with intellectual development disabilities, as well as extending the network of housing units, will continue.

Further improvement of psycho-social support to the vulnerable groups before entering on the labour market has been planned, which will contribute to increasing the capacities and employment possibilities of this target group, but also to change the evaluation approach of the working abilities of the vulnerable groups, following the principle of focusing and determining the activities and tasks which a person can conduct, but not the weaknesses and activities which the person could not conduct.

According to the revised National Roma Strategy and the appropriate action plans, the implementation of the planned activities for promotion and improving the condition and social inclusion of Roma in the Republic of Macedonia, will continue.

### 3.19.6 SOCIAL PROTECTION

#### *Current situation*

During the year, several amendments to the Law on Social Protection in order to improve the security and social integration of vulnerable groups are prepared and adopted<sup>137</sup>. With these amendments, improvement of the conditions of care in foster care has been performed, by increasing the amount of compensation for the costs for the accommodated person and compensation for foster care by 25%, as of June 2015. The reimbursement of funds paid as customs duties, VAT and excise tax for the purchase of passenger vehicles for people with disabilities, has been regulated. From July 2015, the amount of social welfare and permanent financial aid is increased up to 10% and from July 2016 an increase of the amount of these rights for an additional 5% is foreseen. Also, an electronic connection between the social work centres with the Agency for Real Estate Cadastre has been provided, for exchange of data and facilitation of the insight in the assets of beneficiaries.

Several bylaws (rulebooks) were adopted: for independent living with support for children without parents and parental care<sup>138</sup>, for improvement of the institutional care for the elderly<sup>139</sup>, for introduction of standards for feeding users of institutional social protection<sup>140</sup>, for the procedure and conditions for work of institutions of social protection<sup>141</sup>.

The implementation of measures for further assistance and support to vulnerable groups through the adoption and implementation of relevant programmes continues: Programme D-10 for 2015 for employment of persons under 18 years of age that had the status of a child without parents and parental care<sup>142</sup>, Programme for conditional compensation for secondary education for the school year 2015/2016<sup>143</sup> and Programme to subsidise the energy consumption for 2015<sup>144</sup>.

At the beginning of the year, the Operational Plan for 2015 for implementation of the National Programme for Development of Social Protection 2011-2021 was adopted, according to which measures and activities throughout the year are directed towards achieving the priorities in terms of strengthening the capacity of institutions for social protection, strengthening the prevention, effective involvement of municipalities in achieving social protection for vulnerable groups in the community, strengthening inter-sectoral collaboration, improving services in social protection institutions for institutional care, non-institutional care and developing new forms and services in the community.

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<sup>137</sup> Official Gazette of the Republic of Macedonia, No. 143/2015

<sup>138</sup> Official Gazette of the Republic of Macedonia", No.33/2015; 72/2015; 104/2015; 150/2015

<sup>139</sup> A Rulebook on the requirements for standards in terms of required space, equipment and staff, the levels of support, method and programme for the realisation of the support for independent and organised living in a special housing unit ("Official Gazette of the Republic of Macedonia", No.80/2015)

<sup>140</sup> A Rulebook on norms and standards for premises, equipment, expert staff and resources required for the establishment and initiation of operations of social care institution for the elderly ("Official Gazette of the Republic of Macedonia", No.125/2015)

<sup>141</sup> A Rulebook of norms for all-day feeding of users in institutions for institutional social protection ("Official Gazette of the Republic of Macedonia", No.87/2015)

<sup>142</sup> A Rulebook on the procedure, the required documentation and the application forms in the process of determining eligibility for start-up of social care institution, entering the association into the register of associations in the field of social protection and issuing of permits for independent performance of works on social protection as a professional activity of a natural person ("Official Gazette of the Republic of Macedonia" No. 6/2015)

<sup>143</sup> Official Gazette of the Republic of Macedonia, No. 16/2015

<sup>144</sup> Official Gazette of the Republic of Macedonia, No. 143/2015



In accordance with the Programme for continuous education of professionals, adopted by the Department of Social Affairs, the process of continuing professional development of professionals in the institutions of social protection was implemented, through trainings and workshops, training at work and coordination meetings with professional staff (the trainings covered around 700 professionals). Also, the process of licensing professionals in social protection institutions has been continuously implemented, whereas 845 professionals acquired licenses within this process so far.

During the year, the project "Open Days for Social Protection" was implemented, whereas visits were conducted in 723 settlements in 74 municipalities and more than 5.500 families' beneficiaries of social welfare allowance and families at social risk were visited.

Regarding the pension system, during 2015, the legislation in the area of improving the services of the Pension and Disability Insurance Fund intended for the beneficiaries, was implemented. In fact, in May 2015, the application of the amendments to the Law on Pension and Disability Insurance<sup>145</sup> has begun which refer to the possibility of electronic access to data on length of service and wages, whereas each insured person, via password, has the access to data kept by PDIF, which relate to the course of insurance, working hours, wages, etc.

Also, in October 2015, the implementation of the electronic submission of a request for exercising the right to retirement and family pension has started.

### *Short term priorities*

The implementation of measures to support the most vulnerable categories of users to reduce the cost of energy consumed for household will continue, by adopting a Programme to subsidise energy consumption for 2016, whereas an increase of the amount of subsidies from 800 to 900 denars is planned. The provision of additional support for regular secondary education to children from families-beneficiaries of social welfare allowance will continue through the Programme for conditional compensation for secondary education for the school year 2016/2017.

In the following period, the realisation of the activities for improving the working conditions and providing services in the Social work centres and Day centres will continue, through their renovation, modernisation and adaptation, as well as through supply of necessary equipment (IT equipment, furniture and vehicles).

The capacity strengthening of professionals in the social security system will continue, under the Programme for Continuing Education for 2016. The monitoring of the operation, the service quality will be conducted continuously, according to the defined standards and working procedures, as well as the application of the professional knowledge in practice and compliance with the provisions of the Code of Professionals in the Social Protection System.

### *Medium term priorities*

The implementation of the National Programme for Development of Social Protection 2011-2021 will be coordinated and monitored through annual operative plans adopted by the Coordinating Body for Implementation of the National Programme for Development of Social Protection.

The social security system will continue to focus on the development of social services according to the needs of vulnerable groups in the community, through coordinating the capacities and resources in the local community, establishing cooperation between all providers of social services, encouraging private initiative and support to the NGOs.

## **3.19.7 ANTI-DISCRIMINATION AND EQUAL OPPORTUNITIES**

### *Current situation*

In accordance with the dynamic, operational programmes for 2015 for the implementation of the Strategy for Gender Equality and the Strategy on Gender Responsive Budgeting on whose implementation is being worked during the year, were prepared. The Operational Programme for Gender Equality covers the field of employment, economic strengthening, health, human rights, social protection, human trafficking and gender equality in media content, and the Operational Programme for Gender Responsive Budgeting continued to introduce the gender perspective in the policies and budgetary programmes of state bodies, whereas, as from this year, the process began to be implemented at the local level.

According to the amendments to the Law on Equal Opportunities for Women and Men, bylaws (4 Rulebooks) were drafted, governing the form and content of reports on measures applied to the establishment of equal opportunities, the work of the coordinators for equal opportunities at local self-government and administrative bodies, as well as a Rulebook on content analysis of curricula, programs and textbooks in terms of promotion of equal opportunities for women and men.

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<sup>145</sup> Official Gazette of the Republic of Macedonia, No. 194/2014

According to the provisions of the Law on Equal Opportunities for Women and Men, an annual report on implementation of the Strategy for Gender Equality was prepared and reviewed by the Government and the Assembly, which is an overview of the activities in 2014, according to the operational plan for the implementation of the strategy.

In May 2015, the implementation of the twinning project "Support to the implementation of gender equality" with duration of 18 months which is financed under IPA Component 1, has started. The project activities are aimed at strengthening the capacities of all stakeholders in the field of gender equality as the most important regarding the human rights and fundamental freedoms, and to increase the effectiveness and readiness of the country in this field, as part of the preparations for EU accession. Among other things, activities of analysis of national legislation in the field of gender equality, providing recommendations for necessary amendments to the existing legislation and harmonisation with EU legislation, are carried out.

During 2015, an evaluation process of the Strategy for Equality and Non-Discrimination 2012-2015 was conducted, which included a number of relevant institutions, social partners, civil society and international organizations that have responsibilities in the implementation of the Strategy. The information and findings of the evaluation were used as a basis for launching the preparation of the new Strategy for Equality and Non-Discrimination for the period 2016-2020. The new strategy was prepared by the established special working group involving all relevant institutions and other entities.

During the year, an analysis of discriminatory practices in access to goods and services in many areas (in terms of housing, financial services, education, health and social protection) has been prepared, and also special information for implementation of the Law on Prevention and Protection from Discrimination, discussed and adopted by the Government, was prepared.

Over the past period several promotional events, coordinating meetings, conferences and workshops on issues related to equal opportunities and anti-discrimination, including on the situation of gender equality, institutional mechanisms to promote equal opportunities for women and men, as well as the legal framework for equal opportunities, the need and the means to provide effective mechanisms for prevention and protection from discrimination, an international conference for the promotion of Roma women rights, etc., were organized and held.

In order to address the problem of major presence of Roma children in special schools, in the past period, at the initiative of MLSP, a Commission for review of medical documentation in special schools in the country was established. The Commission is composed of three ministries - MLSP, MES and Ministry of Health (MoH) and professional team of doctors. The Commission, which started to work in October 2014, has done a direct insight into the documentation and the condition of all primary and secondary special schools in the country, in order to determine the actual situation of Roma children enrolled in schools for children with special needs. Based on the data and the established conditions, detailed information with a report on the visit was prepared, which includes statistics on the presence of Roma children in special schools, problems that are detected on the ground and concrete suggestions and recommendations for addressing the identified deficiencies. In July 2015 this information was reviewed and adopted by the Government, after which started the implementation of concrete measures and activities aiming at improvement of the situation and overcoming the weaknesses registered in this part. Preliminary activities for starting the recategorisation of Roma children placed in special schools are being carried out, professional teams are established and a plan for recategorisation is being prepared. The recategorisation process has started in November 2015.

#### **Commission for Protection against Discrimination (CPD)**

During 2015 the CPD received a total of 64 applications on different grounds of discrimination and after the perception of the actual situation, the existence of direct discrimination in three cases was determined, for which the Commission made recommendations on the methods to remove the discrimination actions.

Several activities to promote the work of the Commission were realised, in order to improve the cooperation with other entities and to strengthen its capacities. Working meetings and establishment of cooperation with the trade unions, students from several faculties, representatives of civil society on issues related to protection against discrimination and promotion and affirmation of the concepts of equality, tolerance and non-discrimination were carried out. Commissioners participated in study visits to Vienna, Austria for the exchange of experiences and good practices in relation to issues of discrimination based on sex and gender, disability and ethnicity - Roma, as well as for methods to improve the efficiency in dealing with the discrimination based on sexual orientation and gender identity and violation of the rights of the LGBTI community.

In cooperation with representatives of civil society, representatives of the Commission participated in the implementation of several activities related to the addressing discrimination on grounds of sexual orientation, an internal protocol for determining the procedure for acting upon cases for protection against discrimination as regards sexual orientation and gender identity was prepared and adopted, adequate trainings for public speaking and communication with the media were realised, and in November 2015, the implementation of the campaign to raise the awareness about the rights of

LGBTI population with a message for their acceptance and removal of the negative image and reducing the prejudices and stereotypes towards those citizens has started.

During the year, the CPD held open days in eight cities across the country, through which direct communication between the citizens and the local institutions with Commissioner on issues related to discrimination and the work of the Commission was provided, and an opportunity for direct submission of complaints to the CPD was given.

### ***Short term priorities***

A new Strategy for Equality and Non-Discrimination 2016-2020 is planned to be prepared.

During the year, activities aimed at implementation of strategies for gender equality and gender responsive budgeting will be carried out. The Annual operational plans for 2016 for implementation of the Strategy for Gender Equality 2013-2020 and for implementation of the Strategy for Gender Responsive Budgeting 2012-2017 will be prepared, and after that their practical implementation will start.

The activities aimed at introduction of gender concept in the budget policies of the local self-government will continue, whereas analyses of budget programmes in a number of selected municipalities which will contribute to the future introduction of the gender perspective in local self-government budgets and to get gender-sensitive budgets/budget programmes, will be prepared.

The informative meetings with local self-government units and the Committees for Equal Opportunities at local level are planned to continue, in order to promote cooperation and exchange of proposals and initiatives for activities in the area of equal opportunities and non-discrimination, as well as implementation of actions to strengthen the capacity and raise the awareness on issues of gender equality, gender responsive budgeting and the concept of equality and protection from discrimination.

By the end of the year, the implementation of the activities foreseen in the twinning project "Support to the implementation of gender equality" financed under IPA Component 1 will continue. Within this project numerous activities for capacity strengthening of relevant entities in the field of gender equality will be realised, as well as conducting an analyses of the national legislation in this area and providing support for its harmonisation with EU legislation, support for the practical implementation of the Law on Equal Opportunities for Women and Men, organising many trainings on various issues related to gender equality and providing support and monitoring of gender equality in the projects and programmes with the introduction and implementation of gender markers (G-marker).

At the beginning of 2016, the implementation of the twinning light project "Support to the Prevention and Protection against Discrimination" (IPA Component 1), which will ensure capacity strengthening of several relevant institutions (MLSP, Ministry of Interior, Ministry of Justice (MJ), CPD, etc.) through training on prevention and protection from discrimination and tackling the discriminatory cases will start. Analysis of the mechanisms for dealing with discrimination with recommendations to improve the national policies, legislation and practice in this area will be carried out, and effective and sustainable mechanisms and procedures for inter-institutional cooperation and cooperation with civil society organizations will be established. Activities for raising awareness for prevention and protection from discrimination will be carried out.

CPD due to greater efficiency at the local level, will continue to organise workshops/open days with local self-government units, through which citizens and local institutions will be provided a direct contact with a representative of the Commission and directly acquainted with issues related to the concept of anti-discrimination and the operation of the Commission.

In cooperation with the OSCE Mission, the implementation of the activities to strengthen the capacities of the Commission and strengthen the cooperation with other entities in the area of prevention and protection against discrimination will continue.

### ***Medium term priorities***

Activities will be undertaken in accordance with the strategic documents and operational plans in the field of equality and non-discrimination and gender equality in order to further strengthen the capacity of mechanisms for gender equality and the protection and prevention against discrimination.

CPD will continue to strengthen the capacity of the mechanisms of non-discrimination and further strengthen the cooperation with the associations of citizens for the implementation of activities to raise the awareness on the principles of non-discrimination and equality, as well as cooperation with the universities in the country for organising joint activities, trainings, discussions in the field of discrimination.

## 3.20 ENTERPRISE AND INDUSTRIAL POLICY

### *Findings and Priorities from EC Report 2015*

In the area of enterprises and industrial policy, the country is moderately prepared. Some progress has been achieved, especially in the part of the Innovation and Technological Development Fund, which was put into operation. In the year to come, the country should in particular:

- continue to adjust the legal framework and to undertake measures for simplification of the access of SMEs to funds.

### *Summary*

The enterprise policy in the country is implemented through: Improvement of the business environment and dialogue with the business community for creation and doing business, removing administrative barriers through further implementation of the regulatory guillotine and RIA, policy conduction and programme activities for creating and fostering competitive knowledge-based economy, innovation, attracting foreign investment, development of entrepreneurship, clustering and export orientation.

From a view point of better access to funds, important activities are implementing by the Macedonian Bank for Development Promotion (MBDP), the instruments of the Innovation and Technological Development Fund, the possibilities offered through the Community Programmes, COSME and HORIZON 2020, the regional project 'The Western Balkans Enterprise Development & Innovation Facility' (WB EDIF), and recently, office of the Enterprise Innovation Fund (ENIF) has been opened in Skopje.

As of 2016, IPA project Private Sector Development and IPA 2 for 2016 will start, through which the increase of the number of measures offered for business support is going to be supported.

With the adoption of the new Strategy for SMEs Development, following the SMEs Act and the Competitiveness Strategy, new initiatives and measures are expected for the support of the development of the enterprise sector.

### 3.20.1. ENTERPRISE AND INDUSTRIAL POLICY PRINCIPLES

#### *Current Situation*

To reduce the bureaucratic procedures and simplify doing business, as well as issuance of licenses and permits for doing business, it is proceed with regulatory reform by implementing the Regulatory Guillotine - measures of the second, third and fourth stage ("Advantage of Small") and the project "Regulatory guillotine for simplification of regulations and cost reduction of craftsmen" and conducting Assessment of the impact of regulation (JSC-RIA), as an integral part of the process of law-drafting.

The single national electronic register of regulations [www.ener.gov.mk](http://www.ener.gov.mk) – ENER has a trend of growth in the number of visits to the portal, where besides the existing regulations, contains Draft Proposals of Law of the Ministries in preparation phase, reports of implemented RIA and submitting comments is enabled, as well as suggestions directly to the competent institutions..

The National Council on Entrepreneurship and Competitiveness (NCEC) continued with the activities for efficient three-party dialogue. The package of measures for improving the competitiveness with action plan, adopted by the Government on 31/03/2015, were developed in cooperation with NCEC.

Other forms of dialogue with the business community are conferences, forums and direct visit of firms via the project 'We are Learning from the Business Community'. Within this project, which will start for the fifth time, direct visits to firms by expert Government teams will be conducted, for collecting initiatives and proposals directly from the business community for improvement of the business climate and competitiveness.

Through the portal KONKUTRENTNOST.MK the business community is regularly informed for all activities and measures to encourage competitiveness.

The enterprise policies are presented through numerous strategic documents, packages of measures and action plans: Industrial policy 2009-2020, Strategy for Development of Crafts 2011-2020, Innovation Strategy, packages of measures for improving competitiveness, measures for support of cluster association and so on.

All documents are in accordance with the EU 2020 Strategy, Strategy SEE 2020 EU, Small Business Act and other relevant regional initiatives.

#### *Short-term priorities*

##### *Legal framework*

Key processes for enhancement of the business climate are the regulatory reforms with the implementation of the measures from the Regulatory Guillotine - Phase 4 'Advantage for the Small Ones'. This simplified the procedures for obtaining documents for services from the state and public institutions, the deadlines for obtaining licences for building

production capacities in certain industrial areas have been shortened, the process has been strengthened and extended with the inclusion of other institutions, information campaigns in the area of agriculture and use of IPARD are led. Part of the measures will influence the public health system and will ensure a single price list for mandatory health checks of the employees. Also, the rules for identifying the problems faced by craftsmen will be simplified. Regulatory impact assessment (RIA) is an integral part of the process of law-preparation. The Ministry of Information Society and Administration, as a responsible ministry for managing the process of regulatory reform, regularly informs the Government on the application and implementation of the methodology to estimate the impact of regulation and methodology for assessing the implementation of the regulation. Regular checks of all draft-laws submitted to Government procedure for consideration are performed, whether published on Single Electronic Register of Regulations (ENER). The Single National Electronic Register of Regulations (ENER) is constantly upgraded and modernised and thus one of the biggest benefits of the novelties of ENER is its integration with the e-Government system, which will prevent submission of law proposals for reviewing in Government procedure, if previously, the text of the draft-law has not been published on ENER.

In the period to come, MISA will continue with the activities for constant strengthening of the capacities of the administrative servants for implementation of the RIA, evaluation of the implementation of the regulation and uninterrupted use of the ENER and cooperation with the representatives of the stakeholders in the process of policy-making.

NCEC will continue the development of an efficient tripartite dialogue between the business community, the academia and the government in the development and implementation of policies. In 2015, based on an analysis of competitiveness and in close cooperation with the business community, NCEC prepared a new package of measures for improvement of the global competitiveness, so called 'Master Plan for Competitiveness', which was submitted and adopted by the Government. The Master Plan contains 32 measures in many key areas.

Short-term priority to encourage competitiveness is implementation of the adopted strategic documents confirming the principles for creating a favourable business climate and competitive economy: Industrial policy 2009-2020, Strategy for Development of Crafts 2011-2020, Innovation Strategy, measures to support the cluster association, measures from the Master Plan for Competitiveness and so on.

From a view point of support to the small and medium-sized enterprises, a new strategy for development of SMEs will be prepared, which should be based on the Small Business Act, and the Women Entrepreneurship Strategy. Better access to funds through extending the measures of the MBDP, preparation of a legal regulation for business angels and development of the funding concept through business angels, use and widening of the opportunities offered by the Innovation and Technical Development Fund for access to funds for innovations and transfer of technologies, promotion and use of the opportunities offered by the regional funds that arise from the WBIF facility and the European projects COSME and HORIZON 2020.

Preparation of a Competitiveness Strategy, as an umbrella strategy, with proposed measures in seven areas and with the adoption of a Sector Planning Document for IPA 2 for competitiveness and innovations, to be adopted in 2016, greater focus in the institutional and direct support to the development and competitiveness of the sector of enterprises is expected.

Furthermore, in 2016, the IPA funded project for Private Sector Development is expected to start, which will ensure implementation of measures for enhancing business climate and competitiveness support

For improved information to companies, various portals, such as KONKURENTNOST.MK, the portal of Enterprise Europe Network [www.een.mk](http://www.een.mk), as well as other websites of relevant institutions will be available.

In order to monitor the competitiveness of the Macedonian economy, the rankings of the country in the reports of the World Economic Forum - Global Competitiveness Index, Doing Business, Global innovation index, index policies for SMEs, the EU innovation matrix and other international publications have been monitored.

### **Institutional framework**

Key institutions in the creation and implementation of policies for enterprises and industrial policy are the Cabinet of the Deputy Prime minister for economic affairs, the Ministry of Economy, Ministry of Education and Science, the Agency for Entrepreneurship Support, the Agency for Foreign Investments and Export Promotion, the innovation and technological development and a number of business and regional centres. The measures are implemented through programmes and projects funded by the Budget of by IPA and donors ("Project for Skills Development and Innovation Support", supported by the World Bank).

### ***Medium term priorities***

#### **Legal framework**

In the medium term, priority will be further improvement the business environment, continuing the dialogue with the business community, development and implementation of strategic development documents for encouraging competitiveness and implementation of structural reforms, strengthening of the institutional capacity, as well as efficient use of IPA funds.

The main documents that will create the support measures will arise from the Competitiveness Strategy, the Industrial Policy, the SMEs development Strategy and the Innovation Strategy.

The activities for establishing one-stop shop system for domestic and foreign investors will continue and they will enable all necessary licenses and permits for starting and running a business to be provided from one place. The establishment of the system will be implemented in phases, in the beginning the system will be implemented in institutions that issue most licenses in respect to the business community.

Macedonia will continue to be active in the regional initiatives which arise from the implementation of the SEE Strategy 2020, and which are related to the three leading initiatives, such as: 1. Skills and mobility, 2. Connectivity and, above all, the initiative 3. Competitiveness. Within the competitiveness initiative, more regional activities and projects will arise for connecting the private sector from the region, creation of regional clusters, use and upgrade of the industrial base, promotion and support of innovations, increase of the participation in the international trade, promotion of investments, trade and elimination of trade barriers, mutual promotion and brand development, improvement of the policies for SME creation and growth, improvement of the investment conditions, support to the strategic sectors and so on.

#### **Institutional framework**

The institutional capacity for creating, implementing, monitoring and evaluating policies for enterprise and industrial policy on national and regional level will be developed, applying the European principles of policies on enterprise and industrial policy and active participation in regional initiatives. Strengthening of the institutional capacity by creation of new institutions is expected (accelerators, national centre for transfer of technologies, Equity and Mezzanine Investments Fund, etc.), and the high level consultation will continue through deliberative bodies and committees.

#### ***Programmes and projects***

In the course of 2016, in IPA component 1, the project 'Private Sector Development' will begin, for the purposes of direct support to and precise measures for strengthening the institutional capacity for good business climate and competitiveness encouragement. The sectoral fiche for private sector development includes activities to support the improvement of the competitiveness of companies, forming accelerators and support of the new<sup>146</sup> companies within accelerators, supporting women's entrepreneurship and entrepreneurship among youth to reduce unemployment in these categories and so on. The budget for these activities is about 3.5 million euro.

Moreover, in 2016 numerous measures from the strategic documents are planned to be promoted and implemented with IPA 2 funds - Competitiveness and Innovations.

The activities defined with the national strategic documents and the Strategy SEE 2020 for creation of new competitive economy will be realised through the national budget, the structural funds and regional projects.

### **3.20.2 INSTRUMENTS OF ENTERPRISE AND INDUSTRIAL POLICY**

#### ***Current Situation***

For implementation of the policies of companies that offer support for growth and development, programmes and projects financed from the budget and from various donors, and implemented by GRM, ministries and related institutions are realised.

The Ministry of Economy (ME) implemented the Programme for competitiveness, innovation and entrepreneurship in 2015, which includes measures to support SMEs, measures for implementation of the industrial policy and support of cluster associations. Over 50 companies were supported through this programme for product development, market development, introduction of standards, artisanship support and women entrepreneurship support, as well as support to organisation for SME support. Within the programme, 15 projects by cluster associations were supported through co-funding of projects for connecting clusters to universities, innovation development, etc.

Apart from this programme, numerous programmes, projects and measures are currently being conducted, which arise from various action plans, through: the Agency for Promotion of Entrepreneurship (APERM), the Agency for Foreign Investments and Export promotion (AFIEP), Ministry of Education and Science (MES), the Directorate for Technological Industrial Development Zones (DTIDZ), the Fund for innovation and technological development and projects conducted directly by Cabinet of the Deputy Prime Minister for economic affairs.

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<sup>146</sup> start-up



The APERM conducts annual programme for promotion of entrepreneurship, competitiveness and innovation within small and medium-sized enterprises, through which measures for promotion, training and voucher schemes are implemented.

The measures and instruments for private sector support are directed towards co-funding of expenses for development projects for companies, better access to funds, providing various trainings and seminars for enhanced skills and knowledge, as well as improved information on various topics.

The ITDF had active role in the support of the innovation within the SMEs through the measures and instruments promoted by the Fund, for better access to funds for innovation and technological development and innovation promotion. In 2015, the first public calls were announced for the instruments of the Fund which were open for applications from various target groups. ITDF offers the following instruments for development of innovations and technological development:

- Co-funding of grants for newly created companies, start-ups and spin-offs
- Co-funding of grants and conditional loans for commercialisation of innovations;
- Co-funding of grants for technology transfer
- Technical support through business technology accelerators

For the period 2015-2019, 9 million EUR have been allocated through a loan from the World Bank, and also all the related operational documents, rules and procedures have been prepared.

The submitted application are evaluated and decided upon by the Investment Approval Committee composed of 5 external experts.

On the first public call, announced in February 2015, 16 companies received support for the first instrument. The second call for instruments I, II and III was published in September 2015, after which 92 project applications were received, and according to the accessible funds, 18 new projects are expected to receive support as well.

During 2015, the ME, as a national partner for Competitiveness of Small and Medium-Sized Enterprises (COSME), was conducting activities in the light of fulfilling the obligations arising from the membership in the programme, as well as its promotion in the light of better use of the opportunities offered by the programme. The payment of the annual entry ticket for COSME was finalized on time, and the Ministry is continuously presenting and giving explanations to the interested entities for the programme at various events and direct meetings. On 10-11.11.2015, in Skopje, TAIE workshop was held for COSME and Access to Funds, attended by numerous financial institutions and other stakeholders. Macedonia is involved in Enterprise Europe Network.

In 2015 in Skopje, the office of the Regional Innovation Fund (ENIF) was opened as part of the Western Balkans Enterprise Development and Innovation Facility. The Fund has officially started operating in October 2015. Through this Fund, companies will be able to apply for 40 million euro intended for innovations and will be able to receive direct financial assets which are to be invested in technology development, raising the product and service quality, thus improving the competitiveness at local, regional and European level.

The ME in cooperation with the National Coordinating Body for Enterprise Social Responsibility, conducted preparation in the course of several month, and in October, the 8th Manifestation for Awarding Prizes for Best SS practices in 2014 was held. The Minister of Economy, in the presence of DEU representatives, embassies, companies, government and non-government organisations, media, in five categories, awarded 10 statues, 17 plaques and one prize for the most innovative practice, out of 50 applicant companies with 34 projects. The award was supported by the Business Confederation of Macedonia, which is implementing the EU project 'Social Responsibility for All'.

### *Short-term priorities*

#### **Legal framework**

With the adoption of several new strategic documents for competition and development of SMEs, the basis for proposing of new measures and instruments for enterprise support will be widened. In 2016, the Government should adopt a new Competitiveness Strategy, SMEs Strategy, Women Entrepreneurship Strategy, and continuation of the implementation of industrial policy measures of the RM is expected, as well as Innovation Strategy, etc.

Also, the instruments of the industrial policy will be implemented through annual government programmes. The Ministry of Economy will implement the Programme for competitiveness, innovation and entrepreneurship in the year to come as well, which includes measures to support SMEs, implementation of the industrial policy and support of the clusters. The measures will ensure co-funding of expenses for companies for product development, personnel development, market



development, and introduction of standards, development of SMEs infrastructure, women entrepreneurship, and in the part of clusters Balkan Conference for Clusters will be organised for exchange of experiences, good practices, networking and internationalisation of cluster associations.

Keeping in mind that the approach to funds remains to be a high priority for support of small and medium enterprises, with the aim to compensate the existing gap in the course of funding, entrepreneurial ideas by the traditional sources of funding, a concept is planned to be organised for establishing a legal framework for non-formal risk capital or adoption of a new law for business angels.

For the purposes of establishing a legal and organisational framework for business angels in the country, within the IPA 2014-2020, for the Competitiveness and Innovation Sector, technical and financial assistance has been planned for 2016, for the realisation of this measure, i.e. for support of promotion of the regulation and institutional organisation, with the aim of introducing financial instruments for access to capital in the early phase of SMEs development, as well as implementation of the programme for SMEs development, including business angels.

In 2016, the activities of the Agency for Promotion of Entrepreneurship (APERM) will include organisation of training to improve the competitiveness of SMEs, local consultants and women entrepreneurs, business plan preparation and entrepreneurial training for teachers, professors and students. Also, workshops will be conducted for the promotion of the entrepreneurial education of youth, mentorship, and within regular programme activities, in 2016 the SMEs European week will be held and the preparation of annual report will be realised - Observatory for SMEs for 2015.

The implementation of the Innovation Strategy and the Action Plan will continue.

The aim of ITDF is to ensure support to innovative creation, commercialisation of research, connecting businesses with academia and research centres, encourage and support of innovative activity, development of technologies for MMS, newly enterprises, through the transfer of knowledge, research development and innovation. ITDF remains a key institution which will ensure support to the innovation development in the sector of enterprises through granting funds for projects for encouraging the innovation through the existing instruments:

In 2016, two calls are planned to be announced for all four instruments, and also a new instrument for technical assistance is planned to be developed, which consists of creation of a network of experts who will offer services to innovative companies (analysis of the innovation potential, trainings for introducing and managing innovative projects, development of project proposals for national and international funds, trainings for mobilising of additional funding - venture capital, legal advice, intellectual property rights protection, etc.).

Furthermore, administrative documents are planned to be developed for additional instruments for funding of large companies, higher education institutions and research centres, documents related to creation of equity and mezzanine instruments and creation of a co-funding scheme.

For the purposes of strengthening the institutional base for innovation support, support to the establishment of infrastructure for business accelerators initiation within the universities is planned through IPA (component 1-TAIB for 2012-2013, in the sector fiche for Private Sector Development). Thus, a sustainable mechanism will be established for support of innovations and innovativeness of start-up companies, especially in the high technology field.

The access to information will be ensured with further support through credit lines of EIB, offered by the MBDP with favourable interest rates.

Preparation of an analysis is planned for legal regulation of business angels, as a form of access to risk capital.

Regional project "Platform for Enterprise Development and Innovation for the Western Balkans - WBIF" provides over 140 million euros to support companies in the region for innovation. So far, the Expansion Fund, the Guarantee Fund, the Innovation Fund have been active, and activation of the Technical Support Fund is expected. The companies from the Republic of Macedonia may apply in these funds.

The country has access to the programmes COSME and HORIZON 2020. In the period to come, activities in the light of fulfilling the obligations from the membership in the COSME programme will continue, through:

- Fulfilling the obligation for financial contribution for 2016.
- Participation at the meetings of the COSME Work Committee.
- Cooperation with chambers, other institutions and entities with the aim of better use of the programme.
- Promotion of the programme at conferences, workshops, seminars.

- Publishing useful links to the programme [www.economy.gov.mk](http://www.economy.gov.mk); [www.konkurentnost.mk](http://www.konkurentnost.mk) etc.

Foreign direct investments will be attracted as a result of the activities of AFIEPRM, promoters, ministers for FDI, TIDZ Directorate and promotion events organised by government. Most companies in our country come from Turkey, USA, Switzerland and Austria, while primary industries are automotive, agriculture, food processing, energy, tourism and other industrial sectors. At this moment, thirty-two promoters work in foreign representative offices of "Invest in Macedonia"<sup>147</sup>, as follows: five in Germany, six in the USA, three in Turkey, three in Great Britain, two in Russia with Ukraine, two in China and one promoter in each of the following countries: Italy, Austria, Switzerland, Sweden with Denmark, Belgium, the Netherlands, Bulgaria, Serbia, Albania and Kosovo, Hungary, Poland, Norway, France. Increase of the number of economic promoters is planned for 2016 on places where it is estimated that there is potential.

The combined efforts of AFIEPRM with partner institutions and marketing promotion of investment opportunities and conditions for doing business in the country in the most famous world media and the organised promotional campaigns in the countries<sup>148</sup> are expected to result in an increase in FDI inflows in 2016.

FDI connections with local companies that may be involved in the chain of suppliers will be strengthened by domestic companies with adequate capacity, creating databases of foreign companies with a need for suppliers and development of databases and catalogue of potential suppliers.

AFIEPRM offers support to foreign companies - investors in overcoming the challenges faced in post investment stage in the country, proposes measures to facilitate and overcome administrative obstacles in legislation and effective and timely realisation of the rights and interests of businesses.

Through a series of surveys and direct calls, a research will be done on the degree of satisfaction of the companies that have already invested in country.

Within the Plan for Activities for 2016 of AFIEPRM related to the export promotion, the highlight is on the following initial sectors: textile industry, agri-business/food industry, metal industry and precise mechanics industry - including automobile parts, and information and communication technology – ICT.

The programme for 2016 within the planned budget for export promotion includes business angels and fairs which are beneficial for the business community. The sector for export promotion will continue with the organisation of online video meetings in every three months between economic promoters and domestic companies, as well as between foreign companies and domestic companies. This project ensures easier access to foreign markets with previously confirmed information.

Training for domestic companies has been planned in the field of ICT industry - "Export to Sweden" seminar which will take place in April 2016, in cooperation with experts from Open Trade Gate Sweden, Swedish Government Agency (whose aim is to encourage trade and increase the export of the developing countries to Sweden). The aim of the training is to help domestic companies prepare for export to the EU countries.

The sector for export promotion in 2016, within the planned working assignments and activities on continuous basis will organise visits by foreign companies interested for buying of domestic products and will continue with the preparation of lists of domestic companies intended for interested buyers.

The Agency, as of 2016, will continue issuing the electronic booklet - "Exporter", through which the readers will be able to find out about all the activities related to export promotion. In 2015, a total of seven publications were issued. In 2016, a new mid-term National Strategy on Social Responsibility is planned to be prepared which will cover the period until 2020, with a two-year action plan.

For 2016 and 2017, a National Strategy on Social Responsibility for the period until 2020, with action plan is envisaged. Preparatory activities for the 9th and 10th Event for awarding prizes for best social responsibility practices in 2015 and 2016, (publishing competition, application, juries, evaluation and awarding) in cooperation with the National Coordination Body for ESR. Submission of applications is planned for the TAIEX instrument with the aim of strengthening the capacities regarding encouraging social responsibility in the country and international cooperation in this area.

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<sup>147</sup> [www.investinmacedonia.com](http://www.investinmacedonia.com)

<sup>148</sup> Road-shows

The project "Organisation of Specialised Trainings - thorough and detailed technological trainings in numerous industrial sectors" (textile, food, auto-mobile and metal processing industry) will continue in 2016 with new and popular topics.

#### **Institutional framework**

The institutional framework is composed of the Cabinet of the Deputy Prime Minister for economic affairs, the Ministry of Economy, the Ministry of Education and Science, the Agency for Promotion of Entrepreneurship of the Republic of Macedonia (APERM), the Agency for Foreign Investments and Attracting Investments (AFIAI), the Directorate for Technological Industrial Development Zones (DTIDZ), the Innovation and Technological Development Fund and numerous institutions for support and clusters.

In the light of further support of innovations, besides the Innovation Fund, the National Office for Transfer of Technologies is expected to be put into operation. Its creation and functioning will be supported by the World Bank Projects - Skills. Furthermore, with the establishment of the infrastructure for initiation of business accelerators within the universities, a mechanism for support of innovations and innovativeness of start-up companies will be enabled, especially those in the field of high technology, as a prerequisite for their development and development of economy as a whole. This project is planned to be supported by IPA 1 - Private Sector Development.

With the defining of the legal framework for business angels, expanding of the possibilities for easier access to capital is expected for the small and medium-sized enterprises.

The institutional capacity for creating, implementing, monitoring and evaluating policies for enterprise and industrial policy on national and regional level will be developed, applying the European principles of policies on enterprise and industrial policy and active participation in regional initiatives.

The three-party dialogue and the high-level consultation will continue through deliberative bodies and committees and the NECC.

#### ***Programmes and projects***

Significant support to the implementation of the instruments of the enterprise policies and the industrial policy is expected through IPA funds on national and regional level, as well as numerous regional projects defined with the SEE Strategy 2020. Active participation in WBIF, COSME, HORIZON 2020 and other European and regional projects and initiatives are envisaged.

#### ***Medium term priorities***

In the medium term, new instruments will be developed for the enterprise and industrial policy, with increased support to the private sector through government programmes and projects, as well as use of the IPA 2 funds.

In the period 2017-2019 actions to strengthen the institutional capacity for implementation of policy instruments on enterprise and industrial policy will be realised, which arise from the strategic documents.

The activities of the Agency for Promotion of Entrepreneurship (APERM) will include expansion of the voucher system of counselling, the project Info Pult, support to the competitiveness of the SMEs through trainings, activities for connecting science and enterprises.

AFIEP will continue to be actively involved in the policies for investment and export promotion, as well as ensuring support to the domestic companies and connecting of the foreign investors with the domestic companies, as a positive spill over effect from the FDI. Through a network of economic promoters, AFIEPRM will distribute claims from foreign companies that are interested in cooperation with the Macedonian companies.

In the light of better use of the COSME programme, its promotion will continue within the financial institutions and banks, with the aim of providing the funds from the access to finance from the programme to the companies.

The Innovation and Technological Development Fund is expected to offer further support to the business sector for innovation development, connection of the science with the business and so on; strengthening of the institutional capacity will continue with the operation of new institutions (accelerators, national centre for transfer of technologies and so on), and the high-level consultation will continue through deliberative bodies and committees and the NECC as a three-party dialogue body.

### **3.20.3. SECTORAL POLICIES**

#### ***Current Situation***

For the sector-tourism, the main documents are: The "Revised Strategy for Development of Tourism" with an action plan for implementation for the period 2011-2015 and the "Strategy for Development of Rural Tourism" 2012-2017, and the annual programmes. Programme for tourism development and Programme for promotion and support of tourism that are implemented by the Ministry of Economy and the Agency for Promotion and Support of Tourism (APST), through which the measures are implemented and instruments are provided in the strategic documents and related action plans. The

preparation of the Study for the water activities on rivers and canyons is ongoing (kayak, sailing and driving through canyons and ravines), which should expand the tourist offer.

Through the ME Programme, the international and bilateral cooperation with important tourist organisations and institutions is supported, especially with the World Tourist Organisation, the European Tourism Committee, the European Travel Commission, CEI, etc., as well as human resources training in tourism and catering and implementation of certain projects, especially in the field of rural tourism, support of various tourist manifestations, projects and business forums, instalment of tourist signalisation at more significant objects and landmarks of interest for culture and so on. In 2015, with the aim to promote wine tourism, the first Regional Conference for Wine Tourism Support was organised. Moreover, in cooperation with UNIDO, the Conference "The Balkans as a Tourist Destination" was organised.

In the period 2014-2015, the UNIDO Project for human resources training in tourism and catering was successfully completed.

In accordance with the National Tourism Development Strategy, the Project "ECO MACEDONIA" was implemented, through activities such as: continuation with the activities for marking routes, recreational tours and rest spots in national parks, infrastructural improvement, marking and promotion of protected areas, activities in the organic production and its promotion, adoption of the detailed urban plans for direct investments, promotional materials for eco-tourism in the country and so on.

The subsidising of the foreign organised tourist trade and the subsidising of the budget airlines flights, as measures of promotion and support of tourism, are continuing. The Government, each year, is increasing the funds intended for subsidising the foreign organised tourist trade, the number of countries eligible for exercising the right to subsidising foreign tourists is expanding as well, and at the same time, the number of subsidised air lines is increasing.

With the project for providing financial assistance to new air lines, direct flights have been introduced to Malmö, Basel, Mühlhausen, Bergamo, Eindhoven, Dortmund, Memingen, Munich, Stockholm, Gothenburg, London-Luton, Venice, Frankfurt, Paris, Brussels, Cologne and Rome.

The ME project "Unification of the Windows and the Advertisements in the Old Bazaar in Skopje" is ongoing. Within the project, a company for preparation of 60 projects for shops has been engaged, after which subsidies will be given according to the implemented projects. The projects will cover 3 elements, as follows: how they looked like before, the present appearance and how they should look like after the completion of the new project.

ME realised the measure "Subsidies for the Catering Facilities for Receiving the Label for National Restaurants-Inns", for enriching the tourist offer with authentic and recognisable traditional food and wine.

The activities for "Creation of a web portal with an integrated system for managing tourism and catering registers based on tourist information and building institutional tourism network with on-line platform for monitoring and promoting accommodation and catering facilities in all tourist sites in the country" have been initiated.

The Tourism Committee monitors the implementation of the strategic documents.

### ***Short-term priorities***

#### **Tourism**

The Programme for development of tourism in 2016 and the Programme for promotion and support of tourism for 2016 will be implemented within ME and APST. According to the programme, the ME plans the following activities: Preparation of a new Strategy and an Action plan for development of tourism for 2016-2021. Furthermore, preparation of feasibility studies is planned for attractive locations for development of alternative and mountain tourism.

Organisation of the regional conference for "The Balkans as a Tourist Destination" is planned, and granting of subsidies for catering facilities will continue for obtaining the label for national restaurants-inns, printing of promotional material in the field of tourism is planned in numerous foreign languages, flyers for the tourist potentials of the country, posters, bags and folders.

Upgrade of the web portal is planned with an integrated system for managing tourism and catering registers based on tourist information and building institutional tourism network with on-line platform for monitoring and promoting accommodation and catering facilities in all tourist sites. The ME in cooperation with the MLSG, ALSGU and the Agency for Tourism Promotion and Support will ensure data for the accommodation and catering facilities in the country and a single database in electronic form will be created for them.

The instalment of tourist panels in more significant tourist places will continue as tourist signalisation, and furthermore, the unification of the windows and advertisements in the Old Bazaar in Skopje will continue.

For the purposes of ensuring system analysis and collection of various data, questionnaires and interviews during the entire season when tourists pass the country, a statistical system of regular monitoring of tourism data will be prepared, data that is highly important for the tourism with the aim of obtaining a clear image and information for the needs, opportunities, positive and negative interests of tourists visiting the country.

The Project "Rural Tourist Development Zones" is planned to be implemented, which includes preparation of a study, analysis and preparation of documentation for municipalities that have the potential for rural tourist development. The rural tourism is a relatively new term introduced in the tourist terminology. The creation of rural tourist development zones will contribute to the development of rural areas and thus development of tourism at a national level. The creation of zones will enable attraction of domestic and foreign investors and thus the catering facilities will be increased in rural areas, the living and working conditions will be improved and support will be given to the development of the rural tourism.

Within the programme realised by the ASPT, the following activities and projects are planned for the support and promotion of tourism:

- Preparation, printing and distribution of printed promotional material, in 11 foreign languages
- Participation in international, regional and local tourism fairs;
- Organisation of presentations and meetings with foreign tour-operators and Macedonian tourism days abroad and organisation of informational trips in the Republic of Macedonia for foreign tour-operators and journalists;
- Billboard campaigns, advertisements in print media, electronic promotion and TV campaigns in the Republic of Serbia, Slovenia, Croatia, Bulgaria, Albania, Kosovo, France and so on;

More significant projects for tourism support that will be implemented are as follows:

1. Project "Hiking trails" - editing and labelling of existing and creation of new mountain paths. Their promotion through the preparation of e-guide, with the aim enrichment of the tourist offer of the Republic of Macedonia and development of rural tourism, in cooperation with the Agency for Financial Support of Agriculture and Rural Development;
2. Project "Bicycle hiking trails" - editing and marking of existing and creation of new mountain paths. Their promotion through the preparation of e-guide, with the aim enrichment of the tourist offer of the Republic of Macedonia and development of rural tourism, in cooperation with the Agency for Financial Support of Agriculture and Rural Development;
3. Project "Monastery Tourism" - registering and connecting the monasteries in the Republic of Macedonia that offer conditions for accommodation, preparation of a website, e-guide and printing of promotional material for religious and monastery tourism;
4. Project "Registry of tourism potentials in the country" - research and recording of tourism potentials in the mountain regions which have and offer conditions for tourism development, web site development, e-Guide and print promotional material for the touristic potentials of the country;
5. Project "Marking of identifiable products, sites, objects and events of importance for tourism in the country" - recording and labelling of identifiable products, sites, objects and events of importance to the tourism offer, making printed promotional material and posting them on the website Macedonia Timeless, entitled "Did you know";
6. Project "Mapping the Via Ignatia Road" - improvement and marking of the Rome highway Via Ignatia, with the aim to enrich the tourist offer in the field of cultural tourism and the activities in nature;
7. Project "Paragliding tourism" as an alternative form of tourism in cooperation with USAID. The remaining two landing strips of Popova Shapka and Galichitsa will be improved, whereas their arrangement shall start by setting up information boards and milestones, as well as setting weathercock and meteorological stations as part of the completion of the first phase;
8. Project "Flying in nature" - provides project documentation in the form of a major project of making tracks for cable sliding, as part of the creation of new tourist;
9. Project "Macedonian Tourist Passport" plans preparation of a promotional small guide with the aim to promote and animate foreign tourists during their stay in this country;
10. Project "Active Tourism" in cooperation with USAID - (USA Agency for International Development) and ATTA (Active Tourism Association) - provides payment of fees and quotes for organisation of a Summit for active tourism in the country in May 2016.
11. Project "Improvement of living conditions in mountain and hunting homes/houses" with the aim to include all in the tourist offer, as well as for creation of a network of facilities as a basic prerequisite for development of mountain tourism and hunting;
12. Financial support of cultural, entertainment, sports, gastronomy and local environmental events organised as local tourist events, for the purposes of increasing and encouragement of the tourist offer;
13. Funding the preparation of an appropriate urban-plan documentation for the purposes of establishment of auto-camps and sport airport Kalishta on lands owned by the country;
14. Fencing and marking of tourist development zones;
15. Preparation of the sub-strategy "Tradition and Events" for the purposes of supplementing the strategic policy for development of tourism for the next four years and other projects.

Constant subsidising of foreign organised tourist trade.

### *Programmes and projects*

The Action document for local and regional competitiveness with a special focus on projects in the area of tourism will be supported by IPA 2014-2020, for the sector Competitiveness and Innovation for the period of 2015-2017. The value is expected to reach 21 million euro. The project includes implementation of activities that will be visible and will contribute to the promotion of tourism in the country, such as: infrastructure interventions that will contribute to the development of the economy and tourism (investment in new and rehabilitation of existing tourist capacities; investment in infrastructure that will enable access to landmarks of interest for culture; stimulation and integration of creative industries as local crafts; instalment of tourist signalisation; local branding and promotion of tourist destinations and so on); promotion of tourist destinations (strengthening the capacities of public and private stakeholders and municipalities with the aim of directing them to work together on the establishment of Destination Management Organisations) and trainings and educational programmes for municipalities, regional centres, the non-government and private sector, i.e. of all stakeholders in the field of tourism with the aim of strengthening the capacities of these facilities.

Regarding the regional sector initiatives within the SEE Strategy 2020, sectors of tourism and food industry have been identified. Following the initial analysis of the state of play, the barriers for development and the regional potential, concrete measures are planned for strengthening the capacities and the skills of the companies in these sectors, improved information, increasing the regional cooperation, initiation of mutual projects, and so on. In these regional initiatives, representatives from the business sector and the state institutions are actively involved.

## 3.21 TRANS-EUROPEAN NETWORKS

### *Findings and priorities of the EC Report 2015*

There is a good level of preparation in the area of trans-European networks. Good progress was achieved in the reporting period. In the next year, the country should:

- further improve the inter-institutional communication and to strengthen the technical capacity of all administrative institutions and stakeholders involved in the transport infrastructure.

### *Summary*

Progress was achieved relating the development of transport and energy networks in the country. The road and railway infrastructure are continuously being built and renewed in the country along Corridor VIII and X (Xd) that represent a part of the network of the South East Europe Transport Observatory (SEETO). Also, the country supports the initiative to integrate the SEETO network into the trans-European transport networks. Relating to energy networks, the construction of interconnectivity overhead lines with neighbouring countries continues, which will contribute to greater security of the supply of electricity in the region in long term. The country continuously participates in the working bodies of the South East Europe Transport Observatory (SEETO), the European Network of Transmission System Operators (ENTSO-E) and etc.

### 3.21.1 TRANSPORT NETWORKS

#### *Current situation*

Relating to the road infrastructure, along Corridor X, construction of the last section Demir Kapija – Smokvica is ongoing. The construction of the highway section in length of 28.3 km is being realised with funds from the IPA Component for Regional Development, the European Bank for Reconstruction and Development and the European Investment Bank, as well as from budget funds. The construction works continued throughout 2015. In December 2015, 72% of the construction works were completed. The construction of the section Demir Kapija – Smokvica is envisaged for 2016, by which the objective of completing the road Corridor X at highway level will be fulfilled.

As regards the project for rehabilitation of the highway section Veles – Katlanovo, co-funded by the IPA Component for Regional Development, construction works are ongoing and they will be completed by the end of 2015.

Regarding the project for *rehabilitation of the highway section Smokvica – Gevgelija, as a part of the Corridor 10*, the contract for construction was signed on 06.08.2015. The duration of the contract is envisaged to be 12 months after the signing. Construction works will start in December 2015.

Regarding the *Project for preparation of a Study and Action Plan for improvement of the safety of the SEETO network (Corridor X, X-d, VIII, route 6 and route VIII)*, the realisation of the project will be completed by the end of 2015.

*Rehabilitation of bridges with grant from NATO*: The construction works of the Contract for Rehabilitation are ongoing, where 10 of 13 bridges are completed and the other should be completed by mid-2016.

Regarding the road Corridor VIII, *the road section Kicevo – Ohrid*, in the past period, about 70% of the route was carved (access roads and part is full profile of a route) along the highway from Kicevo to Ohrid in length of 56.7 kilometers. The overall progress of the construction works is 8.8%. The deadline for construction of this highway is by 2018.

Regarding the railway infrastructure, during 2015, activities were undertaken for improving the rail transport and infrastructure through projects for *rehabilitation of the railway line along Corridor X and the branch X-d and construction of Corridor VIII* for the railway connection with the Republic of Bulgaria.

*Construction of the railway section from Kumanovo to Beljakovce*: the project in 2015 was realised at a slower pace due to prolongation of the deadline for completion of the construction works, a new Contract<sup>149</sup> was concluded for amendment and transfer No. 1 of the Loan Agreement between the EBRD and the Ministry of Finance, which will be realised by the end of 2017.

In 2015, three phases are realised:

*Development of basic technical documentation and implementation of a tender procedure for selection of a contractor for the section Beljakovce – Kriva Palanka*: during 2015, the project was implemented at a slower pace. The Repeated Loan Agreement was signed on 30.04.2015.

*Reconstruction of the section from Negotino to Nogaevci, a part of Corridor 10*: during 2015, construction works were performed for reconstruction of the section from Negotino to Nogaevci, as a last section envisaged to be reconstructed with funds provided through a loan from the EBRD. The project is being implemented at a slower pace. The deadline is prolonged until 2016. In December 2015, 51% of the construction works were realised.

<sup>149</sup> It was signed on 13.02.2015.



Also, the project for construction of the *railway section Kicevo – border with the Republic of Albania* is a project ranked in the priority projects eligible for funding under the SEETO Multi Annual Plan 2015<sup>150</sup>. A contract<sup>151</sup> was signed with the selected company, which within 24 months, i.e. during 2016 it needs to prepare a main design and a tender for construction and supervision.

*Rehabilitation and upgrading of the Railway Station Skopje according to the EU best practices:* A contract<sup>152</sup> was signed with the selected company. The project for rehabilitation was completed on 30.08.2015.

A Project for Procurement and Installation of Equipment LOT1 is ongoing, which should be completed by the first quarter of 2016. For LOT2 procurement of equipment, the tender is published and evaluation of the best tenders is ongoing.

Within the Ministry of Transport and Communications (MTC), the Sector for European Union consists of four units: Unit for Negotiation and Integration, Unit for IPA Monitoring, Unit for IPA Programming and Technical Implementation and Unit for Other International Investments. The Sector for European Union has 14 employees on a permanent basis. Relevant institutions for implementation of projects of trans-European networks are: MTC, Public Enterprise for State Roads, MR Infrastructure, the Ministry of Finance and the Sector for Railways within the MTC. The need of trainings is identified for the representatives of the Unit for IPA Funds (the IPA Structure) at annual level and it is submitted to the CFCD – Ministry of Finance. For the other institutional framework see Chapter 3.14 Transport Policy.

### ***Short/Medium term priorities***

Regarding the *National Transport Strategy (2007-2017)*, the six update of the NTS is planned for June 2016. The update is being performed every two years with the aim of monitoring the implementation of the activities envisaged, as well as the preparation of the Information on the degree of realisation of the goals envisaged in the National Transport Strategy (from 2007 to 2017). In 2018, a new National Transport Strategy will be developed.

#### **Modernisation of Road Corridor X**

Regarding the road infrastructure, the construction of the last road section *Demir Kapija – Smokvica*, along Corridor X, continues in the time period from 2012–2016.

Concerning the project *Construction of the sections (M5 interchange Drenovo) Faris – interchange Gradsko Drenovo and bridge Raec Drenovo – interchange Drenovo Gradsko from Corridor 10 D*, the project will start in 2016 and the deadline for its realisation is planned for 2019.

Concerning the project *Rehabilitation of the main road A3, section Bitola – Makazi and section Resen – Bukovo*, in July 2015, two contracts were signed with various contractors for rehabilitation of the main road A3, LOT 1, section Bitola – Makazi, and LOT 2, the section Resen – Bukovo. The rehabilitation of these sections started in August 2015 and it will be performed until August 2016.

Concerning the project *Construction of express road A2, section Kriva Palanka – Rankovce*, during 2016, the tender procedure will start for construction of the express road Kriva Palanka – Rankovce, where the envisaged deadline for construction will be 36 months, i.e. until 2019. Funds for this project were provided through a loan from the World Bank in 2015, and it will be realised in the period 2015–2019.

*Rehabilitation and upgrading of the highway section Smokvica – Gevgelija*, as a part of Corridor X, a project is planned for 2015. The Construction Contract was signed on 06.08.2015. The duration of construction works after signing the contract is 12 months. Relating to the *Project for preparation of a Study and Action Plan for improvement of the safety of the SEETO network (Corridor X, X-d, VIII, route 6 and route VIII)*, realisation of the project is ongoing and it is expected to be completed by the end of 2015.

*Rehabilitation of bridges with grant from NATO:* The works from the Contract for Rehabilitation should be completed during 2016.

Regarding the road Corridor VIII, *Construction of the highway A2, section Kicevo – Ohrid* (starting: May 2014, ending: January 2018). The highway is in a stage of construction from Kicevo to Ohrid with a length of 56.7 km. In the past period, about 70% of the route was carved (access roads and one part is full profile of the route). Overall progress of the construction works is 8.8%. The deadline for construction of this highway is until 2018.

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<sup>150</sup> Projects eligible for funding are projects for which funds are not provided and therefore they are on the 2014 MAP priority list.

<sup>151</sup> It was signed on 16.09.2014.

<sup>152</sup> It was signed on 30.04.2014.

It should be started with the realisation of the project *Construction of state road A2 and Pan-European Corridor VIII at highway level, section Trebenishte – Struga*, with length of 8 km. Funds for this project were provided through a loan from the EBRD, and it will be realised in the period 2015–2019.

#### **Modernisation of railway Corridor X**

*Reconstruction of Corridor X, financed by a loan from the EBRD:* Until 30.06.2016, according to the agreed dynamics of the construction works, the reconstruction of the section *Nogaevci – Negotino* in length of 30.9 km should be completed, and thus the realisation of the loan from the European Bank for Reconstruction and Development.

For the section *Bitola – Kremenica of the railway Corridor Xd of Corridor X*, the Construction Contract <sup>153</sup> was concluded, and it will be realised during 2016.

*Regarding the Project for rehabilitation and upgrading of the Railway Station Skopje according to the EU best practices*, a Project for Procurement and Installation of Equipment LOT1 is ongoing, which should be completed by the first quarter of 2016. For LOT2 procurement of equipment – the tender is published and evaluation of the best tenders is ongoing.

*Rehabilitation, upgrading and reconstruction of the major railway stations of Corridor X and the branch Xd according to the EU best practices:* Implementation of the project is ongoing and it is expected to be completed in the second half of 2016.

#### **Completion of the railway Corridor VIII**

*Construction of the railway section from Kumanovo to Beljakovce:* during 2016, construction works will continue on the section according to the established dynamics.

*Development of basic technical documentation and implementation of a tender procedure for selection of a contractor for the section Beljakovce – Kriva Palanka:* By the end of the third quarter of 2016, it is planned completion of the procedure for selection of a construction company that will carry out the construction and selection of a consultant company that will supervise the construction according to the rules and policies of the EBRD. The contracts will be signed between PE MRI and the selected companies.

Concerning the project *Main Design for the Section from Kriva Palanka to the border*, evaluation of the submitted tenders will be performed for selection of a company for development of a main design in 2016.

*The design of the section from Kicevo (Macedonia) to Lynn (Albania)* will be within the project financed by the European Union. The contract<sup>154</sup> with the selected company was signed, which, within 24 months, needs to prepare a main design and a tender for construction and supervision, during 2016.

### **3.21 TRANS-EUROPEAN ENERGY NETWORKS**

During 2015, AD MEPSO actively participated in the development of the Joint Planning Study 2015 within the *ENTSO-E*, as a full member. The activities continued with development of the Regional Plan (RgIP 2016) and the Ten-year Development Plan of the European Network (TYNDP2016), which cover two planning horizons, 2020 and 2030. AD MEPSO signed the Kosovo Connection Agreement within the ENTSO-E.

Within the *SECI Programme* (Southeast European Cooperative Initiative), realisation of the Project for regional planning of electricity systems in Southeast Europe (Transmission System Planning – TSP) is ongoing. The development of regional models of the transmission network for 2020, 2025 and 2030 continues. A Study on the Prospects of the Electricity Market in SEE by 2030 and connecting to the Italian market is in preparation.

#### ***Current situation***

##### **Electricity transmission infrastructure**

*400 kV interconnection overhead line SS Stip (the Republic of Macedonia) – Nis (the Republic of Serbia).* The construction is completed and it is put into operation on the 17-th of November 2015 connecting the Republic of Serbia in the newly constructed substation SS Vranje.

*400 kV interconnection overhead line Bitola (the Republic of Macedonia) – Elbasan (the Republic of Albania).* Within the first grant from the WBIF, the procedure for implementation of the EIA Study was completed by submitting the decision

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<sup>153</sup> It was signed on 19.12.2014.

<sup>154</sup> It was signed on 16.09.2014.

on granting approval for the EIA Study by the MEPP. Within the second grant from the WBIF, the best tenderer was selected and by the end of 2015 it is expected a contract to be signed for development of the overall project documentation for 400 kV TL SS Bitola 2 – Macedonian Albanian border and SS 400/110 kV Ohrid. For this project, the tender procedure started for Research on birds and bats along the transmission lines corridor. Negotiations started with the EBRD for providing a loan for construction.

*For the project Construction of Electrical Grid Facilities<sup>155</sup>, the technical documentation is prepared that is needed for obtaining an occupancy permit for the substation SS Petrovec and the construction of TL 2x110 kV HPP Vrutok – SS Tetovo is stopped.*

Within the *Project for Development of the Electric Power System of the Republic of Macedonia*, consisting of 5 components, the following is realised:

*Component 2: Reconstruction and construction of interconnection overhead transmission lines* – for the reconstruction of the existing 110 kV TL SS Skopje 1-SS Tetovo 1, the expropriation is ongoing, and the construction started with realisation of the construction works on 108 towers;

*Component 4: Upgrading and reconstruction of the existing 110/x kV substations* for the Package 10, LOT 2<sup>156</sup>: The realisation of the management and protection in 110 KV plants was completed in: SS Resen, SS Ohrid 1, SS Ohrid 2, SS Veles 1, SS Veles 2, SS Oslomej, SS Kicevo, SS Samokov, SS Bitola 4, SS Jugohrom, SS Polog, SS Valandovo, SS Ovce Pole, SS Makedonska Kamenica and SS Delcevo.

*The project Four Substations 400/110 kV* for reconstruction of the existing equipment for management and protection in SS Skopje 1, SS Skopje 4 and SS Bitola 2 and SS Dubrovo was successfully completed in 2015.

*The project NEW SCADA/EMS* is composed of two packages: the first is *Package 1 – Delivery and installation of a new SCADA/EMS for National Dispatch Center (NDC) and the reserve NDC*: In 2015, this package is expected to be completed by successful realisation of the applications and application software for SCADA/EMS. *The second is Package 2 – SACS delivery and installation for 9 substations* – FAT is realised for the equipment for SS Sopotnitsa, SS Probishtip, SS Kriva Palanka and SS Kumanovo 2, as well as adjustment to SS Kumanovo 1, SS Stip 2, and realisation started in TS Sopotnitsa and SS Kocani.

*The Project Revitalisation and Modernisation of the Transmission Network* for which a loan is provided by the EBRD is comprised of five components: revitalisation of 110 kV transmission lines; remote monitoring, video surveillance, management and adjustment of substations; functional closure of the optical network within the transmission network; revitalisation of substations and consulting services. The consultant was selected who inspected the TL and the SS and prepared a report and currently the tender documentations of the components are in stage of preparation.

## Gas Pipeline Infrastructure

In the first quarter of 2015, the construction of the main gas pipeline section Klechovce – Block Station 5 and preparation of legal regulations started. The main goal of construction of this gas pipeline section arises from the strategic determination of the Government for achieving a higher degree of functionality of the energy system in the country, and providing conditions for significantly greater infrastructural and economic integration with neighbouring and other European countries. The overall capacity of the main gas pipeline section Klechovce – Block Station 5 is  $Q = 158.500 \text{ m}^3/\text{h}$  by connecting the cities of: Sveti Nikole, Veles, Stip, Negotino, TEC Negotino and Kavadarci, with the possibility of increasing the capacity by extending the section to Bitola and connecting the other cities in this area. By the end of 2015, the realisation of the construction is expected to be 60-70%, while in June 2016 the construction is expected to be completed.

## Short term priorities

### Electricity transmission infrastructure

The short term - annual, medium term and long term planning and investment in the electricity transmission system of AD MEPSO is based on the Strategy for Energy Development in the country by 2030 and the Study on Development of the Transmission Network for the period 2010-2020. The Strategy envisages connection of the electric-power system of the country with 400 kV interconnection transmission lines: Republic of Macedonia - Republic of Serbia, Republic of Macedonia - Republic of Albania and Republic of Macedonia - Republic of Kosovo in order to fully integrate into the regional system.

*For 400 kV interconnection overhead line (the Republic of Macedonia) – (the Republic of Albania)*, in 2016, it is expected, within the second grant from the WBIF for this project, the overall technical documentation to be developed for the interconnection transmission line and 400/110 kV SS Ohrid, the Research on birds and bats along the corridor of

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<sup>155</sup> It started in 2004 and it is funded by the European Investment Bank (EIB) with co-financing by AD MEPSO.

<sup>156</sup> The contract is signed on 14.09.2011 with a deadline for realisation of all activities of three years.

transmission lines to be realised and activities to be continued with negotiations with EBRD for providing loan for construction of the transmission line.

*Within the activities for the project Construction of Electric Network Facilities*, the construction of TL 2x110 kV Vrutok HPP-SS Tetovo is expected to be completed in 2016.

*Within the Project for development of the electric power system of the Republic of Macedonia, Component 2*, for the reconstruction of the existing 110 kV TL SS Skopje 1-SS Tetovo 1, the construction of the transmission line is expected to be completed in 2016.

*Within the New SCADA/EMS System, Package 2 – SACS* delivery and installation for 9 substations will continue to be realised.

For the project *Revitalisation and Modernisation of the Transmission Network*, consisting of five components, in 2016, the technical and tender documentations are expected to be developed, as well as to start the tender procedures and their realisation.

For the project *Reconstruction and Revitalisation of SS 400/110 kV Dubrovo*, in 2016, the necessary technical documentation will be developed.

For the project *Construction of 400/110 kV Substation Kumanovo*, in 2016, a Study will be developed with concepts for development of the transmission network in certain regions for long period, in which the Kumanovo region and the justification of SS 400/110 kV Kumanovo will be reviewed.

### **Gas Pipeline Infrastructure**

Implementation of the Project for Construction of the Main Gas Pipeline will continue in 2016 with selection of a contractor and supervision of the main gas pipeline. Namely, the section LOT2 Negotino – Bitola and section LOT 5 Skopje – Tetovo – Gostivar will be realised and the construction will start.

The overall capacity of the main gas pipeline section Negotino – Bitola is  $Q = 107.000 \text{ m}^3/\text{h}$  by connecting the industrial zone Kavadarci, Prilep, Bitola, as well as the possibility for connecting REK Bitola as well as connecting the other cities in this area.

The construction of the main gas pipeline section 5 Skopje – Tetovo – Gostivar – Kicevo is planned to start in 2016. The overall capacity of the main gas pipeline sections Skopje – Tetovo – Gostivar – Kicevo is  $Q = 100.000 \text{ m}^3/\text{h}$  by connecting Skopje – Tetovo – Gostivar – Kicevo and the possibility of introducing natural gas in TEC Oslomej. Selection of supervision for the remaining 36 km of the section of the BS 5.

### **Medium term priorities**

#### **Electricity transmission infrastructure**

Regarding the *400 kV interconnection overhead line the Republic of Macedonia (Skopje) – Kosovo (N Kosovo)*, preparation of a feasibility study is envisaged in medium-term.

Regarding the *400 kV interconnection overhead line: 400 kV overhead transmission line Republic of Macedonia – the Republic of Albania*, within the second grant from WBIF for this project, the technical documentation is expected to be completed, and the expropriation procedure, the tendering procedure and obtaining of the approval for construction to be started. This project is prioritised by the Energy Community.

The project *New SCADA/EMS System, Package 2 – SACS* delivery and installation for 9 substations is expected to be completed.

For the new *Project for Revitalisation and Modernisation of the Transmission Network*, after the approval of the loan, in 2016 and 2017, the components of the project are expected to continue and start with realisation.

The provision of funds and realisation of the project *Reconstruction and Revitalisation of SS 400/110 kV Dubrovo* will continue.

For the project *Construction of 400/110 kV Substation Kumanovo*, technical documentation will be developed and funds will be provided.

### **Gas Pipeline Infrastructure**

The construction of the main gas pipeline section 3 junction Stip – Hamzali and the main gas pipeline section 4 Hamzali – Stojakovo (border with the Republic of Greece) will start in 2017. By the end of 2017, the construction of LOT1 will be completed, and the other sections in 2018. Completion of the construction of LOT2 Negotino – Bitola in length of 92 km and the main gas pipeline section 5 Skopje – Tetovo – Gostivar – Kicevo in 2018. Funds will be provided by credit lines.

### **Institutional framework**

In 2016, 3 persons of the Sector for European Union within the Ministry of Transport and Communications are planned to be promoted. In medium term, new employments are planned aiming at full decentralised management with EU funds, as well as training for the employees according to their needs.

## 3.22 REGIONAL POLICY AND COORDINATION OF STRUCTURAL INSTRUMENTS

### *Findings and priorities of the 2015 EC Report*

The country is moderately prepared in the area of regional policy and coordination of structural instruments. No progress can be reported. In the coming year, the country should focus on:

- building the administrative and financing capacity needed for procuring and implementing EU funds properly and in timely fashion;
- addressing shortcomings in the financial management, control and audit system.

### *Summary*

*In order to meet the criteria for full EU membership, the focus remains on maximum absorption of IPA funds, providing adequate, effective and efficient implementation of projects financed by IPA, and at the same time respecting the principles of sound financial management and appropriate controls. Special emphasis will be placed on the introduction of fully decentralised management of IPA, without ex-ante controls. According to the adopted regulations by the European Commission to implement IPA II for the programming period 2014-2020, the focus will be placed on ensuring the right to indirect management of the new approved programmes/new measures under IPA II (2014-2020). Moreover, the efforts to promote the development of all regions in the country will continue. The balanced regional development should help in creating equal opportunities for all the regions in the country, so that they can integrate into the economy, thus improving their infrastructure.*

### 3.22.1 LEGAL FRAMEWORK

#### *Current situation*

The Framework Agreement is the basic legal act in which the principles for cooperation between the country and the European Commission are prescribed, regarding the implementation of the IPA, while the acts of IPA I remain in effect considering the fact that they are related to the implementation of programmes and will be applicable until the closure of programmes within IPA I (until 2017).

With the newly adopted EU legal framework, the established structure and mutual relations compared to IPA I are partly being changed. According to the new regulation, additionally, drafting a new package of legal acts was needed for establishing the system for indirect management of the IPA II funds.

The Law on Balanced Regional Development<sup>157</sup> defines the basic legal framework for conducting the policy of balanced regional development in the country and it prescribes the planning documents for the realisation of the framework, leading to the Regional Development Strategy for the period 2009-2019 and the Action Plan for implementation of the Regional Development Strategy for the period 2015-2017, as documents that comprise the Plan for interventions to support regional development.

The priority measures in the Action Plan for Regional Development are divided into two basic groups, the first group includes stimulating economic growth in the planning regions, developing contemporary and modern infrastructure in the planning regions and recognition and utilisation of innovative potential and raising the technical - technological basis of the leading industries in the planning regions. The second group of priority measures includes optimal use and valorisation of natural resources and energy potentials in the planning regions, building functional spatial structures for better integration of the urban and rural areas in the planning regions and increasing and more balanced dispersion of investment and employment within the regions.

The amendments in accordance with the new conditions and criteria laid down in the EU legislation for IPA II are properly transposed and adapted to the needs and capacities for proper implementation of IPA II. In that regard Action Plan was drafted for establishing the management and implementation system of IPA with the requirements of the new IPA regulation for the financial framework 2014-2020, previously aligned with the NIPAC Secretariat and Operating Structure. The plans contain concrete steps to establish the legal and institutional framework in order to entrust the tasks of managing the EU budget funds within the IPA 2014 programme by the EC.

In accordance with the Action Plans all activities were undertaken in view of completing the package for the application as regards granting the right to implement the budget within the annual and multiannual programmes IPA II (2014-2020). The packages are aligned with the new IPA II rules.

#### *Short term priorities*

<sup>157</sup>Official Gazette of the Republic of Macedonia No. 63/2007

In 2016, the focus will be placed on adoption of a Rulebook on more detailed criteria for the amount of funds for managing the projects for developing the planning regions (per project that the Centres are to be given). For that purpose, a Working Group for the Preparation of an Action Plan for the Implementation of the Regional Development Strategy for 2016-2018 is established, and all interested parties participate in it. These priorities are aimed at reducing the disparities among regions, in view of stimulating balanced regional development.

### *Medium term priorities*

In terms of priorities in the medium term, the emphasis will be placed on identifying the needs for further amendments to the existing legal framework in accordance with the European legislation aimed at the exclusion of "ex-ante" controls within the IPA decentralised management, as well as strengthened and established system for effective and efficient functioning of the IPA I and IPA II management and control systems.

Furthermore, the instruments provided for in the Regional Development Strategy will be implemented in order to give directions to the planning regions and the local self-government units.

## **3.22.2 INSTITUTIONAL FRAMEWORK**

### *Current situation*

The Government established a Decentralised Implementation System (DIS) for implementation of the IPA components 1, 3 and 4 in accordance with accreditation criteria set out in the Annex to the Regulation (EC) No.718/2007 of 12 June 2007 establishing an Instrument for Pre-Accession Assistance (IPA) - IPA Implementing Regulation. Additionally, for the approved programmes under IPA II, authorities and structures were established in view of managing, control, supervision, monitoring, evaluation, reporting and internal audit of IPA II. Accordingly, the Government appointed a National IPA Coordinator and National Authorising Officer, as key horizontal bodies in the system for indirect management. In addition, operating structures were established for each programme which will be implemented indirectly, i.e. three operating structures (7 institutions involved).

The decision for transfer of the responsibilities for IPA decentralised management for implementation of a specific component/programme contains a list of all ex-ante controls, and it is related to the implementation of tendering procedures, announcing public calls for bids and awarding of grants and contracts. The ex-ante controls in accordance with Article 18 of the Regulation of the European Commission (EC) No. 718/2007 of 12 June 2007 establishing an Instrument for Pre-Accession Assistance (IPA) will be applied depending on the component or programme, whereas the introduction of a progressive system of decentralised management without ex-ante control by the EC is planned as from 2016.

Within the conducted audit mission, guidelines were received by DG NEAR for positioning of the system of indirect management to implement the action programmes for Instrument for Pre-Accession Assistance for the financial framework 2014-2020 - IPA 2.

In order to increase efficiency in the implementation of policies for regional development, in 2014, a feasibility study was prepared for establishing a System of coordination in planning, implementation, monitoring and evaluation of policies for balanced regional development in the country.

In 2015, the preparatory activities have started for realisation of a project for local and regional competitiveness, with a special emphasis on tourism, funded by the IPA II, competitiveness and innovation sector, programming period 2014. The project is planned to support infrastructure projects for the improvement and upgrading of public infrastructure in function of support of tourism development and tourism offer in the country.

### *Short term priorities*

Respecting the rule for submission of the Annual Statement of Assurance for effective and efficient functioning of the system for decentralised management of IPA I funds on annual level, in 2016, Annual Statement of Assurance will be submitted by the National Authorising Officer (NAO) to the European Commission.

In addition, the preparation and submission of an application for granting the right for implementation of the budget by the European Commission for the Cross-Border Cooperation Programmes is one of the major priorities for 2016.

### *Medium term priorities*

In the medium-term, the emphasis is placed on reduction/exclusion of "ex-ante" controls under the IPA decentralised management in the country by improving the effectiveness and efficiency of the existing system for decentralised implementation.

According to the adopted IPA II regulation, the strategic goals and priorities are defined in view of efficient and effective functioning of the system of indirect management with priority areas of IPA II funds in accordance with the application for granting the right for implementation of the budget by the European Commission for the financial perspective 2014-2020.



According to a feasibility study prepared in 2014, during the period 2016-2018, System for Coordination of planning, implementation, monitoring and evaluation of policies for balanced regional development in Macedonia will be established.

In 2016, the implementation of the project Local and Regional Competitiveness will start with a special emphasis on tourism, funded by the IPA II, Competitiveness and Innovation Sector. The project will finance the activities for establishing organisations for managing tourist destinations in several regions in the country. Most of the funds are intended to support the regional and local infrastructure for the promotion of business services in the area of tourism.

### 3.22.3 ADMINISTRATIVE CAPACITY

#### *Current situation*

According to the accreditation criterion 1 of Annex I of the Regulation for Implementing IPA 718/2007 of 12 June 2007 establishing an Instrument for Pre-Accession Assistance (IPA) - IPA Implementing Regulation and the established procedure for control procedures within the system for decentralised management of IPA (DIS) continued to gather all the necessary information regarding the number of new employments, training needs, as well as information on realised trainings of the employees within the operating structure for IPA components 1, 3 and 4. The mentoring of newly employed people is one of the main tools for building the capacities of these structures.

The Analysis for the scope of work and the Employment Plans for 2016 were prepared by the CFCD and all the line ministries/institutions that are a part of the operating structures for decentralised implementation of IPA funds. Currently, consolidated analyses of the scope of work for all IPA I components are being prepared.

#### *Short term priorities*

During 2016, the focus will be placed on further strengthening of the administrative capacity of the Sector for IPA funds management and the institutions that are part of the Operating Structures, as a preparation for the implementation of the EU Cohesion Policy. Within the Operating Structures, analysis of training needs for all IPA components will be made and, accordingly, a Training Plan for 2016 will be prepared. According to the conducted analysis of training needs in 2016 it is envisaged to adopt a new plan for training by the NIPAC Secretariat in order to strengthen the administrative capacity of the structures.

#### *Medium term priorities*

In the medium term, the continuous strengthening of the administrative capacities of the operating structures will continue through employments and intensive trainings, in order to achieve the optimal number of employees in the IPA structures given in the Analyses of the scope of work, thus achieving optimal allocation of work duties and good quality of work. Also, the focus will be placed on maintaining a low rate of rejection of tender documents.

### 3.22.4 PROGRAMMING

In the next period, the focus is on starting the implementation of the already programmed projects/programmes within the sectors for IPA I (transport, environment and physical planning, employment, education and social inclusion) and for IPA II (transport, environment and physical planning and local and regional competitiveness). The programming of the multiannual operational programmes for transport and communications and environment and physical planning is completed within the programming for 2014 and covers a period of 7 years and the financial allocations are approved for 2014-2016. As regards employment, education and social inclusion, the programming preparatory activities of this sector under the IPA II are also being worked on.

At the same time, according to the rules for IPA II, the sectoral approach is being developed, which according to the national concept of sectoral coordination requires wide consultation process in the part of preparation of relevant strategies, proposing mature projects and adequate administrative capacities, especially for infrastructure projects. In this part, the establishment and operation of the National Investment Committee is extremely important as well, and for the purpose of preparation of a single list of infrastructure projects, it uses an established methodology and a three-level structure.

#### *Current situation*

For the period 2007-2013 from IPA Regional Development Component, the country has available funds of 199,9 million euro for infrastructure projects in the sectors of transport and environment. Currently, the projects which are financed through this Operational Programme, mainly in the transport sector, and road and rail transport, are fully programmed and harmonised with the EU services. These projects will contribute to modernisation of the road and rail traffic in the country.



For the period 2007-2013 from the IPA Component for Human Resources Development, the country has available funds of 64.03 million euro for projects aimed at supporting policies for employment, social inclusion and education and training. As regards the Operational Programme for Regional Development, as well as the Operational Programme for Human Resources Development for the period 2007-2013, all projects funded through these operational programmes are fully programmed and aligned with the EC services.

As regards the new programming cycle for IPA II (2014-2020), for the sectors of transport and environment, the programming documents are already adopted, and the involved institutions are actively programming the planned funds for the projects.

The programming documents for the sector "Education, employment and social policy" for funds for 2015 and 2016 were submitted to the European Commission in June 2015. The programming documents envisaged improving of the access to quality professional education and training, providing greater synergy between the needs of the labour market and the education system, as well as improving the access and inclusion of the labour market. However, the European Commission informs about the decision not to finance this sector with the programmes for 2015 and 2016. The sector would continue to be funded by the programmes as of 2017, if they fulfil the criteria for sectoral approach to IPA II (credible and relevant sector reforms, effective public finance management and resource allocation). For this purpose, the line ministries proposed a project plan to meet the criteria for a sectoral approach. The programme documents for the sector of competitiveness and innovation for the period 2015-2017 are also submitted for consideration by the European Commission.

#### **IPA 2014 PROGRAMMING**

The IPA 2014 Programme is adopted by the European Commission and it amounts 81.1 million and consists of the following programme documents:

- A multiannual sectoral programme for transport for the period 2014-2020;
- A multiannual sectoral programme for environment and climate action for the period 2014-2020;
- An action document to support the judiciary sub-sector (Justice Sector Programme);
- An action document for establishing a system for disaster recovery and ensuring continuity in the work;
- An action document for developing the capacities to perform the inspection on spot;
- An action document for local and regional competitiveness, with a focus on tourism;
- An action document in support of EU integration;
- An action document for entry tickets for the Programmes of the Union;
- Support for Civil Society

Financial Agreement is to be signed by the end of 2015.

#### **2015 IPA PROGRAMMING**

##### ***Current situation***

The draft programming documents for IPA 2015 and 2016 were submitted to the European Commission in June 2015, by the Secretariat for European Affairs (SEA) in collaboration with the Delegation of the European Union (DEU). The programme for 2015 is expected to be adopted by the European Commission by the end of 2015 and it consists of:

- Sector Programme for Agriculture and Rural Development,
- Action document in support of EU integration;
- Action document for the Programmes of the Union;
- Support for Civil Society;

The Programme for 2016 is in advanced stage of programming and it is expected to be finalised and approved in 2016. This programme would consist of:

- Programme for Competitiveness and Innovation;
- Action document to the Rule of Law and human rights, through the subsector for interior;
- In Sector Democracy and Governance, Programme Document for Managing the Public Finance, as sector budget support
- Programme for Education, Employment and Social Policies.

##### ***Short term priorities***

In the upcoming short term period, the accent will be placed on the preparation and adoption of IPA Programme in 2016. In 2016 it will also be a priority to introduce sectoral approach and preparation of sectoral programmes with which the funds intended to support the above-mentioned sectors after 2017 would be programmed. The competent authorities will work to achieve the criteria for sectoral approach (and therefore for use of IPA II funds).

### *Medium term priorities*

In the upcoming period, the emphasis will be placed on achievement of a high rate of utilisation and payment of the remaining allocations for IPA (2007-2013). Also, the focus will be on avoiding or maintaining a minimum level of lost funds due to the n +3 rule for implementing the IPA.

### **3.22.5 MONITORING AND EVALUATION**

In the upcoming period, in terms of monitoring and evaluation of projects/programmes, the focus remains on the continuous monitoring of the implementation of operational programmes under IPA I and establishing monitoring and evaluation system in accordance with the new rules for IPA II.

#### *Current situation*

Summarised by components, by 30 November 2015, 234 contracts were signed, out of which for the National Programme TAIB 2009 only payments were realised for the concluded 75 contracts, for the National Programme TAIB 2010 a total of 22 agreements were concluded for which only payments are realised as well; under the National Programme TAIB 2011 a total of 41 contract were signed in the amount of 17,195,554.00 EUR, under TAIB 2012 a total of 5 contracts in the amount of 3,160,227.50 EUR; 47 contracts under IPA Component III in the amount of 132,606,268.06 EUR (298,790,765.29 EUR<sup>158</sup> with supervision for Corridor 10), while 44 contracts are within IPA Component IV in the amount of 26,764,856.48 EUR. The rate of paid funds, as well as the rate of concluded contracts, per component, is presented in the table below:

Table 1. Status of implementation of IPA components by 30 November 2015

National Programme/Operational Programme	IPA 2009 TAIB	IPA 2010 TAIB	IPA 2011 TAIB	IPA 2012 TAIB	IPA RD	IPA HRD
Total available budget (2007-2013) (IPA + NQF)	37,58	34,30	27,13	28,16	235,21	64,03
Amount of concluded contracts 30 November 2015	33,41	21,47	17,20	3,16	132,61 <sup>2</sup>	26,76
Total amount of paid funds until 30 November 2015	28,43	9,62	1,01	1,18	151,63	18,06
Percentage of concluded contracts until 30 November 2015 in terms of available funds	88,90%	62,59%	63,40%	11,22%	56,38%	41,79%
Percent of paid funds until 30 November 2015 in terms of available funds	75,65%	28,05%	3,72%	4,19	64,47%	28,21%

Source: Ministry of Finance, Central Financing and Contracting Department

The competent institutions in order to follow the implementation of projects on a monthly basis are preparing Portfolios of projects financed by IPA and reviewed at ministerial level.

Also, annual reports are prepared for the implementation of the Operational Programme for Regional Development and for the Operational Programme for Development of Human Resources which are then submitted to the EC, the National IPA Coordinator, the Strategic Coordinator and the National Authorising Officer.

Management Information System (MIS) was established for the purpose of timely reporting on the status of planning of programmes and projects, implementation of projects compared with the implementation plan and timely reporting at all levels as regards the efficiency of the internal controls. The system provides systematic approach and data collection from the operation structures within the system for decentralised management of IPA funds.

The Sectoral Monitoring Committee for the Operational Programme for Human Resources Development and the Operational Programme for Regional Development are held regularly twice a year.

<sup>158</sup> The total value of the project for Corridor 10 amounts to 219,125,677.23 EUR, out of which 45 millions euro are provided by IPA, and the national cofinancing is secured through loans from EBRD (90 millions euro) and EIB (130 million euro). In the amount of signed contracts only 52.9 million euros are taken into consideration, in accordance with the allocations in the Financial Agreement

### ***Short term priorities***

During 2016, the focus remains on continuous improvement of the monitoring and evaluation process through regular reporting, internally in the IPA structures, as well as to the European Commission as regards the usage of IPA funds, in order to improve the effectiveness.

In the upcoming period immediately after the signing of multi-annual programmes for transport and environment, the NIPAC Secretariat will establish sectoral monitoring committees for transport and environment, in accordance with the monitoring rules of IPA II.

It is also expected to continue the coordination at the level of NIPAC in order to monitor the progress of implementation of operational programmes (at the level of plans for procurement and implementation of projects/programmes), as well as regular reporting to the Government of the Republic of Macedonia.

### ***Medium term priorities***

In the upcoming period continuous strengthening of the system for monitoring and evaluation of the implementation of operational programmes is envisaged, through regular reporting to the European Commission on annual basis as regards the implementation of operational programmes within IPA I and IPA II, holding regular meetings of the Sectoral Monitoring Committee (twice a year), conducting regular monitoring, according to monitoring plans and risk analysis of individual projects, and conducting evaluations at the level of operational programmes.

## **3.22.6 FINANCIAL MANAGEMENT AND CONTROL**

### ***Current situation***

Options are being reviewed for developing and amending the existing relevant legal framework, in view of exclusion of ex ante controls by the EU Delegation.

According to the Guidelines for a new approach for implementation of ex-ante controls in the procedures for tendering by the European Commission, a dynamics of gradual reduction of ex-ante controls is introduced as follows:

- During the first year to perform ex-ante control of 60-80% of the amount planned to be contracted for that year;
- During the second year to perform ex-ante control of 40-60% of the amount planned to be contracted for that year;
- During the third year to perform ex-ante control of 20-40% of the amount planned to be contracted for that year.

With this process it is expected, on one hand, the tender procedure and signing of contracts to be shortened in time, but, on the other hand, the responsibility of the Central Financing and Contracting Department regarding the implementing of tender procedures to be increased.

Appropriate adjustment was made to the existing decentralised system for management and implementation of IPA, with the requirements of the new Regulation on the Instrument for Pre-Accession Assistance for the Financial Framework 2014-2020, i.e. the system for indirect management of IPA II, which provided conditions for the normal course of utilisation of IPA funds II.

### ***Short term priorities***

In 2016, a priority will be the implementation of new approach of ex-ante controls. Also, the focus will be on more effective spending of EU funds and increasing the absorption capacity of the country.

In addition, taking into account the exclusion of ex-ante controls by the DEU, it is necessary to provide enhanced controls, on-spot checks, as well as increasing the number of internal and external audits, in order to prevent the improper spending of funds for financing the operational programmes.

In the upcoming period, the focus will be on safe financial management in order to provide timely and undisrupted implementation of the projects financed by IPA I and IPA II and appropriate spending of financial resources.

### ***Medium term priorities***

In the medium term, the emphasis will be placed on improving and comprehensive monitoring of projects financed by IPA through enhanced controls, on-spot checks, as well as increasing the number of internal and external audits, in order to prevent improper spending of funds used for financing operational programmes.

### 3.23 JUDICIARY AND FUNDAMENTAL RIGHTS

(See also part I- Political Criteria, Rule of Law)

#### *Findings and priorities of the EC Report 2015*

The Republic of Macedonia has some level of preparation for applying the *acquis* and European standards in this area. The legal and institutional framework is largely in place. However, there has been no progress in the past year. The current lack of political will to tackle the remaining challenges at the highest level is holding back the capable administration from reaching its full effectiveness. The *de facto* de-politicization of the judicial appointments and promotions, overhaul of the professional evaluation system and the reform of the disciplinary provisions is still outstanding.. A credible approach to fight against high-level corruption is needed and public trust in the relevant institutions needs to be strengthened. Adequate staffing, funding and coordination are required in the field of fundamental rights. In the coming year, the country should in particular:

- demonstrate real political will to ensure full independence of the judicial system; provide full support and resources to the Special Prosecutor appointed to look into the making and content of the intercepted conversations;
- strengthen the institutions in charge of preventing and combating corruption and to desist from any political interference in their work;
- ensure full freedom of expression and the media, and to take strong measures to address police impunity and the substandard conditions in the prison system;
- restore public confidence in delivery of justice, especially for the politically sensitive cases through increased transparency of court procedures and consistency of jurisprudence.

(See also the specific recommendations on the judicial system, the fight against corruption and freedom of expression in sections 2.3 and 2.4)

#### *Summary*

Regarding the judiciary, the legal framework that regulates the system of disciplinary responsibility and dismissal of judges will be amended, a new Law on the Public Prosecutor's Office will be adopted, and amendment to the Law on Criminal Procedure is expected. In order to strengthen the judiciary in relation to other branches of the authority, strengthening strategic planning, financial and communication capacities of the management system of judicial institutions, strengthening the independence, efficiency, competence and transparency of the entire judicial system will continue through the implementation of the Strategy for reform of the judicial system 2016-2020. Regarding the amendments to the Law on Judicial Council which established new criteria for selection of members of JCRM, the Judicial Council will develop internal procedures with an explanation of the quantification for the selection of members of JCRM.

Guidelines will be prepared to impose the detention, under the provisions of the Law on Criminal Procedure. The allocation of equipment and human resources will be performed for full operational functionality of the Judicial Police and the Investigation Centres.

Regarding the anti-corruption policy, the evidence of criminal investigations, prosecutions and convictions in corruption cases will continue. With a view of application of the methodology of anti-corruption verification of legislation, the capacities of the SCPC will be strengthened, and IT solutions for establishing a registry of elected officials in the will be developed. Activities aimed at establishing a system of protection of the whistleblowers will be carried out. In the upcoming period the focus will be put on strengthening the institutional system and legislation for prevention of corruption and conflict of interests, strengthening of repression against corruption, strengthening the capacities and independence of the institutions for law enforcement agencies and increasing the public involvement in the fight against corruption and conflicts of interest. In order to determine the national legal requirements for accession to the Convention of the Council of Europe on access to public documents, an analysis of the compliance and the need for amendments to the Law on Free Access to Public Information will be prepared. SAO will audit the financing of political parties and financing of election the campaigns for the conducted presidential elections and parliamentary elections in 2014 and the following early parliamentary elections in 2016.

Regarding the fundamental rights, amendments to the Law on the Ombudsman in order to ensure full compliance with the Paris Principles will be adopted. The legislative framework for the establishment of a probation service is expected to be fully completed. Regarding the reform of the prison system, further enhancement of the capacity of the prison

system will continue through the Project "Reconstruction of the penitentiary institutions in the Republic of Macedonia ". Amendments to the Law on protection of personal data in order to harmonize it with the EU regulations are envisaged. Further regulation of the provisions relating to inspection, as well as standardisation of the audit of protection of personal data will be adopted. A National Strategy for Prevention and Protection from Domestic Violence 2016-2020 will be adopted. Concerning freedom of the media the practice of conducting training sessions for judges in charge of defamation cases for applying the principles of the ECHR and records of cases of defamation and insult, according to the Law on Civil Liability for Defamation and Insult will continue. The process of establishment of all local councils for prevention of child delinquency will continue.

During 2016, development of the extra-institutional forms of protection of children at risk will continue, and a Programme for the transformation of the two institutions for social protection for minors will be adopted.

### 3.23.1 JUDICIARY

#### CURRENT SITUATION

In 2015 (January-November 2015), the Academy of Judges and Public Prosecutors (AJPP) conducted a total of 248 training within the continuous training of judges and prosecutors with the participation of 5,090 participants. The Academy conducted a total of 3 trainings for detention and other measures to ensure the presence of the accused in criminal proceedings, as well as 8 trainings for writing judgments (4 trainings for judges in criminal departments, 4 trainings for judges from civil departments).

After the initiation of dismissal procedure against a judge from Basic Court Skopje 1 in 2014, on October 30, 2015 the Council decided to dismiss the judge (the decision is not effective). For dismissal procedure against a judge of the Basic Court Radovis, initiated in 2013, the Council rejected the request as untimely. A termination of judicial office is determined for a judge from Basic Court Veles, because of a legally effective decision imprisonment of more than 6 months. Termination of judicial office is determined for 3 judges upon their request and one for a judge because of his death. Termination of judicial office is determined for 25 judges due to fulfilling the conditions for old-age pension.

The Judicial Council continuously processes the statistics obtained from the courts on the basis of two indicators: Clearance rate<sup>159</sup> and disposition time<sup>160</sup>. As of September 2015, a total of 366,582 cases have been solved and at the end of September 2015 unsolved cases were 150, 725 cases with an average efficiency rate of 98.12%. The total timerate of solving the cases is 150,07 days.

In 2015, the Judicial Council chose 18 presidents of the courts.<sup>161</sup> During 2015, the Judicial Council evaluated the work of a total of 585 judges and 19 presidents of courts for 2014.<sup>162</sup>

On July 1, 2015, election was made of Basic Public Prosecutor of PPO Strumica, Basic Public Prosecutor of PPO Berovo and Basic Public Prosecutor of PPO Delchevo. On September 15, 2015, the Council elected the Public Prosecutor of the Public Prosecutor's Office for crimes arising from the content of the illegal interception of communications. On October 14, 2015, the Council elected the seven public prosecutors in the Public Prosecutor's Office for crimes related and which arise from the content of the illegal interception of communications. On September 14, 2015, the Council announced a call for election of two public prosecutors in the HPP Skopje. The selection is ongoing. In 2015, the Council dismissed one public prosecutor due to committed criminal offence.

In 2015, 8 advanced trainings on the new Law on Criminal Procedure for judges and public prosecutors were held. Within the IPA 2009, Project to support the implementation of the reform of the criminal justice system, three roundtables were held where 12 judges, 11 prosecutors, 12 judicial and prosecuting officers, 9 representatives of the MI, 10 lawyers, 4 representatives of the FPO and 2 representatives of the CARM, took participation. The Academy for Judges and Public Prosecutors Pavel Shatev has conducted 10-day trainings on the topic: "Advanced training on the new Law on Criminal Procedure" designed for professional judicial and prosecuting officers.

A Law on the Service of the Public Prosecutor's Office has been adopted.<sup>163</sup>

#### Short term priorities

##### Legal framework

Adoption of new laws and amendments to the legal framework are expected, including: a new Law on Courts and amendments to the Law on Judicial Council aimed at adjusting the system of disciplinary responsibility and dismissal of judges, a new Law on the Public Prosecutor's Office, and amendments to the Law on Criminal Procedure.

<sup>159</sup> Clearance rate

<sup>160</sup> Disposition rate

<sup>161</sup> Basic Court Berovo, Basic Court Bitola, Basic Court Veles, Basic Court Vinica, Basic Court Gevgelija, Basic Court Delchevo, Basic Court Kavadarci, Basic Court Kicevo, Basic Court Kriva Palanka, Basic Court Negotino Basic Court Prilep, Basic Court Skopje 2, Basic Court Sveti Nikole, Basic Court Stip, Administrative Court, Appellate Court Skopje, Basic Court Radovis and Basic Court Berovo.

<sup>162</sup> 504 judges or 86.15% with grade very good, 69 judges or 11.79% with grade good, 12 judges or 2.05% with grade satisfactory. Also, there were 7 presidents of courts graded as very good, 10 graded as good, and one graded as satisfactory.

<sup>163</sup> Official Gazette of the Republic of Macedonia, No 62/15



In order to strengthen the judiciary in relation to other branches of the government, strengthening strategic planning, financial and communication capacities of the management system of judicial institutions, strengthening the independence, efficiency, competence and transparency of the entire judicial system will continue through the implementation of the Strategy for reform of the judicial system 2016-2020.

#### **Institutional framework**

The Judicial Council and the Council of Public Prosecutors will report on the initiated disciplinary procedures for judges and public prosecutors.

In order to apply the amendments to the Law on Judicial Council which established new criteria for selection of members of JCRM, the Council will develop internal procedures with an explanation of the quantifications for the selection of its members.

Analysis of international standards for assessing the performance of judges, as recommended by experts within the IPA 2010 project for evaluation and work of judges will be made, and the recommendations will be discussed at public debate.

The Supreme Court will report on semi-annual basis on the requests for exemption of judges.

AJPP will continue with the implementation of continuous training for judges, and court officials in the Administrative Court and the Higher Administrative Court. In regard to the Law on Criminal Procedure, the implementation of the specialised training for judges, prosecutors, representatives of the Ministry of Interior, Ministry of Finance - Financial Police, Ministry of Finance - Customs Administration and the lawyers, and the implementation of training courses on the detention and the court practice of the ECtHR / Reasoning of the proposal / order for detention will continue including 2 for prosecutors and two for judges of criminal departments.

Guidelines to impose detention, under the provisions of the Law on Criminal Procedure will be prepared. Allocation of the equipment and human resources for ensuring full operation of the Judicial Police and Investigation Centre at the Public Prosecutor's Office for prosecuting organized crime and corruption will be performed.

The Judicial Council will prepare an Action Plan by assessing the need for equipment and human resources with a focus on the efficient functioning of the administrative courts in the country.

The monitoring of the execution of judgments of the European Court of Human Rights in accordance with the adopted Action Plans for enforcement of judgments will continue. Within IPA 2011, a training programme for all aspects of the European Convention on Human Rights, and training will be conducted for implementation of the Convention for judges, public prosecutors, lawyers, administrative officers, etc will be adopted. In order to closely approach to the European Convention on Human Rights, manuals on all relevant aspects of the ECHR and the case law of the ECtHR will be prepared. The capacity of the Bureau Representing Macedonia before the ECtHR, will be strengthened.

#### ***Medium term priorities***

The implementation of the Strategy and Action Plan for further reform of the judicial system (2016-2020) will be monitored.

### **3.23.2 ANTI-CORRUPTION POLICY**

#### ***Current situation***

During 2015, the activities of the State Commission for Prevention of Corruption (SCPC) for prevention of corruption - a conflict of interest, asset declarations, financing of political parties, as well as records of criminal investigations, prosecutions and convictions for corruption and keeping the dossier of cases of high-profile corruption continued.

Until October 30, 2015, a total of 354 statements of interests have been submitted. There was also a verification of 354 statements of conflict of interest, after which 41 cases showed the existence of a conflict of interest, out of which 11 cases have been completed and the remaining 30 cases are pending. The SCPC under Article 20 of the Law on Prevention of Conflict of Interest has conducted systematic verification of statements of interest submitted by public prosecutors whereby 73 statements have been verified and four requests for criminal proceedings for failure to submit statements were initiated.

During 2015, the SCPC has submitted 447 asset declarations upon election/ appointment to office, 116 asset declarations after the office termination, 14 for change of the position and 13 for re-election to the same position, 350 reports for changes in the assets. The SCPC has submitted a request to the competent Court against 7 elected and appointed officials for initiation of misdemeanour proceedings for failure to submit asset declarations or reporting changes in the assets. A total of 10 requests for investigation of asset status were sent to the Public Revenue Office. As of November 2015 on the website of the SCPC, 4348 asset declarations have been published.

In terms of strengthening the capacities of the SCPC, 5 persons were employed.<sup>164</sup>

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<sup>164</sup> 2 in the Sector of Financial Affairs Unit, 2 in the Unit for Recording and Monitoring of Assets and 1 person in the Unit for Prevention of Conflict of Interest.

In terms of internal control at the Ministry of Interior, during 2015, 11 criminal charges were filed against 16 employees<sup>165</sup>. Against 11 of these persons, measures are imposed to initiate a procedure for determining disciplinary responsibility, and in one case a dismissal was imposed, in 9 cases fines are imposed, and in one case the proposal for initiation of disciplinary proceedings is rejected.

In 2015, according to the Law on Financing Political Parties out of 55 registered political parties, 26 annual financial statements 29 annual accounts and 25 reports from the register of donations were submitted to the State Audit Office. Based on these data, the State Audit Office has submitted to the Ministry of Justice a proposal for suspension of the payment of funds for regular annual funding for a total of 33 political parties that have failed to submit annual accounts, annual report from the register of donations and / or annual financial report .

According to the Annual Work Program for 2015, an audit is ongoing of the financial statements of 4 political parties (SDSM, VMRO - DPMNE, DUI and DPA) and final audit reports will be published on the website of the SAO. Regarding the implementation of the Annual Work Programme of the State Audit Office for 2015, two final audit reports were submitted to the Public Prosecutors Office, out of which one was also distributed to other competent authorities (SCPC, MI, Financial Police) due to reasonable doubt for committed offense / crime.

During 2015, the Academy of Judges and Public Prosecutors independently or in cooperation with other organizations conducted training on anti-corruption policy<sup>166</sup> and ethics<sup>167</sup>.

An inter-ministerial working group is established for analysis of the Law on Free Access to Public Information and its compliance with the Convention of the Council of Europe on access to public documents.

According to the Law Amending the Law on Public Procurement <sup>168</sup> at the end of 2015 the Public Procurement Council became separate body competent to decide on requests for approvals pursuant the Law on Public Procurement.<sup>169</sup>

### *Short term priorities*

In 2016, the activities for the implementation of the legal framework for further strengthening of the prevention and repression of corruption, conflicts of interest and improving the transparency of financing of political parties will continue. Also, the track record of the criminal investigations, prosecutions and convictions in corruption cases will continue.

In order to determine the national legal requirements for accession to the Convention of the Council of Europe on access to public documents, an analysis of the compliance and the need for amendments to the Law on Free Access to Public Information will be drafted.

In the upcoming period the focus will be on strengthening the institutional system and legislation for prevention of corruption and conflict of interests, strengthening of repression against corruption, strengthening the capacities and independence of the institutions for law enforcement and increasing the public involvement in the fight against corruption and conflicts of interest.

Within the IPA 2010 Twinning project, IT solutions for improving the records of criminal investigations, prosecutions and convictions for corruption and application of Methodology for relevant statistical monitoring system of anti-corruption policy will be developed.

Activities aimed at improving the system of verification of data on the assets and interests of elected and appointed officials on the basis of the established database of appointed officials will be carried out.

Within the Component 6 of the same Project, and IT solution will be prepared for establishing the Register of elected and appointed officials in the electronic system.

The capacities of the SCPC will be strengthened in order to implement the Methodology for anti-corruption verification of the legislation.

Regarding the realisation of the GRECO recommendations of the Fourth round of evaluation on the topic: "Prevention of corruption among MPs, judges and prosecutors,"<sup>170</sup>, in the second half of 2016, Information will be prepared for GRECO Report on compliance of the Republic of Macedonia - The fourth round of evaluation,

<sup>165</sup> 5 of these are "reckless operation within the service", 4 "abuse of the official position and authority", 2 crimes "taking bribe" 1 "forging an official document.

<sup>166</sup> April 2015 - TAIEX Regional conference "Fight against corruption", involving a total of 61 participants (judges, public prosecutors and representatives of the state bodies of the country and the region); March 2015, in cooperation with the IRZ counselling "Law on Public Procurement with special emphasis on the fight against corruption" with the participation of 32 participants judges, prosecutors and expert associates in courts and public prosecutors' offices; In the period of January-May 2015. 5 counsellings "The system of witness protection in the Republic of Macedonia in the fight against judicial corruption and organised crime" that involved a total of 95 participants including 45 judges, 40 public prosecutors and 10 expert associates in courts and public prosecutors' offices; In July 2015 Conference on the topic "Best practices in fighting corruption in the public sector" which involved 30 participants - judges, public prosecutors, lawyers, representatives of the SCPC and other relevant institutions.

<sup>167</sup> 4 conferences on the topic "Ethics / Conflict of Interest" which involved 89 judges, 29 prosecutors and 118 participants; 1 counselling on the topic "Confiscation, extended confiscation / Illegal acquisition of property" which involved 29 participants out of which 13 judges, 13 prosecutors and 3 representatives from relevant institutions; -1 Counselling on the topic "Tax evasion, money laundering and other criminal act proceeds" with the participation of 18 participants - 9 judges and 9 public prosecutors; 3 trainings on topics "Combating organized crime with a focus on human trafficking and smuggling of migrants " of which in cooperation with the TAIEX and 2 under the IPA project "Support to the implementation of reforms in the penal system," out of which one involved 93 participants, 24 judges, 26 prosecutors, 17 expert associates from courts and public prosecutors offices and 26 other participants, representatives of relevant institutions; 1 day training on the topic "International cooperation in criminal matters" which involved 19 participants, 11 judges, 6 public prosecutors and 2 professional officers.

<sup>168</sup> "Official Gazette of the Republic of Macedonia" No. 192/2015.

<sup>169</sup> This provision will enter into force on the January 1, 2016.



Activities aimed at improving the system of public internal financial control and implementing risk assessment for corruption will be carried out.<sup>171</sup>

Activities aimed at establishing a system of protection of the whistleblowers will be carried out.

Regarding the financing of political parties, according to the Annual Work Programme for 2016, the SAO will audit the political parties. Final audit reports will be prepared on audits of financial statements of the organisers of the election campaign on conducted presidential elections and the early parliamentary elections in 2014, and the following early parliamentary elections in 2016. According to the Law on State Audit, the final audit reports on the audits of political parties will be published on the website of the SAO.

Committee on Free Access to Public Information (KOMSPI) will prepare quarterly reports on complaints submitted to the Committee, ie the total number of complaints, number of decisions and a number of conclusions.

During 2016, the training on corruption risks, preventive measures and public awareness, and training for confiscation, illegal acquisition of property and abuse of public procurement, organized by the AJPP and SCPC will continue.<sup>172</sup>

Also, according to the Annual Program for generic training of administrative officials of MISA in 2016, training courses are envisaged on anti-corruption policies and ethics in the civil service.<sup>173</sup>

Regarding the transparency of the public procurement contracts see Chapter 3.05. Public Procurement Public procurement

### *Medium term priorities*

The implementation of the activities to further strengthening the prevention and repression of corruption, reducing conflicts of interest, the promotion of transparency of financing the political parties and strengthening of inter-and institutional cooperation will continue.

The activities aimed at implementing the Action Plan of the State Programme for Prevention and Repression of Corruption and Prevention and Reduction of Conflict of Interest, as well as the activities foreseen in other strategic and programming documents pertaining to anti-corruption law frame, will continue.

Measures to improve the legislation in order to promote transparency and standards for the award of public procurement, concessions and contracts to establish public-private partnership will be taken.

SCPC will continue to monitor the activities under the new state program for prevention of corruption and conflict of interest for the period 2016-2019.

Records of criminal investigations, prosecutions and convictions for corruption and other data reporting in the area of fight against corruption will be taken.

The activities aimed at implementing the Action Plan of the State Programme for Prevention and Repression of Corruption and Prevention and Reduction of Conflict of Interest, as well as in the direction of implementation of key measures in the dimension Anti-corruption of the Strategy for South Eastern Europe 2020, and other measures and activities with other strategic and programming documents pertaining to anti-corruption institutional framework.

The activities aimed at monitoring and improving the system of protection of whistleblowers and activities to promote the application of the methodology for relevant statistical monitoring system of anti-corruption policy, will continue.

The Register of elected officials in the mechanism for verification of assets and interests of the elected and appointed officials will be promoted.

Activities to assess the needs for capacity building of the institutions of the anti-corruption institutional framework and activities appropriate for their provision will be undertaken.

The activities of the Twinning project IPA 2010 – "Support for effective prevention and fight against corruption" will be carried out continuously.

### *Programs and projects*

- IPA 2010 Twinning project - "Support for effective prevention and fight against corruption."

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<sup>170</sup> GRECO report on evaluation of the Republic of Macedonia - The Fourth round was adopted on 62 nd Plenary Meeting of GRECO which was held from 2nd to 6th December 2013 in Strasbourg. This GRECO Report addressed 19 recommendations to the Republic of Macedonia, out of which 4 shall apply to Members of the Assembly, 9 to the judiciary, 3 to the Public Prosecutor's Office and 3 shall apply to all categories.

<sup>171</sup> The determination of the Methodology is aimed at risk assessment for corruption and implementing the key measure O.1 Transparent rules: move away from discretion to rule-based political and administrative decision making by conducting risk assessment actions, by adopting public, simple and enduring rules, under the dimension Anti-corruption of the Strategy for South-eastern Europe 2020. Activities to support the implementation of the Methodology envisaged by the Regional Programme "Building capacities of anti-corruption bodies in Southeast Europe and the strengthening of their cooperation", prepared by the Regional anti-corruption initiative (RAI) in cooperation with UNODC, whose implementation is planned to start in December 2015.

<sup>172</sup> According to Catalogue of training, for 2016 implementation of 3 training courses is envisaged on "Confiscation / Liability of legal persons" 1 counselling on the topic "Bribery" 1 counselling on the topic "Criminal offenses related to abuse of public procurement and corruption in the public procurement procedures" intended for judges from all the appellate regions.

<sup>173</sup> Training will be conducted within the lms system (learning management system), through the system of micro-learning and traditional way

- Strategy for South East Europe 2020

Regional program "Capacity building of anti-corruption bodies in Southeast Europe and the strengthening of their cooperation", prepared by the Regional Anti-Corruption Initiative (RAI), in cooperation with UNODC

- UNODC Regional Programme for South Eastern Europe 2016-2019

Regarding the transparency of the public procurement contracts see *Chapter 3.05. Public procurement*

#### Strategic documents:

The National Programme for Prevention and Repression of Corruption and Prevention and Reduction of Conflict of Interest with Action Plan 2016-2019;

### 3.23.3 FUNDAMENTAL RIGHTS

(See also in 1. *Political criteria*, 3.19 *Social Policy and Employment*, 3.26 *Education and culture*).

#### **Promotion and enforcement of human rights**

With the amendments to the Law on representing the Republic of Macedonia before the ECtHR, the Bureau gained the status of a legal entity from January 1, 2015 was given the authority to issue opinions in respect of all laws that affect the area of human rights and freedoms. In 2015, the Bureau strengthened its staff capacities with three administrative officers.

The first Bulletin has been issued of the case law of the ECHR with translated judgments with respect to all articles of the Convention. During 2015, the Inter-ministerial Commission for execution of judgments and decisions of the ECHR held 4 meetings.

The Academy for judges and public prosecutors has continued to conduct training for the practice of the ECHR.

#### *Short term priorities*

Amendments to the Law on the Ombudsman in order to ensure the full compliance with the Paris Principles relating to the institutional bodies for human rights, particularly for extending the mandate of the office in relation to the promotion of human rights and ensure financial independence will be adopted.

An Annual Report of the Inter-ministerial Commission's work for enforcement of the decisions of the ECtHR will be prepared. The Supreme Court will continuously report on the number of cases from the Unit for trial within a reasonable time.

Academy for Judges and Prosecutors will organize thematic trainings for the case law of the ECtHR and trainings in the area of the Law on rights of children, mediators, for police officers, prosecutors, judges and social workers.

#### **Prevention of torture and ill-treatment**

The Department for internal control, criminal investigations and professional standards has acted upon 49 (52) complaints, which stated that police officers used physical force against citizens. A total of 29 complaints were unfounded or the use of force was justified or no physical force was used, in 18 cases due to lack of evidence the allegations in the complaint could not be proved and in two cases, the use of physical force was unjustified, i.e. the complaints were founded. In both cases where unnecessary use of force was established, procedures for determining disciplinary responsibility against the two police officers were initiated.

Within the project "Strengthening the capacity of law enforcement for proper treatment of detained and convicted persons" Standard Operating Procedures have been adopted for handling cases of misconduct, use of physical force and other means of coercion by the police as and Standard operating procedures for control of a police station in relation to the treatment of persons who have been denied the right to freedom of movement (detained sentenced persons).

The purchase of furniture for detention and interrogation facilities in 21 police stations is ongoing and is to be completed by the end of 2015. The procurement of the Computer Aided Dispatch for 6 police stations which is planned to be completed by end 2015v is ongoing.

Three-day training has been held on the topic "Violation of human rights in police procedure," discrimination and mobing "and" Hate Speech ", where 28 employees of the Department for Internal control department, criminal investigations and professional standards participated actively.

In order to identify the hate crimes, a Memorandum of Cooperation has been signed between the Ministry of Interior and the OSCE Office for Democratic Institutions and Human Rights (ODIHR) to implement training program for police officers in the area of crime caused by hate.

A total of 50 police officers are trained for cascade implementation of the training. A working group has been established to revise the legal provisions relating to crime challenged in order - preparation of analyzes of the situation of hate

crimes, organizing public hearings, draft amendments to the form of the Minutes for the purpose of entering the indications that refer to the motive and the opportunity that the act is committed as a result of hatred in order PPO to expand the investigation and to seek additional evidence, organizing and conducting additional trainings in MI and the Academy of Judges and Public prosecutors, preparation of draft amendments amending the Criminal Code. Instruction for indentifying hate crime, intended for junior police staff (cascade training) has been prepared.

Regarding the hate crime, three criminal offenses have been registered as "endangering security" under Article 144, Paragraph 4, out of which two cases are against unknown perpetrators, while criminal charges have been filed against one person. Also, two criminal acts have been registered "causing hatred, discord or intolerance on national, racial, religious or other discriminatory grounds" under Article 319 of the Criminal Code, carried out by one perpetrator.

In 2015 violent incidents involving members of the LGBT community were not registered.

There is a decrease in the area of bullying among students of about 25.7% compared to the same period last year.

### *Short term priorities*

A Programme for the Sector for Internal Control and Professional Standards for 2016 will be adopted.

The realisation of the project "Open Day" will continue - every Tuesday is open for citizens to be informed about the work of the Sector for human rights, and to give concrete remarks, suggestions.

The realisation of the Projects Safe Schools (in all SIA) until the month of June 2016, reducing the division along ethnic lines in schools and incidents of inter-ethnic violence in secondary schools, "Skopje - city without violence" will continue in the period from September 2015 to June 2016. The implementation of the project "for sport - together" will continue in order to prevent the violent and indecent behaviour at sports events.

Continuous training to raise the awareness of the security services in relation to the protection of human rights will be carried out.

The Centre for training in basic police training developed a learning task - "Non-discrimination in police procedures" intended for further training which is planned with the MI employees. It is also planned to develop the learning task on "Hate Speech". It will be incorporated into the program for basic police training for the upcoming 2015/16.

Continuous training to prevent violent attacks during sports events and demonstrations will be conducted in basic police training within the in Activity "Police tactical field training" and "Restitution Public Order and Peace in a larger extent". In the Activity "Security" a learning task "Providing Security of Meetings and Events (extraordinary security) on is developed.

### The prison system

Continuous activities were conducted within the ongoing reform of the prison system. In line with the deadlines for construction in 2015, the construction continued of the ECI Tetovo, where all the facilities are completed. The construction of the facilities of the first phase of construction in CPI Idrizovo continued and until now the training center has been reconstructed and fully equipped, and the construction of the semi-open and open unit is ongoing.

Regarding the activities related to the establishment of a probation service as part of the IPA project 2010 "Further support for independent, responsible, professional and efficient judiciary and promotion of the probationary service and alternative sanctions" a Draft - Law on Probation was adopted.

A National Strategy for Development of the Penitentiary System is adopted. Several activities aimed at strengthening the capacities of prison staff, strengthening the monitoring of penitentiary and correctional institutions, improving the treatment of prisoners were conducted, through preparation of training modules, manuals and trainings, etc.

### *Short term priorities*

The legislative framework for the establishment of a probation service is expected to be fully completed.

Regarding the reform of the prison system during 2016, further enhancement of the capacity of the prison system will continue. The implementation of the project "Reconstruction of penitentiary institutions in the Republic of Macedonia" continues with the construction of the buildings of the first phase of the construction in CPI Idrizovo, and the construction of ECI Tetovo.

In 2016, the implementation of the National Strategy for the development of penitentiary system will continue, and adoption of separate strategy for development of training of prison staff is expected.

### *Medium term priorities*

The activities within the prison reform in accordance with the National Strategy for the development of penitentiary system will continue. In order to strengthen the professional capacities, continuous trainings of prison staff will be conducted. Activities to develop the probation service in the Republic of Macedonia will be undertaken.

## **Protection of personal data**

The Strategy for the Protection of Personal Data, and the activities to raise public awareness of the right to protection of personal data continued with implementation. Inspections in accordance with the Annual inspection programme were conducted and comprehensive reports on the conducted inspections commenced.

Within the activity creating a sustainable system for continued education in primary and secondary schools on the principles of Protection of personal data, a series of activities and cooperation with other bodies (MES-BDE) have been realised under the "Class for privacy." The activities for increased cooperation with the Ombudsman, the Commission on Free access to public information and other government bodies, which are carried out continuously. Memorandums of cooperation have been signed with non-governmental organisations, the faculties of law to raise awareness in the education sector.

The Directorate for Personal Data Protection has become part of EuroCloud initiative as a partner who will be involved in all activities, especially those relating to protection of personal data in the use of "Cloud" services.

On November 23, 2015, the IPA TAIB 2012 project "Support to access the right to protection of personal data" started. The project duration is 24 months and the main objective of the project is to improve data protection in line with EU legislation.

Also, through this project further improvement (legal and institutional) will be provided of the framework for personal data protection in the Republic of Macedonia in accordance with best EU practices, and in order to ensure that citizens are guaranteed protection of their personal data through:

- Further harmonization of national legislation with new reforms for the protection of personal data in the EU and positive experiences
- Strengthening the mechanisms for protection of personal data in various areas
- Development and implementation of a new strategy for the protection of personal data
- Implementation of ISO Standards, IT and privacy standards.

### ***Short term priorities***

Amendments to The Law on Protection of Personal Data will be adopted in order to harmonise it with the provisions of the Law on Misdemeanours, as well as the provisions relating to the inspection and regulating the audit personal data.

A continuous harmonization of the national legislation for the protection of personal data in specific areas with the basic principles of the Law on Protection of Personal Data, the documents of the Council of Europe, European Commission, using good practices from EU Member States will be made.

In order to effectively implement the envisaged strategic goals, the implementation of the campaigns to raise public awareness, the level of cooperation with controllers and processors, preparation of guidelines by sectors and the number of completed training of controllers / processors will be increased. The systematic / quarterly monitoring of the condition of the determined violations of inspection and misdemeanor penalties or fines imposed by the Commission will continue. In this regard, a sustainable system for continuous education of students and teachers about the principles of the Law on Personal Data Protection from the primary and secondary education will be established. Training for the inspectors and incorporation of EU best practices for on-line inspection will be carried out, and also the civil society, educational institutions and the media will be involved in the process of raising public awareness of the right to protection of personal data. Consequently, a certification by an accredited certification body will be initiated and the cooperation with the local youth councils will continue.

### ***Medium term priorities***

Amendments are envisaged to the Law on Protection of Personal Data to further align it with the *acquis*, based on the recommendations in the Report on Macedonia's progress. In this regard, the modernisation of the Convention 108 of the Council of Europe will be approached, which will lead to its ratification in order to become an integral part of the national legislation; Legal basis for online inspection and practical implementation will be established. Monitoring and increase of the level of enforcement of fines imposed for misdemeanours pursuant to statutory powers will continue. Adoption of the new policy documents for the next period is envisaged.

During 2017 and 2018, an analysis and planning of the activities in accordance with the obligations arising from the membership of the Republic of Macedonia to the UN Human Rights Council has been envisaged. The coordination and planning of activities in terms of alignment of legislation in various sectors with the regulations on protection of personal data will also continue. In the medium term, an introduction of the right to privacy and protection of personal data in the primary, secondary and higher education as part of the curriculum, and implementation of a new mechanism for notification / registration under the new EU regulation is envisaged. The Directorate for Personal Data Protection plans training of its staff to implement new changes in legislation to protect personal data in accordance with the proposal for a

new regulation on the protection of personal data. In this regard, the improvement and application of information and communication technology for performing of the legal responsibilities, especially in terms of inspection, will continue. Also, detailed sectoral approach to the prevention and sanctioning of implementation of the Law on Protection of Personal Data in some sectors such as the judiciary, media and so on is expected.

### *Programs and projects*

- Project with the City of Skopje - "A class for Privacy"
- IPA TAIB 2012 project "Support to access the right to protection of personal data", which is financed by IPA TAIB 2012 program
- Norwegian grant for institutional strengthening of the Directorate for Personal Data Protection - "Technical assistance for strengthening the organisational and institutional capacities for protection of personal data";
- TAIEX support

## **Freedom of expression**

*(For more details see 1. POLITICAL CRITERIA)*

Concerning the freedom of media, the practice of conducting trainings for judges in charge of defamation cases for the application of the principles of the ECtHR will continue. The track record cases of defamation and insult in accordance with the Law on Civil Liability of Defamation and Insult will continue, including the practical implementation of Article 10 of the ECHR in the judgments, and as well the practice of translation and publication of judgments of the ECtHR on Article 10 of the Convention.

## **Anti-discrimination**

### *Current situation*

In the first quarter of 2015, the first systemic Law on Prevention and Protection against Domestic Violence, began to be implemented. The adopted bylaws set out the manner of implementation and monitoring of measures against domestic violence, assessment of life risk and physical integrity of the victim and the risk of recurrence of the violence, as well as the exchange of data on domestic violence among institutions.

Also, in order to monitor and improve the situation of domestic violence as well as cooperation and coordination of relevant institutions and associations, the Government in the second quarter of 2015 established a national coordinating body against domestic violence with a mandate of five years. This body is comprised of senior representatives from relevant institutions and associations, the Ombudsman, representatives of the Assembly, judges and public prosecutors.

### *Short term priorities*

In 2016, a National Strategy for Prevention and Protection from Domestic Violence 2016-2020 will be adopted. The Ministry of Labour and Social Policy established a working group which began its work in 2015. The Working Group members are professionals working on issues of domestic violence by competent institutions and associations.

## **Equality between women and men**

*(See chapter 3.19 Social policy and employment)*

## **Right of children:**

### *Current situation*

Two cosy rooms have been opened for children at risk in Gostivar and Kavadarci. The local councils for the prevention of juvenile delinquency have become operative in the following municipalities: Butel, Kisela Voda, Gazi Baba, Debar, Struga, and Aerodrom. An analysis has been prepared for the implementation of the National Strategy of child delinquency. A program for compensation of minors has been adopted. The adoption of the operational plan to implement the national strategy for children's delinquency period 2016-2017 is in progress.

The implementation of the new Action Plan for the Prevention and Protection against child sexual abuse and pedophilia 2014/15 is ongoing. It envisages activities of relevant institutions and measures which will be taken to prevent and deal with child sexual abuse and pedophilia, i.e. defined and planned activities for 2014 and 2015. During 2015, the implementation of the activities envisaged in the National Action Plan on preventing and dealing with abuse and neglect of children for 2013-2015 have continued.

### ***Short term priorities***

During 2016, the initial and continued training for professionals in the centers for social work will continue. The process to establish local councils for the prevention of child delinquency will continue.

Development of the extra-institutional forms of protection of children at risk will continue, and a Programme for the transformation of the two institutions for social protection for minors will be adopted. It is expected to continue the process of developing educational centers for parents in the centers for social work.

The website for reporting cases of child sexual abuse and pedophilia, and the Registry of the perpetrators of such crimes will continue to be operative, and also the public awareness will be raised. Following activities are also envisaged: conduct of training for experts in social work centres and to conduct of other activities aimed at providing resources and mechanisms for implementing the assistance and protection of children from sexual abuse and pedophilia and promotion of coordinated system of cooperation between government institutions and the cooperation between government institutions and non-governmental organisations covering this issue. The web site continues to be operative [www.stop-pedofilija.org.mk](http://www.stop-pedofilija.org.mk);

Conduct of training for 60 experts in the 30 Centres for Social Work (CSW) for treatment of child victims of abuse and neglect pursuant to the adopted Protocol is envisaged.

### ***Medium term priorities***

During 2017, two centers for children at risk will be opened and the ongoing training for professional staff in the centers for social work will continue. Also, all local councils for the prevention of child delinquency will be established.

## **Integration of children with disabilities**

### ***Current situation***

In the process of deinstitutionalization of people with disabilities in mental development over 18 years, further promotion and ensuring the sustainability of service of non-residential social care - organized supported living in special housing units, will be worked on. In 2015, 16 housing units, 7 in Skopje and 9 in Negotino, continued to be operational, where 78 users live.

### ***Short term priorities***

In 2016, the provision of sustainability of the established services for housing will continue, and it is planned to extend the network of residential units for independent living with support for persons with disabilities in intellectual development over 18 years, within the third service housing.

### ***Medium term priorities***

The implementation of the project "*Improvement of services for social inclusion*", financed by IPA component 4, which started on July 15, 2015 will be implemented until July 2017. The first report on the implementation of the project is prepared and approved. The project will implement activities to introduce and develop a system of vocational rehabilitation to enable persons with disabilities to appropriate occupations and their inclusion in the open labor market, the introduction of services to personal assistance for people with disabilities, as well as upgrading of the existing IT monitoring software system for social services "Lirikus." The project will include the development of draft models of vocational rehabilitation and personal assistance, definition of service standards, testing of the proposed service models, adjusting the legal framework and promotion of services among users.

## **Protection of minorities and cultural rights**

(See also 1 Political Criteria, 3.26 Education, Culture and Youth)

### ***Current situation***

The Agency for exercising the rights of communities has completed the following activities:

- 4 participatory forums have been implemented <sup>174</sup> with all the stakeholders (Citizen organisations, relevant institutions, international organisations)
- Training cycle for civil society community in order to strengthen their capacity for strategic planning, project management and democratic governance, representing the interests and engaging the potential of the membership.

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<sup>174</sup> On topic: Session planning for members of the participatory forum, multiculturalism and integration in society that thrives on diversity. Application of the Framework Convention for the Protection of National Minorities, Improving the legal and institutional framework for the rights of communities

An action plan for implementing the Law on the promotion and protection of the rights of communities under 20% is in the process of drafting.

An analysis of the situation in an appropriate and equitable representation of communities at the local level has been prepared.

### ***Short term priorities***

During 2016, the Agency for the rights of minorities envisaged the following activities:

- Implementation of four participatory forums with all stakeholders (Associations of Citizens, relevant institutions, international organisations) on the theme promotion and protection of community rights,
- Preparation of an analysis of the situation in the education in the languages of the communities for 2015.
- Preparation of an analysis of the situation of an appropriate and equitable representation of community members at central and local level
- Preparation of an analysis of the degree of realisation of the rights of community members to participate in the cultural life of the country
- Preparation of an analysis for exercising the right of access to the media and the right to inform communities
- Preparation of an analysis of the situation with Associations of Citizens working in the field of promotion and protection of rights of minorities
- Preparation of an analysis of the situation with the use of language and symbols of community members

### ***Medium term priorities***

In the medium term the Agency plans the following activities:

- implementation of the Communication Strategy;
- Additional training for employees and staffing to implement the legal obligations
- Providing access to donors to provide additional funding for the programs and projects of Associations of Citizens and Foundations
- Monitoring of the national legislation and the regulations in the field of promotion and protection of the rights of communities' members
- Increasing the public awareness of the need to promote and protect the rights of communities' members
- Providing the training for the staff and members of the NGOs from the communities to strengthen their capacities.



## 3.24 JUSTICE, FREEDOM AND SECURITY

### Findings and priorities of the EC Report 2015

The country is moderately prepared for the implementation of EU legislation in this area. It has made some progress with the adoption of new laws and policy documents in many areas (migration, money laundering and terrorism). The country is on a transit route for mixed migration via Turkey and Greece towards the northern Europe. Urgent measures were taken to deal with the humanitarian consequences of regional migration crisis in the short term, but the authorities have been overwhelmed by the escalation numbers. The international cooperation and the law enforcement, particularly in the area of organized crime, remained strong. In the coming year, the country, in particular, should:

- strengthen the capacity in terms of mixed migratory flows of refugees and economic migrants, especially early identification of those in need of protection, vulnerable groups and minors;
- ensure effective border management and step up actions against people smuggling and trafficking as a high priority;
- adopt and implement the new anti-terrorism strategy and action plan with a special focus on measures to prevent radicalisation.

#### Summary

*Regarding the migration, Standard Operating Procedures for identification, profiling and referral of vulnerable categories of migrants, and Standard Operating Procedures for the Reception Center for Foreigners will be adopted. The national capacities for management of mixed migration flows of refugees and economic migrants for short reception of migrants in temporary transit centres in winter and the technical capacities for registration of migrants will be strengthened. A new Law on Foreigners appropriate secondary and relevant bylaws will be adopted. A Migration profile for 2015 -2016 will be adopted.*

*In the area of asylum a new Law on asylum and temporary protection and bylaws and strategy for the integration of refugees and foreigners (2015-2025) will be adopted. Establishing has been envisaged of a database of asylum seekers.*

*In the area of visa policy in compliance with the Law on Foreigners, the Rulebook on the selection of external service providers for visas for further harmonisation of legislation with legislation of EU / Schengen countries will be adopted.*

*In the area of external borders and borders of the Schengen zone, a Strategy for development of the police including the border police will be adopted, and the capacity of the border police for more effective dealing with the migrant crisis will be strengthened. A Law amending the Law on Border Control will be adopted in order to comply with the current amendments to the Schengen Borders Code, and in the part related to NCCBM.*

*In the area of judicial cooperation in civil and criminal matters, negotiations for concluding agreements on mutual legal assistance in civil area between the Republic of Macedonia and the Czech Republic, Slovak Republic, Poland, and with the Russian Federation will start . A procedure to establish the software for keeping records of subjects of mutual legal assistance in civil and criminal matters and generating statistical reports is ongoing.*

*In the area of police cooperation and fight against organized crime, the new Strategy and Action Plan to Combat Human Trafficking and Illegal Migration 2017 to 2020 will be adopted. In the Unit for Suppression of Organised and Serious Crime, a new methodology for staffing the Unit, as well as establishing the Methodology for preparing the analysis of threats from organised crime at a strategic level will be introduced. Also, a Methodology for efficient overcoming of the weaknesses in the conduct of investigations for financial crime will be established.*

*Regarding the fight against terrorism, the adoption of a Law Amending the Criminal Code is envisaged, which will be aligned with the Council Framework Decision of 13 June 2002 on combating terrorism, the Council Framework Decision (2008/919/JNA) from November 28, 2008 and the Additional protocol to the Convention against terrorism of the Council of Europe on 19 May 2015. A National Strategy for Combating Terrorism and an Action Plan for the period 2016-2019 will be adopted.*

*In order to harmonise the national legislation with the Council Decision 2005/387/JNA on the exchange of information, risk analysis and control of psychotropic substances in 2015, a Law Amending the Law on Control of Drugs and Psychotropic Substances will be adopted.*

#### 3.24.1 MIGRATION

##### Current situation

Resolution on Migration Policy of the Republic of Macedonia 2015-2020 is adopted.<sup>175</sup>

A Protocol has been signed for implementation of the Agreement on the readmission with Slovakia and Italy.

By the end of 2015, a Migration Profile for the 2012-2014 will be adopted.

Regarding the mediation of external service providers in collecting the visa requirements for issuing temporary residence permits in all countries in which the Republic of Macedonia has no diplomatic or consular offices, the Law Amending the Law on Foreigners was adopted.<sup>176</sup> The amendments reduce the complexity and duration of procedures for obtaining a work permit and a residence permit for employment, work or self-employment. There is a single procedure in place for the application for a residence permit for work. The Ministry of Interior is the only competent authority to issue the work permit and residence. The amendments introduce new grounds for temporary residence in institutions intended for elderly care.

The obligations undertaken by the Readmission Agreement between the Republic of Macedonia and the European Community for readmission of persons residing without permission are being fulfilled on a regular basis.

### *Short term priorities*

#### **Legal framework**

Standard Operating Procedures for identification, profiling and referral of vulnerable migrants and Standard Operating Procedures for the Reception Centre for Foreigners regulating its work will be adopted.

Readmission Agreements with the Republic of Turkey, Kosovo and the Russian Federation will be concluded. The negotiations for signing Protocols to implement Readmission Agreement with the EU, Greece, Latvia and Lithuania will be finalised.

#### **Institutional framework**

The national capacities for management of mixed migration flows of refugees and economic migrants will be strengthened through:

- Improvement of the capacity for short reception of migrants in Temporary Transit Centers in Gevgelija and Tabanovci for winter conditions
- Providing initial identification and adequate training of staff
- Strengthening the technical capacities for registration of migrants.
- Daily exchange of information on the expected inflow and outflow of migrants.
- Strengthening security measures in the Temporary transit centers and border crossings.

Strengthening regional capacities for further development of management systems for sensitive migration in the Western Balkans and Turkey, through the implementation of four project activities aimed at:

- Strengthening the exchange of statistical information and exchange of information on inter-regional and intra-regional levels through:
  - Development of operational framework agreements.
  - Creating a standard form for information exchange
  - Purchase of equipment (software or hardware) needed for common secure connection to share non-personal information
  - Workshops for training in information gathering
  - Establishment of a mechanism for voluntary return to regional and operational cooperation with the selected countries of origin. This activity will be realised through:
  - Development of SOPs for voluntary return.
  - Implementation of pilot activity to assist voluntary return to countries of origin.
  - Assessment of the scope for the establishment of an association of translators in the Western Balkans by implementing a pilot project for joint association of translators for Macedonia and Serbia for Arabic, Dari and Pashto.
- Improving the identification and assessment of the migrants and refugees vulnerability and ensuring the existence of established reference systems that operate within national mechanisms.

The integrated database for foreigners, which includes data on asylum, migration and visa will be fully operative by linking the Ministry of Foreign Affairs, Ministry of Labor and Social Policy and the Employment Agency.

The implementation of the measures and activities set out in the Action Plan of the Resolution on migration policy 2015-2020 by stricter monitoring on the implementation of the projected measures and activities will continue.

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<sup>175</sup> "Official Gazette of the Republic of Macedonia" No. 8/2015.

<sup>176</sup> "Official Gazette of the Republic of Macedonia, No. 217/2015.

The training for the implementation of SOP for reception centers that regulate the operation thereof (with MLSP), and the implementation of Standard Operating Procedures for identification, profiling and referral of vulnerable migrants (and asylum seekers) will be conducted.

### *Medium term priorities*

#### **Legal framework**

With the purpose of continuous harmonisation of the national legislation with the EU measures in the area, a new Law on Foreigners<sup>177</sup> will be adopted. Bylaws under the Law on Foreigners will also be adopted.

A Migration profile for 2015 -2016 will be adopted. Law on Administrative Register of the Population in the Republic of Macedonia will be adopted. A project/plan for the Administrative Register of the Population in the Republic of Macedonia will be adopted.

#### **Institutional framework**

The capacities and conditions for accommodation of illegal migrants by building a new Reception Centre for Foreigners (planned by the IPA Programme for 2016) will be strengthened.

An Administrative Register of the Population of the Republic of Macedonia is to be established.

The activities on implementation of the Regulation of the European Parliament and the Council of Europe No. 862/2007/EC on compilation and statistics of the foreign workers which refers to the statistic migration will be undertaken.

Audit of the Project New Personal Documents to include the storage media in residence permits identical with the storage media listed in the Annex to Regulation (EC) No. 1030/2002 of the Council of 13 June 2002 laying down a uniform format for residence permits for third country nationals is envisaged. A uniform format of residence permits for foreigners in the Republic of Macedonia will be set out.

### *Programs and projects*

- IPA Project 2014-2020-Regional program to support the further development of management systems for sensitive migration in the Western Balkans and Turkey. The project will cover three main areas:
  - Identification of migrants (mixed migration flows)
  - Exchange of information (non-personal information)
  - The establishment of a regional mechanism for return (mechanisms for voluntary and forced return of migrants).Partners of the European Commission in the implementation of the project will be Frontex and IOM. The project is in the amount of EUR 8 million (5.5 million for the component implemented by Frontex and 2.5 million for the component implemented by IOM).
- IPA Programme 2016- The first component "Strengthening of human, technical and infrastructural capacities in migration and asylum" with a total amount of EUR 6.5 million. Three subcomponents, as follows:
  - Capacity building in the area of asylum and migration (advisory assistance)
  - Strengthening of materials and technical facilities for the proper functioning of migration policy and asylum (procurement of equipment for border police and for the units for asylum) and
  - Construction of a new Reception Centre for Foreigners (construction in amount of EUR 2.5 million).

## **3.24.2 ASYLUM**

### ***Current situation***

Sector for asylum<sup>178</sup> seekers continues handling requests for asylum.<sup>179</sup>

The amendments to the Law on Asylum and Temporary Protection entered into force.<sup>180</sup> Standard Operational Procedures for dealing with unaccompanied children - foreigners have been drafted. A Programme for the integration of persons who have been granted asylum in the Republic of Macedonia for 2015 has been adopted.

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<sup>177</sup> Council Directive 2003/86/EC of 22 September 2003 on the right to family reunification; Council Directive 2003/109/EC of 25 November 2003 concerning the status of third-country nationals who are long-term residents, as amended by Directive 2011/51/EU of the European Parliament and the Council of May 11, 2011; Council Directive 2004/114/EC of 13 December 2004 on the conditions for the acceptance of third country nationals for the purposes of studies, student exchange, training without fee or voluntary service; Directive 2008/115/EC of the European Parliament and of the Council of 16 December 2008 on common standards and procedures in Member States for returning illegally staying third-country nationals.

<sup>178</sup> In October 2015 the new system organised by the Ministry of Interior, Unit for Asylum has grown into a Sector for asylum, the number of job positions increased from 17 to 23 employees.

<sup>179</sup> From January 1, 2015 to November 20, 2015 a total of 1 742 new applications for asylum were submitted. A total of 22 documents have been issued for identification of asylum seekers in the Republic of Macedonia. The refugee status has been assigned to 4 people from Syria.

<sup>180</sup> "Official Gazette "No.101 / 2015. The adopted provisions are intended to make distinction between the intention to submit a request for recognition of the right of asylum and the formal aspect, i.e. the request for recognition of the right of asylum, by the potential asylum seekers. The

The activities for evaluation on the level of implementation of the measures and activities in the National Action Plan of the Strategy for Integration of Refugees and Foreigners 2008-2015 are finalised.

A new machine for photographing of the asylum seekers for the purpose of the PI Reception Center for Asylum Seekers - Vizbegovo (RC Vizbegovo) is purchased.

The reconstruction of RC Vizbegovo is finished. The Project in collaboration with the Jesuit Refugee Organization (JRS) and the MLSP is operationalised, ensuring facilities for accommodation of vulnerable categories of asylum seekers.

### *Short term priorities*

#### **Legal framework**

Adoption of a new Law on Asylum and Temporary Protection.<sup>181</sup>

Adoption of Strategy for Integration of Refugees and Foreigners (2015-2025).

Adoption of an annual Training Plan for employees in the Sector for asylum, police officers in PS for BC and PS of general competence, in cooperation with the UNHCR and the European Asylum Support Office (EASO).

Adopting Standard operating procedures (SOP) for other categories of vulnerable persons.

Adopting a Programme for integration of persons who have been granted asylum in the Republic of Macedonia.

Initiative to conclude a Working Agreement between the Ministry of Interior and EASO.

#### **Institutional framework**

The following activities have been envisaged:

- Establishing a database of asylum seekers for the Unit for asylum with the support of the International Organization for Migration (IOM).
- Assessment of the scope for establishing an association of translators in the Western Balkan- implementing a pilot project for Arabic, Dari and Pashto, with the support of IOM within IPA2 - (2014-2020) - „ Regional Support Management Systems with sensitive migration in the Western Balkans and Turkey "
- Continuous organising training for staff at institutions that have competence in the field of asylum.
- The employment of correspondent in the Unit for Asylum within MI.
- Continuous material and technical strengthening of the Sector for asylum.
- Continuous material, technical and staffing of the Reception Center for Asylum Seekers.
- Further cooperation with UNHCR.

### *Medium term priorities*

Adopting a bylaw under the new Law on Asylum and Temporary Protection.

SOP preparation for implementation of the asylum procedure.

Issuing of biometric ID cards for people with recognised refugee status and persons under subsidiary protection.

Organising training for implementation of the Law on asylum and temporary protection to all those who have authority in the field of asylum.

#### **Programs and projects**

- The subproject "Operational Support to the Ministry of Labour and Social Policy by the UNHCR".
- IPA 2016 - Component 1: Strengthening the human, technical and infrastructural capacities in the area of migration and asylum (in total amount of EUR 6,500,000, implemented by IOM).<sup>182</sup>
- The project "Improvement of the procedures for determining the identity of illegal migrants in MARRI Region" deadline: May 2015-April 2016. Objective: setting up and functioning on the basis of regional interpreters of

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adopted provisions will overcome or prevent the problem of illegal migration, on the other hand will facilitate the potential asylum seekers access to the authority conducting the procedure for recognition of the right of asylum. Until November 20, 2015 71 people with a certificate of intent formally submitted a request for recognition of the right of asylum.

<sup>181</sup> -Compliance with the following EU regulations: Council Directive 2001/55/EC on minimum standards for giving temporary protection in the event of a mass influx of displaced persons and on measures promoting a balance of efforts between Member States in receiving such persons and bearing the consequences thereof; Directive 2011/95/EU of the European Parliament and of the Council on standards for the qualification of third-country nationals or stateless persons as beneficiaries of international protection, for a uniform status for refugees or for persons eligible for subsidiary protection, and for the content of the protection granted; Directive 2013/32/EU of the European Parliament and of the Council of 26 June 2013 on common procedures for granting and withdrawing international protection; Directive 2013/33/EU of the European Parliament and of the Council of 26 June 2013 laying down standards for the reception of applicants for international protection.

<sup>182</sup> Subcomponent 1 - Capacity building in the area of asylum and migration (advisory assistance) in amount of EUR 1,750,000; Subcomponent 2 - Strengthening of material and technical facilities for the proper functioning of migration and asylum policy (procurement of equipment for border police and the Sector for Asylum) in amount of EUR 2.250.000.

rare languages. It is funded by the FCO Strategic Programme Fund and Bilateral Programme Fund with co-financing from MARRI RC (in total amount of GBP 67,000).

- IPA Project 2014-2020 - Regional program to support the further development of management systems for sensitive migration in the Western Balkans and Turkey. Project activity: - Assess the scope for the establishment of an association of translators in the Western Balkans by implementing a pilot project for joint association of translators for Arabic, Dari and Pashto.

### 3.24.3 VISA POLICY

#### *Current situation*

In order to harmonise the visa regime of Macedonia with the visa regime of EU/Schengen, the amendments to the visa regime of EU / Schengen are being followed on a continuous base.

The trainings on the National Visa Information System (N- VIS) system for employees who are sent on mandate in the diplomatic and consular offices of the Republic of Macedonia are ongoing.

#### *Short term priorities*

##### *Legal framework*

According to the adoption of the Law Amending the Law on Foreigners, a rulebook on the selection of external service providers for visas will be adopted, as a step forward in ensuring further harmonisation of the legislation in the area of visa policy with IEU / Schengen legislation.

##### *Institutional framework*

The coordinating body will continue to monitor the implementation of the visa liberalization. Continuous measures to inform the citizens about the importance of visa liberalisation for deterring the potential asylum seekers in European countries will be undertaken.

During the first half of next year the connection of the integrated database for foreigners including asylum, visas and migration (IBAS), the National Visa Information System (N-VIS) is expected to be completed.

#### *Medium term priorities*

The implementation of the training of visa-issuers and the diplomatic and consular staff about using N-VIS system and new training will be introduced in the detection of forged documents will continue.

It will begin activities for purchasing software towards introducing the electronic visa application. The Visa Centre of the Ministry of Foreign Affairs (MFA) will be upgraded according to the needs and legislative changes.

### 3.24.4 EXTERNAL BORDERS AND SCHENGEN-ZONE BORDERS

#### *Current situation*

The participation in the joint and coordinated operations organised by the regional and EU agencies, primarily DCAF<sup>183</sup> and Frontex<sup>184</sup> has continued. Information exchange with Frontex and with neighbouring countries is done on a continuous base through joint contact centers.

The trainings for staff have been conducted and the equipment for the job has been modernised.<sup>185</sup> The mixed police patrols along the border with the neighbouring countries with established collaboration in this area have been continuously conducted.<sup>186</sup> A new national strategy for the development of integrated border management for the period 2015-2019 has been adopted together with an Action Plan for its implementation. A special action plan for integrated border management for 2016 has been adopted. Regulation on minimum standards for material and technical facilities, equipment and storage space under the categorisation of the border crossings is adopted. The project IPA 2010 has been successfully initiated,<sup>187</sup> whereby draft versions of the Strategy and Action Plan for the development of police (including border police), anti-corruption program of the Ministry of Interior, as well as assessment of the required number of police stations (PS), optimal number of officials and development of a new concept and methodology for risk management have been prepared.

<sup>183</sup> Centre for the Democratic Control of Armed Forces / DCAF

<sup>184</sup> Members of Border Police have participated in a total of 5 Frontex joint operations and 4 joint and coordinated operations organised by DCAF.

<sup>185</sup> As of October, a total of 133 trainings have been conducted whereby a total of 5.560 members of the border police took participation.

<sup>186</sup> As of November 2015, a total of 423 mixed border patrols have been realised (107 with Serbia, 100 with Albania, 99 with Kosovo and 107 with Bulgaria).

<sup>187</sup> IPA 2010 - "Further Strengthening of the Capacities of the Police Service in the Area of Border Management, Police Work in the Community and Fight against Organised Crime".

## *Short term priorities*

### **Legal framework**

Adoption of a Development Strategy of the police including the border police, Anti-corruption programme of the Ministry of Interior (including border police), as well as the training syllabus, from the project IPA 2010.

A Programme for management, planning and maintenance of the facilities at the border crossings will be adopted for the road traffic in 2016.

### **Institutional framework**

The following activities have been envisaged:

- Strengthening of the capacity of the border police in order to effectively deal with the migrant crisis.
- Conducting of training for members of the border police in accordance with the training syllabus for advanced and special training for border guards, with a special emphasis on training on the identification, profiling and referral systems, along with other entities that have initial contact with migrants.
- Continuous implementation of the Elaborate for minimum/maximum standards of technical equipment of the police stations for border checks and border surveillance, and the mixed police stations.
- Developing the cooperation with neighbouring countries in terms of suppression of cross-border crime and illegal migration, by extended realisation of mixed patrols and cooperation through the joint contact centres, as well as the efforts this kind of cooperation to be established with the Republic of Greece.
- Continued participation in joint and coordinated operations organised by the regional and EU agencies, primarily DCAF and Frontex, as well as organising training exercises with neighbouring countries.
- Development of the concept of policing intelligence within the central, regional and local police offices and regional centers for Border Affairs in the Bureau for Public Security.
- Improvement of the operational capacity of the mobile unit for support and continuous supply of equipment and training.
- Implementation of the Memoranda of Understanding among the institutions which have jurisdiction in IBM (continuous activity) and initiation of procedures for signing new Memoranda of Understanding.
- Making regular monthly and quarterly reports on risk analysis by NCCBM, and an annual analysis of risks and dangers for the institutions involved in the IBM.
- Implementation of joint training for entities that have jurisdiction in IBM.
- Implementation of an annual action plan for integrated border management in 2016 and adopting the Annual Action Plan for 2017.

## *Medium term priorities*

### **Legal framework**

A new Law on Foreigners will be adopted aligned with the provisions of the Schengen Border Code<sup>188</sup> and Rulebook for Foreigners, which aligned with Annex 5 of the Schengen Borders Code, regarding the prescription of the form- decision to refuse of an entry.

Adoption of a Law Amending the Law on Border Control, in order to align it with current amendments to the Schengen Borders Code, and in terms of the functioning of NCCBM.

Amendments are envisaged to the bylaws under the Law on Border Control.<sup>189</sup>

Adoption is envisaged of a New Practical Guide "Standard operating procedures for border controls in order to comply with the recommendations and best practices for border operations provided with the Schengen Manual (C (2006) 5186 final)".

### **Institutional framework**

- Implementation of the Action Plan for the enforcement of the Strategy for Border Police. Anti-corruption program for the border police and the training curriculum, of the project IPA 2010.
- Optimising the organisational structure and improvement of the infrastructure of the PS for border checks and PS for border surveillance.

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<sup>188</sup> Regulation (EC) no. 562/2006 of the European Parliament and of the Council of 15 March establishing a Community Code on the rules governing the movement of persons across borders.

<sup>189</sup> Rulebook on the Manner of Execution of Border Checks and Border Surveillance (compliance with Annexes 2, 6 and 7 of SBC), Rulebook on Internal Border Crossing, Rulebook on the Form and Content of the Stamp for Entry and Exit from the Republic of Macedonia and the Manner of its Embossing and Use (compliance with Annex 4 of SBC) and Rulebook on the Form, Content and Manner of Setting the Border Boards, Signs and other Signalisation (compliance with Annex 3 SCB);



- Improvement and strengthening of the capacity for checks of passports in line with EU requirements and best practices.
- Enhancing operational efficiency by improving the possibilities for detection, interception, mobility and reaction.
- Implementation of the Action Plan for enforcement of the National Strategy on Integrated Border Management, for the period 2017-2018.
- Development (update and analysis) of the programme for joint training.
- Further development of NCCBM through operationalisation of the IT system for information exchange, upgrading of the IT system for IBM and upgrading IT equipment to support NCCBM.
- Further development of IBM (Technical support, service and procurement) through further institutional building of the border police with particular focus on the promotion of border control procedures and development of the capacity of the border police for risk analysis.
- Alignment of the methodology for the preparation of the Risk and Danger Analysis with FRONTEX.
- Amendments to the existing treaties (with the Crisis Management Centre, Protection and Rescue Directorate), in order to deepen the exchange of information and cooperation extension with new content and to strengthen interagency cooperation and coordination.

#### Programs and projects

- Strategic Plan 2014-2016 of the Ministry of Interior – Implementing the sub-programme "Border Issues and Migration" in function of the programme "Public Safety", which aims at creating a modernised, in small number and efficient border police, trained to work in accordance with the standards of the European Union and development of cross-border police cooperation with neighbouring countries.
- IPA 2010 – "Further strengthening of the capacity of the police service in the area of border management, police work in the community and the fight against organised crime", which envisages a strategy for development of the police together with an action plan for its implementation (including border police), the adoption of anti-corruption program, assessing the required number of police stations, the optimal number of police officers and equipment, developing new concepts and methodologies for risk management and adoption of curriculum for the training of border police.
- IPA 2011 - Project "Rule of Law", within which a concept of policing intelligence within the central, regional and local police departments and regional centers for Border Affairs in the Bureau for Public Security has been envisaged. The preparatory phase of the project started in September 2015.
- The Project "Hotspot on border crossings" aiming at providing important information to passengers when entering the country, regarding the provisions of the legislation of their interest (speed limit when driving a motor vehicle, registration of residence foreigners, etc.) The preparatory activities aimed at realisation to this project, have begun and is planned to be completed in the following medium term.
- Project "Strengthening and expanding the main network with optical cables" which envisages setting up new wireless links in inaccessible places of green border areas, in order to improve the quality of relationships and increased data flow. Implementation of activities is conditioned by the dynamics of allocation of funds.
- Project "Open Region" will continue to promote greater mobility and better communication of the Macedonian citizens with their relatives living in neighbouring countries, especially in border regions.
- Project MARRI - "Supporting cooperation among border police on airports in Southeastern Europe." Implementation of the project began on January 1, 2013 and will last 3 years. The overall objective of the project is to assist the Border Police at international airports of the Southeast Europe<sup>190</sup>, in their efforts to combat illegal migration and terrorism and crime, in order to ensure a high level of security at sustainable permanent basis. The project is funded by the Swiss Confederation and is co-funded by the MARRI.

### 3.24.5 JUDICIAL COOPERATION IN CRIMINAL AND CIVIL MATTERS

#### *Current situation*

The Agreement between the Republic of Macedonia and Montenegro on Mutual Legal Assistance in Civil and Criminal Matters and the Agreement on Mutual Execution of Court Decisions in Criminal Matters are in the process of ratification. In the process of initialling is the additional agreement between the Republic of Macedonia and the Republic of Italy to the European Convention on Mutual Legal Assistance in Criminal Matters of 20 April 1959 and the European Convention on Extradition of 13 December 1957, and is expected to be signed.

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<sup>190</sup> Albania, Bosnia and Herzegovina, Bugaria, Croatia, Macedonia, Moldova, Montenegro, Romania and Serbia.



The Agreement on mutual legal assistance in civil area with the Republic of Kosovo has been initialled, and it is expected to be signed and ratified.

In the period from January 1, 2015 until November 1, 2015, a total of 105 new cases have been registered whereby 40 extradition requests are related to the transfer of sentenced persons, serving sentence abroad, and have submitted an application for transfer to the Republic of Macedonia and vice versa, foreign nationals serving sentence in the Republic of Macedonia, and require the rest of the sentence to serve their country.

### *Short term priorities*

#### **Legal framework**

The negotiations regarding the conclusion of agreements on mutual legal assistance in civil area between the Republic of Macedonia and the Czech Republic, Slovak Republic, Poland, as well with the Russian Federation will begin.

A bilateral agreement between the Republic of Macedonia and Qatar on judicial cooperation, and Bilateral Agreement between the Republic of Macedonia and the Republic of Bulgaria for extradition are also expected to be signed.

#### **Institutional framework**

The Academy for Judges and Public Prosecutors will continue the training for judges in the field of judicial cooperation in civil and criminal matters and within the IPA twinning project "Strengthening of judicial cooperation in civil and criminal matters."

A procedure to establish the software for keeping records of subjects of mutual legal assistance in civil and criminal matters and generating statistical reports is ongoing.

### *Medium term priorities*

An initiative for signing the Bilateral Agreement on Mutual Legal Assistance in Civil Area between the Republic of Macedonia and Canada, USA, Australia, China and other countries will be proposed.

Cooperation with EUROJUST will also continue, through organisation of training courses, seminars and workshops for judges in the field of judicial cooperation in civil and criminal matters.

### *Programs and projects*

- IPA twinning project "Strengthening of judicial cooperation in civil and criminal matters"

## **3.24.6 POLICE COOPERATION AND FIGHT AGAINST ORGANIZED CRIME**

### *Current situation*

The Law on Ratification of the Agreement between the Government of the Republic of Macedonia and the Government of the Republic of Italy has been adopted.<sup>191</sup>

The liaison officer at Europol was sent on July 1, 2015, and Bureau of Communications was established that will enable close cooperation between Macedonia and other EU Member States and third partners.

A Memorandum of cooperation has been signed among the police of Macedonia, Montenegro, Albania and Kosovo to establish an expert group for taking measures against illicit arms trafficking in SEE, and to regulate the manner of mutual cooperation. The Expert Group will rise to a higher level - the prevention, performance, operation and cooperation in dealing with this type of crime. The functioning of the expert group will give a concrete contribution to improving operational cooperation and trust among countries in the region and with the Member States of the European Union.

According to the latest report of the State Department, as well as the reports for 2008, 2009, 2011, 2012, 2013, 2014 again in 2015, the Republic of Macedonia is ranked in TIER 1 group - countries that fully meet the standards for combating human trafficking.

The Ministry of Interior was awarded the first prize for the most successfully realised action to break international criminal group that performed illegal termination of international in a national telephone traffic. The prize was awarded by the SELEC regional organization which has members of 12 countries in Southeast Europe.

Within the IPA program 2011 in the Ministry of Interior the implementation of the twinning project - "Development of an advanced system for data collection and analysis to combat organized crime" started. The project aims at developing the capacity and methods for dealing with intelligence information and analysis within the central, regional and local police offices and regional centers for border affairs at the Public Security Bureau in the fight against organised crime. The project duration is 21 months and for the implementation as a twinning partner the Federal Criminal Office of the Republic of Austria was selected.

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<sup>191</sup> Official Gazette of the Republic of Macedonia, No. 130/2015 of July 31, 2015

## *Short term priorities*

### **Legal framework**

A new Strategy and an Action Plan to combat human trafficking and illegal migration for a period from 2017 to 2020 will be adopted.

Adoption of an Anti-corruption Programme for the Unit for combating serious and organised crime is envisaged.

A National and Regional assessment of threats of serious and organized crime (Macedonia, Serbia, and Montenegro) will be adopted.

### **Institutional framework**

To strengthen the capacities of the Department for Suppression of Organised and Serious Crime, a new methodology for staffing the Department will be introduced, as well as the methodology for preparing the analysis of threats from organised crime at a strategic level will be established. Also, a methodology for effective overcoming of the weaknesses in the conduct of investigations of financial crime will be established.

The capacities of the Sector for computer crime and digital forensics for investigating and handling electronic evidence will be strengthened through:

- establishing procedures, investigation and management of electronic evidence,
- purchase of equipment and training of bailiffs.

A concept of police working with the intelligence information within the central, regional and local police departments in the Ministry of Interior, and a base for criminal investigations and intelligence for serious and organized crime will be developed.

In order to improve international police cooperation in the conduct of investigations, initiation of participation and conduct international investigations of human trafficking and illegal migration have been envisaged. Despite this measure, it is foreseen to find a way to establish the identity of migrants and victims of trafficking, in order to exercise the rights of the victim in criminal proceedings.

Training for border police with a special emphasis on the identification, profiling and referral systems, along with other bodies that have initial contact with migrants as well as training to combat trafficking will be conducted.

## *Medium term priorities*

### **Institutional framework**

According to the Plan of projects of the Ministry of Interior 2016-2018, the establishment of the National Criminal Intelligence Database (NCID) is planned for 2018. It will establish an early warning system and better coordination and automatic exchange of data in real time between the institutions responsible for the Law enforcement.<sup>192</sup> The Action Plan for implementation envisages projects to contribute to developing a solid foundation for developing of the NCID, and among the major projects include the following:

- Modernisation of the central system HOST, which will enable interoperability with other institutions in real time.
- Introduction of a system for information security which includes raising the level of physical protection, uninterrupted power supply, fire protection, separation of the network to use the Internet and regulating access to classified information.
- Establishing a Centre for smooth continuation of the work of the electronic systems in the event of a disaster.

For the purpose of promotion of the forensics service in line with the EU standards and accreditation of laboratories in the Department of forensics, accredited forensic service will be provided able to meet the requirements of the investigation including the standards expected of a modern forensic institution..

## *Programs and projects*

- **IPA 2010** - Further strengthening the institutional capacity of the police service in the field of border management, police work in the community and the fight against organized crime, in amount of EUR 1,750,000 out of which EUR 175,000 national co-financing. Within this project the following components have been envisaged: (1) Development of the capacity of the Department for suppression of organised and serious crime by introducing a new methodology for staffing and methodology for analysis of threats from the organised crime at a strategic level and (2) Strengthening the capacities for combating financial crime and computer crime. (3) Strengthening the operational capacity of the Border Police in the fight against illegal trade. (4) Strengthen the capacity of uniformed police of general jurisdiction. The duration of the Project is from 2014 to 2016. This project envisages development of a methodology and standard operating procedures for conducting financial investigations, and training to conduct

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<sup>192</sup> The Ministry of Interior, the Public Revenue Office, Customs Administration, the Financial Police, Directorate for Financial Intelligence, Public Prosecutor's Office and others.

financial investigations, according to the new SOPs. In addition, through the project, a Strategy for Police Development and an Action Plan for its implementation will be drafted, whose adoption will follow.

- IPA 2012-2013- Justice, Home Affairs and Fundamental Rights. Overall project value EUR 8,450,000.
- Project: Further strengthening of the capacity for organised and serious crime. Overall project value EUR 1.5.
- Project: Establishing a Centre for smooth continuation of the work of the electronic systems in the event of a disaster. Within the framework of this Project a facility will be built at a remote location that will strategically connect several state institutions according to Schengen standards and ensure the preservation of data and smooth continuation of the work of the electronic systems in the event of a disaster. In the first phase the facility will be built, and in the second phase a procurement of equipment will be made. In the first phase, EUR 3.5 million of the IPA funds have been provided. The phase II is in amount of EUR 7 million. The Second phase funds are also expected from IPA.
- Project of the Council of Europe - Support for the establishment of an external monitoring mechanism in the Republic of Macedonia." The project began to be implemented on December 1, 2015, with duration of 5 months and a budget in total amount of EUR 130,000. The project will contribute to perform the analysis of the situation, and the development of the most appropriate model for independent supervision mechanism to monitor the work of the police, aiming at drafting a law that would regulate the establishment of new, independent institution that will operate the system of external control over the police.
- Bilateral Project with Norway - "Development of the management system with electronic evidence material". The purpose of this project is to highlight the most important elements necessary for the proper and efficient functioning of the Department of digital forensics, and to introduce the following: control system when working with electronic evidence material; electronic control system for managing electronic evidence material (reception, recording and prioritization); a security system for protecting electronic evidence material; system storage and archiving of electronic evidence and its analysis; new and upgrading old forensic analysis tools. The project is in amount of EUR 760,000, out of which EUR 160,000 are nationally co-financed.

### 3.24.7 FIGHT AGAINST TERRORISM

#### *Current situation*

A new Law on Prevention of Money Laundering and Terrorist Financing <sup>193</sup> has been adopted. The law implements the recommendations made in the Report of MONEYVAL Committee after the conducted evaluation within the 4th round of evaluation - system for prevention of money laundering and terrorist financing. Also, the law implements the recommendations of the FATF.

A new systematisation of the Intelligence Agency that regulates the organisational structure, conditions of employment and performance criteria for appropriate jobs, and expanding the number of jobs for performing tasks in relation to rising global threats, illegal migration and terrorism has been adopted.

The adoption of the new systematization of the Ministry of Interior, in the Public Security Bureau, in the Department for Suppression of Organised and Serious Crime a Unit has been established for serious crime and terrorism whose authority is conducting criminal investigations of crimes related to terrorism.

Trainings for the employees in SCD have been continuously conducted.

#### *Short term priorities*

##### *Legal framework*

The adoption of the Law Amending the Criminal Code is envisaged to align it with the Council Framework Decision of 13 June 2002 on combating terrorism (2002/475 / JNA) and the Council Framework Decision (2008/919 / JNA) from November 28, 2008 and the Additional protocol to the Convention against terrorism of the Council of Europe on 19 May 2015.

A National Strategy for Combating Terrorism for the period 2016-2019, which will define the future measures to combat terrorism will be adopted. An Action Plan for implementation of the National Strategy will also be adopted.

Accession to the Additional Protocol to the Convention on the Prevention of Terrorism of the Council of Europe on 19 May 2015 has been planned.

A National Assessment of risk of money laundering and terrorist financing (NRA) and the Action Plan for implementation of measures and activities determined by the NRA will be adopted. NRA is implemented in order to meet the Recommendation 1 of the FATF. HPA is a complex process within which the risks of money laundering and financing of terrorism are identified and evaluated, the main sources and risk factors are analyzed in order to develop policies, measures and allocation of resources based on assessed risk to eliminate, reduce and mitigate the risks identified in the

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<sup>193</sup> "Official Gazette of the Republic of Macedonia, No. 130/14

most efficient manner. The ultimate goal of this process is to maintain an effective system based on risk prevention of money laundering and terrorist financing.

This project is based on methodology set by the World Bank, by the competent institutions and entities involved in the system for prevention of money laundering and terrorist financing, coordinated by the Financial Intelligence Unit.

#### **Institutional framework**

Deepening cooperation with:

- NATO, i.e. NOS (NATO Security Office), ILU (Intelligence Liaison Unit) and Terrorist Threat Intelligence Unit (TTIU);
- Committee for Combating Terrorism of the Security Council established by the UN Resolution 1373 (2001) adopted shortly after the terrorist attacks on the United States since September 11, 2001;
- EUROPOL, EUROJUST, SECI, INTERPOL;
- Radicalisation Awareness Network (RAN)<sup>194</sup> European counter-terrorism center within the Unit of Internet reference to the EU<sup>195</sup> for fight against terrorist propaganda and violent extremism on the Internet

Active participation in the Conference of the intelligence services of the SEE (SEEIK) and the Central Conference (MEC).

#### ***Medium term priorities***

A Law on protection of critical infrastructure will be adopted in accordance with Council Directive 2008/114 / EC on the identification of the European Critical Infrastructure and the assessment of the need to improve their protection.

A new Law on Intelligence Agency will be adopted in terms of its compliance with the more normative and legal acts already adopted in the Republic of Macedonia and will regulate multiple segments of the work of AP (democratic control and supervision, protection of classified information, status, rights and powers of employees, labor relations, international cooperation, etc.).

A Law on ratification of the International Convention for the Protection of all Persons from Enforced Disappearances will be adopted.

Based on the conclusions from the National Risk Assessment for money laundering and financing of terrorism, a National Strategy for Combating Money Laundering and Financing of Terrorism and the Action Plan will be prepared.

#### ***Programs and projects***

- Project: "Capacity Building for Prevention of Money Laundering and Terrorist Financing in the Republic of Macedonia" - for the promotion of democracy and the rule of law through the prevention and control of money laundering and terrorist financing in accordance with EU or other international standards, in cooperation with the Council of Europe, with the Financial Intelligence Unit, and as part of the project of South-eastern Europe. Its implementation will begin in 2016. The aim of the project is to improve the capacity of the system to prevent money laundering and financing of terrorism in the Republic of Macedonia.

### **3.24.8 FIGHT AGAINST DRUGS**

#### ***Current situation***

Although the overall legislation in the field of drugs is harmonised with the international standards, the country follows the challenges faced by the EU in terms of new psychoactive substances and handles appropriately.

In 2015, successful efforts have continued in the fight against drug crime at a national and international level. Departments of the Ministry of Interior and Customs Administration implemented their activities, in cooperation with Europol, Interpol, the World Customs Organisation, as well as all other relevant international institutions.

Combating illicit drug trafficking as one of the priorities of the new National Drugs Strategy 2014-2020, in the section of reducing the supply of drugs is successful. Implementation of successful operations against organized crime groups involved in drug smuggling, operations to cut international channels, an increase of seized drugs, eliminated organizers of criminal groups are just some of the results of police services.

#### ***Short term priorities***

##### **Legal framework**

In order to harmonise the national legislation with the Council Decision 2005/387/JHA on the exchange of information, risk analysis and control of psychotropic substances in 2015, Law Amending the Law on Control of Drugs and Psychotropic Substances will be adopted. The new EU measures which are in procedure of adoption will be taken into consideration respectively.

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<sup>194</sup> RAN (Radicalisation awareness network);

<sup>195</sup> European Union Internet Referral Unit (EU IRU)

### **Institutional framework**

In order to effectively tackle the trafficking of drugs, implementation of parallel financial investigations targeting organised crime groups, whose additional objective is the prevention of money laundering acquired through drug trafficking has been envisaged.

Efforts will be undertaken to improve the cooperation with national and international relevant institutions through exchange of information and profiling of organised criminal groups, and participating in all international operations.

The so called designed drugs will be identified as new form of psychoactive substances.

### ***Medium term priorities***

The adoption of an Action Plan for the period 2017-2020, pursuant to the National Strategy for Combating Drugs has been envisaged.

## **3.24.9 CUSTOMS COOPERATION**

### ***Current situation***

The capacities for intelligence have been improved by consolidating electronic intelligence database and the implementation of the Guidelines for its use.

The standards of the World Customs Organisation to strengthen security and trade regime have been implemented, by adopting three strategies, supported by action plans, as follows:

- Strategy to prevent illicit trafficking in narcotics, things that endanger human health and
- Strategy to prevent illicit firearms trafficking.
- Strategy for the Protection of Intellectual Property Rights

In this way, the operational capacity and control, as well as the application of laws in the area of the Control and Investigation Sector within the Customs Administration have been improved.

### ***Short term priorities***

- Promotion of the cooperation through the Sector for International Police Cooperation - Department of National Central Bureau for exchange of information for suspects involved in criminal activities.
- Enhancement of the cooperation at the regional level through the exchange of information in real time through common contact centres with neighbouring countries, promoting cooperation at the international level by intensifying cooperation with all institutions and organisations through the exchange of information, participation in working groups on specific areas of criminality as well as through participation in all international operations and projects.

### ***Medium term priorities***

In order to facilitate the accession to the Convention on the use of information technology for customs purposes, further development of IT systems within the Sector for Control and Investigations is ongoing.

The amendment of the relevant internal regulations will continue in order to access to the Convention on mutual assistance and cooperation between customs services.

## **3.24.1 0 COUNTERFEITING OF THE EURO**

### ***Current situation***

Institutions responsible for combating euro counterfeiting (Ministry of Interior, Public Prosecutor's Office and the National Bank of Macedonia) became members of the International Group for combating euro counterfeiting. During 2015, a network of experts from the police and central banks "Balkan Network for Euro Protection<sup>196</sup>" was created, which began with an exchange of ALERT messages, with the expectation that the cooperation and exchange of information will intensify in the future.

Access is provided to all Sectors for internal affairs within the Ministry of Interior to the database on counterfeit money, which is managed by the Central Office.

Central Investigation Office in the field of combating counterfeiting money will be strengthened with technical equipment.

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<sup>196</sup> „Balkan network for euro protection“

### *Short term priorities*

#### **Legal framework**

Signing of Cooperation Agreement with the European Central Bank for banknotes and the National Bank of the Republic of Macedonia.

Initiation of signing the Agreement on cooperation against counterfeiting of euro coins with the European Commission for coins and the National Bank of the Republic of Macedonia.

#### **Institutional framework**

Establishment of the upgraded facilities within the Bank that integrates two modules for keeping records of counterfeit of money.

Providing an external access to the Central Investigation Office in the field of combating counterfeiting money to the database on counterfeit money in the Central Bank.

The Central Investigation Office will conduct an analysis on the functioning of the established database for counterfeit currencies and will prepare recommendations for its better use, as well as analysis of the shortcomings in the functioning of the Central Investigation Office in the field of combating counterfeiting money and drafting recommendations for improved efficiency and enhanced cooperation.

Conducting systematic coordinated training for the personnel of the Central Investigation Office in the field of combating counterfeiting money NBRM, Customs Administration, the Financial Police and the Ministry for Interior to recognise counterfeit currency and using the database for counterfeit money.

### *Medium term priorities*

#### **Legal framework**

Signing of the Agreement for cooperation against counterfeiting of euro coins of the European Commission and the National Bank of the Republic of Macedonia.

Amendments to the Criminal Code in order to align the act of crime "counterfeit money" with the Council Framework Decision (2000/383/JHA) of 29 May 2000 on increasing protection by criminal penalties and other sanctions against counterfeiting.

#### **Institutional framework**

Developing methodologies (Standard Operating Procedures - SOP) on the functioning of the Central Investigation Office in the field of combating counterfeiting money and use of the database for counterfeit money.

Connecting all institutions<sup>197</sup> through NCC, with the database for counterfeit money established in the Ministry of Interior.

#### **Programs and projects**

Project IPA 2010 - Further strengthening the institutional capacity of the police service (Component 3: Strengthening the capacity to fight against financial crime and computer crime). The value of the project is EUR 1,750,000.00 out of which EUR 175.000.00 by national funding. Duration of the project is 2014-2016.

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<sup>197</sup> Customs Administration, Financial Police and the National Bank of the Republic of Macedonia.



## 3.25 SCIENCE AND RESEARCH

### *Findings and priorities of the 2015 EC Report*

There is a good level of preparation in the area of science and research. Good progress was made with respect to actions on innovation, and with initial and active participation in the EU Research and Innovation Programme "Horizon 2020". In the coming years, the country should focus on:

- actions to strengthen the research capacity in line with the European Research Area;
- increasing the level investment in research in particular by the private sector.

#### *Summary*

*In the research policy, a priority will remain to adopt and implement the National Programme for Higher Education and Science and Research Activity 2016-2020, as well as to continue with the implementation of the Innovation Strategy 2012-2020. The country will actively implement the measures foreseen in the Regional Development and Research Strategy for Innovation for the Western Balkan countries.*

*As regards using the possibilities of the Framework Programme "Horizon 2020", the priority is to increase the participation of SMEs and to use the activities Marie Skłodowska Curie. The promotion of the programme by national contact points will be intensified in order to animate the scientific and business community and to increase the number of successful applications.*

*The country will continue with the activities of integrating into the European Research Area (ERA) by strengthening the contribution of Macedonian representatives in the higher working bodies of ERA, by strengthening its collaboration with the EU Joint Research Centre, as well as through developing the bilateral and multilateral cooperation and activities for encouraging the mobility of researchers.*

#### 3.25.1 RESEARCH POLICY

##### *Current situation*

A draft-version of the National Programme for Higher Education and Scientific and Research Activity 2016-2020 was prepared. In accordance with the amendments to the Law on Scientific and Research Activity and the Law on Higher Education, new National Programme for Higher Education and Scientific and Research Activity (2016-2020) needs to be adopted. This Programme will lay down the objectives, contents and scope of activities in the area of higher education and science, the necessary research infrastructure, the way of funding the scientific and research activity, the human resources in the area of science and higher education, as well as the indicators of success of the scientific and research activity.

In accordance with the Law on Innovation Activities, a Fund for Innovation and Technological Development (FITD) was established and its work is related to financing, preparation, implementation and development of programmes, projects and other activities related to the implementation of innovation policy. The main activity of the Fund is to promote and encourage the innovation activities and improved access to finance for innovation and technological development. The Fund provides financial assistance through four instruments: co-financed grants for newly established companies: start-up and spin-off; co-financed grants and conditional loans for commercialisation of innovation; co-financed grants for transfer of technologies and co-financed grants for the establishment, operation and investment of business-technology accelerators. The financial assets for the above instruments, in the amount of approximately 9 (nine) million euros are provided through a loan from the World Bank under the project "Skills Development and Innovation Support Project". The Fund is in charge of providing financial support through the instrument for technical assistance, schemes for co-investment with investors and investment funds, and to establish a Fund for equity and mezzanine investments.

The successful implementation of the Innovation Strategy 2012-2020 continued and it is followed by the Subcommittee on innovation and entrepreneurship. The preparation of the Draft Action Plan for the period 2016-2018 for the implementation of the Innovation Strategy 2012-2020 is in the final stage, and it was prepared on the basis of information received from all relevant institutions.

As part of the Strategy of Innovation Activity 2012-2020, the Ministry of Education and Science (MES) initiated the establishment of the National Office for Technology Transfer (NOTT), as a first institutional partnership based on triple helix. Its establishment and operation will be supported by the project "Skills" of the World Bank.

The country continues to strengthen the regional cooperation through implementation of measures and activities provided in the Regional Scientific and Development Strategy for Innovation concerning the Western Balkans countries.



One of the activities is the establishment of a Centre for its implementation, i.e. WISE <sup>(198)</sup> Centre. Namely, within the Regional Ministerial Conference, the Agreement for the Centre for Research and Innovation in the Western Balkans-WISE was signed by the ministers responsible for policies in the area of research and innovation of the Western Balkan countries. The agreement regulates the establishment, mission and activities of the WISE- Secretariat. The WISE-Secretariat is an international, non-profit organisation owned by the countries signatories. Its role is to strengthen the regional research and innovation system by providing support, information and recommendations to the countries signatories and to strengthen the cooperation in the area of research and innovation at regional, international and European level.

Another activity arising from the Regional Scientific and Development Strategy for Innovation of the Western Balkans countries is the preparation and the adoption of the Regional Programme on Network of Excellence. The Regional Programme on Network of Excellence is the second of the four programmes provided for in the Regional Scientific and Development Strategy for Innovation of the Western Balkans countries. This programme aims to enhance the visibility and the relevance of research and its use by creating a critical mass of resources (human, physical and financial) needed in order to generate top results at world level in selected areas and to make an impact at local level. Certain joint programmes of activities will be financed through the programme, and they will be composed of a sequence of integrated activities describing the way partners will cooperate in view of mutually complementing each other and developing mutual specialisation, by building their strengths and minimising their weaknesses.

The project "Translation of 1000 Professional Scientific Books and Textbooks, that are used on the most well-known universities in USA and England, in the area of law in France and Germany", was successfully realised. The total number of translated editions, available to the public, is 919.

There is a continuous accreditation of the laboratories installed in the area of information science, technical-technological, medical, natural sciences and mathematics, biotechnical, social and human sciences as well as in the area of security within the project "Equipping of Laboratories for Scientific, Research and Applicative Activity".

In view of providing financial assistance to young scientists and researchers, Calls for awarding scholarships in the academic year 2015/2016 are announced for:

- postgraduate scholarships abroad (11 full scholarships were awarded)
- graduate and postgraduate scholarships on the Film and TV School of the Academy of Performing Arts (FAMU) in Prague, Czech Republic (no applications were submitted)
- studies of third cycle (PhD) abroad (no scholarships awarded)
- postgraduate scholarship at PSI Film Institute, Film Academy - Ohrid
- graduate and postgraduate scholarship for studying old Turkish (Ottoman) language in some of the world's universities (4 scholarships awarded)
- scholarships for part-time two-year postgraduate studies (master) within the executive business administration (MBA) programme in the City College in Thessaloniki, within the University of Sheffield, Great Britain (20 scholarships were awarded)

On the basis of the announced Call for awarding non-recurring funds for publishing scientific and research work from domestic authors in international scientific magazines with impact factor for 2014 <sup>(199)</sup>, 206 out of 344 registered papers, for which the Commission finds that fulfil the requirements of the Call, were approved to be funded with an amount of 30.000,00 MKD per paper.

A Call for awarding non-recurring funds for publishing scientific and research work from domestic authors in international scientific magazines with impact factor for 2015 was published. Call has been announced for awarding non-recurring funds intended for creative activities realised in 2014 by teachers and associates in higher education institutions, i.e. scientific institutions in the area of art, architecture, drama, music, film and literature, and the call will remain open until 31.12.2015.

### *Short term priorities*

- Adoption of the National Programme for Higher Education and Scientific and Research Activity, 2016-2020.
- Implementation of the activities within the National Programme for Higher Education and Scientific and Research Activity.

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<sup>198</sup> Centre for Research and Innovation of the Western Balkans - WISE (WISE-Western Balkans Innovation Strategy Exercise Facility)

<sup>199</sup> impact factor

- Continuation of the activities foreseen in the project "Translation of 1000 Professional Scientific Books and Textbooks, that are used on the most well-known universities in USA and England, in the area of law in France and Germany".
- Providing financial assistance to young scientists and researchers.
- Awarding non-recurring funds for published work in magazines with an impact factor.
- Awarding non-recurring funds intended for creative activities.
- Further implementation of the instruments for financial assistance of the FITZ.

#### *Medium term priorities*

- Continuation of the implementation of the measures and activities foreseen with the National Programme for Higher Education and Scientific and Research Activity.
- Continuation of the realisation of the activities foreseen in the project for "Supply of Scientific and Research Equipment for Public Scientific Institutes and State Universities".
- Continuation of the activities foreseen in the project "Translation of 1000 Professional Scientific Books and Textbooks, that are used on the most well-known universities in USA and England, in the area of law in France and Germany".
- Implementation of the measures and activities foreseen in the Strategy for Innovations 2012-2020.
- Implementation of the measures and activities foreseen in the Western Balkans Regional Development and Research Strategy for Innovation.
- Expanding of the opportunities for financing innovation and technological development by designing new instruments for financial assistance to the FITZ.

### 3.25.2 FRAMEWORK PROGRAMMES

#### *Current situation*

The administrative capacity of MES is strengthened by establishing the Department for European framework programmes for research and development.

In cooperation with the national contact points, action plan was implemented to promote the programme "Horizon 2020", with special emphasis on SMEs and the mobility of researchers.

Numerous info-days, seminars, workshops were held about using the opportunities offered by the Horizon 2020 programme. These events are organised independently and together with the European Commission, the Economic Chamber of Macedonia (ECM) FITZ, NGOs etc.

#### *Short term priorities*

- Revising and strengthening the network of national contact points. Realisation of activities for giving information to scientific and research community and to the business community, independent researchers and local self-government regarding the Framework Programme Horizon 2020 (info events, workshops, institutional and individual informative and consultative meetings).
- Coordination of the activities of the national contact points.
- Realisation of activities for increasing the exploitation of the Marie Skłodowska Curie actions (mobility).
- Increasing the number of applicants of draft projects within the Framework Programme Horizon 2020.

#### *Medium term priorities*

- Continuation of the activities for raising the awareness regarding the opportunities offered by the Framework Programme Horizon 2020 and the level of readiness and training of scientific and business community for participation in the Programme.
- Activities on increasing the participation in the Framework Programme Horizon 2020, regarding the number of applications, as well as the approved projects.
- Continuous dissemination of information on Horizon 2020 in order to provide more information and transparency for the opportunities offered by the programme with special emphasis on the current calls.
- Continuous collaboration with the network of the European Informative and Innovative Centre in the Republic of Macedonia (EIICM) (network of business opportunities).

### 3.25.3 EUROPEAN RESEARCH AREA (ERA)

#### *Current situation*

The country, through nominated representatives in the Higher Bodies of European Research Area (ERA) participate in the activities within (ERAC, ESFRI, SGHRM, JRC) <sup>200</sup>.

Also, part of the members in the programme committees of the priority areas of Horizon 2020 participated in the work of the committees.

Particular emphasis is placed on enhancing the mobility of researchers through the implementation of activities on promoting the EURAXESS – European network for researcher's mobility.

The cooperation with the Joint Research Centre of the EU (JRC) continued with the activities for expansion and integration (borrowed national experts <sup>(201)</sup>, study visits, workshops, seminars).

Within the Programme for Cooperation in Science and Technology (COST), during 2015, Macedonian researchers have participated in 133 active actions in the area of biomedicine and molecular biosciences, food and agriculture, forestry, materials and nanoscience, chemistry and molecular sciences and technologies, information and communication technologies, transport, multidisciplinary sciences, social sciences, culture, health.

Within the cooperation with the International Atomic Energy Agency (IAEA), the project activities of 2 national projects, approved by the Agency within project cycle 2014-2015, were implemented.

The second phase of the approval process of the national projects for the new project cycle 2016-2017 was completed and the Boards of Governors of the IAEA approved 2 projects.

The realisation of the National Project on Establishing a PET Scan Diagnostic Centre continued, within which IAEA will provide free expert assistance, staff training and equipping of the radiopharmaceutical laboratory for producing short-lived radioactive isotopes and radiopharmaceutical preparations. Also, the country actively participates in events organised by IAEA within the 20 regional projects of the project cycle 2014-2015, through which around 50 scholarships for training are realised annually.

Within the published call for submission of draft projects within the UNESCO's Participation Programme for the period 2014-2017 in the area of science, education, culture and environment, and in accordance with the criteria of the programme, out of a total of 4 submitted projects, 1 project in the area of education and 2 projects in the area of culture and environment were accepted by UNESCO.

Within bilateral cooperation, the MES realised a number of activities including:

- Implementation of the existing agreements with Slovenia, Croatia and Montenegro.
- Agreement on Cooperation in the area of education, science and technology was signed with the Government of the Republic of Serbia.
- Programme was signed with the Ministry of Science, Education and Sports of the Republic of Croatia in the area of science, technology and education for the period 2015 - 2018.
- Protocol on scientific and technological cooperation was signed with Montenegro for the period 2016-2017.
- Agreement on cooperation was signed in the area of education and science with the Council of Ministers of the Republic of Albania.
- Agreement was signed in the area of education and science with the Government of the Republic of Kosovo.
- The text of the Agreement on cooperation in the area of science and technology with the Government of the Republic of Turkey is being harmonised.
- Memorandum of Understanding in the area of higher education was signed with the Council for Higher Education of the Republic of Turkey.
- Calls for co-financing of joint research projects with the People's Republic of China and Austria for the period 2016-2018 were announced.
- The draft text of the Agreement on cooperation in the area of science and technology with the Ministry of National Education of Romania is being harmonised.
- The draft agreement on cooperation in the area of education and science with the Ministry of Education of the Republic of Moldova is being harmonised.
- The Memorandum of Understanding on cooperation in the area of research and innovation with the Slovak Republic is being harmonised.
- The text of the Agreement with the Government of People's Republic of China on mutual recognition of documents for education and academic degrees is being harmonised.

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<sup>200</sup> ERAC – European Research Area Committee

ESFRI – European Strategic Forum for Research Infrastructures

SGHRM – Steering Group on Human Resources and Mobility

<sup>201</sup> seconded experts

- The text of the Memorandum of Understanding with the Ministry of Education of the Federal Republic of Nigeria on cooperation in the area of education and science is being harmonised.
- The Agreement on cooperation in the area of education and culture with the Government of the United Mexican States is being drafted.
- The proposal to the Agreement on cooperation in the area of industrial research and development with the Government of Israel is being harmonised.
- A procedure for starting cooperation with the Kingdom of Saudi Arabia, State of Kuwait and the United Arab Emirates was initiated.

#### *Short term priorities*

- Review of the list of members of the programme committees of the Horizon 2020 priority areas.
- Increasing the contribution of nominated members of the programme committee and higher bodies of ERA.
- Implementing the activities foreseen in the Memorandum of Understanding with the JRC.
- Implementation of priorities provided in the Western Balkans Regional Development and Research Strategy for Innovation.
- Encouraging the mobility of researchers through EURAXESS network for mobility of researchers.
- Continuation of activities and participation dynamics in the programmes COST and IAEA.
- Signing of Protocol of Cooperation in the area of education between the Ministry of Education and Science of the Republic of Macedonia and the Ministry of Education, Science and Sports of the Republic of Slovenia.
- Signing of Cooperation Programme in the area of education and science between the Ministry of Education and Science of the Republic of Macedonia and the Ministry of Education and Sports of the Republic of Albania.
- Signing of Cooperation Programme in the area of education and science between the Ministry of Education and Science of the Republic of Macedonia and the Ministry of Education, Science and Technology of the Republic of Kosovo.
- Signing of Protocol on the implementation of the cooperation between the Government of the Republic of Macedonia and the Government of the Republic of Turkey for organising the old Turkish education and training instructors.
- Initiating a procedure for negotiations for signing of a Memorandum of Understanding with the Kingdom of Saudi Arabia, the State of Kuwait and the United Arab Emirates.
- Initiating a procedure for negotiations for signing a Memorandum of Understanding with the Socialist Republic of Vietnam.

#### *Medium term priorities*

- Increasing the contribution of nominated members of the programme committees and higher bodies of ERA.
- Encouraging the mobility of researchers through EURAXESS network for mobility of researchers.
- Continuation of the activities foreseen in the Memorandum of Understanding with the JRC.
- Continuation of the activities and the participation dynamics in the specified programmes COST and IAEA, with a possibility to extend them.
- Signing of Cooperation Programme in the area of education and science between the Ministry of Education and Science of the Republic of Macedonia and the Ministry of Education, Science and Technological Development of the Republic of Serbia.
- Signing an Agreement on cooperation in the area of education and technology between the Ministry of Education and Science of the Republic of Macedonia and the Ministry of National Education of Romania.
- Signing an Agreement in the area of education, science and innovation between the Government of the Republic of Macedonia and the Government of the Republic of Moldova.
- Signing an Agreement on cooperation in the area of science and technology between the Government of the Republic of Macedonia and the Republic of Turkey.
- Signing an Agreement on mutual recognition of the documents for education and the titles between the Government of Republic of Macedonia and the Government of the People's Republic of China.
- Continuation of the activities for encouraging mobility of researchers through the EURAXESS – network for mobility of researchers.

## 3.26 EDUCATION AND CULTURE

### *Findings and priorities of the 2015 EC Report*

The Republic of Macedonia is moderately prepared in this area, and some progress was made in the past year. Improvements were seen in pre-school education and on early school-leavers. Children from non-majority communities and children with special needs continue to face barriers in access to quality education. Participation in the EU's Creative Europe programme has made an important contribution to the country's cultural activities locally and regionally. Far-reaching reforms of the education system were put on hold following large public protests.

Priorities:

- reform teacher training aimed at improving the basic and transversal skills at basic levels of education;
- evaluate the implementation of reforms in the education sector from 2005 to 2015;
- develop a new strategic framework for education, linking all reform processes and involving a wide range of stakeholders.
- Increase the opportunities for the children from rural areas, from non-majority communities and with disabilities.
- Adapt the educational programmes to the demands of the labour market.

### *Summary*

*In the area of pre-school education, the Ministry of Education and Science in coordination with the Ministry of Labour and Social Policy will focus on the process of increasing the number of places in pre-school education facilities, as well as improving the situation for the children from rural areas, from non-majority communities and with disabilities in pre-school education.*

*Reforms are planned in terms of teacher training aimed at improving the basic and transversal skills at basic levels of education and to increase the number of marginalised children in quality and inclusive early learning and education by implementing two-year action plans for 2016-2017 and 2018-2020.*

*Directorate for development and promotion of education in languages of the members of communities continues its activities under the programme of mentoring and tutoring of Roma pupils and students until 2018.*

*In 2017, after the preparation of the report on the international study PISA 2015 at the end of 2016, reforms will be brought in terms of training of teachers of the relevant subjects.*

*In order to prepare the young people for an easy transition from education to the labour market, reforms will start to be implemented in 2016 to complete the modernisation of the two-year and three-year vocational education and the modernisation of the technical vocational education, as well as analysis of the legal structure of post-secondary education. The start of the Skills observatory (SO) is foreseen in 2016 as a web platform in order to provide information relating to the programmes offered by the higher and secondary vocational education and adult education, as well as information about the labour market and the offer of trainings.*

*The reforms in the higher education are directed towards a new model of financing of higher education and the implementation of external evaluation of the higher education in the country.*

*In 2016, the adoption of a new strategic framework for education is envisaged: Comprehensive education strategy 2016-2020.*

*In 2016, the implementation of the IPA TWINING project Support for the implementation of the National Qualifications Framework will start and it is planned to further develop the NQF.*

*The participation in the programmes of the Union Erasmus +, Europe for Citizens, and the participation in the programme Creative Europe and sub-programme MEDIA continued.*

### 3.26.1 EDUCATION, TRAINING AND YOUTH

#### *Current situation*

**Preschool:** The Programme for developing the activity of children protection provides for increasing the capacity for care and education of preschool children; so far a total of 63 public institutions for children with 199 facilities and 29 groups in other premises were opened, 12 centres for early childhood development within the public institutions for children, 4 centres established by the municipality, 6 private centres and 25 private kindergartens. The coverage for children aged 0-6 years in all institutions for children is 37121 (26.4%), while for children aged 3-6 years, it is 27929 (39.5%) of the coverage of children in the country. Within the system of child protection, in 2015 the "Programme for early learning and development of children with disabilities" was adopted.

**Education:** The Ministry of Education and Science has undertaken measures to create a new comprehensive education strategy 2016-2020 through analysis of the implementation of the National Programme for Education Development 2005-2020. The programmes for teacher education of mathematics and language in first and second cycle of primary

education and the new programmes Cambridge for the second cycle of primary education were harmonised. In order to ensure better implementation, the BDE organised training for all class teachers of 1<sup>st</sup> to 5<sup>th</sup> grade and those teaching mathematics and science in 6<sup>th</sup> grade. The work of 15 regional learning teams that provide support to teachers in applying new approaches to teaching the mother tongue and mathematics continued.

Roma: Providing scholarships to Roma pupils continued. For the academic year 2014/15, 603 scholarships were awarded to students in 5 categories and grants for 94 mentors.

The State Examination Centre (SEC) realised several activities of which the most important are as follows: the testing PISA and the state exam that was conducted in accordance with the Concept for state graduation, school graduation and final examination in the public secondary education, where out of the registered 17,643 students, 15,840 students graduated high school.

The State Education Inspectorate, in the period from October 2014 to September 2015, conducted 172 integral evaluations in primary and secondary schools. During this period, 10,500 inspections in educational institutions were conducted.

Vocational education: All necessary steps were undertaken to initiate reforms at all levels of secondary vocational education (TVET 2 and 3-year vocational education). Also, in cooperation with UNDP, a Concept for the primary education of adults was developed. At the same time, in cooperation with the ETF, a Concept for non-formal education and informal adult learning in the Republic of Macedonia was developed. So far, 153 programmes for non-formal education and 47 institutions were verified.

Higher education: A total of 12026 students were enrolled in the academic year 2015/2016 in first year- first cycle of studies on public higher education institutions. Also, the project 30/35 continues and within the project a total of 670 vacancies are provided. A total of 84 higher education qualifications obtained abroad were recognised. Regarding the social dimension, the students who study two parallel study programmes are exempted from paying for one of them. By decision of the Government of the Republic of Macedonia, the costs of the studying at state universities were reduced.

National Qualifications Framework: In 2015, the process of implementation of the National Qualifications Framework started through the following key activities: the Law on NQF entered in force and the National Committee for qualifications was established, two sectors for qualifications of priority for the economic development of the country are being developed (IT and Tourism, inventory of existing qualifications was made, as well as analysis of several qualifications of four year education with the possibility of involvement of existing qualifications of four year vocational education in the NQF. The Report for Referencing of NQF with EKF continuously was worked.

Programmes of the Union: In order to inform the users about the possibilities and conditions for application within the call for Erasmus+ 2016, more info - days were realised by the National Agency for European Educational Programmes and Mobility. The funds available to the country amount to 4.7 million euros, which is 15 percent more than the funds in 2015.

The Ministry of Education and Science as a national authority for Erasmus+ selected an independent audit body which conducted a review of the work of the National Agency for European Educational Programmes and Mobility (National Agency) regarding the implementation of the Erasmus + in 2014. The entry ticket was paid for the participation of the country in all internal and external actions of Erasmus + in 2015. The report on the implementation of Erasmus + in the period between 01.01.2014 and 31.10.2015 was submitted to the Directorate General for Education and Culture.

In 2014, the country and the European Commission signed an Agreement for participation in the Programme "Europe for Citizens" 2014-2020. In 2015, 5 projects were approved in total and project beneficiaries and participants are organisations from the country.

The Youth and Sports Agency coordinates and monitors the process of creating local youth strategies and local youth councils in several municipalities in the country.

So far, local youth strategies are adopted in the municipalities of Prilep, Kisela Voda, Tetovo, Gostivar, Kavadarci, Stip, Sveti Nikole, Radovis, Bitola, Tearce, Caska and Gostivar; the process of creating local youth strategies in Gazi Baba and Butel has started as well.

In the period 2014-2015, 30 local youth councils were established in 30 municipalities.

In 2015, 500 scholarships "Sports Hope" for young, talented athletes were awarded.

### ***Short term priorities***

#### **Pre-school education**

In the area of pre-school education, with the aim of further promoting, improving and preserving the health and encouraging the intellectual, emotional, physical, mental and social development of children up to 6 years of age, the Ministry of Education and Science in coordination with the Ministry of Labour and Social Policy in 2016 will invest in the construction of kindergartens and adaptation and reconstruction of existing facilities in kindergartens, and this will continue the implementation of the measure of the Government "40 new kindergartens, facilities and groups in other premises" which started in 2014 and which should be completed by 2017. Also, with the support of UNICEF, the activities for electronic connection of public institutions for children with the Ministry of Labour and Social Policy will continue as regards

keeping pedagogical records and documentation and implementation of programme activities; there will also be activities for providing the opportunity for electronic application for enrolment of preschool children in public institutions for children.

### Education

In terms of adopting a comprehensive Education Strategy 2016-2020, the National Programme for the Development of Education 2005-2015 will be analysed by an independent working group, and the recommendations of the project Evaluation of the support in the area of equal access to quality education with recommendations for future support and development will be taken into consideration. Also, support within IPA Component 4 was provided: Technical assistance for the preparation of a comprehensive Education Strategy 2016-2020.

### Primary and secondary education

The Bureau for Development of Education will continue to:

Performing continuous expert visits and advisory-professional visits of teachers and school support staff in primary and secondary schools, according to a previously defined schedule of visits, and will inspect the planning of teaching by teachers and will have a direct insight in the realisation of teaching (visit during the teaching hours) as well as consultative meetings in order to promote the teaching process.

It is planned to adapt the curricula in mathematics, biology, chemistry and physics in VII to IX grade in primary schools in collaboration with the Cambridge International Examinations (Great Britain). It is also planned to organise trainings for teachers and to monitor the application of the adapted curricula in collaboration with the Cambridge International Examinations.

According to the conducted "Research as regards the implementation of the new adapted curricula for children with special needs in primary education", it is planned to review the recommendations of the research that will lead to improving the situation of children with special needs in the country. Expert and advisory support is planned for inclusive education of vulnerable groups of pupils and all schools involved in the Programme mathematics with thinking and Language Literacy in the first cycle of education. The support consists of organising trainings, publishing manuals/professional literature, evaluation and monitoring. The following types of activities are also planned: training of teachers for inclusive education modules; training of teachers for formative assessment of students with learning difficulties; training of professional staff for conducting action research in order to explore their own educational practice, by using research techniques and reflection through which they evaluate and improve their work; active participation of the members of the working groups/committees/projects related to inclusive education.

Improving the basic and transversal skills of teachers in basic education levels laid down by the adopted amendments to the Annual programme for professional development of teachers in primary and secondary schools.

The Directorate for development and promotion of education in the languages of the members of communities continues its activities under the programme of mentoring and tutoring of Roma pupils and students until 2018.

Analysis of enrolment, monitoring of development and withdrawal of pupils from special primary and secondary schools is planned, aimed at increasing opportunities for children with special educational needs,

With the new announcement "Scholarships, mentoring and tutoring of Roma secondary school students 2015/16", 671 scholarships are planned, also in 5 categories (4.5-5,00; 3.50-4,49; 3.00-3.49; 50 scholarships for Roma secondary school students with special educational needs with the highest average and in the fifth category there are 70 scholarships for students with an average of 2.00 -2.99 coming from five municipalities: Suto Orizari, Kumanovo, Stip, Prilep and Tetovo. This announcement provides for 127 places for mentors/tutors. Funds for all scholarships are provided by the Ministry of Education and Science, except for the last category (70 scholarships) and for the mentors, for which funds are provided by the REF.

Approval of new textbooks for the optional subject Language and Culture of Communities (Bosniaks- III, IV, V, VII, VIII and IX grade; Vlachs-VII, VIII and IX grade; Roma- VI, VII, VIII and IX grade).

In order to increase the number of Career Centres in the public secondary schools in the country, the Ministry of Education and Science will implement the "Training programme for career counselling" and the software **Battery of** instruments for professional orientation (BIPO) as a continuation of the work of the Education Development Center (USAID); also career centres in 15 secondary schools and career centres in three secondary schools for children with special educational needs are planned.

### Higher education



As regards **higher education**, the third consecutive ranking of accredited higher education institutions is planned, as well as starting the project within IPA Component 4 "Development of cooperation among higher education institutions, the private sector and relevant public bodies." Also, activities are planned as regards the new model of financing of higher education. Within the framework of the implementation of the Strategy for Innovation, a working group was established with representatives from MLSP, EARM, universities and others, to encourage the adaptation of existing study programmes and to develop new study programmes according to the labour market needs. The project is funded by the British Council. In order to improve the quality of data collection, special emphasis is placed on the database. An internal Rulebook that would regulate the collection, storage and disposal of data in the area of higher education will be prepared.

#### **Centre for Vocational Education and Training**

For modernisation of two-year and three-year vocational education and support of the system for **Adult Education**, in 2016, the realisation of the IPA project Enhancing lifelong learning through modernising the vocational education and training systems and adult education systems, will start. Purchase of educational equipment is planned for reformed curricula for two-year and three-year (connecting two procurements in one) under IPA Component 4.

Also, in support of the project for skills development and promotion of innovative activity, the process of modernisation of technical vocational education has begun according to the labour market needs. The project will provide a technical assistance in the process of reform and modernisation of four year technical vocational education and creation of new curricula.

At the beginning of 2016 the implementation of the programme for grants for vocational schools with the business sector will start.

Activities are in progress to establish the **Observatory skills (OS)** through which the Ministry of Education and Science will perform analysis of the adequacy of skills of students from vocational high schools in correlation with the labour market needs in order to enhance the curricula in accordance with the requirements of employers. The observatory of skills will be a web platform that will provide information regarding the programmes offered by higher education as well as vocational high schools and the adult education.

In 2016, the IPA Component 4 project on Supporting of the modernisation of the post - secondary education will start.

The following activities are planned by the Centre for Adult Education:

- Implementation of the concept of non-formal education and informal adult learning through the creation of the system for validation of non-formal and informal learning, in cooperation with the ETF;
- Implementation of the Concept for Primary Adult Education;
- Within the IPA project "Enhancing lifelong learning through modernising the vocational education and training systems and adult education systems", the following is planned: Preparing the Strategy for Adult Education 2016-2020; Developing and testing adult education programmes in accordance with the labour market needs; Strengthening the capacity of the local self-government to conduct an analysis as regards the labour market needs in view of adult education; Creating a model for the functioning of the public (municipal) institutions for adult education (Open civil universities for lifelong learning);
- Realisation of the Erasmus + project Support of policy development in adult education. This project is within the Action on national coordinators for implementation of the European Agenda for Adult Education. As a result of this project, a database for the needs of the AEC will be developed.
- Verification of the special programmes for adult education;
- Organisation of the curricula for Secondary Vocational Adult Education;
- Monitoring of service providers for non - formal and formal adult education;
- Continuation of the campaign for raising the awareness of the population as regards the opportunities for adult education;
- Participation in the Operating Plan for active measures and employment programmes of the GRM for 2015 in the measure 5.3. Training for addressing the in-demand jobs in the labour market
- Participation as a partner institution in the project Build up Skills II, Training of construction workers for energy efficiency

The State Examination Centre will start the implementation of activities in the framework of the IPA Component 4: Strengthening of the education system for quality assurance and control. According to the laws on secondary and primary education, the activities to implement the external evaluation of the achievements of students in primary and secondary public schools will continue. Also, the implementation of the activities of state graduation will continue.

The State Educational Inspectorate, in accordance with the Annual Work Programme for 2016, conducts regular, extraordinary and control supervision and integral evaluation in accordance with the Law on educational inspection. The purpose of the inspection supervision is to improve the quality of the educational process in the country by applying the existing legal provisions.

### National Qualifications Framework

In 2016, the following will be started:

- The implementation of IPA TWINING project: Support for the Implementation of the National Qualifications Framework comprising three components:
  - Review of the legislation and harmonisation with the Law on NQF.
  - Institutional capacity building for implementation of NQF
  - Developing skills and including them in the NQF
- Continuation of the project: Support of MES in the implementation of NQF including the employers
- Developing part of the Sectoral Committees for qualifications
- Presentation of the Report for referencing the NQF to the EQF of the Advisory Working Group on EQF in Brussels

### Programmes of the Union

*Ministry of Education and Science:*

- Selection of independent audit body and realisation of the external audit of the work of NAEPM in implementing Erasmus + in 2015 and 2016.
- Drafting Implementation Report of the Erasmus + in the period 01.11.2015-31.10.2016
- According to the Agreement for participation in the programme "Europe for Citizens" 2014-2020, promotional events are planned to use the opportunities offered by this programme.

### Youth and Sports Agency

- The project "Young Artists" which is being implemented in cooperation with the Faculty of Fine Arts to support talented young artists in 5 areas: painting, graphic design, sculpture, graphics and photography. Thereby, the Youth and Sports Agency awards 5 awards (in the amount of 40 000 denars) for the best works in these categories.
- The project "Young Poets" which is being implemented in cooperation with the Association of Writers of Macedonia to support and encourage creation by young people at the age of 15 to 29. Thereby, the Youth and Sports Agency awards three awards in the amount of 15 000, 10 000 and 5 000 denars.
- The project "Young programmers" which is being implemented in cooperation with the Faculty of Computer Science and Engineering" by organising local, regional and national competitions for high school students. Thereby, the Youth and Sports Agency awards cash vouchers for the purchase of equipment for the best young programmers.
- The project "Stop for the vices among the youth" which is being implemented in cooperation with the Red Cross of the Republic of Macedonia in primary schools in the country. So far, it was implemented in several municipalities in the City of Skopje and in the municipality of Struga.
- Campaign against hate speech, which is implemented through the National Committee against hate speech whose coordinator is the Youth and Sports Agency. The campaign against hate speech is an initiative of the Council of Europe, and it is being implemented in the country as of 2013.

### *Medium term priorities*

**Pre-school education:** The priority of the Ministry of Education and Science and the Ministry of Labour and Social Policy will focus on improving the coverage and quality of services for pre-school children coming from rural areas, non-majority communities and children with disabilities in pre-school education.

**Education:** The Ministry of Education and Science in the medium term plans to strengthen the capacities for implementation, monitoring and evaluation according to the new Education Strategy 2016-2020.

Also, as regards continuation and completion of the reforms in vocational high-school education and adult education in the medium-term it is planned to implement the third phase of the Conception of state graduation, school graduation and final examination in public secondary education, i.e. introducing three compulsory external exams within the state graduation for students of vocational high-school education as well as continuous development and improvement of programmes for graduation exam and the final exam.

The final Report of PISA 2015 in 2016 results will be used for planning of the reforms for teacher training for the relevant courses 2017-2018.

### Programmes of the Union

Erasmus +: Activities for payment of financial contributions (entry ticket) for the participation of the country in Erasmus + in 2017 and 2018

Selection of independent audit body and conduct of the external audit of the work of NAEPM while implementing Erasmus + in 2017 and 2018

Drafting a Report on the Implementation of Erasmus+ during the period between 01.11.2016 and 31.10.2017 and a Report on the implementation of Erasmus + in the period between 01.11.2017 and 31.10.2018

Participation of the country in the mid-term evaluation of the implementation of Erasmus+

Europe for Citizens: Promotion the opportunities for participation in the Union Programme Europe for Citizens 2014-2020 will continue.

### Youth and Sports Agency

In accordance with the current National Youth Strategy (2005-2015) and the priorities set out in the new National Youth Strategy (2016-2025), expected to be adopted by the Government in December 2015, the Youth and Sports Agency in the upcoming years will continue to implement the following activities:

- Establishing local youth councils, to encourage the participation and engagement of young people locally.
- Creating local youth strategies, with purpose to determine the needs of young people and to improve their situation;
- Campaign for youth information in cooperation with the Coalition of youth organisations SEGA. The campaign aims at raising awareness for youth information as regards young people, locally and nationally.
- Scholarships "Sports Hope" awarded to 500 talented young athletes in several sports disciplines.

## 3.26.2 CULTURE

### *Current situation*

According to the Agreement between the European Union and the Republic of Macedonia for participation of the country in "Creative Europe (sub-programme Culture)", a Unit for Creative Europe – sub-programme Culture within the Sector for European Integration at the Ministry of Culture was established as an information and advisory office responsible for implementing the sub-programme Culture at national and local level. Over 10 public events are realised, numerous individual consultations with the cultural operators from the country in order to provide technical assistance when preparing the project applications. Also, for the public events media promotion was provided.

The country is officially included in the sub-programme MEDIA of Programme Creative Europe (Ref. ARES (2015) 3111058 -27/07/2015).

### *Short/ medium term priorities*

Creative Europe: The Action plan for work of the Office for Creative Europe for 2016 was submitted to the Education, Culture and Audiovisual Executive Agency at EC and as soon as it is accepted, the Office of Creative Europe will continue to implement the activities listed in the action plan.

MEDIA: The implementation of the MEDIA sub-programme should start in January 2016 with the team that will be appointed by the Film Agency, in accordance with the action plan for the Office of Creative Europe (sub-programmes Culture and MEDIA).

## 3.27 ENVIRONMENT AND CLIMATE CHANGE

### *Findings and priorities of the EC Report 2015*

In the area of environment and climate change, the country is partially prepared. Some progress was achieved in the transposition of the *EU aquis*, in particular, generally in the horizontal legislation and air quality, as well as in the chemicals legislation. In the following years, the country should focus on:

- finalisation of the introduction of systematic strategic planning and start with implementation of the Indicative National Contribution to the Climate Agreement Paris in 2015;
- implementation of the national legislation and increasing the investments, especially in the areas of waste and water.

#### *Summary*

*In the next period, the country will continue with the process of harmonisation of the national legislation with the EU environment and climate change aquis, and will continue with its implementation. In terms of environmental investments, an assessment will be made of the investments required for implementation of the environmental legislation and efforts will be made to increase the investments. Also, in terms of administrative capacities for implementation of the environmental legislation at local and central level, the same will continue to be strengthened through appropriate trainings as well as through new employments in those sectors where it is most needed.*

### 3.27.1 HORIZONTAL LEGISLATION

In this area, the process of harmonisation of the national legislation with the EU aquis and adoption of all necessary strategic documents will continue. Assessment will be made of the investments required for implementation of the environmental legislation. A system of inspection will be established, which will be based on planning pursuant to established criteria for risk assessment.

Strengthening of administrative capacities in the area of environment at central and local level in different sectors will continue.

In the area of climate change, the main focus will be on incorporating policies on lower emission growth in other sectoral policies.

#### *Current situation*

In 2015, a draft Strategy on Environment and Climate was prepared, and it is in pending decision by the Government.

Within the ECRAN, a Progress monitoring of the level of transposition and implementation of the legislation in the area of environment will be conducted for the period from 1 April 2014 to 30 April 2015, within which tables of compliance and questionnaires for implementation of 68 EU measures and a Report on the level of transposition and implementation of the EU aquis in the area of the environment has been prepared.

A draft Law on Inspection in the environment has been drawn up in order to organise the inspection in the environment pursuant to the EU requirements within the twinning project "Strengthening of the administrative capacities at central and local level for implementation of the environmental legislation". Within the project, also other documents were prepared such as: proposals for improving the inspection system in the Republic of Macedonia, a long-term training plan and a training programme for inspection in the environment. It started with establishment of an electronic system for inspection activities. Also, a website of the State Environmental Inspectorate has been established.

<http://www.sei.gov.mk/>

Within the project "Strengthening of the capacities for implementation of the environmental legislation at local level", the following documents are in preparation: a Plan for communication and coordination, a Programme for administration reform at local level, a legal analysis of the legislation in the area of environment, which is being implemented at local level, in order to strengthen the administrative capacities at local level.

In 2015, continued the activities for conducting supervision on the work of a part of units of local self-government pursuant to the adopted Plan for Conducting Supervision for 2015. Pursuant to the adopted Plan in 2015, subject to supervision is conducting the procedure for approval of reports for the environment; procedure for issuing B integrated permits and conducting supervision pursuant to the Law on Waste Management.

The MoEPP is regularly collecting, processing and reporting of data and information obtained by the monitoring network for media in the environment and the areas - air, water, noise, soil and waste. The European Environment Agency (EEA) is regularly being reported on the environmental situation, where this year 81% of the total required data was delivered, and the country has a status of an associated member and is a part of the working groups of the Agency. Of a

particular importance is that in the Part 4 of the SOER 2015 of the EEA, the national chapter – Country briefing was developed, where a special emphasis was placed on the environmental situation in Macedonia.

Statistics on the environment 2015 published on [www.stat.gov.mk](http://www.stat.gov.mk) and an Annual report of processed data on the environmental situation for 2014, published on [www.moepp.gov.mk](http://www.moepp.gov.mk), were developed.

The Ministry of Environment and Physical Planning in cooperation with a NGO implemented activities provided for in the project "The right to know – now" during 2015. Within the project, three workshops on "The Protocol on Pollutant Release and Transfer Registers and obligations arising from it" were held, attended by representatives from the MoEPP, industry and non-governmental sector.

For implementation of the obligations of the Protocol on Pollutant Release and Transfer Register in 2015 the following was developed: a Study on the Protocol on Pollution Release and Transfer Register in the country (PRTR) and User Manual on Reporting on the Pollutant Release and Transfer Register. Training was held for the software management for reporting aimed at putting it into operation, pursuant to the requirements of the Protocol. A Strategy for implementation of the PRTR Protocol in the country was developed.

This year, a series of activities were undertaken aimed at updating the Environmental Cadastre including air, water and noise.

## CLIMATE CHANGE

The First Biennial Updated Report – FBUR on Climate Change was adopted by which inventories of greenhouse gas emissions were revised by the latest methodologies of the UN and additionally the manner of reporting was aligned with the EU legislation on climate change. It is placed on the website of the Secretariat of the UN Framework Convention on Climate Change and the Ministry. Thus, the Republic of Macedonia is the first country in the region and 111-th in the world to realise this obligation.

Within the FBUR on Climate Change, many analysis were made for the first time not only in the country but in the region and serve as good practices. Some of them have already been promoted at international level. An additional benefit that was analysed is the potential for opening new jobs by 2030.

A project task was developed for development of a Law on Climate Action and a long-term Strategy for Climate Action.

Amendments were made to the Law on Environment that created a legal basis for institutionalization of the reporting system. It will contribute to integration of the system for collecting and managing the data for development of national inventories of greenhouse gas emissions in the national inventory system.

The country submitted the Intended Nationally Determined Contribution (INDC) to the UN Framework Convention on Climate Change (UNFCCC). The document made the following contribution to the global efforts for reducing greenhouse gas emissions: emissions of carbon dioxide to be reduced from fossil fuels combustion for 30%, i.e. for 36% at higher level of ambition, by 2030 in terms of the reference scenario. Emissions of carbon dioxide from fossil fuels combustion cover almost 80% of total greenhouse gas emissions with a dominant participation of the sectors: energy supply, buildings and transport. Activities for development cover conducting a series of consultations and maintaining targeted workshops with representatives of various stakeholders and the civil society. Also, the draft of the document was publicly available on the website of the Ministry.

The first version of the Greenhouse Gases Monitoring Plan at annual level regulates the principles of the Regulation (EU) No. 601/2012. The Monitoring Plan is a basis for drafting a by-law that will regulate the obligation to submit information on greenhouse gas emissions by the operator to the competent authority. An innovative software tool EMI (Emission Monitoring in Industry) was prepared for monitoring of pollutant emissions into the atmosphere by the industry sector where for the first time the collecting of data and reporting were being harmonised (especially to the European Environment Agency) according to the CORINAIR and IPCC methodologies. The EMI software will facilitate the reporting to the Convention on Climate Change, the EU and other international conventions whose signatory state is the state and will help the MEPP efforts to establish an electronic register of pollutants to the atmosphere. The software is in accordance with the recommendations and efforts of the Government for dealing with pollution of the atmosphere from the industrial sector and is tied to efforts to comply with the Emission Trading Scheme of EU (EU ETS).

The Ministry of Environment and Physical Planning organised a ministerial conference – "Towards the summit in Paris, challenges for the member states of the Central European Initiative – CEI" on 6 November 2015 from which a joint declaration arose reaffirming the commitments of the countries of the Central European Initiative for achieving lower emission growth. Also, within the Macedonian presidency with the CEI, a high-level workshop "Building on the Virtual WB Regional Centre for Hydro meteorological Services and Climate Change" was organised by the Hydrometeorological Service on 23 September 2015.

An Action Plan to reduce greenhouse gas emissions from the aviation sector was developed at the request of the Civil Aviation Agency and the Ministry of Transport with the support of the International Civil Aviation Organization - ICAO.

With the support of the French Embassy and UNDP, activities started to be conducted for raising the awareness of the Macedonian media about climate change and targeted workshops were held for journalists (on the topic of climate change and activities ahead of the summit in Paris), with a participation of a prominent French journalist.

#### **HYDROMETEOROLOGICAL SERVICE (HMS)**

The Programme for work in the area of the hydrometeorological activities in 2015 was adopted<sup>202</sup>. In 2015, two conferences on the topic of "System of guidelines for dealing in the region of SE" and "Establishment of a European Western Balkans Virtual Centre for Hydrometeorological Services and Climate Change", aimed at strengthening the cooperation between the countries of the region were held, organised by the HMS under the auspices of the World Meteorological Organization (WMO) and CEI.

Two automatic meteorological stations were installed in Skopje and Veles. In Ohrid an informative panel for monitoring the hydrological state of the waters was set.

The capacities of the HMS were strengthened by performing specialised trainings on the meteorology and applied meteorology, hydrology, water quality, IT and other trainings. During 2015, 6 persons were employed as technicians.

#### ***Short-term priorities***

##### **Legal framework**

In 2016, a Law on Inspection in the Environment is planned to be adopted in order to establish inspection which will be carried out on the basis of the previous multi-year planning of inspection supervision in the environment at central and local level, which will be carried out on the basis of established criteria for risk assessment that entities have for supervision over the environment. Also, a Strategy for Environment and Climate and Strategy for implementation of a Protocol on Pollution Release and Transfer Register (PRTR) in the Republic of Macedonia are envisaged to be adopted.

#### **CLIMATE CHANGE**

A Strategy for Climate Change of the City of Skopje will be developed, within "Skopje Resistant", which will make a significant contribution to dealing with challenges of climate change at local level.

#### ***Institutional framework***

In 2016, the implementation of supervision over units of local self-government will continue. Areas over which the supervision will be implemented are: conducting the procedure for approval of reports for the environment; procedure for issuing B integrated permits and conducting supervision pursuant to the obligations arising from the Law on Waste Management.

In order to strengthen the capacities at local level, in 2016, a Plan for institutional development in the area of environment at local level within the IPA project "Strengthening of the capacities for implementation of the legislation in the area of environment" is planned to be adopted.

A Programme for Environmental Investments for 2016 is envisaged to be adopted pursuant to the Law on Environment.

Activities for development of Indicators for Environment of the country 2016 will begin, as well as an annual report of processed data on the state of the environment for 2015. Activities of the GLOBE Programme will be implemented. In the second half of 2016, it should be started with development of a Report on the State of the Environment.

During 2016, the cooperation with the European Environment Agency will continue, through delivering relevant data and participation in the working groups of the Agency.

Within the project "Support for establishing and improving the Pollution Release and Transfer Register (PRTR) in the countries of Western Balkans and Moldova, during 2016, it is planned to be performed: modification and correction of the software for reporting, improving the PRTR portal, installation of a tool for converting data into the format relevant for reporting for E\_PRTR to the European Environment Agency, trainings on strengthening of capacities of competent authorities and operators for working with data from emissions to water, air, soil and wastewaters.

#### **CLIMATE CHANGE**

The Second Revised Report on Climate Change will start to be developed, in which the degree of reporting to the Convention on Climate Change will be approximated even more to the manner of which the EU informs, especially in the part of climate change mitigation. On the basis of the report, building will be enabled of analytical capabilities, as well as of a capacity of policy makers and all stakeholders to respond to the European requirements in this area.

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<sup>202</sup> Official Gazette of the Republic of Macedonia, No. 194/14.

In this report, the recommendations of the First Revised Report on Climate Change, of the technical revision of the same, of the INDC document, and of the conclusions of the Convention on Climate Change in Paris in December 2015 will be implemented.

The Second Revised Report on Climate Change will implement the following activities:

- Amendment to the Inventory of Greenhouse Gases by 2014.
- Capacities of relevant stakeholders will be strengthened in order to provide a continuous flow of data, their quality as well as establishing an appropriate system for monitoring, reporting and verification (MRV) of activities to mitigate climate change, according to the proposal in the First Revised Report;
- Specific gender analyses will be carried out in the energy and non-energy sectors, in order to incorporate the gender perspective in the action plans related to climate change;
- Appropriate tools/measures will be identified to assess the level of implementation of the proposed mitigation measures of national plans and revised reports on climate change and
- A proposal for an online platform for MRV will be developed to meet the needs to the UNFCCC and EU requirements for mitigation of climate change.

#### HYDROMETEOROLOGICAL SERVICE

The automation will continue of the meteorological stations and their connection, establishing service information by mobile phone; development and application of hydrological modelling for the hydrology needs, a floods announcement and etc.

Strengthening of capacities of HMS will continue by carrying out specialised trainings on the meteorology and applied meteorology, hydrology, water quality, IT and other trainings, which are in a part supported by WMO.

#### *Medium-term priorities*

In 2018, it is planned to be started with development of a new Law on the Environment, which will revise the existing Law on the Environment, which will transpose a corpus of EU measures such as: 32001L0042, 32003L0004, 32003L0035, 32004L0035, 32011L0092.

#### CLIMATE CHANGE

In this period, it will start with the development of the Law on Climate Action and the long-term Strategy for Climate Action that will include recommendations of the national documents on climate change. The software tool for collecting data on climate change from the industry will become a part of the National Information System.

Development of the Fourth National Plan on Climate Change is envisaged.

In this period, the proposed MRV actions will be implemented for mitigation of the climate change. A long-term Strategy for Climate Action will be adopted.

The Second Revised Report on Climate Change will be adopted.

#### *Programmes and projects*

During 2017, the implementation of activities of the project "Support for establishing and improving the Pollution Release and Transfer Register (PRTR) will continue in the countries of Western Balkans and Moldova. In this regard, also, the activities will continue for upgrading and updating the established Pollutant Release and Transfer Register (PRTR) and the PRTR web portal.

In 2017, the First National Plan for Inspection in the Environment will be developed and adopted by which multi-annual planning will be carried out of the inspection in the environment. Also, a system will be established for managing with documents from inspection activities and the module for electronic archiving of documents at the State Environmental Inspectorate.

Activities will be continuously implemented for updating the Cadastre of Pollutants (air, water, noise).

In this period, the cooperation with the European Environment Agency will continue, by delivering relevant data and participation in the working groups of the Agency.

In this period, also, the activities will further continue for adoption of a Programme for Environmental Investments pursuant to the Law on Environment at annual level.

Also, implementation of supervision over the units of local self-government by the Ministry of Environment and Physical Planning is planned.



During 2017 and 2018, activities will continue for development of a Report on the State of the Environment, which will be published by the end of 2018.

In 2018, an Annual report of processed data on the state of the environment for 2017 will be developed and activities of GLOBE Programme will be carried out.

In 2018, development of detailed plans for implementing directives in the area of environment for which large funds are required is planned to be started in order to prepare the Republic of Macedonia for starting pre-accession negotiations. It is planned to start with development of a new Strategy for Environmental Investments which will determine the required funds in the area of environment and the sources of financing. This is planned to be done within the IPA Project "Planning and implementation of the legislation in the priority areas in the environment".

#### HYDROMETEOROLOGICAL SERVICE

Strengthening of the HMS capacities will continue for implementing their activities by new employments and trainings. Also, the process of automation of meteorological instruments and exchange of meteorological information will continue. The process of using the guidelines from the WMO will start for determining criteria for establishing and the manner of operation of the state hydrometeorological network of stations and for its construction, equipping, maintenance, operation, protection and development.

Activities will be taken for renewal and modernisation of the hydrological network of stations for surface waters and their equipping with modern equipment; renewal of the telecommunications system, development of a central database of hydrometeorological data, accreditation of a laboratory for waters, purchase of land vehicles for operative activities, purchase of meteorological stations, as well as technical equipping of the Service.

#### 3.27.2 AIR QUALITY

The Republic of Macedonia faces with significant problems in terms of the air pollution as a result of high concentrations of particulate matters with a diameter of 10 micrometers (PM10) in the ambient air that exceed the value limits for protection of the human health. It is determined in the Progress Report in the Chapter 3.27 Environment, area: air quality. In order to improve the situation and address the notes, the country makes efforts to improve the air quality by implementing the requirements of the Convention of Long-Range Transboundary Air Pollution (CLRTAP) and its Protocols, as well as EU directives in this area, relating to reduction of emissions of polluting substances from certain sectors (energy, industry and transport). The country, also, implements the measures to protect and improve the air quality defined in national plans and programmes and local planning documents and approaches to the preparation of local plans and implementation of the measures defined therein.

##### *Current situation*

Pursuant to the Law on control of emissions of volatile organic compounds using gasoline, the following three by-laws were adopted that transpose the Directive 31994L0063 (See Annex 3.27 Environment):

An inventory of emission of polluting substances into the air for 2013 is prepared and submitted to the European Environment Agency and the Secretariat of the United Nations pursuant to the ratified international agreements.

The MoEPP continuously maintains the state monitoring system for ambient air quality, in accordance with the available spare parts and consumables. Realisation of the procedure for public procurement of spare parts, i.e. the procedure is in stage of signing an agreement with the chosen firm. The Programme for operation of the state monitoring system for ambient air quality for 2016 was prepared.

On 1 May 2015, started the twinning project "Further strengthening of the capacities for effective implementation of the acquis in the area of the air quality", IPA TAIB 2012. According to the dynamics of performing the project activities, until now the following mandatory results are met through which requirements of the aforementioned EU measures are being implemented, including:

- A report on the status of samplers for PM10, a plan and budget for repairing of samplers, a plan to modernise the chemical laboratory were developed and persons were trained for inspection and maintenance of samplers for PM10 and a part of the documentation for accreditation of the calibration laboratory was prepared (32008L0050, 32004L0107);
- An analysis and collecting meteorological data required for the local modelling and installation of a new server version of the local model for traffic were performed (32008L0050);
- A Plan to Improve the Ambient Air Quality in Skopje and a short-term Action Plan for the City of Skopje (32008L0050), which is being developed within this project;
- A training was conducted on inventory of emissions in the air by which the inventory for calculation of emissions of ammonia from the sectors: agriculture sector, transport and energy and emission of grids was improved and a revision of the text of the National Programme for Gradual Reduction in Emissions by 2020 started (32001L0081);
- A campaign was started for indicative measurements of heavy metals and polycyclic aromatic hydrocarbons on the territory of the Republic of Macedonia (32004L0107);

- The process of establishing the system of electronic reporting to the European Environment Agency started, pursuant to the Decision 2011/850/EC. From September 2015, data from the state automatic system for ambient air quality are being submitted in real time to the EEA (<http://maps.eea.europa.eu/Hub/AirQuality/>).

For development of the Plan for Air Quality for Tetovo, within the project "Strengthening of capacities at central and local level when implementing the legislation in the area of environment", preparation of a technical report on the air quality in Tetovo is in progress, which will be a basis for development of the plan.

During 2015, implementation of the Law on control of volatile organic compound emissions when using gasoline started. The procedure for registration of installations for storage, installations for charging and discharging of mobile containers and gasoline stations started. Until now, 229 applications were received for registration, of which for 200 registration receipts were issued, and the remaining 29 are in a procedure of issuance. Until now, 128 gasoline stations were submitted applications.

Representatives from the Department of analytics and reporting in the area of air emission quality and Department for monitoring the air quality within the MEIC participated in several workshops and seminars on implementation of EU measures to improve the air quality.

### *Short-term priorities*

#### **Legal framework**

During 2016, the harmonisation of the national legislation with the European Union legislation will continue, i.e. amendments will be prepared to the existing by-laws on air. (See Annex 3.27 Environment and Climate Change 3.27 Air Quality). Also, a Programme for operation of the state monitoring system for ambient air quality for 2017 will be drawn up.

#### **Institutional framework**

In this period, strengthening of capacities of authorities which conduct monitoring of the air will be provided by employment of new staff and conducting trainings. Prerequisites are planned to be provided for starting of accreditation of the calibration laboratory.

As a continuous activity of the MoEPP, it will continue with regular maintenance of the air monitoring network managed by the MoEPP.

During 2016, the envisaged measures for reducing the pollution will be implemented, given in the National programme for gradual reduction of quantities of emissions of certain polluting substances at the level of the country for the period 2012-2020. Specific measures will be taken into account to protect the air given in the "National plan for the protection of ambient air quality in the Republic of Macedonia". The short-term Action Plans for Ambient Air Protection and Plans for Air Quality for the cities of Skopje and Tetovo will be finalised. The development of planning documents is planned within the twinning project for air, in cooperation with the City of Skopje and the Municipality of Tetovo.

The CORINAIR inventory data for 2014 and an Informative Inventory Report will be prepared, and as of April 2016, they will be submitted to the European Environment Agency and the CLRTAP. The preparation of the inventory and the informative report is a part of the activities of the current twinning project for air.

Within the twinning project "Further strengthening of capacities for effective implementation of the legislation in the area of air quality", the project will continue with the revision of "The National Programme for Gradual Reduction of Emissions by 2020," and "An air quality assessment for the country for the period 2010-2014" will be prepared.

Within the regular campaigns, conducted by the MoEPP, activities will be also covered, aimed at raising the public awareness to improve the ambient air quality by preparation of brochures and promotional materials for air quality. A part of this activity will be conducted with the help of foreign experts from the twinning project for air.

Pursuant to the Law on Product Safety<sup>203</sup>, the Annual plan for the quality control of liquid fuels placed on the market in the country will be implemented that will represent a basis for preparation of monthly and annual reports on the liquid fuel quantities and their quality that are in use. The reports will be submitted to the Ministry of Economy and MoEPP for further data processing.

During 2016, the registration process will continue to be finalised and the process of submission of a Plan and a Programme for achieving technical requirements to protect the environment from installations for storage, installations for charging and

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<sup>203</sup> Official Gazette of the Republic of Macedonia No. 33/2006 and 63/2007.

discharging of mobile containers and gasoline stations.

### *Medium-term priorities*

#### **Legal framework**

During 2017, a Law Amending the Law on Ambient Air Quality will be prepared that would regulate activities arising from further transposition of EU measures 32001L0080, 31999L0013, 32008L0001, 32010L075, as well as BAT document and guidelines in secondary legislation (see Annex 3.27 Environment, 3.27.2 Air Quality).

In this period, the Customs Administration in 2016 will conduct a procurement of equipment for a laboratory for analysis of oil and oil derivatives, after which in the period 2016-2017 it will perform accreditation of the customs laboratory according to the requirements of ISO 17025 for analysis of certain methods in the area of oil and oil derivatives.

#### **Institutional framework**

Trainings are being planned for performing activities for undertaking measures for improving the air quality for conducting the monitoring.

A part of the trainings will be carried out within the twinning project, also, covering the units of local self-government (ULSG). According to the adopted planning documents in the area of air, institutional strengthening of the Department of Environment will be provided in order to monitor its implementation.

Within the twinning project, it is planned finalisation of the revision of "The National Programme for Gradual Reduction of Emissions by 2020," and "An air quality assessment for the country for the period 2010-2014".

Upgrading the ambient air monitoring network will continue by regular maintenance of existing monitoring stations and expansion of the network by establishing new automatic monitoring stations.

Upon completion of all necessary documentation for control and providing a quality of procedures for monitoring air quality, accreditation of the laboratory for calibration of instruments of the automatic monitoring system for air quality is planned in 2017.

Within the regular campaigns carried out by the MoEPP, also, activities will be covered aimed at raising the public awareness for improving the ambient air quality by preparation of brochures and promotional materials for air quality.

The process of submission of a Plan and a Programme for achieving technical requirements to protect the environment from installations for storage, installations for charging and discharging of mobile containers and gasoline stations will continue.

### **3.27.3 WASTE MANAGEMENT**

The focus will be aimed at preparing planning documentation for integrated regional waste management, for which funds will be provided by IPA funds, as well as implementation of laws on specific waste streams.

#### *Current situation*

In 2015, activities will be carried out for development of technical and tender documentation for closure of non-compliant landfills/illegal landfills and preparation of technical specifications for procurement of equipment for collecting and transporting of the waste for the East and Northeast Region, within IPA projects.

The control and issuing of licences for waste treatment pursuant to the received applications continue.

Also, the activities for the registration of manufacturers are performed for placing on the market of the Republic of Macedonia batteries, accumulators and electrical and electronic equipment.

The implementation of the Law on management with electrical and electronic equipment and waste from electrical and electronic equipment started, where four (4) permits were issued for collective handlers of waste electrical and electronic equipment.

Also, three (3) permits were issued for collective handlers of waste batteries and accumulators.

#### *Short-term priorities*

##### **Legal framework**

In 2016, a Law Amending the Law on waste management will be adopted in order to establish a new legal basis in the part of issuance of permits for cross border waste treatment pursuant to the EU measure 32006R1013.

Additionally, in 2016, on the basis of the Law on Waste Management a bylaw was prepared, which will transpose the EU measure 32006R101 and a by-law, which will transpose the EU measure 32008L098 (see Annex 3.27 Environment, 3.27.3 Waste Management).

Also, amendments will be drawn up to the List of types of products falling within the categories of electrical and electronic equipment, which will transpose the EU measures: 32002L0096 и 32002L0095.

Pursuant to the legal obligations from the Law on Waste Management, a new National Plan for Waste Management will be under development.

Also, a Law Amending the Law on Management with Packaging and Packaging Waste will be adopted, which transposes 31994L0062. According to which the Programme for Packaging Waste Management will be revised.

### ***Institutional framework***

In 2016, implementation of the activities will start, of the projects "Preparation of necessary documents for establishing an integrated and financially self-sustainable waste management system in the East and Northeast Region" and "Preparation of necessary documents for establishing an integrated and financially self-sustainable waste management system for Vardar, Pelagonia, Skopje and Southwest Region". Development of regional plans for waste management for the four planning regions, as well as a Strategic Assessment of Environmental Impact, Feasibility studies, Studies on Assessments of Environmental Impact, Cost-Benefit Analyses and basic projects with a specification of equipment for establishing an integrated and financially self-sustainable waste management system for six regions, are envisaged.

A Study on the Importance and the Model for Reforming Public Utilities will be prepared regarding separation of the Department of Waste and Department of Waters and establishing regional municipal waste management utilities, pursuant to the National Strategy for Waste Management 2008-2020.

The completion of the database on types and quantities of waste by waste types will continue.

During 2016, workshops will be realised to strengthen the capacities of the State Environmental Inspectorate, namely the authorised environmental inspectors and the State Market Inspectorate in the part of the supervision over the special laws on waste management.

In order to strengthen the capacities for waste management at central and local level, twinning project will be started for strengthening the capacities for waste management within which a new Law on Waste Management and an analysis and improvement of the legislation on specific waste streams will be drawn up.

### ***Medium-term priorities***

#### **Legal framework**

In 2017, preparation of a new Law on Waste Management will start, which will transpose the EU measure 2008/98/EC within the twinning project for strengthening the capacities for waste management.

The Programme for Management of Waste Electrical and Electronic Equipment (2013-2018) and the Programme for Management of Waste Batteries and Accumulators (2012-2017) will be revised.

Pursuant to legal obligations from the Law on Waste Management, a new National Plan for Waste Management will be developed.

Also, a new Programme for Management of Waste Batteries and Accumulators will be adopted, pursuant to the Law on Management of Batteries and Accumulators and Waste Batteries and Accumulators.

### ***Institutional framework***

In 2017, project studies (a Feasibility Study, an Assessment of Environmental Impact, a Cost-Benefit Analysis) and project documentation for establishing of a system for an integrated and financially self-sustainable waste management system in the East and Northeast region within the project "Preparation of necessary documents for establishing an integrated and financially self-sustainable waste management system in the East and Northeast Region" will be developed. Also, for the Northeast and East Planning Region, procurement of equipment for collecting and transporting of the waste will be realised, as well as the procedure for closure of non-compliant landfills/illegal landfills in the two regions will start.

In 2017, necessary documents for establishing of an integrated and financially self-sustainable waste management system for Skopje, Vardar, Southwest Pelagonia Planning Region will be developed within "Preparation of necessary documents for establishing an integrated and financially self-sustainable waste management system for Vardar, Pelagonia, Skopje and Southwest Region".

In 2018, the necessary documents will be developed for establishing an integrated and financially self-sustainable system for realisation of the activities of the project "Preparation of necessary documents for establishing of an integrated and financially self-sustainable waste management system in Polog and Southeast Region".

A regulatory body for public utilities will be established, by the end of 2018, through which the implementation of the legislation in the part of waste management will be monitored.

Also, an integrated medical waste management system will be established by the end of 2018.

### 3.27.4 WATER QUALITY

In the area of waters, harmonisation of the national legislation in the area of waters with the EU aquis will continue. Activities will continue for development of river basin management plans and construction of three new wastewater treatment plants for the cities of Strumica, Kicevo and Radovish will be implemented, as well as rehabilitation and extension of the sewerage networks in Kumanovo and Berovo.

#### *Current situation*

##### **Legal framework**

The Law on Ratification of the Convention on the Protection and Use of Cross boundary Waters and International Lakes was adopted<sup>204</sup>.

Amendments were adopted to the Law on Waters<sup>205</sup>, which enable separate regulation of the classification of water bodies from their categorisation, which enable further harmonisation with the EU measures 32000L0060, 31991L0271, 31991L0676.

Within the project "Strengthening of institutional capacities for harmonisation for approximation and implementation of legislation in the area of water management", a Monitoring Plan for Management of River Basin of the river Vardar was prepared.

Initial elements were developed for characterisation of the Vardar River Basin, a register of protected areas for the Vardar River Basin was established and a Draft Programme for monitoring the waters of the Vardar River Basin and Programme of Measures to achieve the environmental objectives were prepared.

In 2015, a draft Law on Pricing of Water Services was prepared, which prescribes the establishment of tariffs for water services. Pursuant to the Law, a competent authority for establishment of the tariffs will be a separate regulatory body as a part of the existing Energy Regulatory Commission.

By the end of 2015, the project "Restoration of the Strumica River Basin" will end, whose goal is restoration of the socio-ecological functions of the Strumica river basin by developing a Basin Management Plan.

The activities for construction of a wastewater treatment plant in Prilep and reconstruction and upgrade of a part of the sewerage network – Prilep continued.

In December 2015, contracts are expected to be signed within the IPA for construction of wastewater treatment plants in Radovish, Strumica and Kicevo, as well as for extension and rehabilitation of sewerage networks in Kumanovo and Berovo.

In this period, the envisaged activities continued for preparation of the Bregalnica River Basin Management Plan. The results of the project are the following: development of a draft Bregalnica River Basin Management Plan and construction of infrastructure facilities, which will provide improvement of the status of the Bregalnica River Basin.

Also, the envisaged activities continued within the project for development of the Crn Drim River Basin Management Plan. Within the project, a Plan for Integrated Management of Crn Drim will be developed in cooperation with other countries on whose territory the basin extends. The project is in a preparatory phase in which the components were established and the detailed final composition of the project was developed.

Also, in this period, the activities continued for development of technical documentation for collection, disposal and treatment of urban wastewaters. In this regard, several projects were implemented through the IPA relating to development of technical documentation for extension and rehabilitation of the sewerage network for the cities of Berovo, Kumanovo and separation of the priority sewerage network in Ohrid and Struga, as well as extension of the sewerage network and the collector system for Ohrid Lake in the part of the Municipality of Struga (Kaliste – Radozda and Vevcani). Also, project documentation was prepared for construction of a wastewater treatment plant for Strumica, Radovish and Kicevo, as well as for collection, disposal and treatment of urban wastewaters for Bitola and Tetovo.

In this period, activities started for construction of a wastewater treatment plant in Gevgelija.

During this period, implementation continued of the planned activities relating to preparation of a Sewage Sludge Management Plan pursuant to the requirements of the Urban Waste Water Treatment Directive.

#### *Short-term priorities*

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<sup>204</sup> Official Gazette of the Republic of Macedonia No. 117/15.

<sup>205</sup> Official Gazette of the Republic of Macedonia No. 146/15.

### Legal framework

According to the adopted amendments to the Law on Water<sup>206</sup>, transposing the EU measures 32000L0060, 31991L0271, 31991L0676, will enable separate regulation of the classification of surface and groundwaters, i.e. two regulations will be adopted.

Also, two by-laws will be adopted as a Rulebook on the conditions, the manner of determination of protection zones and the cartographic view of protection zones for water bodies intended for consumption by humans, harmonised with 32000L0060 and Rulebook on the criteria and objectives for bathing water quality, which will be harmonised with the EU measures 31976L0160 and 32000L0060.

Due to better river basin management, as a requirement of the Water Framework Directive and legal requirements, a Strumica River Basin Management Plan and Bregalnica River Basin Management Plan will be adopted. Also, a Programme of Measures to achieve the environmental objectives will be prepared and adopted.

During 2016, adoption of a Law Amending the Law on Waters is envisaged, transposing the following EU measures 32000L0060, 31991L0271, 31991L0676, 32006L0118 and 32003L0007. Pursuant to that, water by-laws will be adopted, which will transpose the aforementioned EU measures.

For more details on the by-laws that will be adopted in 2016, see ANNEX 3.27 Environment 3.27.4 Water Quality, 2016.

### Implementation

In 2016, activities will start for reforming in the system of water supply, collection and treatment of wastewaters at local level.

Activities will continue for construction of a wastewater treatment plant in Prilep, Gevgelija, Strumica, Radovish and Kicevo. It will be continued with reconstruction and upgrade of a part of the sewerage network – Prilep, as well as extension and rehabilitation of the sewerage network for the cities of Berovo, Kumanovo, within the IPA Component 3.

In this period, the development of technical documentation for construction of wastewater treatment plants and expansion of the sewerage network for the cities of Tetovo and Bitola will be completed, as well as development of technical documentation for the cities of Kavadarci, Gostivar, Debar, Veles and Stip will start.

Also, in this period, the Bregalnica River Basin Management Plan will be developed.

In this period, the envisaged activities will continue for preparation of the Crn Drim River Basin Management Plan.

Implementation of the IPA project "Development of a National Study on Waters" will start, within which plans for implementation of the Waste Water Treatment Directive and Drinking Water Directive will be developed, as well as a Sewage Sludge Management Plan will be developed pursuant to the requirements of the Urban Waste Water Treatment Directive.

In 2016, activities are envisaged to begin for implementation of the part of the legislation relating to flood management within the project "Improvement of implementation of the Floods Directive with preparation of Flood Risks Management Plans".

The Sector for Waters is envisaged to be strengthened for 2016 through holding trainings. Within the Sector for Waters, MoEPP, 3 new employments are envisaged.

### *Medium-term priorities*

In this period, the adoption of by-laws arising from the Law on Waters will continue, which will provide further harmonisation with the relevant EU legal acts in the area of waters. For more details on the by-laws that will be adopted in 2017-2018, see ANNEX 3.27 Environment 3.27.4 Water Quality, 2017-2018.

As a requirement of the Water Framework Directive and legal requirements, in 2018, preparation of a Vardar River Basin Management Plan will start. While in 2017, the Crn Drim River Basin Management Plan is planned to be adopted, as well as adoption of the National Study on Waters and the Sewage Sludge Management Plan.

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<sup>206</sup> Official Gazette of the Republic of Macedonia No. 146/15



### ***Programmes and projects***

In 2017, within the project "Technical Assistance for Preparation of a National Water Study", agglomerations and sensitive areas of urban wastewaters will be defined. Also, within the project, detailed plans will be prepared for implementation of the EU measures (the Waste Water Treatment Directive and Drinking Water Directive), which will define the necessary investments and projects.

The construction of a wastewater treatment plant in Prilep, Gevgelija, Strumica, Radovish and Kicevo will be completed. The part of the sewerage network in Prilep, Berovo and Kumanovo will be reconstructed and upgraded, within IPA Component 3.

Feasibility studies and technical documentation for improving the collection and treatment of wastewaters in Gostivar, Kavadarci, Debar, Veles and Stip will be prepared.

In this period, within the project "Implementation of the Project for Protection of Lake Prespa" measures are envisaged to be implemented for protection against erosion in the Lake Prespa Basin and restoration of the delta of Golema Reka and use of the existing (abandoned) fish ponds within "Ezerani" for providing additional/tertiary treatment of wastewaters from the existing wastewater treatment plant.

In 2018, it will be worked on preparation of a Flood Management Plan within which measures will be envisaged.

The Sector for Waters is envisaged to be strengthened by holding trainings and new employments in medium-term.

### **3.27.5 NATURE PROTECTION**

*In order to improve the protection of the nature, further harmonisation is planned of the national legislation with the EU legislation on nature protection, by harmonisation of the Law on Protection of Nature with the EU Habitats Directive and the EU Birds Directive, development of the by-laws, as well as identification of future Natura 2000 areas. Also that will enable more efficient protection of the nature by development of strategic documents such as the National Biodiversity Strategy with an Action Plan, The National Strategy on Environment Protection and a Red List for at least one taxonomic group. Also, capacities will be strengthen at the Sector for Nature by new employments and trainings and workshops with stakeholders on the EU legislation in the area of nature protection.*

#### ***Current situation***

In 2015, continued the activities for declaring protected areas in the territory of the Republic of Macedonia.

Within the GEF/UNEP/MoEPP project "Review of the National Biodiversity Strategy with an Action Plan of the Republic of Macedonia and development of the 5-th National Report to the Convention on Biological Diversity", a mechanism for exchange of information on biodiversity (CHM) was established, i.e. a special web page on biological diversity (<http://biodiverzitet-chm.mk>) was developed. Also, within the same project, a Report on the needs for strengthening of capacities for protection of the biodiversity for implementation of the National Biodiversity Strategy was developed as well as development of an Action Plan.

Within the project "Nature Conservation Programme", funded by the Swiss Agency for Development and Cooperation (SDC), activities started for development of the National Strategy for Nature Protection. Until now, a part of the field research was realised and an analysis of the existing scientific data was conducted, required for development of the strategy.

In 2015, the capacities of the Sector for Nature were strengthened by one employment.

Trainings and workshops on topics related to EU policies for nature protection were held through which the knowledge of the employees in the Sector for Nature was improved.

#### **Environment and Climate Regional Accession Network (ECRAN)**

In September 2015, an expert mission was realised to assess the situation for establishment of the Ecological Network Natura 2000 by the European Commission through the TAEX instrument within the ECRAN project ("Environment and Climate Regional Accession Network"). The purpose of the mission was to determine the degree of preparedness of the country to submit a proposal for establishment of the Ecological Network Natura 2000.

In October 2015, the Second sub-regional workshop was held on implementation of a proper impact assessment of the pilot site of Tikves. The workshop was organised within the ECRAN project. The purpose of this workshop is the ECRAN countries (the Republic of Macedonia, the Republic of Albania and the Republic of Kosovo) to become familiar with the principles and rules for implementation of a proper impact assessment of the future Natura 2000 areas.



In October, within the bilateral cooperation with the Republic of Slovenia, a workshop was held for Natura 2000. It was attended by representatives of scientific institutions, experts, NGOs and other stakeholders in the area of nature protection. The Slovenian experiences were presented for development of Reference Lists of Habitats and Species included in the EU Directive on the Conservation of Habitats and EU Directive on the Conservation of Wild Birds, for collection of data, dissemination of results, filling gaps and identifying challenges and for determining potential Natura 2000 areas and the experiences on development and implementation of LIFE projects in the area of nature protection.

At the invitation of the International Union for Conservation of Nature (IUCN) for Southeast Europe and the Croatian Ministry of Environment and Nature on 7-8 September 2015, representatives of the MoEPP participated at the second annual meeting of directors of nature protection in Southeast Europe in Croatia, NP Brijuni.

The cross border cooperation on nature conservation was promoted within the initiative to establish a fund for nature Prespa - Ohrid. The International Day for Biological Diversity was celebrated - May 22, Stenje-Prespa.

A web page was developed on the topic of: "To Joy the Nature" for promotion of the National Parks Mavrovo, Pelister and Galicica (<http://priroda.moepp.gov.mk>). The aim of the website is to raise the environmental awareness in children for values and significance of national parks and other protected areas in the Republic of Macedonia as well as developing a responsible approach to the nature through active participation in its protection.

In 2015, the cooperation was strengthened between the MoEPP and international organisations in the area of nature protection (UNEP, UNDP, IUCN, SDC, WWF, REC, GIZ and etc.).

Pursuant to the Law on Nature Protection, exams were conducted for a guard in a protected area, i.e. in NP Pelister, NP Mavrovo and NP Galicica. This activity enables promotion of the knowledge among guards in national parks on issues related to nature protection, and therefore more efficient implementation of the abovementioned law. The cooperation was strengthened between the MoEPP and the Public Institutions National Park Pelister, National Park Mavrovo and National Park Galicica and the other protected areas management entities, local authorities, inspection services, public enterprises, agencies, scientific and expert institutions, other stakeholders (farmers, land owners, hunters and fishermen) and NGOs involved in nature protection by organising meetings and trainings.

### ***Short-term priorities***

#### **Legal framework**

Amendments to the Law on Nature Protection will be developed, aimed at harmonisation with the Habitats and Birds EU Directives.

Pursuant to the obligations arising from the Law on Nature Protection, the process of declaring protected areas will continue.

In this period, the National Biodiversity Strategy with an Action Plan. and the National Strategy on Environment Protection are planned to be adopted. Also, it will be started with development of a Red List for at least one taxonomic group.

Within the IPA project (TAIB 2011) "Strengthening central and local administrative capacities for implementation of Natura 2000", identification of the types of habitats and wild species of European importance pursuant to the Directive on Conservation of Natural Habitats and of Wild Fauna and Flora (31992L0043) for development of a list of proposed areas of interest to the EU, as well as with the identification of special protection areas pursuant to the Wild Birds Directive (2009/147/EC) will start.

For more details on the by-laws that will be adopted in 2016, see ANNEX 3.27 Environment 3.27.5 Nature Protection for 2016.

#### **Institutional framework**

In 2016, the capacities of the Sector for Nature will be strengthened with new employments.

Also, the capacities of the MoeEPP, the Public Institutions National Park Pelister, National Park Mavrovo and National Park Galicica and of other protected areas management entities will be strengthened by organising trainings and workshops.

Trainings on raising the awareness of the importance of the Ecological Network Natura 2000 and on implementation of the EU measures in the area of nature protection will be conducted.

In 2016, the cooperation was strengthened between the MoEPP and international organisations in the area of nature protection (UNEP, UNDP, IUCN, SDC, WWF, REC, GIZ and etc.).

The cooperation was strengthened between the MoEPP and the Public Institutions National Park Pelister, National Park Mavrovo and National Park Galicica and other entities for management with the protected areas, local authorities, inspection services, public enterprises, agencies, scientific and expert institutions, other stakeholders (farmers, land owners, hunters and fishermen) and NGOs involved in nature protection by organising meetings and trainings.

### *Medium-term priorities*

Pursuant to obligations arising from the Law on Nature Protection, the process of declaring protected areas will continue. A Red List for at least one taxonomic group will be finalised.

In the period 2017-2018, the by-laws which will transpose EU measures in this area will be adopted. The National Ecological Network will be established consisting of environmentally important areas, the system of ecological corridors, system of protected areas and proposed areas for protection and ecologically important areas for EU-Natura 2000 where the EU measures 32009L0147, 31992L0043 and 31997D0266 will be transposed.

In this period, by-laws will be prepared by which the types of habitats, including the type and extent of their vulnerability and significance, as well as the manner of their marking, the manner of preparation, maintenance and marking of habitat types on a map, the manner of determination the degree of vulnerability, the manner of performing the assessment of the situation and vulnerability of the habitat types, as well as habitat types for which the conservation is necessary for determination of special areas for conservation and the measures for conservation of the habitat types in a favourable conservation status will be determined, in which the EU measures: 32009L0147 and 31992L0043 will be transposed.

Within the IPA project (TAIB 2011) for "Strengthening the central and local administrative capacities for implementation of Natura 2000", it will be finished with identification of the types of habitats and wild species of European importance pursuant to the Directive on Conservation of Natural Habitats and of Wild Fauna and Flora and Wild Birds Directive.

In this period, it will be started with realisation of the IPA Project (TAIB 2012-2013) for "Strengthening the administrative capacities of the Sector for Nature", within which draft versions of management plans for three pilot protected areas and action plans for key types of habitats and species and a methodology for conducting monitoring on the nature will be developed.

For more details on the by-laws that will be adopted in 2017, see ANNEX 3.27 Environment 3.27.5 Nature Protection for 2017-2018.

### **Institutional framework**

In medium-term, it is envisaged strengthening of the capacities of the Sector for Nature by new employments.

For promotion of the management of the system of protected areas in the Republic of Macedonia, entities will be determined for management of declared protected areas and their capacities will be strengthened by implementation of trainings.

In the period 2016-2017, the cooperation will be promoted between the MoEPP and international organisations in the area of nature protection (UNEP, UNDP, IUCN, SDC, WWF, REC, GIZ and etc.).

The cooperation will be strengthened between the MoEPP and the Public Institutions National Park Pelister, National Park Mavrovo and National Park Galicica and other protected areas management entities, local authorities, inspection services, public enterprises, agencies, scientific and expert institutions, other stakeholders (farmers, land owners, hunters and fishermen), NGOs involved in nature protection by organising meetings and trainings.

## **3.27.6 INDUSTRIAL POLLUTION CONTROL AND RISK MANAGEMENT**

### *Current situation*

According to the timetable for applying for obtaining a permit to comply with an operational plan, during 2015, at the MoEPP, a total of 7 new requests for obtaining an A-IPPC permit were submitted, bringing the total number of 147 submitted applications. In 2015, 2 A-permits were issued to comply with an operative plan, 8 A- integrated environmental permits were issued and 1 Complete Transfer of an A-integrated environmental permit was issued.

4 draft A-integrated environmental permits, i.e. permits to comply with an operational plan were developed, 12 draft A-integrated environmental permits, i.e. permits to comply with an operational plan were in the phase of

supplementation. In the stage of consideration were 12 applications for obtaining A-integrated environmental permits, i.e. licences to comply with an operational plan. Permits to comply with an operational plan determine the dynamics of achieving standards in order to obtain an integrated environmental permit. In order to develop a database of issued permits, a register of issued A- and B- integrated environmental permits and permits to comply with an operational plan are being kept.

In 2015, the new composition of the Scientific and Technical Commission on best available techniques (BAT) was elected. Public hearings were continuously held, relating to issuance of A-integrated environmental permits and permits to comply with an operational plan.

This year, implementation of the IPA twinning project "Strengthening the capacities at central and local level to transpose and implement the Directive on industrial emissions 2010/75/EU" started. The main goal of the project is to increase the efficiency in the country's preparations for accession to the EU by strengthening the administrative capacities of the Ministry of Environment and Physical Planning/the Directorate for Environment, as well as the units of local self-government in transposition and implementation of the new Directive on industrial emissions 2010/75/EU.

Pursuant to the Law on Environment, an inter-ministerial body was formed in order to prevent and control major-accident hazards involving dangerous substances in November 2015.

The establishment of a Register of Systems Involving Dangerous Substances continued, as a legal obligation from the Law on Environment, in the part of prevention of major-accident hazards involving dangerous substances.

In relation to the activities in the part of eco-labelling, activities were realised to inform the public about the importance of environmental labelling by publication of information through electronic media, as well as on the web site of the MoEPP.

Also, the MoEPP participated in several workshops and conferences aimed at encouraging the green consumption.

In relation to the implementation of the provisions of the Directive on large combustion installations, i.e. implementation of the Decision of the Ministerial Council of the Energy Community, two TAIEX expert missions were realised in 2015. They were aimed at developing a National Plan to reduce emissions from large combustion installations.

### ***Short-term priorities***

#### **Legal framework**

In the area of prevention and control of major-accident hazards involving dangerous substances, a Rulebook on the types of dangerous substances and quantities involving dangerous substances will be adopted, which adapts the existing Rulebook of Annex I of CEBECO III Directive 32012L0018.

A National Plan to reduce emissions from large combustion plants, which is pursuant to the Directive 32001L0080, will be adopted by the Government in 2016. It arises from the Law on Ambient Air<sup>207</sup>.

In 2016, preparation of Best Available Techniques (BAT) National Reference Documents for different sectors is planned. In this period, the consideration of the obtained requests for obtaining integrated environmental permits will continue to comply with an operational plan and development of draft permits for them. At the same time, the permits will be developed and all procedures will be carried out pursuant to the procedure for obtaining integrated environmental permits to comply with an operational plan. In addition, in particular, efforts will be made in the part of public participation in permit issuance.

Also, during 2016, the establishment of a Register of Systems Involving Dangerous Substances will continue, as a legal obligation from the Law on Environment, in the part of prevention of major-accident hazards involving dangerous substances.

Pursuant to the Law on Environment, a Rulebook on the criteria that should be met for obtaining an eco-label for hard floor coverings will be adopted, which will transpose the EU measure 32009D0607 and a Rulebook on the criteria that should be met for obtaining an eco-label for services of tourist camps, which will transpose the EU measure 32009D0578.

In 2016, within the IPA project "Strengthening the capacities at central and local level for transposing and implementing the Directive on industrial emissions 2010/75/EU", development of a new Law on Industrial Emissions will start that will transpose the Directive on industrial emissions 2010/75/EU.

In the area of eco-labelling, the promotion of products or service providers who have been awarded an eco-label will continue.

#### **Institutional framework**

Strengthening of the capacities of the Unit for Industrial Prevention and Control of the Pollution and the Unit for Risk and Chemicals Management at ED will continue. The strengthening will be conducted by new employments, as well as by workshop and study visits within the existing projects, as well as organised events within TAIEX.

Within the twinning project, also, preparation will start of an economic analysis to assess the impact that the

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<sup>207</sup> Official Gazette of the Republic of Macedonia No. 146/15.

transposition of the Directive will have on stakeholders.

Related to this, in this period, activities are envisaged to begin for implementation of a project for eco-labelling of at least 10 tourist accommodations and project for introduction of at least 10 eco-labelled products and services.

### *Medium-term priorities*

In the area of prevention of major-accident hazards involving dangerous substances pursuant to the existing Law on Environment, a Rulebook on the closer criteria based on which it is determined in which cases a certain accident is deemed as a major-accident hazard will be adopted, which will transpose the provisions of the CEBECO III Directive (32012L0018).

Also, the development and revision of BAT National Reference Documents (guidelines) for different sectors will continue, which will represent guidelines for applying BAT in A-integrated environmental permits for each industrial sector separately.

Depending on the approved funds, it is envisaged a continuation of activities relating to projects for eco-labelling.

In the area of integrated prevention and control of the pollution, trainings will be conducted on implementation of the procedure for issuing integrated environmental permits.

In 2017, a new Law on Industrial Emissions will be adopted, which will transpose the Directive on industrial emissions 2010/75/EU, also, by-laws will be developed pursuant to it. As a part of the Component 3 of the IPA project, a Programme for strengthening administrative capacities to implement the Directive on industrial emissions 2010/75/EU will be prepared. An assessment of the economic impact will be developed for the transposition and implementation of the Directive on industrial emissions on the industry and the country at central and local level. The economic assessment will show how much will cost the introduction of new available technologies pursuant to the Directive for the industry, as well as for the country. The IPA project "Strengthening the capacities to implement the Directive on industrial emissions 2010/75/EU" will be also implemented during 2017.

### **3.27.7 CHEMICALS**

Implementation of the national legislation in this area, as well as further harmonisation with the EU legislation in this area will continue.

#### *Current situation*

In 2015, with the amendments to the Law on Chemicals<sup>208</sup>, all the obligations from the part of chemicals to the Medicines Agency were transferred to the jurisdiction of the Ministry of Health.

The Ministry of Health continued to register all the companies importing and/or using chemicals in their production process and keeps a register in the form of an electronic database for these legal persons. Currently, a total of 273 legal persons are registered, while in the register of legal persons operating with precursors (chemicals) 98 legal persons are registered.

In the list of biocide products placed on the market in the country, 221 are registered.

A procedure is being conducted for placing chemicals-detergents on the market for general and professional use that are registered in the electronic database kept by the Ministry of Health. In the register, 34 detergents used for professional use are registered. The purpose of keeping these registers is establishing control over the use of chemicals by their hazard class in order to protect the human health and the environment.

The Ministry of Health monitors the work of the National Centre for Control and Informing on Chemical Poisoning through quarterly and annual reports. In the area of management of substances that deplete the ozone layer, by-laws that comply with the EU measure 32009R1005 were adopted (see Annex 3.27 Environment 3.27.7 Chemicals).

In 2015, a conversion was made from HKFK-141b in the manufacture of polyurethane foams for commercial units (insulated doors)

In the area of management with POP, the implementation of the project "Strengthening of the institutional capacities for preparation and implementation of the legislation in the area of persistent organic pollutants" was finished by implementing the following activities:

- An analysis of shortcomings of the existing national legislation for managing with persistent organic pollutants;
- Preparation of an action plan for harmonisation of the national legislation with the EU legislation in the area of management of persistent organic pollutants.

#### *Short-term priorities*

##### **Legal framework**

It is envisaged adoption of amendments to the Rulebook on the manner of collection, recovery and recycling of

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<sup>208</sup> Official Gazette of the Republic of Macedonia No. 145/10, 53/11, 164/13 and 116/15.

refrigerants with an EU measure. In this period, the transposition of EU measures into the national legislation will continue in the part of refrigerant management (see Annex 3.27 Environment, 3.27.7 Chemicals).

#### **Institutional framework**

In 2016, the registration of all legal persons operating with chemicals will continue.

The National Centre for Control and Informing on Chemical Poisoning will continue with data collection and reporting.

The system of informing all stakeholders, in the part of chemical management, by maintaining educational events will continue to be implemented as a necessary and sustainable way of sharing information further up and down the chain of movement of the chemical.

Also, in this period, it will be continued with the strengthening of the institutional capacities at the Sector for Chemicals and conducting trainings for the employees and the inspectors responsible for the implementation of the provisions of the Law on Chemicals.

In 2016, it is planned conducting of an initial assessment of the presence of mercury in the country, by assessing the legal framework for mercury management.

#### ***Medium-term priorities***

##### **Legal framework**

In this period, the transposition of EU measures into the national legislation will continue in the part of refrigerant management by adopting a bylaw (see Annex 3.27 Environment, 3.27.7 Chemicals).

In the period 2017-2018, it is planned conducting of an initial assessment of the presence of mercury in the country by:

- assessing the institutional framework for mercury management;
- an initial mercury inventory;
- identification of the mercury emission sources.

##### **Institutional framework**

In this period, the focus will be directed to implementation of the provisions of the Law on Chemicals by conducting inspection supervisions, control of prohibited chemicals in products, improving the cooperation between institutions for its implementation.

### **3.27.8 GENETICALLY MODIFIED ORGANISMS (GMO)**

Adoption of a Law Amending the Law on Genetically Modified Organisms, in which the EU measures: 32001L0018 and 32009L0041 will be transposed, which will divide the competencies of the authorities in dealing with GMOs. Also, the capacities will be strengthened at national level for effective implementation of the Law on Genetically Modified Organisms.

#### ***Current situation***

Pursuant to the Law<sup>209</sup> on Genetically Modified Organisms, the following by-law was adopted: The Rulebook<sup>210</sup> on the manner and the procedure for implementation of activities in the case of unintentional release of GMOs into the environment, which may have negative consequences for the human health and the environment in the territory of another country. This Rulebook was aligned with the Council Decision 32002D0628. Also, the Rulebook<sup>211</sup> on the form, content, methodology and manner of keeping the register of GMOs was adopted, which transposes the EU measure 32004D0204.

#### ***Short-term priorities***

##### **Legal framework**

A Law Amending the Law on Genetically Modified Organisms will be adopted, which will transpose the EU measures: 32001L0018 and 32009L0041.

A by-law of risk assessment for contained use of GMO will be adopted, which will transpose the EU measure 32009L0041.

##### **Institutional framework**

A competent authority for the area of genetically modified organisms for implementing the Law on Genetically Modified Organisms and the regulations adopted on the basis of this Law is the MoEPP. Within the Department of Environment

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<sup>209</sup> Official Gazette of the Republic of Macedonia No. 35/2008, 163/13, 146/15.

<sup>210</sup> Official Gazette of the Republic of Macedonia No. 190/2014..

<sup>211</sup> Official Gazette of the Republic of Macedonia No. 175/14.

(DE), the Department of Nature has a Unit of Genetically Modified Organisms where jobs are being envisaged with tasks related to monitoring the situation of GMO in contained use, intentional release into the environment, placing on the market etc. Currently, there is only 1 person employed at the Unit of Genetically Modified Organisms.

On the basis of the Law on Food Safety<sup>212</sup>, the Food and Veterinary Agency is responsible for issuing permits for production of GMO food (for more details see chapter 3.12 Food safety, veterinary and phytosanitary policy). The Ministry of Agriculture, Forestry and Water Economy (MAFWE) has competencies in the management of GMO, in the part of a procedure for placing of GMO products on the market.

### *Medium-term priorities*

A procedure will begin for ratification of the Protocol on Liability and Compensation pursuant to the Article 27 of the Cartagena Protocol on Biosafety.

## **3.27.9 NOISE**

Implementation of the national legislation for noise, as well as further harmonisation with the EU legislation in this area will continue.

### **Current situation**

A TAIEX application was prepared for holding of a workshop on introduction to the Directives 31984L0372, 31989L0629 and 31998L0020 relating to adoption of a Rulebook on closer noise sources as well as the conditions for protection against noise caused by road, rail, air and water transport.

Within the PA project "Strengthening the capacities for implementation of the legislation in the area of the environment at local level", equipment for measuring noise in the environment was procured, which will enable establishment of monitoring the noise, as well as integration of the data for preparation of strategic noise maps. The measuring instruments were purchased for the MoEPP, as well as for the municipalities that in accordance with the regulation<sup>213</sup> have an obligation to develop strategic noise maps, the Municipalities of Skopje, Tetovo, Bitola, Kumanovo.

In addition, within the project, procurement of applicative software was made, which will enable documentation of a database for preparation of strategic noise maps.

Training was held on management with the procured software for preparation of strategic noise maps as well as training on management with the procured transfer system for measuring environmental noise, which were attended by representatives of the MoEPP, the City of Skopje, the Municipalities of Kumanovo, Tetovo and Bitola.

### *Short-term priorities*

#### **Legal framework**

During 2016, a by-law for the closer types of specific noise sources, as well as the conditions for protection against the noise caused by road, rail, air and water transport will be adopted, which will transpose the following EU measures: 31984L0372, 31989L0629 and 31998L0020. The adoption of this rulebook will regulate the control of the noise arising from the road, rail and water transport and the standards for protection against the environmental noise caused by these noise sources will be established.

Within the IPA project "Strengthening the capacities of the central and local government for implementation of the legislation in the area of environment at local level", a Manual for preparation of strategic noise maps, which will facilitate the process of development of these strategic maps will be prepared.

#### **Institutional framework**

In relation to the noise monitoring, data are being collected and processed from the communal noise measurements performed by the Institute for Public Health and 10 public health centres of which only 3 centres (Bitola, Kumanovo and Kicevo) are collecting and processing data from measurements by other laboratories relating to the noise generated by different categories of noise producers (industry, airports, catering and tourist capacities and other activities).

The national network for environmental noise monitoring was established by the adoption of the Decision on establishment of a National Network for Environmental Monitoring.

Strengthening the capacities of ULSC is planned for noise management at local level by employments and implementation of trainings relating to primarily to implementation of the legislation in the area of environmental noise at central and local level. Implementation of a training is planned that will present the Manual on preparation of strategic

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<sup>212</sup> Official Gazette of the Republic of Macedonia No. 157/2010, 53/2011, 1/12, 164/13, 187/13, 43/14, 72/15.

<sup>213</sup> The Regulation on agglomerations, main roads, main railways, main airports for which strategic noise maps should be prepared (Official Gazette of the Republic of Macedonia No. 15/2011)



noise maps and noise action plans with concrete measures and activities that should be taken by the MoEPP and municipalities, which should prepare strategic noise maps, which will be attended by representatives of the MoEPP and the above-mentioned municipalities, as well as a training on developing strategic noise maps.

### *Medium-term priorities*

Further harmonisation with the European Union legislation in this area will continue.

### *Programmes and projects*

By the end of 2017 and 2018, activities will begin for establishing GIS of environmental noise data in order to fully implement the requirements of the EU Directive establishing an Infrastructure for Spatial Information in the EC (INSPIRE). The Directive provides a legal framework for implementation of the European spatial infrastructure data and it will be one of the main components from the European Shared Environmental Information System (SEIS).

By the end of 2017, activities regarding the preparation of strategic noise maps and noise action plans or obtaining a full picture of the environmental noise level will be implemented, as well as the measures that will be taken in order to reduce the noise level thus reducing the harmful effects arising of it.

In this period, activities will begin for establishing the information system for the environmental noise condition, as a part of the overall information system for environment in the Republic of Macedonia, which will cover the data obtained by the monitoring of the noise, strategic maps and action plans and other relevant data obtained by separate noise measurements.

Activities will begin for establishing and maintaining a Cadastre of Noise Generators in the Environment.

## **3.27.10 FORESTRY**

In the next period, implementation of the forestry policy in the country pursuant to the requirements of the EU legislation by adoption of strategic documents and harmonisation of the legislative framework with the EU legislation in this area is foreseen.

### *Current situation*

Pursuant to the Law on Forests<sup>214</sup>, a Programme for Expanded Reproduction of Forests for 2015<sup>215</sup> was adopted. Funds were provided by the Budget for the programme for financing preventive and pre-suppressive protection of forests and forest crops against plant diseases and pests.

Also, the Government adopted the Information on the Forest Health Condition for 2014.

In December 2015, the action "Tree Day – Plant Your Future", was conducted, where 3,013,200 seedlings were planted on the determined locations of about 929,63 hectares on the whole territory of the country.

### *Short-term priorities*

A Programme for Expanded Reproduction of Forests for 2016 will be adopted and it will be implemented by the end of 2016.

MAFWE – Forestry and Hunting Department at annual level will develop Information on the Forest Health Condition for 2015.

In this period, activities will be taken for realisation of new employments and strengthening the capacities on the basis of the systematisation of the MAFWE – Forestry and Hunting Department and the SFHI.

For implementation of the Regulation EU/995/2010 for the obligations of operators who place timber and timber products on the market, (a) competent institution(s) will be identified/designated.

### *Medium-term priorities*

In this period, an analysis will be made of the obligations that would arise from the Regulation EU/995/2010 on the obligations of operators who place timber and wood products on the market, from which recommendations will arise for its incorporation into the national legislation.

### *Programmes and projects*

In order to strengthen the capacities of the relevant institutions, it is planned increasing of the number of human resources and providing professional trainings for employees.

In this period, purchase of equipment will be carried out (vehicles, off-road vehicles, computer equipment, relevant software and so on.) at the State Inspectorate for Forestry and Hunting.

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<sup>214</sup>. Official Gazette of the Republic of Macedonia No. 64/09, 24/11, 53/11, 25/13, 79/13, 147/13, 43/14, 160/14, 33/15, 44/15 and 147/15).

<sup>215</sup>. Official Gazette of the Republic of Macedonia No. 64/09, 24/11, 53/11, 25/13, 79/13, 147/13, 43/14, 160/14, 33/15, 44/15 and 147/15)



MAFWE-Forestry and Hunting Department at annual level develops a Programme for Expanded Reproduction of Forests and Information on the Forest Health Condition for the preceding year, with draft measures. In this period, a Macedonian Forest Fire Information System (MKFFIS) will be established pursuant to the Law on Forests and the Strategy for Sustainable Development of Forestry in the country.

### 3.27.11 CIVIL PROTECTION

In order to promote the civil protection, it is planned further harmonisation of the national legislation with the EU Civil Protection legislation primarily the EC Decision 2014/762/EU on implementation of the Decision 1313/2013/EU of the Parliament and of the Council on establishment of a Union Civil Protection Mechanism. Thus, it will enable a more efficient system to protect the population and material goods against natural disasters and other accidents. In the next period, it is expected to strengthen the capacities of the Protection and Rescue Directorate for operational action primarily in the part of dealing with floods where by several regional projects (JERU) and IPA Floods personal and collective equipment for rescue teams will be obtained.

#### *Current situation*

The Assembly of the Republic of Macedonia ratified the Memorandum of Understanding on the institutional framework of the Disaster Preparedness and Prevention Initiative for SEE<sup>216</sup>. Thus, the country remains strongly committed to the regional cooperation in the part of disaster prevention and preparedness in SEE. For the next year, through this initiative it is expected completion of the JERU project through which the country should obtain personal equipment for the water rescue team by using boats. Additionally, through the participation in the training programme of the Initiative, also, the trend of strengthening personal capacities will further continue.

In 2015, separate bilateral meetings were realised with related institutions of the Russian Federation, the Republic of Turkey and Republic of Romania in Moscow, Ankara and Bucharest in order to deepen the current cooperation in the part of education, training and exercises. In this period, negotiations were completed of establishment of the text of the bilateral agreement with the Republic of Albania on mutual assistance in disasters followed by a procedure for its signing.

In the same period, in cooperation with the University "American College" in Skopje and the Military Academy "General Mihailo Apostolski" a feasibility study was developed for a design solution for an information system for the needs of the Protection and Rescue Directorate (SIPRES) which, if implemented, in future, it should enable full catalogization of all existing resources and capacities at the Directorate and thus providing a systematic support of operations in major disaster response.

Three events commemorate 2015 – the floods in the months January and February, the event in Tetovo in August 2015 and the holding of the international exercise "IPA KAMPEKS 2015". For the first two events, the Protection and Rescue Directorate was fully involved with all available capacities to deal with the consequences. Also, for the first time since the establishment, the EU Civil Protection Mechanism was activated for the event in Tetovo, and it was required activation of the system Copernicus, through which satellite images of the affected areas were obtained, which was used for planning of the recovery and reconstruction activities. At the request of the Government, the Protection and Rescue Directorate requested advisory assistance from the EU Civil Protection Mechanism by sending a team to establish the causes of the floods in Tetovo. The team was in the country in the period 13 - 26.8.2015. Currently, it is working on the translation of the report, after which it will be submitted to the Government of the RM.

The month of June was fully committed to the holding of the exercise "IPA KAMPEKS 2015". The exercise was attended by Civil Protection units from 8 countries as follows: Albania, Bosnia and Herzegovina, Germany, Italy, Kosovo, Serbia, Turkey and Montenegro together with the units of the Protection and Rescue Directorate and the Macedonian Red Cross had a task to plan, establish and practically to manage a camp for internally displaced persons after a catastrophic earthquake in Skopje. The exercise was attended by a total of 700 participants, on different basis, making it the largest of its kind in Europe.

In 2015, it continued with active participation in the IPA project Floods, through which the country in the next 2 years should obtain modern equipment for rescue from floods. Additionally, the IPA Project Floods takes activities towards implementation of the EU Floods Directive.

In the month of April, in collaboration with the office of UNDP in Skopje, training was organised with DHL Germany and TAB Macedonia on preparation of airports for receipt of international assistance in the case of disasters. This training was aimed at EU guidelines on support to the host country in receipt of international assistance.

Initiated by the events in Tetovo, in the period 29 - 30.9.2015, the Protection and Rescue Directorate in cooperation with the Danish Emergency Management Agency organised a seminar on risk assessment of natural disasters and other

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<sup>216</sup> Official Gazette of the Republic of Macedonia No. 25/15.

accidents. The purpose of the seminar was to strengthen the local capacities for development of these planning documents, which are aimed at the preventive action against natural disasters and other accidents. In the month of October, also, a TAIEX workshop on Civil Protection was held in Skopje in collaboration with the Polish National Fire Service, whose purpose was to exchange experiences in the use of the EU Civil Protection Mechanism.

### ***Short-term priorities***

#### **Legal framework**

Activities of the working groups are ongoing to amend the Law on Protection and Rescue and the Law on Fire Fighting. The membership of the EU Civil Protection Mechanism envisages implementation of the EC Decision No. 2014/762/EU on implementation of the Decision No. 1313/2013/EU of the Parliament and of the Council on establishment of an EU Civil Protection Mechanism. In this regard, also, the amendments to the aforementioned will be towards implementation of the given recommendations.

The IPA project Floods through which the Republic of Macedonia in the next 2 years should obtain modern equipment for rescuing from floods. Additionally, the IPA Project Floods takes activities towards implementation of the EU Floods Directive.

For the next year, it is expected completion of the JERU project through which the country should obtain personal equipment for the water rescue team by using boats. Additionally, through the participation in the training programme of the Initiative, also, the trend of strengthening personal capacities will further continue.

In order to strengthen the cooperation with the neighbouring countries in this area, the Directorate plans to sign the bilateral agreement with the Republic of Albania on mutual assistance in disasters.

#### **Institutional framework**

Reorganisation of the structure of the Protection and Rescue Directorate and harmonisation with the national legislation in the part of labour relations are ongoing. The new organisational structure of the Directorate in conjunction with the amendments to the regulations on protection and rescue forces should lead to greater efficiency in the preventive and operational action.

### ***Medium-term priorities***

Continuous improvement of the legal framework on the basis of the learned lessons and recommendations from the EU, in the part of Civil Protection.

Strengthening the administrative capacities and performance of the institution for efficient preventive and operational action with regard to natural disasters and other accidents.

## 3.28 CONSUMER PROTECTION AND PUBLIC HEALTH

### *Findings and priorities of the EC Report 2015*

The country is moderately prepared in the area of consumer and health protection. Some progress was made in the last year. In the coming year the country should in particular:

- strengthen the operational structures serving for consumer protection;
- ensure efficient and high-quality health protection.

### *Summary*

*The consumer protection policy aims at building a legal framework for consumer protection and its effective usage in protecting the consumer rights. It is planned preparation of a new Law on Consumer Protection.*

*Priorities in the field of public health are: raising the quality of the health services at all levels, strengthening the primary health care and prevention and establishing a stable system of financing the health protection for all the citizens.*

*The Ministry of Health is particularly focused on strengthening the human resources in the public health through additional professional education of the healthcare staff in public health care facilities and implementation of specialisations and professional trainings abroad. Also, there is a continuous modernisation of the medical equipment, as well as a complete reconstruction of the public healthcare facilities.*

### 3.28.1 CONSUMER PROTECTION

#### *Current Situation*

##### Ministry of Economy

The Law Amending the Law on Consumer Protection ("Official Gazette of the Republic of Macedonia" No. 97/15) was adopted, which transposes Directive 2011/83/EU of the European Parliament and the EU Council of 25.10.2011 for the rights of the consumers and traders when buying goods and services in particular through the remote communication equipment (such as internet and e-mail as well as contracts concluded outside the business premises of the trader).

According to the Law Amending the Law on Consumer Protection, a Rulebook was adopted on the form and content of the Template for withdrawing from a contract from a distance or an agreement concluded outside the business premises of the trader ("Official Gazette of the Republic of Macedonia" No. 206/15) which regulates the procedure as a consumer to exercise the right of withdrawal of a contract from a distance or agreement concluded outside the business premises of the trader by completing Template in accordance with the Guidelines which are an integral part of this Rulebook.

Due to compliances with the new Law on Misdemeanours ("Official Gazette of the Republic of Macedonia" No. 124/15), the Law Amending the Law on Consumer Protection ("Official Gazette of the Republic of Macedonia" No. 152/15) was adopted and a new methodology was introduced for determining the amount of fines by the competent inspection and misdemeanour bodies which is based on the criteria "total income in the previous fiscal year", "average number of employees" and "previous behaviour of the offender".

A Council for Consumer Protection was established in a new composition, with representatives from the ministries at state secretary level, and from the institutions at director level (Decision for appointing members of the Council for Consumer Protection "Official Gazette of the Republic of Macedonia" No. 13/15 and 72/15).

##### Food and Veterinary Agency

A Law Amending the Law on Food Safety ("Official Gazette of the Republic of Macedonia" No. 752/15) was adopted, which transposes EU Regulation No. 1169/011/, relates to providing information for food, intended for consumers.

A Rulebook for information related to food ("Official Gazette of the Republic of Macedonia" No. 150/015) was adopted, which thoroughly defines the requirements for information related to food.

Programme for Consumer Protection for the period 2015-2016, in 2015.

##### Ministry of Economy

The programme was implemented in cooperation with NGOs in the field of consumer protection, including:

- regional seminars in two municipalities for understanding the coordinated activities in the market surveillance by the institutions involved in the market surveillance (coordinating body for market surveillance) in order to improve the safety of products and services on the market,
- a brochure was prepared on "Contracts on a Distance" and the two leaflets on "Product Safety" and "Warranty and Servicing",

- cooperation with the municipal councils for consumers protection by holding two working meetings,
- regional seminars in three municipalities for alternative forms of resolving consumer disputes (mediation, etc.),
- The World Consumers Day, 15 of March was celebrated under the motto "Consumers use your rights and carefully read the food labelling" by promoting educational material such as leaflets in the major shopping centres in the country.

#### Food and Veterinary Agency

- Prepared, distributed and promoted informational and educational leaflets on the following topics: "From farm to table from farm to fork" and "Traditional products".
- Prepared and promoted a video: From farm to table from farm to fork, food safety for the citizens of Macedonia.
- Realised research on "Perception of the citizens on issues related to food and nutrition".

#### State Sanitary and Health Inspectorate

- Workshops were held for implementation of the Law on Protection of Patients' Rights and the amendments to the Law on Health Protection, as well as practical application of the project "My Term" directly related to the use of health services in the health facilities by the patients;
- TAIEX workshops; and
- Working meetings were held for implementation of the Rulebook on safety of children toys.

#### Ministry of Education and Science - Bureau for Development of Education

- realised expert consultative and advisory visits and workshops in the primary schools in the area of the electoral subject "skills for living" where the topic of "the student as a consumer" is represented.
- trainings/debates with teachers and students from primary schools and one secondary schools for current topics for protection of the children as consumers and users of services.
- a new manual was developed for teachers from primary education "the consumer rights in the subject "skills for living".
- workshops with teachers from primary and secondary education were realised for promotion of the manual.

#### Market surveillance

State Market Inspectorate (SMI) in the supervision of the application of the Law on Consumer Protection in the period 01.01 to 30.09.2015, performed 1524 regular, 773 control and 1036 extraordinary inspection supervision.

For determined irregularities, 6 requests for initiating misdemeanour procedure were submitted by the competent courts and 5 requests to the Misdemeanour Commission.

In a settlement procedure 89 payment orders were issued in the amount of 5.566.245 denars and 32 payment orders were collected in the amount of 827,008 denars. 4 invitations were issued for payment of fine in the amount of 265,150 denars, and 4 invitations were collected in the amount of 166,050 denars.

In this period, the State Market Inspectorate received a total of 689 complaints from consumers and acted upon them.

The State Market Inspectorate in the period January-September 2015 conducted 220 educations, according to the Law on Consumer Protection.

The Consumers Organisation of Macedonia (OPM) in the period January-October 2015 performed 1424 consultations of consumers, out of which 1312 are in the domain of general legal consultations, and 112 are specialist consultations. Majority of consultations were made by telephone, 964 by e-mail 371, and 85 were personal consultations. Majority of the complaints of the consumers are related to problems in exercising the rights of warranty and guarantee document for the technical products where complaints from consumers about problems with mobile phones dominate.

In the Food and Veterinary Agency, in the period from January to October, a total of 315 complaints were submitted, out of which 96 were filed through the free telephone number of the Food and Veterinary Agency. From the total number of complaints, 46 refer to health protection and wellbeing of animals and 269 complaints refer to the food of animal and non-animal origin. Around 67 complaints are under treatment.

From the filed complaints, 45% were founded and 47 decisions were adopted, 25 trainings were conducted, 10 fines were collected, 2.820 kg food was destroyed and 3 misdemeanour charges were filed.

#### State Sanitary and Health Inspectorate

Under the Law on protection of the rights of patients in the period from January to December 2015 regular supervision of 1035 Health care institutions - hospital was performed and 1012 supervisions in Health care institutions where patients are not placed.

23 decisions and 3 misdemeanour charges were adopted, 6 educations were exercised relating to health care institutions and 3 educations in health care institutions where patients are not placed.

The complaints are dealt within the period specified by law, for a part of them there is initiated expert supervision in connection with the treatment of patients to the Medical Chamber of the Republic of Macedonia.

The State Sanitary and Health Inspectorate in the period January-September 2015 has resolved 6704 requests for inspection supervision over shipments imported (cosmetic products, children toys, objects for general use, detergents).

The total number of taken samples is 632 for laboratory examination of health safety of products in accordance with the Strategic Plan for Risk Analysis, Standard Operating Procedures and Annual Plan for Sampling.

After receiving the results of the laboratory test it was determined that 632 samples are health secure. During this period, the State Sanitary and Health Inspectorate has issued 6704 decisions for approved imports of subject shipments.

### Staffing

In the Ministry of Economy, in the Unit for consumer protection, three (3) people are employed.

In the Food and Veterinary Agency, in the Unit for consumer protection one (1) person is employed. Employment in the inspection services, see Chapter 3.12.

In the State Sanitary and Health Inspectorate, a separate Unit for public health and the rights of patients is established, where four (4) people are employed.

### *Short-term priorities*

Implementation of Programme for Consumer Protection for the period 2015 - 2016, in 2016 by the institutions involved with its activities in the Programme and in cooperation with the NGO sector for consumer protection.

### Ministry of Economy

Holding of regional seminars, working meetings, open discussions and other promotional activities in individual municipalities for:

- informing the consumers for the safety of products offered on the market and for the legal regulations governing this area;
- the opportunity for electronic trading and protection of consumer rights;
- informing the consumers for the amendments to the Law on Consumer Protection.
- informing the consumers for the cooperation of the Council for protection of the consumers established by the Government of the Republic of Macedonia with the *Consumer Protection Councils* from separate municipalities and the City of Skopje in order to promote cooperation and understanding of the degree of realisation of the local programmes for consumer protection in accordance with the Programme for Consumer Protection.
- preparation of brochures on consumer rights according to the legal regulations in the area of consumer protection.

In 2016, it is planned development of a Programme of Consumer Protection for the period 2017 - 2018, and in December it will be submitted to the Government of the Republic of Macedonia for adoption.

In 2016, the Ministry of Economy in cooperation with the Ministry of Local Government and NGOs will initiate working meetings with the municipalities for establishing new Councils on consumer protection in the municipalities where they are not established under Article 126 of the Law on Consumer Protection and commencement of the already established councils.

The Ministry of Economy shall initiate trainings for the State Market Inspectorate for the new directives on sales on a distance (e-commerce), and the State Inspectorate for Technical Inspection for implementation of the legal regulations in the area of product safety and market supervision, as well as further strengthening of the capacities of the employees for further harmonisation of the legislation in the area of consumer protection, product safety and market supervision.

### Food and Veterinary Agency

In terms of harmonisation of the legislation, see Chapter 3.12.

Drafting, printing and promotion of informational educational materials - leaflets for the consumers on the topics: "Food Hazards" Traceability/Consumer Guide "Information related to Food" and Zoonoses. They will be promoted on events in Skopje, Bitola, Gostivar and Ohrid.

### State Sanitary and Health Inspectorate

Holding of regional working meetings, trainings on more effective implementation of the Law on the Protection of Patients' Rights, in order to establish commissions for protection of patients' rights in municipalities where are not yet established.

Regularly reporting on handling with complaints filed by patients, continuously throughout the year, as well as regular inspection supervisions every six months, in accordance with the Law on Protection of Patients' Rights.

Working meetings were held for implementation of the Rulebook on safety of children toys.

The Ministry of Health - State Sanitary and Health Inspectorate will initiate trainings in the area of implementation of the Law on the Protection of the Patients' Rights, the Law on Health Protection and Safety of Children Toys.

### Ministry of Education and Science:

Bureau for Development of Education

- Workshops and lectures on the improvement of the process of education of young people in the area of consumer protection, from early age/kindergartens to high school youth.
- Professional visits for support of the teachers in primary education, realising the subject "skills of living" or free student activities on that topic.
- Lectures/debates, work on student projects, free student activities on current topics for protection of children as consumers and users of services for schools and student dormitories.

### **Staffing**

In the Ministry of Economy, in the Unit for consumer protection is planned one (1) new employment.

In the Food and Veterinary Agency, strengthening the organisational unit for consumer protection with one (1) new employment. *(For the employments in inspection services and trainings, see Chapter 3.12.).*

### ***Medium-term priorities***

A new Law on Consumer Protection will be drafted, and it will transpose the new directives from the area of consumer protection, (November 2017).

Activities of the Programme for Consumer Protection for the period 2017 - 2018, in 2017 will continue, by the institutions involved and in cooperation with the NGO sector for consumer protection.

## **3.28.2 PUBLIC HEALTH**

### ***Current Situation***

The preparation of a Strategy for Health by 2020 is in final phase, with comprehensive approach of a "whole-government", "whole-society" and "health in all policies", as well as of several documents that are its integral part: a strategic framework and AP for public health, health and environment, non-contagious diseases.

The Agency for Quality and Accreditation of the health facilities adopted National standards for accreditation of health care institutions of secondary and tertiary level. Intensive cooperation with hospital teams continuously takes place in order to monitor and improve the quality of health care and their preparation in the accreditation process. Training of the first group of external assessors in the accreditation process is implemented and a Rulebook for external evaluation is prepared. The capacities of the Agency are strengthened with recruitment of 7 new people. The Agency signed a Memorandum of Cooperation with the Health Insurance Fund. Also, the cooperation with the regional agencies for quality and accreditation is intensified and a Memorandum of Understanding and Cooperation was signed with the Agency for Healthcare Quality and Accreditation of Bosnia and Herzegovina.

The Directorate for Electronic Health was established which has competences in management with the processes related to e-health. In the National system for electronic health records a full implementation of e-reference and e-prescription was performed. Modules were produced for electronic records of individual reports that are used in the creation of registers of contagious and non-contagious diseases, as well as module for keeping records of the issuance of insulin therapy. A solution for keeping electronic medical journal was made. Electronic records and waiting list for surgery interventions were established. The Register of health workers and Register of medical institutions are under preparation and they will support the electronic registration process of medical institutions in the country. A module that covers hospital operation was designed.

Activities for ensuring the availability and the appropriate geographical distribution of primary health care are continuously performed, and last year, in 66 populated areas where there are 3,500 residents, pharmacies were opened and 6 mobile pharmacies began operating in populated areas where there are up to 1,000 inhabitants. Through the project home visit, over 156 thousand visits were realised at homes of disabled and chronically ill people, elder people, hardly moving people, persons with special needs. Through the programme Rural doctor, the health workers provide basic services of primary health care for the elderly and socially vulnerable categories of population in 64 rural areas,

and in the period January - October 2015, over 58 thousand examinations were performed, and over the telephone line "Hello Doctor", 100 000 calls were realised in the course of one year of its introduction and the citizens received free advice and references related to their health.

The development of human resources in health care remains one of the main priorities of the Ministry of Health. Through the Programme for Education of Health Professionals, funds are provided for trainings and development of health specialists employed in the public health institutions (PHI) of secondary and tertiary level of training for application of new methods of diagnosis and treatment of diseases outside the home institution. Four new Memorandums of Cooperation were signed with top medical facilities in Europe and beyond. During 2015, trainings were realised for more than 900 health professionals.

The purchase of modern medical equipment continued and in 2015, the procedure for purchase of new modern medical equipment was finished for many public health institutions, whose total estimated value is around 05 million euro, and there are ongoing procedures for the purchase of equipment for 30 health facilities with a total value of around 9.5 million euro. The investments in reconstruction and construction of health facilities continued: in the final stage is the construction of the PET Centre worth around 17.3 million euro, and the reconstruction of a part of the clinical centre Bitola worth around 1.5 million euro.

## **1. TOBACCO CONTROL**

Within the 10 Centres for Public Health (CPH), Smoking Withdrawal Counselling Services are in function. The number of advised citizens in the period from the first half of 2015 is 153. The Institute of Occupational Medicine within the activities for enforcement of information campaigns for smoke-free work environment during 2015 organized educational meetings with health workers, and through preventive examinations of employees realised regular health-promotion activities, aimed at encouraging the cessation of smoking among the working population. According to the Law on Protection against Smoking, the SSHI continuously performs supervision on public and private health institutions, social institutions, and facilities for educational and foster activities and vehicles in international traffic. In the period from January to September 2015, the SSHI made 3213 controls and the State Market Inspectorate in the three quarters of 2015 performed control in 3700 facilities on the territory of the whole country and for violating the law, 59 subjects were fined.

## **2. INFECTIOUS DISEASES**

The planned activities for prevention and control of infectious diseases and immunisation are continuously implemented, as provided in the public health programmes (a Programme for Public Health, Programme for examination of the emergence, dissemination, prevention and eradication of brucellosis in people in the Republic of Macedonia, Programme for Population Protection from HIV/AIDS, Programme for Compulsory Vaccination of the Population in the Republic of Macedonia, Programme for Prevention of TB).

In accordance with the Strategy for immunisation, the procurement of polyvalent vaccines was completed and in August 2015 the immunisation started with them. Two workshops were held for training of all the employees in the services for immunisation for the application of new vaccines. A vaccine against *Streptococcus pneumoniae* was provided for children by clinical indications and recommendation from a paediatrician.

From October 2015, nominees from the IPH imported the data from the monitoring of influenza in the country (laboratory and epidemiologically) in TESSY, the system of ECDC, for which previously an education was implemented. Since the 2014/2015 season, sentinel monitoring of the influenza was introduced and since October 2015 the number of ILI sentinel places, from 6 in 2014 was increased to 15 in 2015, in order to achieve greater coverage of the system. The number of SARI sentinel places is the same in both years (3 places). Trainings on proper reporting and taking material for laboratory analysis of all sentinel places were implemented. The sentinel system currently functions as a project, in parallel with the existing system for routine monitoring of influenza.

As a result of the implemented education of two persons from the country within the Project No. 7 of the EU CBRN Risk Mitigation Centres of Excellence (CoE) Initiative, a training was conducted "Biosecurity and Biosafety in Laboratories: transfer of best knowledge and practices", which includes laboratories from the health sector, the veterinary sector and the forensic sector.

According to the Project for rational prescribing of antibiotics for respiratory infections for a second time, a study was conducted among 100 selected doctors, as well as their education on this topic. In September 2015, a study of point prevalence of the use of antibiotics was conducted according to evidence-based medicine. Within the international initiative for raising the awareness for rational use of antibiotics, 55 doctors from the country successfully completed the first European e-learning for rational prescribing of antibiotics organised by the Stanford University, the Medical Faculty in Skopje and the WHO. A study was conducted in clinics and hospitals that showed a significant reduction in the consumption of antibiotics: if in 2011, 600 million doses of antibiotics were prescribed, in the previous two years the number was reduced to 300 million doses. Within the celebration of the world week for AMP and the *European*



*Antibiotic Awareness Day*, the Association of Microbiologists of Macedonia organises a meeting of the national CAESAR network for monitoring antimicrobial resistance on which representatives from all microbiological laboratories and hospitals attended. In 5 schools in Skopje, an education was conducted for the use of antibiotics with children from 8th and 9th grade. Also, lectures were held on the state of resistance and rational use of antibiotics in 5 clinics/hospitals, selected according to the established situation of prescribing antibiotics at the conducted study on hospital consumption of antibiotics. During these events, to the present students/health workers a promotional material was distributed. Some of the laboratories since the beginning of 2015 started to apply the EUCAST methodology and it is expected by the end of 2015 to be applied in all the laboratories.

Within the celebration of the European Immunization Week, a workshop was also held with around 100 health workers from the immunisation services. With terrain activities, 180 unregistered and unvaccinated children were found and vaccinated, out of which 55 are from Roma nationality. 38 events were realised on TV media for the benefits of the immunisation and 169 lectures of citizens were held.

The cooperation with the ECDC continues, as well as the participation in the MediPIET programme. This year's annual Scientific Conference (First MediPIET Annual Scientific Conference), on which attended more than 120 people from the participating countries, the European Union and the European Commission, was held in Skopje.

The country in the past period has continuously faced with an inflow of migrants from the Middle East who use the territory of the country in transit to their final destination, the west European countries. Their number is constantly increasing, and it is expected the upward trend to continue in future. In order to handle with an increased number of migrants transiting the country in terms of safe crossing of the state, reducing the risks of their stay by taking appropriate measures and activities for the health and safety of the citizens, an "Action Plan for handling the health system when there is an increased inflow of migrants" was prepared. With the Action Plan, four possible scenarios were defined according to the situation on the terrain, which are based on the number of people staying, transiting in and around the country, the length of their stay, the number of people requiring medical intervention, the number of hospitalized people. The teams of the Red Cross provide interventions and first aid in accordance with their responsibilities. By decision of the Government, the health care for migrants is free of charge at all levels of the health system. From the very beginning general preventive counter epidemic measures are undertaken in order to prevent protection against outbreak of possible infectious diseases, such as: regular daily disinfection of trains that transport migrants on the route Gevgelija - Tabanovce and regular daily disinfection of surfaces where migrants are staying (railway stations Gevgelija, Tabanovce, Kumanovo, Transit centre Gevgelija and Tabanovce). Until 15.11.2015, disinfection of a total of 800,000 m<sup>2</sup> and disinsection of 25,000 m<sup>2</sup> area of was implemented. At the Transit Centre for registration of migrants in Gevgelija in two special containers, a fully equipped dispersed ambulance operates with a day hospital where a medical team provides health protection 24/7, and also a vehicle of the emergency medical assistance is provided if there is a necessity for referral in a health institution of a higher level. So far, it has been provided health care for a total of 1219 people and 106 transports to institutions of a higher level of health protection were performed. At a secondary and tertiary level, health care is provided of approximately 700 people, eight of which were deliveries. In GH Gevgelija, in order to obtain faster acceptance and treatment of migrants, as well as to prevent a possible outbreak of intrahospital infections, an ambulance is provided with daily hospital with a special separate entrance.

#### HIV/AIDS

In 2015 the implementation of the activities under the Programme for protection of the population from HIV/AIDS and the National Strategy on HIV/AIDS for the period 2012- 2016 continued, as well as the implementation of the project activities funded by the grant of the GFATM: in the first semester of 2015, with a programme for harm reduction 3.112 people who inject drugs were covered, and 1,402 drug users were covered by substitution therapy. Preventive packages are provided for 2982 MCM and 1282 sex workers. Free of charge, voluntary tests for HIV/SPI, as well as free counselling were provided to 1,094 people belonging to the group of key populations (551 drug users, 342 men who have sex with men, 118 sex workers and 83 prisoners). Vocational trainings are provided for 54 people members of non-governmental organizations and members of key populations. In 2015, the reports of the conducted researches were printed. Based on the research findings and the HIV monitoring system, in 2015 the activities for voluntary counselling and testing among the MCM populations were intensified for early diagnosis and therapy. For the HIV testing to be more accessible to the key populations, rapid HIV tests were enabled to be conducted by experts within NGOs. With this measure the number of tests done in MCM has almost doubled compared to the previous semester.

#### TUBERCULOSIS

Activities for combating tuberculosis determined by the National Strategy 2013-2017 were implemented under the Annual Programme for TB prevention complemented by activities financed by the Global Fund through the project entitled "*Ensuring high quality and sustainable DOTS intervention*". As a result of the implementation of the programme activities, the absolute number of newly registered patients was reduced from 485 in 2009 to 285 in 2014 (with a rate of

13.8/100,000), and the trend of decline continued in 2015. Regularly the previously established activities are applied, and activities are underway for introducing PAL in teaching programmes for undergraduate studies at the Medical Faculty within the University of St. Cyril and Methodius, as well as teaching programmes for specialisation in family medicine and continuing medical education.

### **3. NONINFECTIOUS DISEASES**

Within the primary health care, each year the selected doctors for their patients aged 14-65 years conduct preventive examinations for early detection of diabetes, kidney and cardiovascular diseases, and provide education to chronically ill insured people with high risk of cardiovascular diseases over 25 years old. The network of centres for interventional cardiology throughout the country was completed and the European standards - one angiography on every 200 thousand inhabitants were fulfilled. The interventional cardiology centres except in Skopje, also operate in Bitola, Stip, Tetovo, Strumica and Ohrid, and additionally a new angiography was installed in CGH 8th of September. During 2015, the Family Medicine Centre prepared a project for screening and treatment of patients with diabetes mellitus by the selected doctors. An online programme was made, there is an ongoing selection and training of doctors and it is planned the project to start by the end of 2015.

On the basis of the completed assessments of the impact of the air pollution and industrial pollution on public health, a final version is prepared of the Strategy for Health and Environment with AP that identifies the priority targets, measures and activities for reducing the harmful effects of the air pollution, unsafe water, food, proper waste disposal, pesticides in agricultural products etc.

An assessment was conducted of the capacities of the health system in the country for handling non-contagious diseases, with particular reference to the risks associated with food, as dominant risks and some of the risks that can be influenced through changes in the lifestyle. There are ongoing preparations of the draft strategic framework with an action plan for non-contagious diseases (NCD) and risks for NCD.

#### **3.1 Malignant neoplasms**

Given the fact that the malignant neoplasms are the second most common cause of death in the country, activities for prevention of risk factors and early detection of cancer are continuously promoted. Within the preventive health care, for early detection of cancer of the cervix, the selected gynecologists have an obligation to make a Pap test, as well as microbiological examinations to all pregnant women in the 12 - 30 week of pregnancy.

According to the Programme for Early Detection of Malignant Diseases, in the part for cancer screening, the free preventive checks continued during 2015, checks were conducted for early detection of cervical cancer for over 24 662 women in the age group 24 - 35 years old, and in 675 of them cell abnormalities were discovered (3.1% of the analyzed cytological swabs). Also, there are conducted examinations of 2156 people for colorectal cancer and positive findings have been confirmed in 13 people. In the period from April to October 2015, 4862 mammography examinations were conducted in women aged 50-69 years, after which 987 people were sent to additional examinations and in 6 of them cancer was determined. For the needs of the National Programme for early detection of malignant diseases, an application solution was made, which will be used in the process of implementation of the programme for early detection of breast cancer. Also, foundations were set for establishing a registry of screening for breast cancer. The system will provide easy and efficient input and update of the necessary data and it will be integrated with the national system of electronic health records - My Term.

Within the Programme "Health for All", preventive checks were implemented for a population of 4612 people in rural areas and within the emergency prevention checks of heat waves, 19 338 people were examined. In order to identify the shortcomings and to improve the situation with the screening, an assessment of the success of the implementation of cancer screening for cervical cancer and breast cancer was conducted in the whole country with all the stakeholders involved in the screening.

#### **3.2. Sexual and reproductive health**

The activities specified in the Programme for Active Protection of Mothers and Children are continuously implemented. A State Centre for Reproductive Health is established which will form a data base on the status of the reproductive health of pregnant women and infants. A commission for professional supervision of perinatal and maternal mortality was formed and models for procedures of notification were prepared. The Programme for active health care of mothers and children aimed at reducing the morbidity and mortality of pregnant women and infants is continuously implemented. Through the programme, procurement of folic acid and iodine for every pregnant woman in the Republic of Macedonia is performed. There are ongoing activities for establishing a bank for breastmilk.

Regional workshops are conducted for patronage nurses for family planning, as well as health workers from preventive teams and maternity hospitals. The Centre for Family Medicine, together with the NGOs and international prepared a two-day workshop on family planning for selected doctors in primary health care. During 2015, 10 workshops were held

that covered 200 family medicine specialists who have gained knowledge and skills to effectively engage in the care of the sexual and reproductive health of their patients.

An Action Plan was prepared on sexual and reproductive health during humanitarian crises with standard operating procedure for coordination and management, and two workshops were held for MISP (minimum initial service package).

### 3.3. Addictions

#### a) drugs

The treatment of drug users is available across the country through 12 centres for prevention and treatment of drug abuse and other psychoactive substances and the Clinic of Toxicology and Emergency Medicine (which offers treatment with buprenorphine), as well as for all the prisoners and detainees. With the Programme for Health Care of People with Addictions in the country, funds were provided for purchase of methadone and buprenorphine, as well as for treatment in a day clinic/hospital and treatment of addicts-court cases. In the first half of 2015, around 1402 persons addicted to opiates with methadone were treated for more than 6 months and around 200 persons dependent on opiates with buprenorphine. A Local Drug Strategy 2015-2020 was made with an Action Plan for the City of Skopje, and Local Strategy for HIV of the City of Skopje for 2016- 2020 with an Action Plan is under preparation. Within the Project of GFATM, two seminars were conducted for continued education of 50 health workers and associates from the centres for prevention and treatment of drug addictions, one seminar for 31 doctors for treatment of people using the drug with substitution and psychosocial therapy and one seminar for 25 people of the target group (drug users) on the topic of drug overdose. The country is involved in a project supported by the Pompidou Group, Council of Europe for "on-line" interventions which are planned to be implemented from late 2015 to late 2017. Representative of the Republic of Macedonia participated in events organised by the EMCDDA (EMCDDA Technical Conference and First European Conference on addiction and addictive behaviour). Within the project supported by the City of Skopje and NGOs, in the Youth Counselling Centre on prevention of drugs and other psychoactive substances, services for 200 clients were performed (youth, their parents and partners) for prevention, early detection and early intervention for drug use. Within the NGOs, there is also a Day Centre for the resettlement and rehabilitation of drug abusers and their families, financially supported by the City of Skopje, where a psychiatrist, a psychologist and an educator realised services for 336 clients (people who use drugs, their partners and children).

#### b) alcohol abuse

Through the Programme for Health Care of People with Addictions in the country, funds were provided for treatment of people addicted to alcohol in a day hospital and in a hospital. The preparation of a new Strategy and an Action plan for preventing the harmful effects of alcohol is in the final stage.

### 3.4. Injuries and violence

A project was finished for collecting data for traffic safety in the country, published in a WHO Global Report on Road Safety 2015. A Second National Strategy was prepared for improving the safety of road traffic 2015-2020, in coordination with the National Council for Traffic Safety on the Roads and a new Law on Traffic Safety on the Roads was adopted. The Institute for Public Health and the Ministry of Health in cooperation with the other partners implemented activities within the Decade of Action for Traffic Safety on the Roads 2011-2020, as well as for celebration of the *World Day of Remembrance for Road Traffic Victims*. Education is continuously implemented for control and prevention of injuries and violence of the undergraduate and postgraduate students of the Medical Faculty in Skopje. There are ongoing activities for implementation of the National Strategy for the Prevention and Protection against Domestic Violence and the Action Plan for its implementation in the part of health. A Law on Prevention and Protection against Domestic Violence was adopted and implemented and the relevant bylaws of health, social protection and police were prepared. A protocol on mutual cooperation in prevention and protection of victims of domestic violence, protocol on prevention in cases of abuse and neglect of children and protocol on prevention in cases of child sexual abuse and paedophilia were developed and implemented. 3 educational workshops for education of 30 health workers and other professionals were held for TEACH VIP for prevention of violence. Activities of the IPH as a regional development centre are continuously implemented for public health services for the SEE Health Network and as a Centre for Support of the Safe Communities.

### 3.5. Mental health

During 2015, a training of trainers was conducted in the field of prevention and treatment of depression and suicide prevention, and a Practice book for community mental health was published.

### 3.6. Health and Environment

An evaluation was conducted on the success of the implementation of the Strategy for Climate Change and the Action Plan for prevention of heat waves. A National Asbestos Profile for the country is prepared, and there is an ongoing development of a National Programme for Elimination of the Diseases Caused by Asbestos. According to the adopted Action Plan for prevention of the effects of heat waves on human health (2011-2015), the Institute for Labour Medicine, developed a methodology and conducted a pilot study on the effects of solar UV radiation on the health of a select group of workers (farmers and construction workers).

In cooperation with the health centres and the Red Cross, the Ministry of Health during July/August 2015 organised stations for free of charge preventive examinations and advices for prevention of the hot weather. The preventive examinations are performed on stations in 33 cities, where the blood pressure is measured and advice on the prevention of hot weather and a healthy lifestyle are provided. 30,000 leaflets on prevention of the hot weather were printed and distributed, intended for the population, workers and employers.

Within the National Programme for Public Health for assessment of the health - environmental risk of hygienic air quality in public health centres through stationary and mobile monitoring system of the Ministry of Environment and Physical Planning and the IPH, the overall airsediment of 81 measuring points, the presence of Pb, Cd, Zn, Ni and Fe in airsediment in Veles, Pb, Cd and Zn in airsediment in Kumanovo are monitored; the floating particles (smoke) and SO<sub>2</sub>-sulfur dioxide are monitored in Skopje and Veles, and the presence of CO is monitored in Skopje. As a measure for reducing the amount of the pm 10 particles in Skopje and Tetovo, where their concentration is highest, the measure of spraying the streets with calcium magnesium acetate started to apply.

### **3.7. Food and Nutrition**

The activities related to the assessment of risk associated with nutrition in populations of interest in the country are conducted through the activities set out in the National Annual Programme for Public Health. There is a continuous assessment of the nutritional quality of the diet, as well as the nutritional status in populations of interest. During 2015, the Government launched a campaign for raising the awareness of the public for the health benefits of appropriate nutrition and the practice of physical activity entitled "Health Is a Choice". In the period April-June 2015, the Institute of Public Health conducted the first national study on the nutritional habits of the population. The country actively participates in the action networks of the WHO for reducing the pressure from advertising unhealthy food to children and in the network for reducing the salt in nutrition.

## **4. SAFETY OF BLOOD, TISSUES AND ORGANS**

The Transfusion Medicine Institute launched a project funded by the German government for improving the situation in the field of transfusion medicine which envisages procurement of equipment and training of medical staff. There are ongoing preparations for the introduction of a new National Software for records of blood donors (e-Delphyn), with its configuration, testing and education of the staff. The Gynecological hospital Chair is completely renovated and equipped, covering the ambulance for blood donors, the hall for blood donation and the dining room for blood donors, the ambulance for patients with thrombotic haemostatic disorders and the laboratory for immunohaematological and haemostatic examinations for lying and ambulatory patients. The SOPs are complemented by the work of various departments and quality indicators were determined which will be monitored in the field of transfusion medicine, in addition to the anticipated quality indicators in the Rulebook on the types of indicators for the quality of health protection. There are ongoing preparations for certification according to ISO 9001:2008. A new method for bacteriological control of blood and blood components was established. The project e-donor was initiated, which establishes collaboration between the Institute for Transfusion Medicine and the Health Insurance Fund. Also, development of a register of donors of thrombocytes by aphaeresis procedure is initiated. In terms of patient care, new methods were introduced and education of the staff was conducted: HLA class I and II molecular typisation of multiplex platform (Luminex) and HLA antibodies (mix, PRA i Single antigen), as well as another test for molecular detection of a genetic mutations for thrombophilia labeled as MTHFRC677T. Since 2015, a project of ITM with the Clinic for neurological diseases was initiated, in order to prove the protective role of HLA antigens of class II in patients with antibodies to a particular therapy. In the centre for haemophilia, an apparatus BNnefelometar was purchased, on which new methods were introduced for investigation of coagulopathies. New software solutions were introduced for: registry of people with haemophilia, register of sensitised pregnant women and patients, ambulance work by automatically shifting the results of the auto analyser in the ITM Skopje. Three coagulometers and three haematology counters were purchased for the regional centres (Bitola, Stip and Tetovo).

## **5. TISSUES AND CELLS**

In 2015, additional amendments were made to the Law on taking and transplanting human organs for medicinal purposes which define the persons who may donate organs, or define in which relationship can those people be, in order to donate organs in donation from living donor, which lead to expanding the list. There is a newly introduced

possibility for so-called exchange between two pairs of donors and at the same time transplanting the organs, allowing the recipients to receive an organ from a compatible donor. In the cadaveric transplantation currently are involved 9 clinics, where teams for transplantation function and under the leadership of the National coordinator for transplantation lead the entire process of identifying the possible cadaver, reporting and confirming brain death, organs explanation, selecting organ recipients, HLA compatibility, and transplantation of organs and monitoring of patients with transplanted organs.

The national transplantation coordinator participated in the meetings of the EC for authorities and organs for transplantation and continuously performs consultations related to the accession of the Republic of Macedonia to the Eurotransplant Network.

## **6. MEDICINES FOR PEOPLE'S AND VETERINARY USE**

### **6.1. Medicines for people's use**

A guiding document in this area is the Law on Medicines and Medical Devices (Official Gazette No. 106/07; 88/10; 36/11; 53/11; 11/12, 147/13, 164/13, 27/14, 43/14). The Law and by-laws arising from it are aligned with more EU measures regulating the field: 32001L0020, 32003L0063, 32003L0094, 32001L0083, 32004L0010, 32004L0024, 32005L0028, 31989L0105, 32004R0726. In September 2014, the Bureau of Medicines was transformed into an independent authority, the Agency for Medicines and Medical Devices. In the period of its establishment until today, the procedures necessary for defining its organisational structure were completed, the procedure for certification according to ISO 9001 is in the final stage, and more than 30 procedures that define the activities in all segments and sectors of the Agency were made. The Agency was additionally staffed by employing 10 people and now the total number of employees is 43. In order to strengthen the capacities of the employees during 2015 trainings were conducted for pharmacovigilance, good clinical practices, advertising and other topics within the scope of the Agency. Along with other state institutions, the Agency for Medicines and Medical Devices participates in the implementation of many projects: a Project for rational use of medicines, Project for inability to buy antibiotics and sedatives without a prescription, Project for pharmacies/pharmaceutical stations in places with 3500 residents, Project for movable pharmacies in places with 1,000 residents, Project for Brailovo letter in coordination with the Ministry of Labour and Social Policy, Project for introduction of new drugs on the list of drugs that are covered by the HIFM.

### **6.2. Veterinary medicinal products (Medicines for veterinary use)**

The detailed conditions for the placing on the market, production, import, possession, sale, use and control of veterinary medicinal products are regulated by the Law on Veterinary Medicinal Products ("Official Gazette of the Republic of Macedonia" No. 42/10 and 136/11) as well as the by-laws arising from it. The Law on Veterinary Medicinal Products complies with the principles, standards and requirements defined in the European legislation mainly through compliances with Directive 2001/82/EC of the European Parliament and of the Council of 6 November 2001 for the Code in relation to the veterinary medicinal products in the Community (32001L0082). Within Food and Veterinary Agency, a Department of Veterinary Public Health is in function, with several units among which the Unit for Veterinary Medicinal Products. The FVA in 2015 adopted these bylaws in relation to complete alignment with the appropriate EU acquis, namely: a Rulebook amending the Rulebook on the form and content of the application for granting approval for placing the veterinary - medical preparation on the market, as well as general and special requirements to meet the veterinary - medicinal product for placing on the market ("Official Gazette of the Republic of Macedonia" 34/2015 of 06.03.2015), in accordance with EU Regulation 32008R1234; and the List of pharmacological substances authorized for use in veterinary medicine ("Official Gazette of the Republic of Macedonia" No. 156/2015 of 10.09.2015), leading to compliances with the amendments of Regulation 32010R0037.

## **7. SOCIOECONOMIC DETERMINANTS OF HEALTH AND INEQUALITY IN HEALTH**

An Action Plan for 2015 is adopted for implementation of the Strategy for Occupational Safety and Health of the Republic of Macedonia (2011-2015). The Institute for Labour Medicine, in cooperation with the Medical Chamber of Macedonia, conducted a survey among 3,000 doctors for identification of the problem of violence and stress at work in the health sector, with measures for prevention and health promotion of health workers and activities for increasing the level of awareness of the key partners in the community about this problem. Through the National Programme for Public Health for 2015, epidemiological and clinical research is conducted on the health condition and work ability among farmers with a focus on the toxicological effects of 300 farmers from the Skopje and Strumica region. Also, the health - promotional activities are simultaneously implemented among farmers (dissemination of information and leaflets "You are a farmer, keep your health!").

The Ministry of Health continued with the implementation of the Project for Roma health mediators (RHM). In the period to September 2015, the mediators assisted in realising their right to family doctor/gynecologist/dentist of 1709 people,

conducted educational counselling of 2753 people for access to health services, conducted educational counselling about healthy lifestyles of 1870 families and found 1194 cases of unvaccinated or irregularly vaccinated children which are further addressed in the relevant services. The RHM helped in 1521 cases for realising the right to health insurance, and furthermore assisted in 572 cases for realising the right to social financial assistance and assisted in 865 cases for providing personal documentation. Since November 2015, the health mediators are actively involved in the activities which the Ministry of Health has taken aimed at reducing infant and maternal mortality. During July and August, 15 people have completed training for new mediators.

In accordance with the regulations on personal data protection, in the Ministry of Health a register of people with rare diseases in the country is kept, which serves as a basis not only for a glimpse of the current situation of patients from this category, but also for keeping all administrative forms for procurement and issuing of medicines within the project for drug support of the people with rare diseases at the Ministry of Health. Through the Programme for Treatment of Rare Diseases, funds were provided for treatment and medicines for rare diseases, most common in the country. Currently 29 medicines are provided for around 120 patients. On a daily basis, the situation is reviewed of all the patients who are already registered and new ones who are being registered. The education of the health workers in Macedonia continues for application of modern methods of diagnosis and treatment of children with autism.

### *Short-term priorities*

Adoption of a Strategy for Health by 2020, the Strategic Framework and an AP for Public Health, the Strategic Framework and an AP for Health and Environment, for non-contagious diseases, and starting of the work on the preparation of strategic frameworks and an AP for infectious diseases and health systems and human resources in the health are envisaged.

The Centre for Family Medicine will continue its activities as a host of the annual meeting of the Departments of Family Medicine of the Faculty of Medicine of Slovenia, Croatia, Bosnia and Herzegovina, Montenegro and Serbia, in order to harmonise the standards for educators, mentors and teachers. Workshops are also planned for upgrading the teaching staff of the Department of family medicine with mentors and educators, as well as regular educational workshops for maintaining the quality of existing educators, mentors and teachers. The cooperation with the EMSA continues by organising workshops for medical students, as well as by preparation of brochures for informing the young doctors and for assistance in starting the work as a family doctor. The Centre for Family Medicine in 2016 plans to organise continuing medical education for family doctors on topics of interest, as well as conducting their own research for monitoring the quality of work in part of the doctors. It is also planned development of an e-learning platform and development of new modules for distance learning which will facilitate and will make more accessible the continuing medical education of family doctors.

With the aim at modernisation of the work of the medical institutions, the procurement of new medical equipment will continue for the PHI (toxicology clinic, for maxillofacial surgery, etc.), vehicles for the emergency medical aid, according to the Law on Health Care, 21 public health programmes will be adopted. The activities will continue for construction of the new Clinical Centre in Skopje, for which around 50 million euro are provided through the Development Bank of the Council of Europe, as well as for a new Clinical hospital in Stip. Also, the activities continued for reconstruction of the Clinical Hospital Bitola, the hospitals in Prilep, Veles, Kumanovo, as well as the health centres in several municipalities in the Republic of Macedonia with a total value of around 4.7 million euro.

The Directorate for electronic health during 2016 will finalise the module for national electronic health record for all patients, which will include administrative patient data, data on their health insurance, as well as medical data.

### 1. TOBACCO CONTROL

The consultation on tobacco control will be supported by the National Annual Programme for Public Health by defining indicators for monitoring the work and determining the amount of funds that will make this activity sustainable.

### 2. INFECTIOUS DISEASES

In the field of rational prescribing of antibiotics, the Centre plans to reveal the results of the second cycle of examinations which was conducted in November 2015, a presentation of the results of international conferences, active participation in the activities of the WHO and our institutions for reducing the antimicrobial resistance. The development and expansion of online education for selected doctors will continue. A revision of the results achieved so far will be implemented, in order to fully comply with the International Health Rulebook and the necessary future activities. The activities will be aimed at establishing a network of persons responsible for communication with each other from all relevant institutions, their education, as well as at establishing a team for risk assessment and rapid intervention in all areas. The cooperation with the ECDC will continue, as well as the activities within the MediPIET Programme, through

continuing the education of the 4 representatives in the two cohorts and participation in the highest governing body, SAB - Scientific Advisory Board.

#### HIV/AIDS

The implementation of the activities for prevention of HIV/AIDS will continue through the Annual Programme for HIV/AIDS and the activities of the Programme for Tuberculosis supported by the GF.

#### TUBERCULOSIS

The activities of the Medical Faculty and the Family Medicine Centre continued for integrating the PAL in undergraduate studies in medicine, as well as in continuing medical education, which will ensure sustainability of the training after the finalisation of the grant in 2016.

### 3. NONINFECTIOUS DISEASES

The project of the Centre for Family Medicine for screening and quality of care for patients with diabetes mellitus will start, in order to improve the care at primary level for these patients. The Centre will continue with ongoing projects for active patient and for gender violence by educational workshops.

Adoption of a Strategy for Non-Contagious Diseases is planned, as well as adoption of the Strategy Framework for Health and Environment with an AP that will identify the priority targets, measures and activities for reducing the harmful effects of the air pollution, unsafe water, food, proper waste disposal, pesticides in agricultural products etc.

#### 3.1. Malignant neoplasms

Implementation of the Programme is planned for early detection of cancer, the programme "Health for all", the programme for systematic controls in children, the programme for active health care of mothers and children, the national public health programme for cardiovascular diseases etc. It is planned adoption of an Action Plan for cancer screening for cervical cancer, for better coordination and implementation of the activities.

#### 3.2. Sexual and reproductive health

During 2016, the Centre for Family Medicine will continue with training of family medicine specialists for family planning. Visits of mobile gynecological ambulances in the rural areas where there is a shortage of family gynaecologists, will be implemented.

#### 3.3. Addictions

The treatments in the centres for prevention and treatment of drug addiction will continue. 2 seminars are planned on co-morbidity and treatment and care of special groups for total of 60 participants employed in the centres for treatment of abuse and drug addiction, 1 seminar for 25 persons from the target group (people who use drugs) on the topic overdose and 1 seminar for 30 doctors on the topic Treatment and care for people who use drugs (special groups).

The Project for "online" interventions is planned for the period 2016-2017. Within the Conference on Forensic Psychiatry, a Symposium will be held for the treatment of drug abusers in prisons. It is also planned a TAIEX seminar to be hold on prevention of drugs and alcohol at work.

#### 3.4. Injuries and violence

The activities for the implementation of the Strategy for Prevention of Domestic Violence and the Strategy for Traffic Safety on the Roads will continue according to Health Action Plans.

#### 3.5. Mental health

The activities of the Annual Programme for treatment of people with mental illnesses and the activities aimed at opening new centres for mental health in the community will be implemented.

#### 3.6. Health and Environment

Adoption of the Strategic Framework and Action Plan for health and environment is envisaged. With the support of the Ministry of Health, a National Programme for Elimination of diseases caused by asbestos was adopted and is implementing. Implementation of clinical-epidemiological study is envisaged, on the effects of solar UV radiation on the health of the target groups of workers (farmers and construction workers) and preparation of guidelines for prevention, organising a national campaign for prevention of the harmful effects of UV rays.

#### 3.7. Food and Nutrition



There is a continuous assessment of the nutritional quality of the diet, as well as the nutritional status in populations of interest in the country, according to the NGPJZ. In 2016, implementation of data collection is planned for the 4th round of the Initiative for monitoring the obesity among children in Europe (COSI) of the WHO, in which the country participates through the activities of the NGPJZ in the assessment of nutritional status, which is implemented by the PHIRM and the PHC. The IPHRM will initiate activities for establishing a National database of food composition in the country.

#### **4. SAFETY OF BLOOD, TISSUES AND ORGANS**

Completion of the certification process ISO 9001:2008 is envisaged. Establishing a system of haemovigilance is envisaged, with exact definition of the activities between the ITM and clinics/hospitals using blood and blood components, as well as national connection and the establishment of a single database for all blood donors through the new software e-Delphyn. A new molecular method (NAT) for testing blood donors to diseases transmitted by blood will be introduced, which will further improve the quality and safety of blood/components, and will also fulfil one of the criteria for collecting plasma for fractionation. Introduction of another new method is envisaged, for isolation of fetal DNA for prenatal detection of Rh genotype fetal through maternal blood. Purchase of equipment is planned for a liver transplantation from MZ - tromboelastometer and thrombocytes aggregation, as well as equipment for testing of INR in people on anticoagulant therapy.

#### **5. TISSUES AND CELLS**

By the end of 2016, in the network of health institutions that perform transplantations, will be included another 5, beside the existing 9, which would increase the number of potential transplantations. Design of software for registering the national list of potential organ recipients is envisaged, active HLA tipisation of all patients on dialysis in the country, providing continuing medical education of the teams for transplantation in the centres in Europe, starting collaboration with medical centres from France for expanding cadaveric liver transplantation. National campaign for informing the population for the benefits of the organ donation and transplantation is planned.

#### **6. MEDICINES FOR PEOPLE'S AND VETERINARY USE**

Activities continuously will be conducted for harmonisation of legislation and improvement of the work of the Food and Veterinary Agency, as well as the Agency for Medicines and Medical Devices. In order to fully harmonise the national legislation with the EU regarding the establishment of a system of pharmacovigilance, the Agency for Medicines will prepare a new text of the Law on Drugs that will be in line with Directive 2001/83 and Regulation 2010/1235. Also, from the provisions of the Law on Medicines and Medical Devices, relating to medical devices and pharmacies, two separate acts will be prepared: Law on Medical Devices and Law on Pharmacies.

#### **7. SOCIOECONOMIC DETERMINANTS OF HEALTH AND INEQUALITY IN HEALTH**

With the aim of improving the health of the pregnant women and infants, the implementation of the measure for free examinations of women in a reproductive period and free delivery of all pregnant women will begin, independently of the status of the health insurance.

Through the Project home visit, the patronage services of health centres will focus on visiting pregnant women from socially vulnerable groups, such as pregnant women with lower levels of education or no education or primary education, and women receiving social assistance. In these activities, the Roma health mediators will be included.

In cooperation with the MLSP, the Strategy for Health and Safety at Work 2016-2020 with an Action Plan will be prepared, according to the principles of the EU Strategic Framework on Health and Safety at Work 2014-2020, 6.6.2014, COM (2014) 332 final. Activities are planned for research and development for new and increased risks of certain priority issues in the area of workers' health and preparation of measures and recommendations for prevention and promotion of the health of workers. The Institute for Labour Medicine, the Macedonian Association for labour medicine and the Macedonian association for protection at work, in order to strengthen the capacities, resources and promotion and dissemination of knowledge and best practices in the field of health and safety at work, plan to hold trainings, seminars, educational meetings for various target groups (health workers, professionals, workers and employers) on specific issues of interest (work-related stress, musculoskeletal disorders, risk assessment at work).

#### ***Medium-term priorities***

The Family Medicine Centre plans activities for development of scientific and research projects in the field of primary health care and capacity building of academic staff. Furthermore, development of indicators for quality control of the work of the family doctors is planned, for the most common chronic diseases and continuation of medical education that meets the learning needs of the physicians. The training of the health staff will continue in world famous universities, the signing of memoranda of cooperation with university clinics and institutes, as well as the modernisation of the medical

equipment. Continuation of the investments is planned, for reconstruction and upgrading of the health care institutions in Macedonia, as well as procurement of new modern equipment.

### **1. TOBACCO CONTROL**

Implementation of the measures and activities is planned, for healthy lifestyles promotion and continuation of the work of the smoking counselling.

### **2. INFECTIOUS DISEASES**

The implementation of the annual preventive programmes will continue. Implementation of preventive public health programmes will continue, and since the end of the programme activities for HIV/AIDS and TB financed by the GF, the activities will continue through the annual programmes of the MH.

### **3. NONINFECTIOUS DISEASES**

Implementation of the measures and activities for healthy lifestyles, promotion and continuation of the work of screening of malignant neoplasm will continue.

Implementation of measures and activities will continue, in prevention of cardiovascular diseases (CVD), according to the annual programmes for CVD.

### **Addictions**

In the period 2017 - 2018, it is expected that activities will continue, for online interventions for drug abusers, the work of the Youth counselling for drug prevention and other psychoactive substances and the Day centre for resettlement and rehabilitation of drug abusers and their families.

### **Injuries and violence**

The activities for implementation of the Strategy for Prevention of Domestic Violence and the Strategy for Traffic Safety on the Roads will continue according to Health Action Plans and the new legislation.

### **Mental health**

The activities of the Annual Programme for treatment of people with mental illnesses and the activities aimed at opening new centres for mental health in the community will be continuously implemented.

### **Health and Environment**

Implementation of the Strategy for Health 2020 and Action Plans for Public Health and Environment will continue. Implementation of the adopted National Programme for elimination of diseases caused by asbestos with an inter-sectoral approach will continue, through numerous activities for establishing a system of inspection and monitoring of asbestos exposure at work environment, improving the record of diseases caused by asbestos (Register of Occupational Diseases and Cancer Register), conducting trainings and preparation of guidelines for inspections and workers in the sectors involved, raising the awareness of the working population and population for risk of asbestos (education, training, campaigns).

### **Food and Nutrition**

In the period -2018 - 2017, certain legal and other measures are planned, aimed at improving the nutrition of the population, especially the children, with a special emphasis on advertising of foods rich in fat, salt and sugar to children. For the planned activities, in 2017 and 2018, the IPHRM plans to provide for funds for technical and expert assistance of EU.

### **4. SAFETY OF BLOOD, TISSUES AND ORGANS**

Improvement of the system for safe blood will continue, according to standards and working conditions in the integrated system. A new method for molecular determination of rare blood groups and molecular determination of blood groups in mothers will be introduced.

### **5. TISSUES AND CELLS**

The improvement of the system for organ transplantation will continue through education of staff, harmonisation of the legislation and other measures and activities necessary for joining the Eurotransplant.

### **6. MEDICINES FOR PEOPLE'S AND VETERINARY USE**

Harmonisation of legislation and improvement of the work of the Food and Veterinary Agency, as well as the Agency for Medicines and Medical Devices is envisaged.

In order to further strengthen the institutional and administrative capacities of the Food and Veterinary Agency, within the IPA 2012, in the field of veterinary medicinal products, preparation of documents is envisaged, including: programme for antimicrobial resistance, a national action plan for prevention of outbreak of dangers of antimicrobial resistance, manuals, working papers, including good veterinary practices regarding the prescription of veterinary medicinal products - VMP and regarding the application of the doses for VMP by private veterinary practice; introduction of operating system or centre for adverse reactions caused by veterinary medicinal products; establishing a functional system for control of the overuse and misuse of antibiotics intended for use in the veterinary medicine; establishing an official system for monitoring/tracking adverse reactions from veterinary medicinal products.

## **7. SOCIOECONOMIC DETERMINANTS OF HEALTH AND INEQUALITY IN HEALTH**

The implementation of the activities of the annual public health programmes will continue, based on the Strategy for Safety and Health at Work 2016-2020 with an Action Plan.

## 3.29 CUSTOMS UNION

### *Findings and Priorities of the EC Report 2015*

The country has a good level of preparation in the area of customs union. Good progress was made on legislation and administrative and operational capacity, although introducing fees for customs declarations is a step backwards. Certain customs provisions of the Law on Technological Industrial Development Zones are still not in line with the acquis. In the coming year, the country should in particular:

- remove fees for customs declarations;
- finalise and consolidate ongoing IT projects, ensuring the maintenance and business continuity of the IT systems.

### *Summary*

*The Customs Administration of the Republic of Macedonia will continue to implement the basic obligations: protecting the financial interests of the country, protecting health and life of people, maintaining and improving the competitive economic environment and realisation of the economic policies of the Government.*

*The customs legislation is largely harmonised and aligned with the EU legislation. Key priorities shall be: investing in employees, simplification and acceleration of economic activities, improving the capacity to control the application of laws, improving the administrative and logistical support, as well as maintaining and upgrading the IT systems.*

*In 2016, the Customs Administration will focus on finalising the implementation of the new electronic system for processing customs declarations and excise documents, finalisation and consolidation of current IT projects and ensuring their maintenance and continuity of operations of IT systems, as well as further harmonisation of customs legislation and acceleration of the procedures.*

## 3.29.1 CUSTOMS LEGISLATION

### *Current Situation*

On 1 July 2015, the Law on Ratification of the Convention on a Common Transit Procedure and the Law on Ratification of the Convention on the Simplification of Formalities in Trade in Goods came into force, which were adopted in May 2015<sup>217</sup>. With their entry into force, the country became part of the transit system of the European Union and participates in the implementation of the common transit procedure which is carried out by using electronic transit declarations and with implementation of transit formalities by using electronic data processing.

In February 2015, the Law amending the Customs Law<sup>218</sup> was adopted, thus a delay in the application of the provisions concerning the entry and exit summary declaration to the entry of the country into the EU was made. The provisions on entry and exit summary declaration with the legislative amendments made during 2010 and 2011 are fully harmonised with the provisions of the EU Customs Code, but given the fact that this is a provision specific to the Union, the application of these provisions is postponed until the entry of our country into the EU.

In order to comply with the new Law on Misdemeanours<sup>219</sup>, amendments to the Law on Customs Administration and the Customs Law<sup>220</sup> were adopted.

In April 2015, the Regulation amending the Regulation on the implementation of the Customs Law<sup>221</sup> was adopted. The amendments postpones the application of the provisions relating to the submission and processing of certain kinds of declarations made by techniques of electronic data processing (electronic customs declarations), by 1 January 2016, which is directly related to putting into operation of the new Customs Declarations and Excise Processing System (CDEPS).

In July 2015<sup>222</sup>, the amendments to the Regulation on implementation of the Customs Law harmonised the previously implemented amendments to the Customs Law, made within the preparation for membership in the Common transit procedure.

<sup>217</sup> "Official Gazette of the Republic of Macedonia" No. 86/15

<sup>218</sup> "Official Gazette of the Republic of Macedonia" No. 15/15

<sup>219</sup> "Official Gazette of the Republic of Macedonia" No. 124/2015

<sup>220</sup> "Official Gazette of the Republic of Macedonia" No. 129/2015

<sup>221</sup> "Official Gazette of the Republic of Macedonia" No. 62/15

<sup>222</sup> "Official Gazette of the Republic of Macedonia" No. 111/2015

The adopted amendments to the Law on Representation Activities in Customs Procedures<sup>223</sup> further specify certain provisions of the Law in order to facilitate its practical application.

In February 2015, the Rulebook amending the Rulebook on the manner of completing the customs declaration and the list of codes used when completing the customs declaration was adopted<sup>224</sup>, to ensure greater traceability of incoming veterinary documents issued by the Food and Veterinary Agency and they made a distinction between incoming veterinary documents for live animals and animal products at import and transit.

In March 2015, the Law amending the Law on Customs Tariff was adopted<sup>225</sup>, harmonised with the Regulation (EEC) No. 2658/87 on the Council on Tariff and Statistical Nomenclature and the General Customs Tariff, i.e. which provides legal basis for uniform application of the Customs Tariff.

In May 2015, another Law amending the Law on Customs Tariff<sup>226</sup> was adopted, which reduced the duty rates to third countries in nine tariff marks, while in two tariff marks there are changes in the text of the item. The reductions are made of raw materials for production.

In May 2015, the new Law on Customs Measures for Protection of Intellectual Property Rights<sup>227</sup> was adopted, on the basis of the new EU Regulation No. 608/2013, with no significant difference in relation to the previous Law based on the old EU Regulation No. 1383/2003. This Law regulates the conditions and procedures for actions by the customs authorities when there are reasonable grounds for suspecting that goods infringe the intellectual property rights, are or should be subject to customs supervision or customs control in the customs area of the country, in accordance with the customs regulations, in cases when the goods are declared for putting into free circulation, export or re-export, entering or leaving the customs area of the country or when are placed under a transit procedure or placed under the customs warehousing, inward processing, processing under customs control or temporary import, or placed in a free zone or free warehouse in accordance with the customs regulations. With the amendments in July 2015<sup>228</sup>, an amendment in delegating the powers in decisions on administrative issues at second instance has been done by introducing the possibility of initiating administrative proceeding, instead of an appeal as it was prescribed before. With the amendments of November 2015<sup>229</sup>, an amendment in the area of misdemeanor provisions and the amount of the fines has been done, by which this Law is harmonising with the Law on Misdemeanors.

During 2015, amendments to the Regulation amending the Regulation on the allocation of certain goods in the Combined Nomenclature under the regulations of the European Commission have been adopted. With their adoption, the country provides a legal basis for uniform application of the combined nomenclature of goods that are allocated in the Annexes to the Regulation.

During 2015, a Rulebook on implementation of the Law on Customs Measures for Protection of Intellectual Property Rights<sup>230</sup> was adopted in order to comply with the EU Regulation 1352/2013. With the Rulebook, new forms of the application for taking customs actions and the application for extension of the period for taking customs action are envisaged, as well as the necessary data, information and documentation to be submitted to the applications for taking customs actions.

On the basis of laws and by-laws adopted, a Guideline for implementation of the Law on Customs Measures for Protection of Intellectual Property Rights has been prepared.

### ***Short-term Priorities***

#### **Legal framework**

During 2016, analysis of the amendments to the EU legislation will be made, in particular to the Customs Law of the Union and the Regulation related to its implementation.

At the end of 2016, a Decision on Harmonising and Amending Customs Tariff for 2017 will be adopted, in order to be harmonised and amended according to the EU Combined Nomenclature.

During 2016, a new Regulation on classification of certain goods in the Combined Nomenclature in accordance with regulations of the European Commission will be adopted, as well as three amendments to it, in order to comply with the EU regulations.

#### **Institutional framework**

Customs legislation of the country is largely harmonised with the EU legislation, but compliance with the new regulations of the European Union and strengthening the administrative and operational capacities is continuously made.

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<sup>223</sup> "Official Gazette of the Republic of Macedonia" No. 154/2015

<sup>224</sup> "Official Gazette of the Republic of Macedonia" No. 15/15

<sup>225</sup> "Official Gazette of the Republic of Macedonia" No. 44/15

<sup>226</sup> "Official Gazette of the Republic of Macedonia" No. 81/15

<sup>227</sup> "Official Gazette of the Republic of Macedonia" No. 88/15

<sup>228</sup> "Official Gazette of the Republic of Macedonia" No. 154/2015

<sup>229</sup> "Official Gazette of the Republic of Macedonia" No. 192/2015

<sup>230</sup> "Official Gazette of the Republic of Macedonia" No. 106/2015

In 2016, the application of the communication knot CCN/CSI (Common Communication Network/Common System Interface), established in 2015 for the needs of connection with the European systems through the Programme CUSTOMS 2020, will continue.

The new electronic system for processing customs declarations and excise documents will be fully implemented and consolidation of the ongoing IT projects will be made. During 2016, the maintenance and activities for continuity of the IT systems operation will continue.

#### *Medium-term Priorities*

New Customs Law and a Regulation on implementation of the new Customs Law will be adopted, in order to comply with the Customs Law of the European Union adopted on 1 June 2013 (Reg. EU952/2013-OJ L 269,10.10.2013), which will enter into force on 1 June 2016. Their adoption will be according the recommendation of the Customs Blueprints. This recommendation emphasises the need of harmonisation in the area of submitting pre-arrival and pre-departure information for the deliveries and introducing systems for risk analysis and further promotion of the concept of Authorised Economic Operator. Further harmonisation of the Customs legislation and procedures with the EU legislation will be made, as well as strengthening the administrative and operational capacities of the CA.

### **3.29.2 ADMINISTRATIVE AND OPERATIONAL CAPACITY**

#### *Current Situation*

During the 2015, improvement of the process of risk management has been made and disadvantages based on the conclusions of the Committee for Risk Management have been removed.

The intelligence capacities are improved by consolidating electronic intelligence database and putting into operation the Guidelines for its use.

The standards of the World Customs Organisation for strengthening the security and trade regime have been implemented, whereby two strategies have been adopted, supported by the action plans, including:

- for prevention of illegal drug trade, which endanger human health and
- for prevention of illegal weapons trafficking.

In 2015, the activities for implementation of the strategies have continued, thus the operational capacity and control, as well as the application of laws in the area of the Control and Investigation Sector within the Customs Administration have been improved.

In 2014, the Law on Ratification of the Agreement between the Republic of Macedonia and the European Union for the participation in the Union Programme - Customs 2020<sup>231</sup> was adopted. CA is intensively involved in the Programme through different types of activities that contribute to the strengthening of administrative and operational capacity.

In order to modernise the organisational structure and functionality of the CA, new Rulebook on the organisation of work and new Rulebook on Systematisation of Posts in the CA have been adopted. They are prepared and adopted under the new legislation (the Law on Administrative Officers and the Rulebook on the form and layout of the Rulebooks on the organisation and systematisation by MISA). Under the new organisational structure: the Unit for international cooperation, projects and European integration consists of 3 departments; the Unit for non-tariff measures and protection of intellectual property rights is located in the Sector for Customs System; a Sector for legal matters shall be introduced which shall consist of 3 departments (legal, advocacy and administrative procedure for misdemeanour procedure and for office and archive work).

#### *Short-term Priorities*

##### **Legal framework**

During the implementation of the project "Completion of the procedure for accession to the Convention on joint transit procedure and the Convention on simplification of formalities in trade in goods" (from September 2014 to June 2016), an analysis of the new EU regulation will be conducted, in particular the transposition of provisions of the Customs Law of the Union and the Regulation on its implementation, which should take effect in the EU in May 2016.

##### **Institutional framework**

During 2016, by implementation of the system for processing customs declarations and excise documents (CDEPS), interoperability and interconnection with the customs IT systems of the EU will be ensured, as well as management of customs declarations and excise documents (submitting, recording, acceptance, processing and archiving), control of the flow of excise and customs goods through exchange of standardised e-mails with economic operators, efficiency in controls concerning collected and returned customs duties, excises, taxes, fees and other expenditures, facilitating the

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<sup>231</sup> "Official Gazette of the Republic of Macedonia" No. 159/2014

trade through accelerated flow of goods, improving the security of the supply chain, according to the EU and WCO standards.

During 2016, the Project Harmonisation of the excise legislation with the best practices of the European legislation in the area of excise duties, supported by the EU (IPA 2010) will continue. The harmonisation of excise legislation is envisaged within the project through the introduction of best practices in the area of excise management. Particularly important will be the introduction of full electronic data exchange between excise payers and CA, as well as the electronic monitoring of the flow of excise goods.

In the period 2016-2017, the following project is expected to be implemented: Strengthening the customs administrative capacities for fulfilling the membership obligations - Implementation of the intellectual property rights. The main objective is to strengthen the capacity of the CA for implementation and enforcement of intellectual property rights through further harmonisation of the legislation and procedures with the acquis and best practices related to customs enforcement of intellectual property rights, as well as cooperation for more effective and joint action in detection, investigation and prosecution of the organised crime involved in counterfeit and pirated goods.

During 2016, the construction works of the following infrastructural project are planned to start: Upgrading the customs facilities at the border crossing for road traffic Tabanovce. It includes enlargement of the existing import and export terminal for additional 4,000 m<sup>2</sup>, construction of supporting facilities (facility for CA, water pipeline and sewerage, lighting, construction of a water treatment plant) along the Pan-European Corridor 10. This project is expected to be completed by 2018 (the project realisation requires two years).

### *Medium-term Priorities*

During 2017, the following project will start: Upgrading the customs facilities and inspection authorities at the border crossing Kjaľasan. The project includes construction of customs facilities and inspection authorities at the border crossing Kjaľasan, construction of new import-export customs terminal of 9.5 thousand m<sup>2</sup>, access roads, customs facilities and other inspection authorities (CA building, water supply and sewage, lighting, construction of a treatment plant), and reconstruction of existing facilities. The construction of new infrastructure will contribute to the creation of modern conditions for providing higher quality services by border authorities at the border crossing, which means facilitating and speeding the flow of goods through the border crossing. In addition, this project will provide further facilitation of border formalities, better services for the economic operators and further enhancement of the security of the country. This project is expected to be completed by 2018.

By 2017, according to the budget planning for 2016, Accreditation of the Customs Laboratory (laboratory organisation, adoption of Manual on the quality, trainings required in accordance with the ISO, internal control, inter-laboratory tests, etc.) is expected to be obtained. This shall mean implementation of ISO 17025 in the customs laboratory and review the organisational structure of the customs laboratory. In order to obtain accreditation, an Action Plan for accreditation of the Customs Laboratory has been prepared.

In the period 2015 - 2020, the administrative and operational capacity of the CA will be strengthened with support of Programme Customs 2020.

### *Programmes and Projects*

#### **Current Projects**

- Harmonisation of the excise legislation with the best practices of the European legislation in the area of excise duties (IPA twinning 2010)
- Completion of the procedure for accession to the Convention on common transit procedures and the Convention on the simplification of formalities in trade in goods (IPA twinning 2010)
- Implementation of the system for processing customs declarations and excise documents (CDEPS)
- Project: Upgrading of the Electronic System for issuing import and export licenses and tariff rate quotas - EXIM. It has been in operation since 2008 and every year is becoming more sophisticated, increasing the efficiency of acceleration of customs procedures. The number of registered users is continuously growing as well.

#### **Planned Projects**

- Project: Strengthening the customs administrative capacity to fulfil the obligations of the membership - Implementation of Intellectual Property Rights (in collaboration with the State Office of Industrial Property) (IPA 2011).
- Project: Upgrading the customs facilities at the border crossing for road traffic Tabanovce (IPA 2012).
- Project: Upgrading the customs facilities and inspection authorities at the border crossing Kjaľasan (IPA 2013).



### 3.30 EXTERNAL RELATIONS

#### *Findings and Priorities of the 2015 EC Report*

The country is moderately prepared in the area of external relations, with some progress over the past year. The country continued its good cooperation with the EU within the World Trade Organisation (WTO), but its institutional capacity to fully participate in EU commercial, development and humanitarian policies is still insufficient.

#### Summary

*Implementation of CEFTA 2006 and the Integrated Growth Pillar of the SEE Strategy 2020 continued, and a new development model has been created in dimension A 'Free Trade Area', and in dimension C 'Integration into the Global Economy'.*

*The focus of the activities was on trade facilitation, liberalisation of trade in services, with gradual approach towards progress liberalisation of trade in services and mutual opening of the markets for services. Trade facilitation should be achieved by establishing transparent means and simplification of customs and trade procedures for eliminating possible risks in export and unhindered access to the markets in the region. One of the more significant activities directly towards creation of a preferential access, not only towards existing export destinations, but also towards other markets within the PEM region is the amendment to the Protocols for Origin of goods according to the Regional Convention on Pan-Euro Mediterranean rules of origin. The application of the convention as a whole is at the same time an opportunity for participation in the global procurement chain.*

#### 3.30.1 COMMON TRADE POLICY

##### *Current situation*

In 2015 the country continued the implementation of trade policy in accordance with the obligations arising from the membership in the World Trade Organisation (WTO) and the obligations arising from the Stabilisation and Association Agreement (SAA), the Central European Free Trade Agreement (CEFTA 2006) and the other agreements for free trade in which obligations were undertaken for preferential trade regime. The country ratified the Protocol on the WTO Trade Facilitation Agreement.

During 2015, the activities within CEFTA were focused on implementation of the annual Programme of the Republic of Moldova for CEFTA 2016 presidency, in which the priorities and activities in the Pillar for integrated growth in the Strategy SEE 2020 were integrated. The main priorities of the CEFTA 2016 presidency are the following:

*Creation of a free trade area* - In 2015, the negotiations continued for further liberalisation of trade in services in CEFTA in the following sectors: business and professional services, tourist services, environmental services, communication services, audiovisual services and construction services, educational and health services. Four rounds of negotiations were held for signing a regional Protocol for Trade in Services. The progress in the negotiations process will continue in the forthcoming period and it should result in concluding a regional Protocol for Trade in Services by the end of 2016. The regional Protocol will provide achieving a progressive liberalisation of trade in services and mutual opening of the services markets, in the context of the European integration.

Simultaneously with the negotiations for services liberalisation, in 2016 negotiations and conclusion of an Agreement for recognition of professional qualifications has been planned, which will directly influence trade facilitation and liberalisation of trade in services, for the purposes of reducing any barriers existing in the region nowadays in terms of export of services.

The negotiations for signing an Agreement on Trade Facilitation started within CEFTA, 2 rounds of negotiations were held and the negotiations are expected to continue in the forthcoming period and to result in signing the agreement by the mid-2016. The goal is trade facilitation and liberalisation of trade in services for the countries in the region, which should be achieved by establishing transparent means and simplification of customs and trade procedures for eliminating possible risks in export and unhindered access to the markets in the region.

*Integration into the Global Economy* - The activities on amending the protocols on rules of origin in free trade agreements in order to apply identical diagonal cumulation of origin of CEFTA countries with EU countries (28 countries), EFTA countries (Switzerland, Norway, Iceland and Liechtenstein) and Turkey, according to the Regional Convention for Pan-European Mediterranean rules for origin. The aim is creation of a preferential access, not only towards the existing export destinations, but also towards other markets within the PEM region. The application of the convention as a whole is at the same time an opportunity for participation in the global procurement chain.

The Republic of Macedonia ratified the Protocol for Origin of Goods according to the CEFTA Agreement of 27 August 2014, which means that already four, out of seven CEFTA countries (Republic of Macedonia, Republic of Albania, Republic of Serbia and Montenegro), officially as of 12 September 2014 apply the protocol on origin of the convention in

their mutual trade. Soon, the harmonised Decision between the Republic of Macedonia and the Stabilisation and Association Council will be signed. The already started harmonisation of the text of the Decision amending the Protocol on Origin of Goods of the Agreement between EFTA and the Republic of Turkey is yet to be completed in the upcoming year.

*Competitive economic environment* - The transparency within the programmes of the presidencies were strengthened by developing the CEFTA-concept 'management-information system', thus the transparency package will be available to the business sector.

In 2015, during the Moldova presidency of CEFTA, the following activities were completed: The additional protocol for eliminating the remaining wine quotas between the Republic of Macedonia and the Republic of Moldova was signed by the two countries, and the Republic of Macedonia ratified it in July 2015. The following meetings were held: 1 extraordinary meeting of the Joint Committee, 1 meeting of the Joint Committee, 2 Strategic Meetings, 1 meeting of the Supervisory Committee, 1 meeting of the deputy ministers, 2 of the Committees for Trade Facilitation, 4 of the Sub-Committee for Trade in Services, one of the Sub-Committee for Customs Duty, the Sub-Committee for TBT and NTB and of the Sub-Committee for Agriculture, 1 of the Work Group on Statistics of Trade in Services, 2 of the Work Groups for Mutual Recognition of Professional Qualifications, 2 of the Work Groups on Investments, 1 of the Work Group on TBT, etc.

In 2015, the Law Amending the Law on Control of Export of Goods and Double Use Technologies was successfully implemented.

In 2015, the Macedonian Bank for Development Promotion (MBDP), through credit lines for support of export oriented companies, as well as the credit guarantee and export factoring, offered financial support to the companies which placed their products and services on foreign markets. Through these credit lines and the products as credit guarantee and export factoring, the companies enhanced their competitiveness, financial stability and safety in performing on foreign markets. The activities of the MBDP in this part are in accordance with the legal framework which regulates the operations of the MBDP, such as the Law on Banks, the Law on MBDP and the international directives which regulate the foreign trade financing.

### ***Short term priorities***

The country will continue to implement the commitments arising from the WTO membership, and the obligations arising from other free trade agreements.

By the end of 2016, the harmonisation of the text of the decisions amending the protocols on origin of goods with the EU, Turkey, CEFTA countries is planned to be completed, according to the Regional Convention on Pan-Euro Mediterranean rules on origin and the process of ratification is to be implemented.

Within the CEFTA framework, by the end of 2016, the conclusion of a regional Protocol on Trade in Services is planned, as well as the Agreement on Professional Qualification Recognition and the Agreement on Trade Facilitation.

The implementation of common consolidated agenda of CEFTA and the Integrated Growth Pillar in the SEE Strategy 2020 will be continuously realised.

Mapping of CEFTA projects will continue in 2016 and they will be accessible and transparent on the CEFTA website.

In 2016, in accordance with the Protocol of the Agreement on Trade Facilitation, the country will set up an Information Body for trade facilitation (in the Customs Administration) and a National Committee for Trade Facilitation (in the Ministry of Economy), and they will be put into operation after the Agreement of Trade Facilitation is ratified by the majority of the WTO members.

In 2016, a Decision on Establishing a List of Double Use Goods and Technologies will be adopted which will be harmonised with the latest regulation of the EC Council.

Competent institutions for implementing the trade policy in the in the country are the Ministry of Economy - Department of International Trade Cooperation, Ministry of Finance and Customs Administration.

### ***Medium term priorities***

Mapping of CEFTA projects will continue in the following mid-term period.

Implementation of the protocols on origin of goods with identical application of a diagonal cumulation of origin of CEFTA countries with EU countries (28 countries), EFTA countries (Switzerland, Norway, Iceland and Liechtenstein) and Turkey, according to the Regional Convention for Pan-European Mediterranean rules for origin.

## **3.30.2 BILATERAL AGREEMENTS WITH THIRD COUNTRIES**

### ***Current situation***

The Republic of Macedonia has signed 43 bilateral agreements on promotion and mutual protection of investments. 37 out of these have entered into force, while 4 agreements were ratified only by the Republic of Macedonia and will enter into force after the ratification process in the respective countries, and two are in a procedure of ratification.

18 out of the total number of agreements are signed with Member States of the European Union and all of them entered into force.

During 2015 the Republic of Macedonia ratified the Agreement on Encouraging and Mutual Protection of Investment with Vietnam and it signed agreements with Kosovo and the Kingdom of Denmark. The last two agreements are in the phase of ratification by the Assembly of the Republic of Macedonia. In the beginning of 2015, the Agreement on Encouraging and Mutual Protection was initialled with Iceland and it is in the phase of signing. Furthermore, negotiations started as regards the Agreement on Encouraging and Mutual Protection of Investment with the United Arab Emirates, and the negotiations with Canada continued.

As regards signing agreements for trade/economic cooperation with third countries, in 2015, the Agreement on Economic Cooperation was ratified between the Government of the Republic of Macedonia and the Government of Vietnam. The Agreement on Economic and Technical Cooperation between the Government of the Republic of Macedonia and the Government of Kuwait entered into force on 6 March 2015.

### *Short term priorities*

The country will continue to implement activities and analyse the Trade and Economic Cooperation Agreements that have been signed and entered into force in order to harmonise them with the EU legislation. For that purpose time frame is to be defined for harmonising the existing agreements with the EU legislation.

In the course of 2016 the negotiations for the Agreement on Encouragement and Mutual Protection of Investment with the United Arab Emirates are expected to be finalised, as well as the negotiations with Canada and to start the negotiations with the Kingdom of Saudi Arabia, Estonia and Moldova.

The Ministry of Economy - Department of International Trade Cooperation and the Ministry of Finance - Department of Financial System are responsible for compliance and initialling of bilateral agreements with third countries.

## **3.30.3 DEVELOPMENT POLICY**

### *Current situation*

During 2015, two diplomats from the Ministry of Foreign Affairs participated in a study visit to the Ministry of Foreign Affairs of the Republic of Slovenia and the Ministry of Foreign and European Affairs of the Republic of Croatia. The visit was organised by GIZ (the German Association for International Cooperation) - Open regional funds for South-Eastern Europe. The aim of the visit was introducing with the Slovenian and Croatian political and institutional organisation of the development cooperation and humanitarian aid. The visit was useful and enabled exchange of experience for the process of negotiations for Chapter 3.30, as well as for the challenges in the course of the implementation of the development cooperation.

As regards development policy, the process of collecting information for the functioning of the EU development policy and the institutional organisation of these activities within the EU member-states continued. The acquired knowledge will be used for improving the draft-text of the Draft Proposal of a Law on implementing development cooperation in consultation with the interested institutions, NGOs and citizens.

### *Short term priorities*

In the short term, it is planned that the Ministry of Foreign Affairs, as a competent institution for the implementation of the development policy and cooperation introduces the remaining line ministries and competent institutions to the principles and political commitments of EU in this area - these are contained in the EU documents and other relevant international documents, such as: the European Consensus on Development (the Paris Agenda/Principles, 2005), the Accra Agenda for Action (2008), the Global Partnership for Effective Development (Busan, 2011), the Agenda for Changes (2011), the EU policies on effective assistance (Policy Coherence for Development), and intensively includes them in the implementation of the final documents from the UN Conference on Financing for Development and the UN Sustainable Development Summit.

### *Medium term priorities*

The provisional deadline for adoption of the Law on the Implementation of the Development Policy has been postponed for 2017. In the meantime, priority will be defining our geographical and thematic priorities, creation of database for the accessible capacities of the country for implementation of development cooperation and introduction of a mechanism for unification of data on the granted development assistance. Furthermore, in the period to come, work will continue on acquiring knowledge on the methodology that will be used in the course of reporting on the official development assistance and training of administration regarding the methodology used by OECD/DAC, thus increasing the

institutional preparedness about the obligations which arise in this domain from the EU membership. Cooperation with the non-government sector and the other Member States or specialised agencies from the other countries to implement trilateral development projects is envisaged.

### 3.30.4. HUMANITARIAN AID

#### PROTECTION AND RESCUE

##### *Current situation*

In February, the Assembly of the country ratified the Memorandum of Understanding for the institutional framework of the Disaster Preparedness and Prevention Initiative for South Eastern Europe (Official Gazette of the Republic of Macedonia, No. 25/15). Thus, the country remains to be fully committed to the regional cooperation in this area. For the next year, through this Initiative, completion of the JERU project is expected, through which the country should receive personal equipment for the water rescue team with the use of boats. Additionally, through the participation in the training programme of the Initiative, the tendency for strengthening the personnel capacities will continue.

In 2015, separate bilateral meetings were held with the related services of the Russian Federation, the Republic of Turkey and the Republic of Romania, with the aim of deepening the cooperation in the area of education, training and exercises. In this period, the negotiations ended as regards drafting the text of the bilateral agreement with the Republic of Albania for mutual assistance in case of disasters, followed by a procedure for signing the agreement.

In the same period, in cooperation with the University American College in Skopje and the Military Academy General Mihajlo Apostolski, a feasibility study was prepared for proposed solution for information system for the needs of the Protection and Rescue Directorate (SyPRes), which, if implemented in future should enable full categorization of all the existing resources and capacities in the Directorate and will thus provide system support to the operations for response in cases of great catastrophes.

2015 was marked by three events - floods in January and February, the event in Tetovo in August 2015 and the international exercise IPA CAMPEX 2015.

For the first two events, the Protection and Rescue Directorate (PRD) was fully included with all the accessible capacities for dealing with the consequences. For the first time after the establishment, for the event in Tetovo, the EU Mechanism for Civil Protection was activated, and also activation of the Copernicus System was requested, through which satellite images were obtained from the affected areas, which were used for planning the recovery and the reconstruction activities. At the request of the Government, PRD requested advisory assistance from the EU Civil Protection Mechanism through sending a team for determination of the reasons for the floods in Tetovo. The team was in the country from 13-26.08.2015 and the PRD provided the entire logistic support for its smooth operations. At the moment, the report is being translated and it will be subsequently submitted to the Government.

June was completely dedicated on conducting the exercise IPA CAMPEX 2015. Civil protection units from 8 countries took part in the exercise, as follows: Albania, Bosnia and Herzegovina, Germany, Italy, Kosovo, Serbia, Turkey and Montenegro, which, together with the PRD units and the Red Cross of the country had the task to plan, build and manage a camp for internally displaced people after a catastrophic earthquake in Skopje. There were a total of 700 participants at the exercise, on different grounds, which makes it the biggest of this kind in Europe.

In 2015 we continued to actively participate in the IPA FLOODS project, through which the country in the next 2 years should obtain modern equipment for protection against floods. Additionally, the IPA FLOODS project undertakes activities in the direction of implementation of the EU Directive on floods.

In April, in cooperation with the UNDP office in Skopje, training with DHL Germany and TAV Macedonia was conducted, for preparation of the airports for receiving international assistance in cases of flood. This training was directed towards the EU guidelines for supporting the host country in the course of receiving international assistance.

Initiated by the Tetovo events in the period 29-30.09.2015, the PRD, in cooperation with the Danish agency for managing emergency situations, organised a seminar on the risk assessment of natural disasters and other accidents. The aim of the seminar was strengthening the local capacities for the preparation of these plan documents which are in the light of prevention action against natural disasters and other accidents.

Moreover, in October, in Skopje, TALEX workshop was held for civil protection, in cooperation with the Polish National Firefighting Service, whose aim was exchange of experience in the use of the EU Civil Protection Mechanism.

##### *Short term priorities*

##### *Legal framework*

Activities of the other work groups on amendments to the Law on Protection and Rescue and the Firefighting Law are in progress. The membership in the EU Civil Protection Mechanism provides for the implementation of the EC Decision 2014/762/EU for implementing the Decision of the EU Parliament and the Council, on establishing an EU Civil

Protection Mechanism 1313/2013/EU. In that regard, the amendments to the given laws will implement those recommendations.

#### **Institutional framework**

The reorganisation of the structure of the PRD and harmonisation with the national legislation as regards labour relations are in progress. The new organisational structure of the Directorate, in combination with the amendments to the regulations on the protection and rescue forces should lead to greater efficiency in the preventative and operational action.

#### ***Medium term priorities***

Constant promotion of the legal framework based on the lessons learned and EU recommendations in the area of civil protection.

Strengthening the administrative capacities and performance of the institution, for efficient preventative and operational action regarding natural disasters and other accidents.

### **CRISIS MANAGEMENT**

#### ***Current situation***

The Crisis Management Centre (CMC), in the period August-December 2015, operates according to the competences in conditions of declared crisis situation. The Government, at a session held on 19.08.2015, adopted a decision for declaring crisis situation because of the increased scope of entry and transiting of migrants through its territory, on the south and north border of the country. Since the beginning of this year, the country has been continuously facing the inflow of increased number of refugees and migrants, in the so called "transit corridor". According to Article 24 of the Law on Crisis Management, the operation of the Main Headquarters was immediately established, which, within 24 hours after declaring crisis situation, prepared Action Plan for Prevention and Managing the Entry and Exit of Refugees and Migrants through the territory of the country.

CMC participated in the IPA Programme for Civil Protection Cooperation with the aim of bringing the countries from the Western Balkans and Turkey closer to the EU Civil Protection Mechanism. They were intended for introducing the participants into the basic principles of functioning of the EU Civil Protection Mechanism, ensuring assistance for support to the affected country/country which requests help, within the international disaster management; participation of intervention teams in regional exercises; Development of 112 systems, etc.

With the aim of deepening the regional cooperation between the Republic of Macedonia, Republic of Albania and Republic of Kosovo in the area of management of crisis and emergency situation, a trilateral work group was established which prepared the "Programme for Regional Cooperation in the area of management of Crisis and Emergency Situations". The main objective is to decrease the vulnerability of the three countries against natural disasters, through strengthening the national and regional capacities for decreasing the risks from disasters. The programme will help in creating integrated evaluation of dangers and risks, in accordance with the EU directions. Furthermore, it will promote a mutual vision for evaluation and risk management in the sub-region and has the aim to encourage mutual cooperation, exchange of knowledge and technical assistance.

#### ***Short/ medium term priorities***

- Promotion of the international bilateral agreement of the CMC with similar competent institutions;
- Enhancement of the capacities of the Regional Networking Centre, appropriate data exchange and mutual assistance in disasters and crisis situations.

#### ***Programmes and projects***

Activities within the project cooperation with JICA were completed, through the project Development of Integrated System for Prevention and Early Warning for Forest Fires (a system was established for monitoring and analysing, a WEB platform was established, application maps were created for the purposes of easier detection of hotspots, damage assessment and other parameters regarding forest fire management etc.).

Trainings will be organised for from the employees of similar competent institutions in the countries from the region, and their aim is to increase the cross-border cooperation and exchange of information in case of forest fire. The first training was realised in the period 09-11.12.2015 in Prishtina and Tirana.



### 3.31 FOREIGN SECURITY AND DEFENCE POLICY

#### *Findings and recommendations of the EC Report 2015*

The country is moderately prepared in this area. Some progress was made as the country continues to participate in civil and military crisis management missions.

*In the coming year, the country should in particular:*

- *improve its alignment with EU declarations and Council Decisions for Foreign and Security Policy.*

#### **Summary**

*The Republic of Macedonia regularly joins the declarations, statements and decisions of the EU, with which impose restrictive measures and sanctions against countries, entities and individuals are being imposed. The country participates in the EU operation in BiH EUFOR "Althea", NATO mission "Resolute Support" in Afghanistan, the UN mission "UNIFIL" in Lebanon as well as supporting the NATO mission "KFOR" in Kosovo, through the Coordination Centre of the country for support of KFOR forces in Kosovo. In the next period, the country will continue to contribute to the improvement of the bilateral political dialogue with the EU through participation in EU meetings for political dialogue with candidate countries and European NATO members who are not EU members.*

#### 3.31.1 COMMON FOREIGN AND SECURITY POLICY (CFSP)

##### ***Current situation***

The Republic of Macedonia regularly joins the declarations, statements and decisions of the EU, with which restrictive measures and sanctions against countries, entities and individuals are being imposed.

The country regularly and actively participates in the bilateral political dialogue with the EU in various formats and bodies.

A Coordinating Body for Monitoring the Implementation of International Restrictive Measures regularly holds meetings. The Register of Decisions for Introduction of International Restrictive Measures, which is published on the website of the Ministry of Foreign Affairs, has regularly being updated.

Amendments to the Law on the Implementation of International Restrictive Measures are being prepared.

Relating to the arms control, as an obligation from the international instruments for arms control, disarmament and non-proliferation, the country regularly prepares reports on arms export in accordance with the Council Common Position 2008/944/CFSP, and for all other international agreements/documents within the UN and OSCE.

An initial report on implementation of the Arms Trade Treaty is ratified by the country in January 2014.

Amendments to the Law on Production and Trade in Arms and Military Equipment are being prepared.

The National Commission on Small Arms and Light Weapons continues with the fulfilment of its activities for planning, monitoring and analysing the condition for control of small arms and light weapons and coordinating the activities of the competent institutions.

The National Coordination Body (NCB) for chemical, biological, radiation and nuclear weapons coordinated by the Ministry of Foreign Affairs, regularly carries out its activities. The active participation in the initiative of the European Commission for the centres of excellence for prevention and reduction of the risks from chemical, biological, radiological and nuclear weapons and devices, as well as implementation of the projects within the initiative continues.

The country is a member of the Board of Governors of the IAEA (the International Atomic Energy Agency) based in Vienna, for the period from September 2014 to September 2016 for which there is enhanced engagement in this international organisation.

The country is in stage of negotiations and adjustment of the national system of arms control and strategic trade aiming at realisation of the application for membership to the Wassenaar Arrangement, submitted in August 2014.

##### ***Short-term priorities***

###### **Legal framework**

The country will continue to contribute in improving the bilateral political dialogue with the EU and to be an active participant in the multilateral political dialogue with the EU. In 2016, the country will continue to adopt declarations, statements and legal acts of the EU, in the area of the CFSP, with which restrictive measures and sanctions against countries, entities and individuals are being imposed.

During 2016, the amendments to the Law on the Implementation of International Restrictive Measures are expected to be completed.

Amendments to the Law on Production and Trade in Arms and Military Equipment are being prepared.

In 2016, the activities for concluding bilateral agreements on exchange and mutual protection of classified information with Member States and candidate countries (Italy, Austria, Kingdom of Belgium, Romania, the Netherlands, Finland, Portugal and Montenegro) and other European countries will continue. During 2016, activities related to the started initiative for concluding an administrative arrangement with the European Defence Agency in order to allow participation of Macedonian companies on the international classified tenders published by the Agency will be taken.

Also, in 2016, the Directorate for Security of Classified Information (DSCI) will take activities for establishing the need to amend the existing by-laws regulating the responsibilities related to the cyber protection within the national strategy for cyber defence.

#### **Institutional framework**

The activities for training of civil servants in the area of CFSP will continue. Priority will be given to training of the perpetrators responsible for the implementation of the international restrictive measures and arms control.

The Directorate for Security of Classified Information (DSCI) will continue with training of persons working with classified information, also, including through cooperation with EU Member States and using the EC TAIEX instrument. Also, the DSCI will continue with the active participation in regional initiatives for cooperation of national security authorities of the countries of former Yugoslavia (Forum 6C) and the countries of Southeast Europe (the SEENSA forum).

Relating to the cooperation with international organisations, the country will continue with its active engagement in international organisations (UN, OSCE, Council of Europe, etc.).

Also, the country will continue to implement the restrictive measures imposed by the EU Council.

#### ***Medium-term priorities***

The efforts to resolve the indications of the EU on the need for harmonisation of the Bilateral Agreement with the United States on extraditions to the International Criminal Court will continue, according to the guiding principles of the EU.

Also, the legal framework is complemented by the bilateral agreements on exchange and protection of classified information concluded with the EU and the Member States.

A continuous training for CFSP of the perpetrators in the ministries and institutions involved in the implementation of this EU policy will be conducted. Trainings and study visits in EU Member States, in order to exchange experiences regarding the effective implementation of international restrictive measures and the arms control are planned.

Continuous education for users of classified information in the state bodies and institutions, as well as for public and private legal persons will be provided.

The activities for issuing safety certificates to natural and legal persons and for promoting the security organisation for handling of classified information with a higher classification degree will continue. The cooperation with the national security authorities of the region countries shall be intensified through the EU Regional Cooperation Centre.

### **3.31.2 COMMON FOREIGN AND SECURITY POLICY (CFSP)**

#### ***Current situation***

In line with the strategic commitments of the Republic of Macedonia for membership in the EU and NATO and for continuous contribution to the Euro-Atlantic security and stability, the country continuously contributes to the operations led by the EU, NATO and the UN.

The country participates in the EU operation in BiH EUFOR "Althea", NATO mission "Resolute Support" in Afghanistan, the UN mission "UNIFIL" in Lebanon as well as supporting the NATO mission "KFOR" in Kosovo through the Coordination Centre of the Republic of Macedonia for support of KFOR forces in Kosovo.

In June 2015, the country confirmed the declared forces of the ARM land forces that will be a part of the appendix to the EU Force Catalogue 2015/16, which are as follows: 1) One mechanised infantry company; 2) One military police platoon; 3) One medical team of Level 1.

The country upon invitation by the EU participates in informal meetings of EU Defence Ministers the format of defence ministers of the candidate countries and European NATO members which are not EU members (EU + 7), in meetings of the Political Security Committee (PSC), in meetings of the EU Military Committee (MC), in the format MC of EU + 7, participation in the working session for the operation "Althea" within the EU Force-Generation Conference and in the coordinating conferences for the EU battle groups.

The country continuously and actively implements defence cooperation at bilateral, regional and multilateral level, through participation in regional initiatives, the A5 Adriatic Charter, the South-East Europe Defence Ministerial (SEDM) Process of Cooperation and the South-Eastern Europe Multinational Brigade (SEEBRIG).

The country made initial steps to initiate possible establishment of cooperation with the European Defence Agency.

Also, the Ministry of Defence is dedicated to implementation of the UN Resolution 1325 on women, peace and security through realisation of activities at home and abroad in order to integrate the gender perspective at all levels of the defence system. In addition to training of the staff of the Army and the Ministry of Defence on issues in the area of



gender sensitivity, also, this area is an integral part of the training before acceptance of persons in preparation for deployment to peace operations led by NATO, EU and UN.

A Strategy for Police Development and an Action Plan for its implementation are adopted.

Representatives of the country participated in the ninth cycle of the EU Common Security and Defence Policy Training Programme (CSDP of EU) intended for the countries of the stabilisation and association process (three modules). Police officers from the MI participated in a course for peacekeeping missions organised by the MI of BiH in Camp Butmir – Sarajevo, two courses in February and October 2015 and the ninth cycle of the EU Common Security and Defence Policy Training Programme (CSDP of EU).

### *Short-/Medium-term priorities*

The participation in the EU operation in BiH EUFOR "Althea" will continue with two staff positions and one doctor.

The country will continue with the contribution to the NATO mission "Resolute Support" in Afghanistan, which started on 1st of January 2015, in which military personnel of 39 people participated. The country will continue with the same level of contribution until the end of 2015, as in 2016, according to the needs of the mission.

The contribution to the UN mission "UNIFIL" in Lebanon will continue with 1 staff officer.

The support to the NATO mission "KFOR" in Kosovo will continue through the Coordination Centre of the Republic of Macedonia for support of KFOR forces in Kosovo.

The country continues with defence reforms aimed at strengthening capacities of the Ministry of Defence and development of interoperable military capabilities of the Army.

The Strategy for Police Development will start to be implemented in the first quarter of 2016.

The Republic of Macedonia, upon an invitation of the EU, will continue to participate in the following meetings for political dialogue with the EU candidate countries and European NATO members who are not members of the EU: informal meetings of EU Defence Ministers, meetings of the EU Political Security Committee (PSC), meetings of the EU Military Committee (MC). Also, the Republic of Macedonia will participate in meetings of the EU operation in BiH EUFOR "Althea", as well as in coordinating conferences for the EU battle groups.

## 3.32 FINANCIAL CONTROL

### *Findings and priorities of the EC Report 2015*

The country is moderately developed in this area. There has been some progress in the past year, particularly in strengthening the Public Internal Financial Control (PIFC) and external audit. However, considerable efforts are needed to ensure consistent application of the legislation on PIFC in public administration and delegation of responsibilities. Independence of the State Audit Office in the Constitution is not yet achieved. In the coming year the country should in particular:

- ensure that there is more systematic follow-up of the government recommendations following the annual review of PIFC;
- ensure effective implementation of risk assessment and other tools and techniques in the management processes of public sector organizations;
- strengthen the coordinating role of the Office for combating fraud and improving the management of irregularities, through the system of management of irregularities.

### *Summary*

*The development of the public internal financial control through the development of stable and efficient system of financial management and control and internal audit in the public sector entities will continue in 2016. In the area of financial management and control, its system of internal controls will be strengthened by developing a system of risk management that will provide a reasonable assurance that in achieving the objectives, the budget and other funds will be used properly, ethical, economical, efficiently and effectively. In order to strengthen the implementation of internal audit and finalization of the process of certification of internal auditors, the preparations for launching national certification and also international certification of internal auditors will continue in 2016.*

*During 2016, the capacity of the State Audit Office will be strengthened and the National Strategy for Prevention and Fight against Irregularities and Fraud, affecting the financial interests of the European Union in the Republic of Macedonia for the period 2016-2018, will be adopted.*

## 3.32.1 PUBLIC INTERNAL FINANCIAL CONTROL AND EXTERNAL AUDIT

### *Current situation*

The implementation of the Strategy for Development of Public Internal Financial Control for the period from 2015 to 2017 began in September 2014. The public internal financial control system in 2015 continued to grow through increasing awareness of the importance and benefits of this system, and strengthening of the managerial accountability as well as through the development of the system of risk management which is expected to provide reasonable assurance that in achieving objectives, public funds will be used properly, ethically, economically, efficiently and effectively.

In 2015, in the Ministry of Finance, financial inspection in the public sector started operating under the Law on Financial Inspection in the Public Sector<sup>232</sup>. Its operational capacity will be strengthened.

The activities for institutional strengthening of the units for financial affairs and the units for internal audit in the public sector, as well as the activities of the Committee on Financial Management and Control and Internal Audit Committee in the Ministry of Finance have continued.

The amendments to the Constitution of the Republic of Macedonia in order to define the State Audit Office as a constitutional category are in a parliamentary procedure.

### 3.32.1.1 Financial management and control

#### *Short term priorities*

##### **Legal framework**

The priorities for the development of the public internal financial control system in 2015 are defined in the Strategy for Development of Public Internal Financial Control for the period from 2015 to 2017. In order to strengthen the leadership (managerial) responsibility, the Manual for financial management and control will be updated and Guidelines for managerial responsibility will be prepared.

##### **Institutional framework**

<sup>232</sup> "Official Gazette of the Republic of Macedonia" No 82/13, 43/14 and 153/15

### **Strengthening of the institutional capacities in the Ministry of Finance**

In 2016, the capacities of the Public Internal Financial Control Department will be strengthened by internal reallocation and filling of the managerial positions, and the Department for Financial Inspection in the public sector will be strengthened by hiring 5 new persons.

### **Strengthening the institutional capacities for financial management and control in the subjects**

In 2016, the focus of the activities will be placed on strengthening of the internal system for financial controls and increasing the awareness for the importance and benefits of this system. Also, the leadership (managerial) responsibility will be strengthened, and the Committee for financial management and control will be convened regularly on a quarterly basis.

Delegation of duties and responsibilities and the strengthening of financial affairs units by updating plans for the establishment and development of PIFC are envisaged.

In order to strengthen the institutional capacity for financial management and control, workshops will be organised at "the leader institutions" as well as training on risk management will be promoted in order to better integrate the reform in the public internal financial control into the ongoing process reforms in public administration.

In order to strengthen the institutional capacity for financial management and control, Annual report on the functioning of the public internal financial control will be submitted to the Government, and systematic monitoring of recommendations will be introduced. Also CHU will strengthen monitoring and supervision of the implementation of financial management and control in public sector organizations through the implementation of supervision of the quality of the financial management and control.

Risk management should be fully integrated in the management processes of organizations.

### ***Medium term priorities***

In 2017 analysis of the legal framework for financial management and control, particularly in terms of updating and adapting to the needs of the smaller budget users, will be done and also the possibility of shortening the deadline for submitting the annual report on the functioning of the public internal financial control system will be examined.

## **3.32.1.2 Internal audit**

### ***Short term priorities***

#### **Legal framework**

In order to strengthen the implementation of internal audit and finalization of the process of certification of internal auditors, the preparations for launching national certification will continue in 2016, including preparation of the following: Manual on Legal System, Public Finances, Public Sector Accounting, Procurement, Civil and Public Servants and Protection of Information, Manual on Internal Audit Bases, Manual on Accounting and Financial Reporting in the Public Sector and Manual on Management and Control.

#### **Institutional framework**

### **Strengthening of the institutional capacities in the Ministry of Finance**

In 2016, The Central Harmonisation Unit will continue its activities for international certification of the internal auditors from central and local level, and will undertake the necessary measures to prepare the national certification of internal auditors which is expected to start in 2017.

In order to exchange experiences and improve the working methodology of the internal auditors in the Central Harmonisation Unit, the cooperation with institutes and associations in the field of auditing will be strengthened by working meetings with the internal auditors as participants, auditors from SAO, representatives of institutes, associations of citizens and audit experts.

### **Strengthening institutional capacity for internal audit in the public sector entities**

In 2016, the focus of the activities will be on the international certification of internal auditors and strengthening of the implementation of internal audits. As a result, the institutions of central and local internal audit units will conduct a horizontal audit entitled "Audit of the efficiency and effectiveness of the financial management and control system." The Audit Committee will meet regularly on a quarterly basis, with the goal of reviewing and adopting the guidelines, decisions and opinions related to the internal audit.

The institutional capacity for internal audit in the public sector entities will strengthen, particularly in internal audit units where there is only one internal auditor, and the strategic and annual plans will be drawn up on the basis of the Guideline for risk assessment in audit planning prepared by CHU, while providing the quality of audit will be conducted by carrying out a supervision of quality of work of internal audit units.

### *Medium term priorities*

The strengthening of internal audit in the public sector in the Republic of Macedonia will continue in 2017 by hiring new employees in the internal audit units and continuing the process of certification for internal auditors.

## **3.32.2 STATE (EXTERNAL) AUDIT**

### *Short term priorities*

#### **Legal framework**

In accordance with the Memorandum of Cooperation between the Assembly of the Republic of Macedonia and the State Audit Office, the activities to enhance cooperation with the Assembly in finding a formal mechanism for review of individual audit reports will continue.

#### **Institutional framework**

Strengthening the institutional capacity of the SAO in 2016 will be provided by five new employments, thus the number of employees in the SAO will be 99. Development and use of software for audit will further facilitate supervision and monitoring of the implementation of the recommendations contained in the audit reports and will improve the quality of audits.

### *Medium term priorities*

In the period 2017– 2018, the strengthening of the operative and functional capacities of SAO will continue by:

- Increasing the number of employees with 10 people, so that the total number of employees will be 109;
- Implementation of the project with the Office of the Auditor General of Norway for improvement of the audit efficiency and quality with the application of the Audit Management System (AMS).
- In order to maintain the quality of the work and provide adequate audit coverage, preparations for the adoption of a Multi-annual audit strategy will be conducted.

### *Programmes and projects*

Implementation of the project with the Office of the Auditor General of Norway for improvement of the efficiency and quality of the audit with the application of the Audits Management System (AMS) will continue in 2016. With financial support from the Ministry of Foreign Affairs of Norway, the project was implemented in the period from November 2012 to December 2016. The next phase of the project includes the developing and testing of a software solution for an audit management system (AMS) and training for employees in the SAO for its use.

## **3.32.3 PROTECTION OF THE EU FINANCIAL INTERESTS**

### **3.32.3.1 PROTECTION OF THE EU FINANCIAL INTERESTS**

#### *Current situation*

70 institutions at the central level and 61 units of local self-government have so far fulfilled the obligation to appoint a person responsible for irregularities. During 2015, 6 institutions at the central level and 2 units of local self-government have fulfilled the obligation to appoint a person responsible for irregularities. In 2015, The National Authorising Coordinator within the Ministry of Finance submitted 2 reports to the Financial Police on the irregular use of funds from the EU pre-accession assistance.

### *Short term priorities*

In order to ensure effective protection of the financial interests of the European Union, by strengthening of the system for prevention of irregularities and fraud during 2016, the Financial Police Office - Department for the prevention of irregularities and fraud will implement the Twinning light project "Strengthening prevention efforts and combating fraud and irregularities of European funds." The project will assess the legal framework of the system for protection of the EU financial interests. The cooperation between the institutions involved in the system for protection of the financial interests will be strengthened through training of employees.

Department for the prevention of irregularities and fraud will focus its efforts on the development and dissemination of methodological tools, the establishment of a network of AFCOS and organizing training for officials to detect irregularities.

Within the project, a Draft-National Strategy for prevention of fraud for protection of the financial interests of the European Union in the Republic of Macedonia for the period 2016 – 2018 will be prepared.

Cooperation with the European Commission in the area of research and reporting will be strengthened by conducting joint investigations and reporting irregularities electronically and on paper in the Irregularities Management System of the European Anti-Fraud Office (OLAF).

### 3.32.3.2 AUDIT OF IPA FUNDS

The function of the Audit Authority is a verification of the effective and sound functioning of the management and control system of the EU pre-accession assistance in the country and compliance with the relevant EU and national rules to ensure the legality and regularity of the transactions and the protection of the financial interests of the Community and national interests.

#### *Current situation*

During 2015, the Audit Authority implemented the activities prescribed under the Law on Audit of the pre-accession assistance and the IPA regulation.

In order to continue the maintenance of functional and operational independence of the Audit Authority in carrying out the audit of the management and control systems, the Strategic Plan 2014-2016 was updated in June 2015 and Strategic Plan of the Audit Authority 2015-2017 was adopted. The Audit Authority will continue to strengthen capacity and provide a high level of competence and efficiency in carrying out audits in accordance with the rules and regulations of the European Union and relevant internationally accepted auditing standards.

The number of employees in the Audit Authority by November 2015 is 33.

#### *Short term priorities*

##### **Legal framework**

Audit Authority continues to carry out its activities in accordance with IPA Regulation 718/2007 and IPA Framework Agreement signed between the country and the European Commission on rules of cooperation in terms of financial assistance of the European Commission in the framework of the implementation of assistance under the Instrument for Pre-Accession Assistance<sup>233</sup> and in the new programming period 2014-2020 (IPA II) will carry out activities in accordance with IPA Regulation 447/2014 and IPA framework agreement on procedures for implementing the financial assistance under the instrument for Pre-Accession assistance (IPA II)<sup>234</sup> as follows:

- audit of the completeness, accuracy and reliability of the annual financial statements or annual statements and related accounts;
- review of the efficient and effective functioning of the management, control and surveillance systems;
- audit of the legality and regularity of transactions occurred;
- developing three-year audit strategies by areas in accordance with internationally accepted audit standards, guidelines and instructions given by the European Commission;
- preparing Annual audit opinion on the annual financial statements or statements and related annual accounts for the previous financial year together with the Annual audit activity report;
- drafting of an Opinion for any final financial statement of expenditure which NAO submitted to the Commission for the closure of any program or any part thereof. Where appropriate, the Final report of audit activity supports the opinion.

According to the Law on Audit of the pre-accession assistance, IPA Regulation and the Annual audit work plan for 2016 for each IPA component, system audit, audit of operations for IPA C1, C2, C3, C4 and C5 and financial audit of IPA C5 have been planned.

Also during 2016 the Strategic Plan 2015-2017, IT Strategy and Strategy for risk management will be updated.

##### **Institutional framework**

In order to strengthen the institutional capacities and staffing of the Audit Authority, 4 new employments are expected to be realised in 2016.

In 2016, aiming to provide continuing professional education of employees, the Audit Authority will submit applications for organising TAIEX trainings on topics and issues related to the audit.

#### *Medium term priorities*

Strengthening of the operational capacity and providing functional independence of the Audit Authority will continue through:

- Adopt the Law on Audit of the IPA and its compliance with the new EU legislation for the programming period 2014-2020, and compliance with national regulations;
- Adoption of a Strategy for Human Resources Management;
- Adoption of a Communication Strategy and
- Adoption of a Manual on Audit Quality Control.

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<sup>233</sup> Official Gazette of the Republic of Macedonia, No 18/2008

<sup>234</sup> Official Gazette of the Republic of Macedonia, No 99/2015

- Update of the IPA Audit Manual - common part and separate parts

For the further strengthening of the institutional capacity, 4 new employments in 2017, and 4 in 2018, are planned in the Audit Authority.

### *Programmes and projects*

In the period from 2016 to 2018 the project "Strengthening the capacity for effective management and audit of the EU funds" will be implemented within IPA 2012, Component 1, where the Audit Authority appears as one of the beneficiaries of this project in the following agreements - Twinning for further development and strengthening the organizational, administrative and technical capacities of the Audit Authority and procurement of equipment and equipment for control on site.

### **3.32.3.3 PROTECTION OF THE EURO AGAINST COUNTERFEITING**

#### *Current situation*

During 2015, 253 counterfeit euros were put in circulation in various denominations or approximately the same amount as the previous year. Two Macedonian nationals who obtained and put in circulation 21 counterfeit bill of 100 euros were discovered.

During 2015 an electronic connection was made between 8 sectors of the Ministry of Interior and the e-base for at the Central Investigation Office in the field of combating counterfeiting. This allows 3 to 5 police officers from these sectors working on issues of prevention of counterfeiting money directly to use these data.

Also, the implementation of the IPA 2010 project is ongoing, under which an Analysis on the functioning of the established database for counterfeit currencies will be prepared, which will include recommendations for its better use, as well as analysis of the shortcomings in the functioning of the Central Investigation Office in the field of combating counterfeiting money and recommendations for improved efficiency and enhanced cooperation.

During 2015, 6 new police officers were employed in the Financial Crime Unit.

#### *Short term priorities*

During 2016, cooperation between national institutions involved in combating counterfeiting will continue through systematic training, and exchange of practical experience, in cooperation with the European Commission and European Central Bank.

In 2016, a training for police officers who got access to the e-base will be conducted, as well as for the new employees in the Financial Crime Unit, for more efficient use of its data, and recommendations of the analysis developed within the project IPA 2010 will be conducted.

In 2016 an initiative to sign an agreement on cooperation in the fight against counterfeiting banknotes with the European Commission for coins or with the European Central Bank will be launched.

#### *Medium term priorities*

In 2017, the Criminal Code will be amended in order to align the offence of "forgery of money" with the Council Framework Decision (2000/383/JHA) from 29 May 2000 on increasing protection by criminal penalties and other sanctions against counterfeiting in connection with the introduction of the euro.

In 2017 link among the Ministry of Finance - Customs Administration, Ministry of Finance - Financial Police and the National Bank to the database for counterfeit money established in the Ministry of Interior will be established, which will enable timely exchange of information through the database system of counterfeit banknotes.

## 3.33 FINANCIAL AND BUDGETARY PROVISIONS

### *Findings and priorities of the 2015 EC Report*

Preparations are at an early stage, but some progress was achieved in this chapter. The administrative framework for applying the own resources rules needs to be set up.

#### *Summary*

*The area of financial and budgetary provisions essentially covers the rules and the establishment of the necessary conditions and capacities of the system of own resources for timely and accurate estimation of the collection, payment and funds oversight that the country will be obliged to pay into the European Union budget from the date of its accession to the EU. These funds are the so-called traditional own resources which derive from revenues collected from customs duties, value added tax, from sugar production, as well as from the gross national income of each Member State. Member States should have adequately developed administrative capacity for effective coordination and providing accurate calculations, collection, payment and control of own resources.*

*The legislation in this Chapter is obligatory and does not require transposition into the national legislation. Within the already established institutions (Ministry of Finance, State Statistical Office, the Customs Administration and Public Revenue Office) and based on the established mechanisms and procedures that apply in the areas of budgeting, tax, customs regulations and statistics, the country does not expect significant difficulties regarding the implementation of the Acquis in this chapter.*

*Ministry of Finance in the medium term will take action to establish a fully operational coordination structure to ensure the correct calculation, accounting, forecasting, collection, payment and control of own resources and reporting on the implementation of EU rules on own resources.*

### 3.33.1 TRADITIONAL OWN RESOURCES

#### *Current situation*

The Budget Law is a systemic law which regulates the public finance system in the country. With this Law, the Budget of the country is defined as an act for planning the annual revenues and incomes and approved expenditures and outflows and includes the central budget and the budget of the funds that are fully integrated into a single treasury account. The Budget Law regulates the objectives, principles, planning and execution, as well as the structure of the budget, and they are fully consistent with the principles and rules of the European Union and the international standards. The Budget for 2016 was passed by the Assembly in the statutory term. Also, the Fiscal Strategy 2016-2018 has been adopted by the Government as a medium-term integrated framework of macroeconomic and fiscal policy and public debt.

The improvement of the public finance management by improving the medium-term budgetary framework and enhance transparency remains a key priority in the next medium-term period.

In the past period, the cooperation with the European Union has been intensified and several activities and reforms aimed at further improving the management of public finances have been undertaken, including:

Within the Project on Reform of the Public Administration at the request of the European Commission, during 2015, SIGMA carried out a mission in order to provide relevant information in the field of public administration and the public finance on the basis of collecting data from the relevant institutions. The Report on the public finance management by SIGMA will be announced after the publication of the EC Progress Report.

During 2015 an Assessment of the public expenditure and financial accountability has been carried out in accordance with the PEFA methodology (Public Expenditure Financial Accountability). The purpose of the PEFA assessment is to determine the current state of the system of public finance management (PFM) in the country. The report (currently is a draft version) should serve as a common information base for dialogue between the Government and its development partners.

Under IPA TAIB 2011, as of November 2015 started the twinning project "Strengthening the medium term budgeting for effective public financial management". The main objective of the project is improvement of the public finance management with a central focus on the medium-term budget planning as a basic precondition for sound public finances and maintaining a sound fiscal position. The main activities of the project for strengthening the medium-term budgeting for efficient management of public finances will focus on establishing the program classification of expenditures, strengthening the capacity for medium-term planning and reporting in accordance with ESA (European system of accounts) methodology, in order to improve the quality of public expenditures. Expected results of the project is establishing a program classification and preparation of medium-term budget framework, whereupon, the concept of



implementation of MTEF (Medium-term Expenditure Framework) and MTBF (Medium-term Budget Framework) will be properly defined and consequently, appropriate legal changes, guidelines and bylaws will be prepared.

The funds for the project "Development of proposals for implementation of a modern integrated information system for management of public finances" from IPA2011 has been obtained. The Ministry of Finance with this project plans to hire experts who should make a study of the analysis and assessment of the current situation of the Ministry of Finance information systems to manage public finances and propose solutions for the establishment of a modern integrated information system for public finance management.

During this period, on the proposal of the Government, an initiative for proposal-amendments to the Constitution, under which it is proposed introduction of fiscal rules concerning the targeting of the budget deficit and public debt levels, has been proposed. For this purpose, an analysis of best practices in the EU countries that have introduced fiscal rules in their national legislation or constitution, the meetings with the Venice Commission were held and answers to comments from the Committee on the need and necessity of introduction of fiscal rules were prepared.

### *Short-term priorities*

The Ministry of Finance will direct its activities towards continuous improvement of public finance management as a key priority.

In 2016, the implementation of the project "Strengthening the medium term budgeting for effective public finance management" as part of the project "Reform of Public Administration e-government" financed by IPA TAIB 2011 will continue, within which frameworks activities to strengthen the capacities in the Ministry of Finance responsible for medium-term policy-making and medium-term budget planning, preparation activities for the program classification, as well as capacity building for reporting in accordance with ESA 2010 will be implemented. The expected results of the implementation of this project in the short term will be the assessment of the existing budget process, the legal framework, the key documents of the above areas, and an assessment of the administrative capacities of the Ministry of Finance and the pilot budget users responsible for medium-term planning. In addition, trainings by experts to review the EU best practice recommendations in the area of improving the budget planning and prepared draft guidelines for the preparation of medium-term budgetary framework will be conducted;

The activities for the preparation of technical documentation for procurement of an integrated information system for managing public finances will be undertaken.

### *Medium-term priorities*

In the next mid-term period, the Ministry of Finance as a competent authority to manage public finances, will focus its activities on:

- In order to achieve the planned mid-term objectives for fiscal consolidation and ensuring fiscal sustainability, through the IPA project will prepare draft amendments in existing legislation aimed at introducing medium-term budget planning, and the preparation of the draft document for medium-term budget planning;
- Activities will be undertaken for the purchase and implementation of an integrated information system for management of public finances;
- Activities will be undertaken to establish full operational structure to coordinate their own resources in order to ensure the correct calculation, accounting and their collection and control, and reporting to the EU for implementation of the rules on own resources. Within this framework, a separate body for managing the own resources system and its proper staffing in accordance with the needs and timescale will be established. This body will be responsible for preparing the methodology and procedures for accurate assessment and collection of own resources.

### *Programmes and projects*

Under IPA TAIB, 2011, an agreement for the implementation of the Twinning project "Strengthening the medium term budgeting for effective public financial management" as part of the project "Reform of Public Administration – e-government" was signed and is under implementation, within which frameworks activities to strengthen the capacities in the Ministry of Finance responsible for medium-term policy-making and medium-term budget planning, preparation activities for the program classification, as well as capacity building for reporting in accordance with ESA 2010 will be realised.

## IV. ADMINISTRATIVE CAPACITIES

### Findings and priorities of the 2015 EC Report

In the course of the following year, the focus will be put on:

- Further strengthen the accountability, transparency and merit principles, including introducing of improved information system for human resources management;
- Adopt a new Strategy for public administration reform for the following five-year period and a Programme for reform of public finance management that will respond to the identified weaknesses, including greater budget transparency.

### *Summary*

*In the area of public administration reform, monitoring of the implementation of the Law on Administrative Officers and the Law on Employees in the Public Sector will continue. By the end of 2016, the new Strategy for public administration reform 2016-2020 will be prepared, by prior setting of priorities and preparing strategic framework with main objectives for the new Strategy.*

*A series of activities will be performed for improving the quality of the administration, as follows: introducing a system for quality management in accordance with the ISO 9001 standard in the state institutions, implementation of the Common Assessment Framework (CAF), as well as implementation of the interoperability system. The functioning of the coordinative mechanism for human resources management will be improved. Special attention will be given to promoting the established system for strategic planning, integrated with the budget process.*

*The Secretariat for European Affairs (SEA) will continue with the coordination of the accession process, the implementation of the Stabilisation and Association Agreement (SAA), monitoring of the realisation of the Accession Partnership, coordination and realisation of the Action plan based on the List of urgent reform priorities for the Republic of Macedonia, as well as the implementation of NPAA. Special attention will be dedicated on the coordination of IPA and other foreign assistance. The preparation of the Macedonian version of the Acquis will continue, as well as briefing and communication with the public.*

## 4.01 PUBLIC ADMINISTRATION REFORM

### 4.01.1 Horizontal issues

#### *Current situation*

The Ministry of Information Society and Administration (hereinafter: MISA) continues with the coordination of the process of the public administration reform (PAR), through monitoring the Action Plan for PAR; by planning a new Strategy for PAR 2016-2020 and its Action Plan; implementation of the legal regulation for administrative officers and employees in the public sector; promotion of the legal framework for administrative procedures through the new Law on General Administrative Procedure; providing system for continuous training of the administration; improving the coordinative mechanism for human resources management, as well as providing services for the citizens.

The Agency for Administration (hereinafter: AA), as an independent state body, provides development and sustainability of professional and service-oriented administration, with the new approach to human resources management, based on competencies.

#### *Short term priorities*

In 2016 MISA will continue strengthening its capacities for coordination of the process of PAR. MISA, together with AA will continue monitoring the implementation of the Law on Administrative Officers and the Law on Employees in the Public Sector. By the end of 2016 MISA will provide interoperability of 25 state institutions and will establish a Catalogue of all administrative procedures in the country and a room for public services. Introducing of ISO and CAF and their implementation where they have already been introduced will continue. By the end of 2016, the new Strategy for public administration reform 2015-2020 and a strategic framework will be prepared.

In the course of 2016, an Annual programme for administrative management training for 2017 will be prepared. The coordinative mechanism for human resources management will be improved through upgrading the established network for human resources and electronic system for human resources management.

In the course of 2016 AA will be focused on efficient and effective implementation of the new obligations laid down in the Law on Administrative Officers: announcing vacancies for administrative officers; carrying out selection procedures for administrative officers; carrying out the exam for administrative officer, the exam for administrative management and the integrity test; keeping records of candidates that provided false evidence in the employment application; keeping records of network access to computers in the room for conducting the exam for administrative officer and to the module and database of exam questions and tests, with access time, user name of the employee and actions of the employee during the access, as well as acting upon appeals and complaints of the administrative officers in second instance.

The Secretariat for Implementation of the Ohrid Framework Agreement (hereinafter: SIOFA), in the course of 2016 will continue to pursue relevant monitoring and implementation of the constitutional principle of equitable and fair representation pursuant to the new legislation regulation. Consequently, relevant activities will be undertaken for allocation of administrative officers employed in SIOFA and developing methods for integration at the working place and management of diversities.

### *Medium term priorities*

MISA will continue improving public services through continued implementation of the project “Assess the administration” and the project “Quality barometer”. Annual programmes for training for administrative management for 2018 and 2019 will be prepared. There will be activities in view of implementing the System for learning management and the System for micro learning in public administration, and the platform for e-trainings will be maintained.

## 4.01.2 Quality standards, strategic planning, strengthening the capacities

### *Short term priorities*

MISA will perform a number of activities aimed at improving the quality of administration, in particular: implementation of the System for quality management in the state institutions according to the ISO 9001, the implementation of the Common Assessment Framework (CAF) will continue in the other institutions, the administrative capacities for human resources management (HRM) will be strengthened, based on competencies, and a functional analysis in a number of institutions will be carried out.

In 2016, MISA will take activities aimed at improving the coordinative mechanism for human resources management, by upgrading the established network for human resources.

In the Programme of the Government 2014-2018, the project “Strengthening the administrative capacities for strategic planning, improved coordination within the ministries, introducing written procedures and participation of the public in the process of policy making” is laid down. Regarding the promotion and coordination of the functional process of strategic planning, the General Secretariat (hereinafter: GS) will continue to support the determining of strategic priorities and objectives of the Government. Also, GS, in the course of 2016 will continue with developing sustainable and stable system of trainings in the area of strategic planning and giving expert advices and improving the knowledge and skills in developing the strategic planning in the ministries and other state bodies. In 2016 GS will also continue to coordinate the process of preparation and monitoring the the Annual working programme of the Government.

Regarding the Commission for Protection of the Right to Free Access to Public Information, the Law on Free Access to Public Information will continue to be implemented.

### *Programmes and projects*

- IPA 2010 – Twinning technical assistance of MISA for implementation of the public administration reform and the civil service
- IPA 2010 – Procurement of equipment for the interoperability framework in MISA
- IPA 2012/2013 – Sector fiche – public administration reform

## 4.02 STRENGTHENING THE ADMINISTRATIVE CAPACITIES FOR ACCESSION TO THE EU

## 4.02.1 EU accession process

### *Current situation*

On the occasion of the ten-year implementation of SAA, SEA has published a detailed analysis from point of view of the benefits of implementation, the results that would be achieved by entering the second phase of the association, as well as the consequences due to not-entering the second phase. The eleventh cycle of meetings of the bodies established in accordance with SAA is completed.

SEA coordinates the work of the working groups established according to NPAA, the Working Committee and the Subcommittee of the Working Committee for European Integration. Regular items on the agenda include the status of the implementation of the measures and activities foreseen under NPAA, fulfilment of the obligations of the SAA, etc.

In SEA, the implementation of the twinning project "Further strengthening of the institutional and organisational capacities in the process of European integration" by the Consortium from Germany, Poland and Croatia is ongoing. The Project comprises all coordinative structures and its objective is consolidation and strengthening of capacities in the accession process. The Project consists of 2 components:

*Component 1:* Strengthening the central coordinative structures. Within this Component review of the key institutions in the process of integration has been performed: SEA, Secretariat for Legislation, the Sector for preparation of the national version of the Acquis, IPA operative structures, SEA Training Centre and MFA, and a number of recommendations were given for improving the capacities, methodologies, instruments and tools.

*Component 2:* Strengthening the capacities of NPAA working groups. In the course of 2015, the NPAA working groups with the support of the twinning experts performed a rough analysis of the current situation of every NPAA chapter. The experts will prepare reports, with their assessment of the situation and short-term and medium term recommendations. SEA submits quarterly information to the Government as regards the progress in this component.

### *Short-term/medium term priorities*

**Consistent implementation of the obligations of the Stabilisation and Association Agreement**

By the end of July 2016, the twelfth cycle of maintaining the institutional bodies pursuant to SAA will be completed, and the fulfilment of the undertaken obligations will be monitored regularly.

### **Coordination of the process of preparation and monitoring of NPAA**

- After the adoption of the NPAA 2016-2018, a debate is to be held with the representatives of NGOs, as well as with the Assembly of the Republic of Macedonia (the Committee on European Affairs and the National European Integration Council). Additionally, meetings for certain topics could be organised.
- Meetings of the Working Committee and the Sub-Committee of the Working Committee for European Integration, at a regular basis are foreseen, and pre-defined agenda is expected to continue.
- With support of the German Agency for International Cooperation (GIZ) an analysis and preparation of action plans in selected areas are planned.
- The twinning project "Further support to the organisational and institutional capacities for the process of European integration" will continue. Consolidation of the existing coordinative structures, mechanisms and capacities will continue, as well as preparation of in-depth analysis of selected NPAA chapters, and preparation of action plans in areas in which weaknesses are identified.

### **Coordination of PARURP**

The Plan of activities for implementation of the urgent reform priorities (PARURP) will be monitored at a weekly basis on the sessions of the Government. It is prepared on the basis of the List of urgent reform priorities of the European Commission, the Report of the Senior Experts' Group for the situation in the area of rule of law, as well as activities within the High Level Accession Dialogue that are not implemented.

## 4.02.2 Coordination of IPA and other foreign assistance

### *Short term / medium term priorities*

Further upgrading of the IPA operative structure will be in the focus of the activities in 2016. The activities for programming the operative programme for Component 2 are being implemented through active participation of all relevant institutions and organisations.

Through a number of activities, as donor coordination, participation and coordination of meetings of working groups, as well as coordination of programme packages for certain sectors, the Sector for coordination of foreign assistance

(SKSP) will directly contribute to strengthened intersectoral coordination for IPA 1 and IPA 2 programmes and other foreign assistance.

In view of using the bilateral assistance rationally and for its particular purpose, SKSP will be focused on implementing the new regional ROM project according to the prepared working plan for 2016. In 2016, SKSP and the Sector for strategic planning and support of the accession process, will together implement activities for raising the level of usage of foreign assistance for the SEA needs. For achieving this result, it will be useful to strengthen the capacities of the SEA employees for drafting high-quality project fiches. The successfulness of projects financed through IPA 1 and IPA 2 mechanisms will be measured through regular evaluations and reports. Therefore, a sectoral monitoring committees for the programmes funded under IPA 2014 will be established, and the Joint monitoring committee for IPA 2014-2020 will act upon. Also, the progress of fulfilling the requirements of TAIB programme will be monitored and reported.

## SEA TRAINING CENTRE

### *Current situation*

In 2015, the SEA Training Centre conducted 52 trainings for strengthening the capacities, which were attended by 1351 participants.

The trainings and other activities for strengthening the administrative capacities are directly related to the twinning project that is currently being implemented in SEA. Most of the project activities, as expert missions, meetings, workshops, analytical work, trainings, are carried out in the SEA Training Centre, fully supported by the employees.

In December, 2015, 2 separate forms for identifying training needs were distributed - the first one refers to the general group of administrative officers who work on NPAA, and the other one refers to the annual activity which addresses the operative structure of IPA. By the end of December the data will be collected and on the basis of the data, by the end of January 2016 a real biannual plan for trainings based on evidence/data will be prepared for both target groups.

### *Short term priorities*

Based on the conducted survey for determining training needs and the real training plan for 2016, activities will be carried out in view of addressing the needs of the administration, which is directly or indirectly involved in the process of European integration, at a generic, specific or advanced level. The training plan will be supported with SEA funds and with support of donors, with focus on using the existing resources and expertise from the administration. Therefore, the foreseeable elements of the 2016 training plan are the activities of the twinning project (around 80 events), the Norwegian project for lifelong learning (5-10 events), French financial support (4-5 events), the GIZ project for support of SEA (5-10 events), ReSPA support, DEU and the EC services (5-10 events), and other bilateral and multilateral donors, exchange of experiences and transfer of knowledge (more than 10 events). By using the administrative officers as trainers, SEA Training Centre will plan, organise, and deliver at least 20 events for strengthening the administrative capacities.

## 4.02.3 Preparation of the Macedonian version of the Acquis

### *Current situation*

The preparation of the national version of the acquis is a multidisciplinary process with participation of experts from different areas. It is estimated that the overall legislation of the European Union has 160,000 pages.

The main functions of the Sector for preparation of the national version of the Acquis (SPNVA) are: preparation of the Macedonian version of Acquis, translation of the legislation of the Republic of Macedonia in one of the official languages of the European Union and translation for the needs of the EU membership negotiations. In SPNVA are employed 18 administrative officers.

### *Short term priorities*

The maintenance of the existing databases and their promotion in order to improve the process of coordination and planning of the translation of legal acts will continue in the following year.

In view of providing full relevance of the translated legal acts of the EU with the priorities of the EU integration process, SPNVA will conduct analysis for determining the needs. The results of the analysis will be a basis for a general plan for translation of relevant legal acts of EU and for extracting terminology from each translated act.

The high-quality language revision of legal EU acts in accordance with the NPAA priorities and requirements by the relevant institutions, as well as the determining and extracting specific terms during the language revision and entering them in the terminology data bases will contribute towards increasing the number of harmonised terms in the EU area (RPC 5.3.1). Furthermore, the Sector will continue maintaining and supplementing the terminology base MultiTerm. The

Register of translated legal acts (TR), as well as the EU CC Vista base are regularly used and updated. At the moment SEA is translating regulations and directives of the European Union for the NPAA needs.

Within the ongoing SEA Twinning project 2016 the following activities are to be realised:

- Training of the SPNVA employees for upgrading the knowledge acquired through the one-week internship in the relevant sector within the Ministry of Foreign Affairs of Croatia. The training and the one-week internship are in function of qualifying the SPNVA employees to act as trainers for every new participant in the process of preparation of the national version of the Acquis. The training is planned for the last week of January 2016.
- Organising conference intended for raising the awareness for the process of preparation of the national version of the Acquis for the high-level decision makers, foreseen to be organised in the first half of June, 2016.

### *Medium term priorities*

In the period 2016-2017 activities will continue for preparation of the Macedonian version of the Acquis, which means translation of additional 15,000 pages and language revision of at least 6,000 pages of legal acts from the Official Journal of the European Union, Official Gazette of the Republic of Macedonia and of other documents relevant for the process of European integration.

The Register for monitoring the process of translation, the terminology databases, and the EU CC Vista base will continuously be filled and maintained.

The procedural manual for collecting and checking of the terminology in the area of the European Union will be applied.

## **4.02.4 Informing and communication with the public**

### *Short term/ medium term priorities*

In the course of 2016, the following activities and projects are to be realised:

- Holding press-conferences, briefings and interviews for printed and electronic media;
- Regular update of the SEA website; Preparation of electronic bulletin on a monthly basis;
- Preparation and printing of brochures for the Euro-integration process;
- Organisation of informative lectures per specific subject in the area of EU/IPA, EU talks, debates, round tables, conferences, domestic international forums; (media, NGOs, business community, local self-government);
- Public opinion research;
- Implementation of activities of the IPA communication strategy at central and local level;
- Strengthening the collaboration with the civil sector;
- Organisation of events for the diplomatic corps (European breakfast, the European Union in Macedonia)
- Strengthening the collaboration and organisation of events for the youth as a target group (EU stars);
- Creating IPA interactive map
- Regular working activities of the EU-MK Info Centre
- EU Visibility agenda