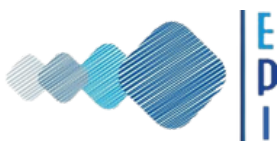
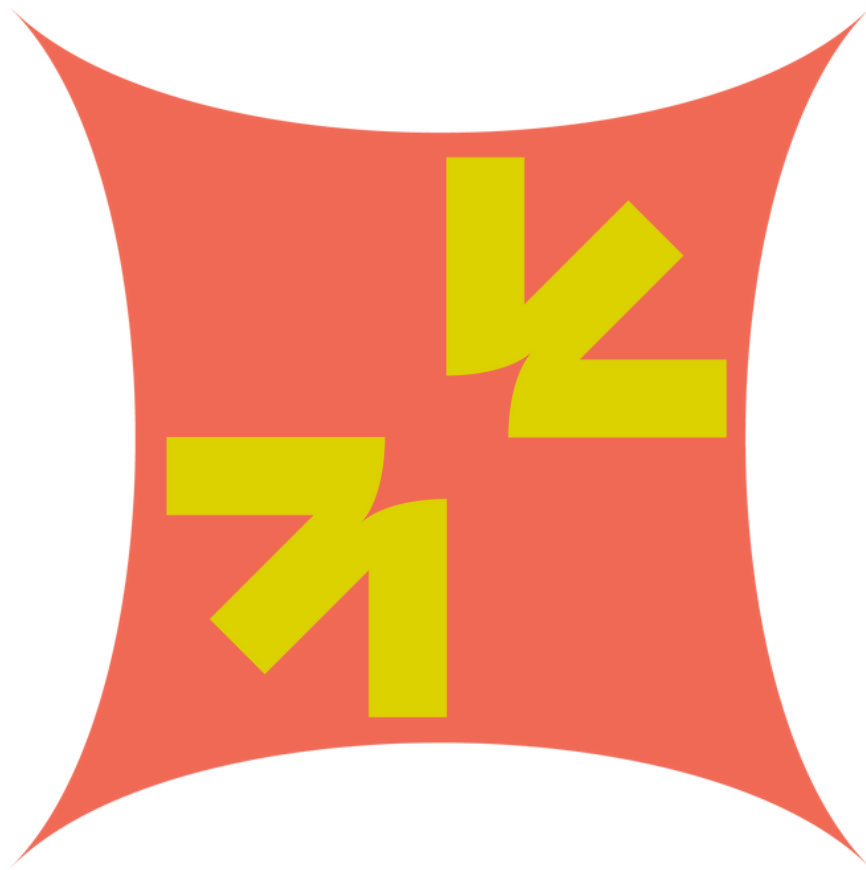


Reform Agenda Monitor North Macedonia

Policy Report

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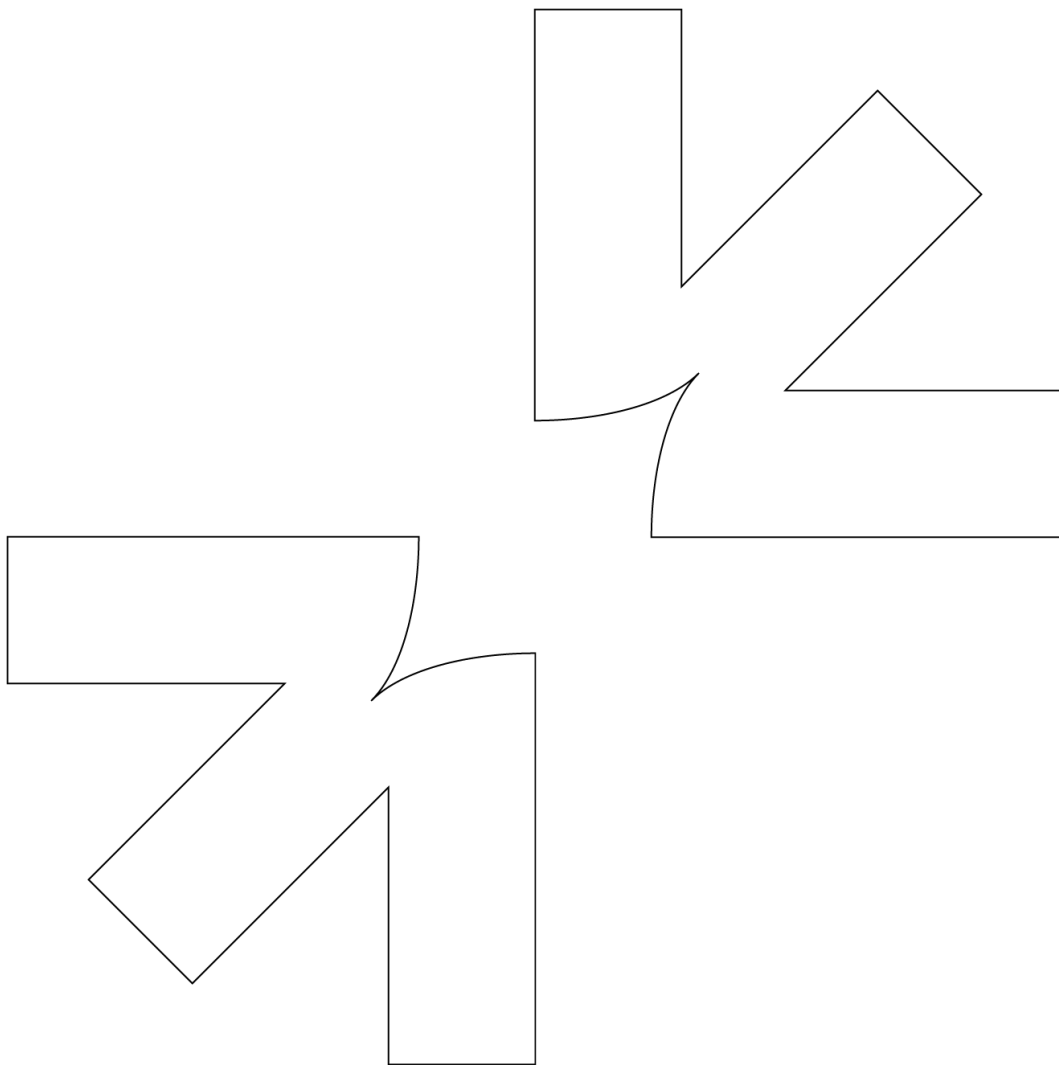




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Introduction

This paper¹ examines the process of formulating the Reform Agenda in North Macedonia and provides an overview of the inherent challenges. It aims to enhance understanding of the national context within the broader framework of EU integration throughout the Reform Agenda (RA) as part of the wider European Union's Growth Plan for the Western Balkans (GPWB) for 2024–2027. This paper examines relevant documents, including North Macedonia's RA and its accompanying annexes, alongside insights gathered from interviews with individuals directly involved in the formulation of the RA and the associated consultation processes.

The Growth Plan highlights the need for strong institutions and policies to drive digital and green transitions, improve competitiveness, and promote equality. Since this approach is new for governments in the Western Balkans (WB) region, it is essential to ensure transparency, involve the public and relevant stakeholders, communicate the benefits and progress clearly, build trust, and align the region with the EU. While it offers critical support, including grants and loans, and aims to double the region's economies and GDP per capita, the Growth Plan, along with its instruments such as the Reform Agenda and associated outputs, does not serve as a substitute for the EU accession process.

While the official Growth Plan for the Western Balkans was formally adopted in November 2023², the EC President's visits to Western Balkan countries in 2022³ and 2023⁴ served as a foundational step in shaping the initiative. The development of the RA in North Macedonia, led by the Secretariat for European Affairs (SEA),⁵ with contributions from other institutions, took place in 2023, following the EC's decision to initiate its development. However, capacity-building efforts⁶ for this process had already begun in early 2022.

¹ The analysis will be using combined method of desk analysis of relevant documents and interview insights. Any changes or developments beyond December 2024 are not included in the findings, and future updates may require adjustments.

² European Commission, 2023, COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

New Growth Plan for the Western Balkans, COM (2023) 691 final. Link: <https://bit.ly/41kPrxD>

³ Western Balkans Investment Framework, 2022, News "European Commission's President Ursula von der Leyen announced unrivalled EU support for the Western Balkans," link: <https://bit.ly/418jkAZ>

⁴ European Commission, 30.10.2023, Statement by the President von der Leyen at the joint press conference with Dimitar Kovachevski, Prime Minister of the Republic of North Macedonia, link: <https://bit.ly/3CMOIf6>

⁵ After the institutional transformation SEA is named Ministry for European Affairs (MEA).

⁶ Ministry for European Affairs, 23.02.2022, Press release, link: <https://www.mep.gov.mk/post/?id=10918>



Despite holding presidential and parliamentary elections, which also influenced the institutional structure responsible for its development, the RA was delivered within the established timeframe and was finally adopted by the European Commission on 23 October 2024.⁷ With a comprehensive approach, the Reform Agenda outlines 37 reforms and 136 measures to be implemented between December 2024 and August 2027, emphasising the critical role of institutional strengthening and stakeholder engagement in achieving these goals.

The European Commission assessed the Macedonian RA as “relevant, comprehensive, and appropriate to fulfil the objectives of the Facility”⁸. In addition, the President of North Macedonia, in her statement, noted that “the Macedonian reform agenda was the best rated by the Commission”⁹. However, this paper highlights several challenges, including tight timelines that limited stakeholder engagement, institutional restructuring, and the reorganisation of state agencies and ministries, which raise concerns about the capacity to effectively implement the Reform Agenda measures. Furthermore, it emphasises the need to establish a comprehensive and inclusive monitoring mechanism involving relevant stakeholders and a communication strategy that promotes transparency and inclusivity.

Successful implementation depends on strong partnerships and shared responsibilities, with the EU and national institutions playing key roles in meeting commitments. Addressing institutional challenges, strengthening capacities, and engaging stakeholders are vital for efficiently using available funds, backed by effective monitoring and implementation frameworks.

The paper's structure outlines the Reform Agenda's development, key milestones, challenges, and stakeholder involvement. It reviews the five Reform Agenda priority policy areas, expected outcomes, and EU financial support for 2024–2025. It also provides an overview of the institutional framework and narratives around the Reform Agenda and the Reform and Growth Facility (RGF). Finally, it presents recommendations and a conclusion, emphasising the importance of developing a robust communication strategy to enhance transparency and inclusivity in the

⁷ European Commission, COMMISSION IMPLEMENTING DECISION of 23.10.2024, approving the Reform Agendas and the multiannual work programme under the Reform and Growth Facility for the Western Balkans, C(2024)7375, 23.10.2024. Link: <https://bit.ly/4jRNxvk>

⁸European Commission, 2024, COMMISSION STAFF WORKING DOCUMENT-North Macedonia-Accompanying the document: Commission Implementing Decision-approving the Reform Agendas and the multiannual work programme on the approval under the Reform and Growth Facility for the Western Balkans, SWD(2024) 244 final, pg.3. Link: <https://bit.ly/4hS4jbV>

⁹ Official website of the President of Republic of North Macedonia, Press release, 8 November 2024, *President Siljanovska Davkova: Macedonian reform agenda is best rated – we are getting closer to the European criteria, and thus to the entry into the EU*. Link: <https://bit.ly/42Qs001>



implementation process and establishing a comprehensive and inclusive monitoring mechanism with active stakeholder involvement.

Reform Agenda development

The development of the Reform Agenda in North Macedonia, characterised by its complexity and urgency and the political shifts triggered by parliamentary and presidential elections during its formulation, remains largely distant from the wider public. The key steps, from its initial adoption and limited stakeholder engagement to behind-closed-doors negotiations and finalisation, highlight the government-centred coordination that shaped the agenda into a comprehensive and actionable plan.

Following the European Commission President's visits to the Western Balkans in 2022 and 2023 and the adoption of the Growth Plan for the region on 8 November 2023, the Regional Ministerial Meeting held in North Macedonia on 17 November 2023 marked a key step toward the precise implementation of the Reform Agendas in the Western Balkans (WB)¹⁰. WB countries were expected to intensify their efforts by the end of 2023, laying the groundwork for access to specific funds starting in 2024.

Just one month later, on 6 December 2023,¹¹ the Government approved the Information on the status of the preparation of the Reform Agenda with an indicative list of priorities for the GPWB. Under the SEA's leadership, relevant institutions developed the list of priorities collaboratively. After its adoption, an initial draft of the Reform Agenda was submitted to the European Commission to facilitate further discussions and ensure alignment with EU standards. Following this milestone, according to the interviews, the Reform Agenda was presented to the National Council for European Integration (NCEI) and the Committee on European Affairs. This demonstrates the efforts to meet the deadline and build political consensus despite the upcoming election period.

Prior to the presidential and parliamentary elections, on 16 April 2024,¹² the Government approved the Draft Reform Agenda of North Macedonia. Subsequently, on 18 April 2024,¹³ the SEA and the United Nations Office for Project Services (UNOPS), which acted as a consultant in the process, held a press briefing

¹⁰ Ministry of Finance, First regional Ministerial Meeting on the Growth Plan for the Western Balkans – starting point for the implementation of reforms for faster EU integration, 17.11.2023. Link: <https://bit.ly/4jLL1ad>

¹¹ Government of the Republic of North Macedonia, 204th session of the Government of the Republic of North Macedonia, December 6, 2023. Link: <https://vlada.mk/2023-204>

¹² Government of the Republic of North Macedonia, 16.04.2024, Press release, 15th session of the Government. Link: <https://vlada.mk/2024-15>

¹³ Racin.mk, The Reform Agenda for North Macedonia's Growth Plan has been approved in Brussels, 11.10.2024. Link: <https://bit.ly/3Ewi55M>



to share information about completing the Reform Agenda's preparation. After the presidential and parliamentary elections, at the 15th Session¹⁴ of the Government on 27 August 2024, the Reform Agenda was adopted, and on 7 September 2024, it was submitted to the EC.¹⁵ Finally, on 23 October 2024, the European Commission approved the Reform Agenda of North Macedonia alongside those of Albania, Kosovo, Montenegro, and Serbia while also endorsing the Multiannual Work Plan under the RGF for the Western Balkans.¹⁶

Reform Agenda consultation process

Between the initial development and the period leading up to the final adoption of the Reform Agenda in August 2024, according to the interviews, ongoing discussions and negotiations took place through regional and national meetings with the European Commission (Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR)), the EU Delegation in Skopje, and relevant institutions. Moreover, the interviews noted that the RA development also included consultations with civil society organisations (CSOs), experts, academics, the Chamber of Commerce, etc., in December 2023, followed by an additional consultation in April 2024, both organized by the SEA.¹⁷ These efforts were coordinated by the SEA, which, after the parliamentary and presidential elections, was transformed into the Ministry for European Affairs and continued to play a leading role in this process alongside other relevant institutions.

The consultations among the governmental institutions and the European Commission (EC) involved mutual learning, guided by brief instructions outlining fundamental elements defined by the Regulation on the Reform and Growth Facility, rather than relying on a set of predefined guidelines provided by the European Commission.¹⁸ Throughout the entire development of the RA, the Government received regular updates. It made key decisions on the country's position concerning the EC's proposals, addressing the scope of the reforms, the necessary implementation steps, and the proposed timelines.¹⁹

According to the interviews, the early-phase consultation with CSOs, chambers of commerce, experts, academia, etc., was organised in December 2023 to discuss with relevant stakeholders and exchange information. During the discussion with

¹⁴ Government of the Republic of North Macedonia, Press release, 15th session of the Government, 27.08.2024. Link: https://vlada.mk/2024_15

¹⁵ Interview No. 2, Personal Communication, 04.12.2024.

¹⁶ European Commission, COMMISSION IMPLEMENTING DECISION of 23.10.2024, approving the Reform Agendas and the multiannual work programme under the Reform and Growth Facility for the Western Balkans, C(2024)7375, 23.10.2024. Link: <https://bit.ly/4jRNxvk>

¹⁷ Interview No. 2 and No.3, Personal communication, 04 and 05.12.2024.

¹⁸ Interview No. 3, Personal communication, 05.12.2024.

¹⁹ Interview No. 2, Personal communication, 04.12.2024.



CSOs, their representatives were invited to provide recommendations for finalising the roadmaps and the RA.²⁰ However, no evidence is available detailing this consultation, the follow-up process, or how participants' interventions were reflected in the RA afterwards. This applies to consultations with other stakeholders as well. Furthermore, based on interview insights, the national-level consultations were relatively brief. They included a limited number of participants, primarily due to the EC's new approach and the limited time available for Reform Agenda-setting.²¹

Prior to the presidential and parliamentary elections in April 2024, another round of consultation with CSOs, trade, unions, chambers of commerce, and academia took place in the form of a follow-up presentation organised by the SEA. This presentation was intended to share updates and provide additional insights into the Reform Agenda with these stakeholders.²² However, according to the interview insights, the consultation was conducted without providing reliable draft documents of the Reform Agenda, making it difficult for participants to align their input with the agenda's content. Introducing the new approach presented a significant challenge, as its unfamiliarity among relevant stakeholders hindered their ability to fully understand and effectively engage with the process. The discussions were treated as informational rather than consultative, and there was no follow-up on this process in subsequent stages.²³

Reform Agenda key policy areas

The Reform Agenda outlines all priorities originating from the EU integration process and aligning with previously established commitments and objectives, such as implementing the Stabilisation and Association Agreement (SAA),²⁴ screening procedures, bilateral meetings,²⁵ and recommendations from the European Commission Progress Reports on North Macedonia.

The proposed reforms and objectives of the Reform Agenda are consistent with key strategic documents, development policies, and recommendations stemming from the EU dialogue within the framework of North Macedonia's EU accession process. It aims to strengthen judicial independence and uphold the rule of law, thereby ensuring greater compliance with human rights obligations, including the

²⁰Ministry for European Affairs, 21.12.2023, Press release. Link: <https://www.mep.gov.mk/post/?id=13622>

²¹ Interview No. 2, Personal communication, 04.12.2024.

²² Interview No. 3, Personal communication, 05.12.2024.

²³ Interview No. 1, Personal communication, 19.11.2024.

²⁴ Official Journal of the European Union, Stabilisation and Association Agreement of the Republic of Macedonia 2004. Link: <https://bit.ly/3EtKmdk>

²⁵ European Commission, Screening Report North Macedonia, 2023, link: <https://bit.ly/40UPJth>



protection of the rights of minority groups,²⁶ to optimise public services, promote digital and green transformations, build human capital, and create a more competitive and investment-oriented economy. Gender mainstreaming is considered a comprehensive strategy that spans and integrates into multiple policy areas.

The RA, supported by EUR 750 million²⁷ from the European Commission—one-third in grants and two-thirds in favourable loans—complements IPA funds, other EU financial instruments, and bilateral assistance. As recent European Commission reports emphasise, effectively addressing challenges related to institutional coordination and strengthening capacity-building mechanisms is crucial for optimising the utilisation of EU funds and other resources.

There are 5 priority areas, 37 reforms, and 136 steps/measures to be implemented from December 2024 until August 2027.²⁸ The five policy areas consist of clear goals to be achieved, steps, timelines, funds, indicators, and institutions in charge of implementing the policies. The Reform Agenda was designed by the Macedonian administration to reflect North Macedonia's priorities and the EU agenda. Within the framework are qualitative and quantitative measures, with around 60 of them being laws and bylaws.²⁹

The following overview of each policy area is based on a desk analysis of the Reform Agenda and Annex 1.³⁰

Policy Area 1: Governance/ Public Administration Reforms (PAR) and Public Finance Management (PFM)

Policy Area 1 is divided into two sub-areas: public finance management (PFM) and public administration reform (PAR). The total financial allocation for Policy Area 1 is approximately EUR 111.32 million (approximately MKD 7 billion)³¹ and consists of five key reforms, addressing fiscal discipline, budget planning, and public procurement, among others. Challenges such as limited budgetary space due to

²⁶European Commission, COMMISSION IMPLEMENTING DECISION of 23.10.2024, approving the Reform Agendas and multiannual work programme under the Reform and Growth Facility for the Western Balkans, C(2024)7375. Link: <https://bit.ly/4ht8V8E>

²⁷ European Commission, Press release "Statement by President von der Leyen at the joint press conference with Prime Minister of North Macedonia Mickoski", 24.10.2024. Link: <https://bit.ly/4gww74I>

²⁸Ministry for European Affairs, 2024, Annex 1 of the Reform Agenda, link: <https://bit.ly/4gAwLxZ>

²⁹ Interview No.3, Personal communication, 05.12.2024.

³⁰ Ministry for European Affairs, Reform Agenda of North Macedonia, Annex 1, 2024. Link: <https://www.mep.gov.mk/en/post/?id=15800>

³¹ Ibid.



high public debt, delays in implementing key measures, and inadequate human resources in the Ministry of Finance will be addressed with measures focusing on fiscal transparency, risk management, and budget efficiency. PAR focuses on modernising governance through reforms in civil service management, administrative reorganisation, and digital transformation. Political instability, outdated human resource systems, and insufficient digitalisation will be tackled through measures targeting merit-based recruitment, service improvements, and organisational restructuring.

Key institutions driving these reforms include the Ministry of Finance (MoF) for PFM, supported by the Fiscal Council and Public Procurement Bureau, and the Ministry of Information Society and Administration for PAR. Deliverables in the first year include adopting critical bylaws under the Organic Budget Law, improving fiscal transparency, and advancing administrative reforms like the reorganisation and digitalisation of services, as well as adopting the Public Internal Financial Control Law.

Policy Area 2: Energy/Digital Transition

Policy Area 2 comprises two sub-areas: energy transition and digitalisation. The energy transition sub-area includes six key reforms mainly focusing on electricity, market integration, decarbonisation, renewable energy deployment, emissions trading schemes and energy efficiency measures. The digitalization sub-area refers to four key reforms mainly focusing on cybersecurity and digitalization (digital infrastructure, public services and e-services).

The total funding allocated for Policy Area 2 is approximately EUR 213.03 million (approximately MKD 13.1 billion), with substantial financial resources directed towards decarbonisation, energy market reforms, and enhancing digital public services. Key challenges in energy transition, led by the Ministry of Energy, Mining, and Mineral Resources, include transitioning to a low-carbon economy, addressing energy poverty, and scaling renewable energy capacity while maintaining grid reliability. Digitalisation led by the Ministry of Digital Transformation focuses on addressing cybersecurity threats, ensuring system interoperability, and enhancing public trust in digital tools. Reforms in legislation, capacity building, and technical infrastructure development are planned in both sub-areas.

Responsible institutions include the Ministry of Energy, Mining and Mineral Resources for the energy transition sub-area, the Ministry of Digital Transformation for digitalisation, and the Ministry of Economy. In the first year, key deliverables include adopting the Energy Law and bylaws for the electricity market, implementing cybersecurity legislation aligned with the EU NIS2 Directive, and laying the groundwork for digital identity systems. These results set the stage for a



comprehensive and sustainable energy and digital transformation aligned with EU integration objectives.

Policy Area 3: Human Capital

Policy Area 3 focuses on human capital development and comprises a single sub-area: education and skills. This area includes three main reforms: improving vocational education and training (VET) systems, increasing participation in adult education with recognition of non-formal and informal learning, and enhancing the quality of secondary and higher education. These reforms aim to bridge the skills gap, improve labour market alignment, and foster a modernised education system.

The total funding allocated for this policy area is approximately EUR 83.49 million (approximately MKD 5 billion) to address issues such as the mismatch between education outcomes and labour market needs, low participation in adult education, and the need for modernised curricula integrating digital and green skills.

The Ministry of Education and Science, in collaboration with the Centre for Vocational Education and Training and Regional VET Centers, is responsible for implementing these reforms. Results to be delivered in the first year include the development of new VET curricula, enrolling at least 3,000 students in regional centres with practical learning opportunities, and initiating career guidance programs across schools. These foundational steps aim to build a more responsive and inclusive education system.

Policy Area 4: Private Sector Development and Business Environment

Policy Area 4 includes one sub-area: the business environment, which focuses on creating a conducive environment for businesses, especially small and medium enterprises (SMEs). It includes seven reforms, mainly addressing the informal economy, fostering SME development through improved financing options, enhancing competitiveness via innovation strategies, and creating a transparent and efficient state aid system. Additionally, reforms aim to simplify administrative procedures and increase digitalisation to boost overall business efficiency.

The total funding allocated for this area is approximately EUR 193.74 million (approximately MKD 11.9 billion). Key challenges include a large informal economy, insufficient innovation and technology adoption by domestic companies, and complex administrative processes that hinder SME growth. To address these, measures include implementing the Strategy for Formalisation of the Informal Economy, adopting a new SME strategy, and supporting the innovation ecosystem through the Smart Specialisation Strategy. These measures aim to enhance compliance with EU market requirements, boost innovation, and improve business resilience.



The Ministry of Economy and Labor and the Commission for Protection of Competition are the primary institutions responsible. Expected results in the first year include increased inspections targeting undeclared work, the adoption of the SME strategy, and initial steps toward establishing a digital public register for administrative procedures. These reforms aim to formalise the economy, improve SME financing mechanisms, and foster a competitive, sustainable business environment.

Policy Area 5: Fundamentals/Rule of Law

Policy Area 5 includes seven sub-areas: democracy, judicial independence, integrity and quality, judicial council functioning, judicial efficiency, the fight against corruption, the fight against organised crime and asset recovery. These sub-areas encompass ten specific reforms, related to reviewing electoral legislation, improving judicial recruitment and integrity, enhancing anti-corruption frameworks, and aligning legal systems with EU standards. Each sub-area addresses targeted reforms to enhance the rule of law and institutional resilience.

The total funding allocated for this area is approximately EUR 148.79 million (approximately MKD 9.14 billion). Challenges include weak judicial independence, lack of transparency in judicial and prosecutorial appointments, low public trust, insufficient anti-corruption measures, and organised crime vulnerabilities. To address these issues, reforms aim to adopt and implement updated judicial codes, establish national strategies to combat corruption and organised crime, and improve case management systems. Each sub-area contains clearly defined measures, such as increasing high-level corruption case prosecutions and ensuring compliance with EU standards on electoral processes and asset recovery.

Key institutions implementing these reforms include the Ministry of Justice, the Judicial Council, the Public Prosecutor's Office, and the State Election Commission. Results to be delivered in the first year include amending the Electoral Code to reflect the Organization for Security and Co-operation in Europe/Office for Democratic Institutions and Human Rights OSCE/ODIHR recommendations, adopting new judicial and criminal procedure codes, and enhancing asset recovery frameworks. These foundational steps aim to build a credible, transparent, and efficient judicial system that aligns with EU standards and fosters public trust in governance.



Reform Agenda analysis of the first year of implementation

If we analyse the first year of the defined RA timeframe, i.e. 2024–2025, the allocation of measures across key policy areas highlights that implementation is concentrated in specific areas at different periods. For instance, as presented in Chart 1: Reform Agenda North Macedonia, Distribution of measures per Policy Area 2024-2025, the public administration reform/ public finance management (PAR/PFM) sees substantial activity in December 2024 before tapering off in 2025, whereas digitalisation and green/energy reforms progress steadily throughout the timeline. On the other hand, human capital initiatives are scheduled entirely for the latter half of 2025. This phased approach indicates a deliberate prioritisation of reforms to ensure efficient resource use and alignment with the broader goals of the Reform Agenda.

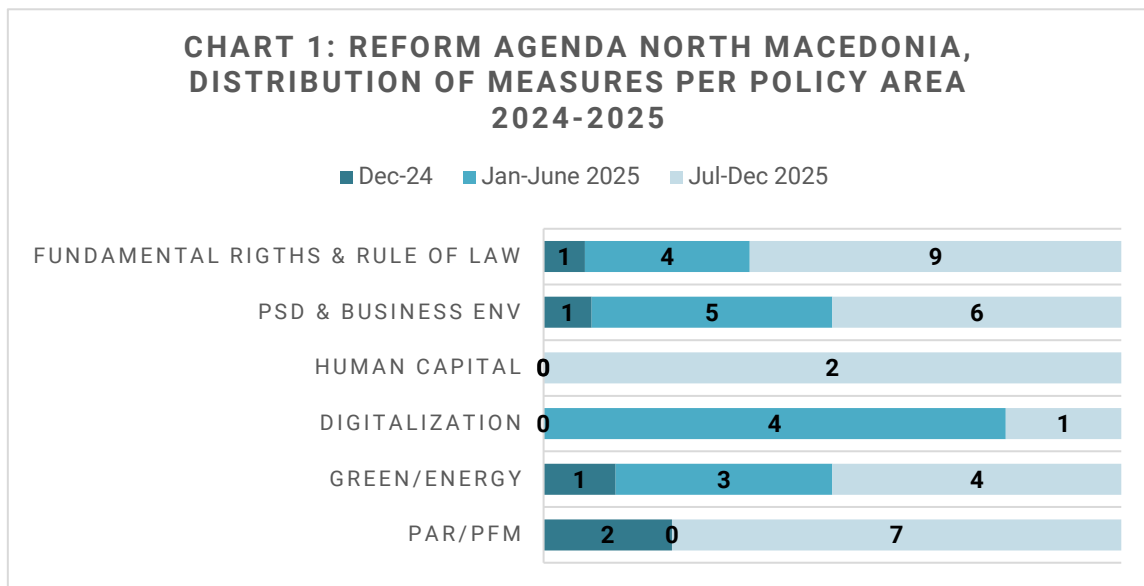


Chart 1. Reform Agenda North Macedonia: Distribution of measures per policy area (2024–2025)

If we examine each policy area measure for the first deadline of December 2024, we find that the initial steps to be implemented according to the Reform Agenda of North Macedonia involve legislative actions, administrative restructuring, and capacity-building initiatives to improve governance and institutional effectiveness. In addition, this demands strong political will and the active engagement of additional institutions responsible for executing these measures.

A key concern is whether the necessary institutional capacity exists to effectively fulfil these criteria within the specified timeframe.



Table 1: Reform Agenda North Macedonia: Policy Reforms/Measures per Policy Area 2024

Priority Area	Reform/Measure	Responsible institution
PAR/PFM	<i>1. Adoption of the Law on Public Internal Financial Control.</i>	Ministry of Finance
PAR/PFM	<i>2. Adoption of 17 by-laws from the Law on Budgets, including for: *Register of public entities (Article 4), -*Revision of the budget classification (Article 5) *Reducing the number of primary budget users to at least 40% in the administrative classification. *Decree on the management of public investments.</i>	Ministry of Finance
Green/Energy	<i>The management structures in the Roadmap for Justice. Transition are operational and have approved the annual plan for implementation 2025.</i>	Ministry of Energy, Minerals and Mining
Digitalisation	/	/
Human Capital	/	/
PSD & business environment.	<i>Amendments to the Law on Commercial Companies— introduction of new rules for appointing independent members to the boards of state-owned enterprises.</i>	Ministry of Economy and Labor
Fundamental Rights & Rule of Law	<i>Vacant positions for judges and prosecutors are filled on a regular basis based on the projections of the Judicial Council/Council of Public Prosecutors, through the implementation of human resource management strategies in the courts/public prosecutions.</i>	Ministry for Justice *Judicial Council, *Council of Public Prosecutors, *Academy for Judges and Public Prosecutors

Table 1. Reform Agenda North Macedonia: Policy reforms/measures per policy area (2024)

General Conditions for Payments (for all Policy areas) and EU financial support 2024–2025

The general conditions for payments across all policy areas depend on the successful implementation of qualitative and quantitative steps.

If we analyse the EU financial support for the first year (2025) more deeply, including the first semester in 2024, as presented in Table 2, the total financial support allocated for all priority areas was EUR 17.13 million by December 2024, increasing to EUR 70.65 million for the first half of 2025 and EUR 134.87 for the



second half of 2025.³² Comparing the number of measures per policy area (Chart 1) with the EU financial support allocated (Table 2) reveals a uniform distribution, regardless of the type of measures required in each area.³³ This raises questions about the methodology used for allocating funds, whether it aligns with the expected outcomes of the measures implemented and the intensity needed for implementation.

Table 2: Reform Agenda North Macedonia: EU Financial Support per Policy Area 2024–2025

In million euros (rounded to the nearest million)

Policy Areas	Dec 2024	Jan–June 2025	Jul–Dec 2025
PAR/PFM	8.56	0	29.97
Green/Energy	2.14	17.13	29.97
Digitalisation	0	19.27	2.14
Human capital	0	0	10.7
PSD & business env	4.28	17.13	20.34
Fundamental Rights & Rule of Law	2.14	17.13	41.75
Total	17.13	70.65	134.87

Table 2. Reform Agenda North Macedonia: EU financial support per policy area (2024–2025)

When comparing the distribution of EU financial support across policy areas for 2024–2025 (Chart 2), it is evident that Public Administration Reform (PAR)/Public Finance Management (PFM) received the largest portion, accounting for 50% of funding in December 2024. In contrast, areas such as fundamental rights, the rule of law and green/energy allocate funds more evenly throughout different periods. The data highlights a strategic focus on PAR/PFM at the outset, emphasising the foundational importance of administrative and fiscal reforms as a precursor to broader policy initiatives.

³² Table 2: Reform Agenda North Macedonia: EU Financial Support per Policy Area 2024-2025, based on Annex 1 of the Reform Agenda of North Macedonia. Link: <https://www.mep.gov.mk/en/post/?id=15800>

³³ For instance, the same amount of funding (EUR 2,140,811.85) is allocated to a single policy measure in the green/energy priority area for the first half of 2024 as is allocated to a single policy measure in the digitalisation priority area for the period July-December 2025.

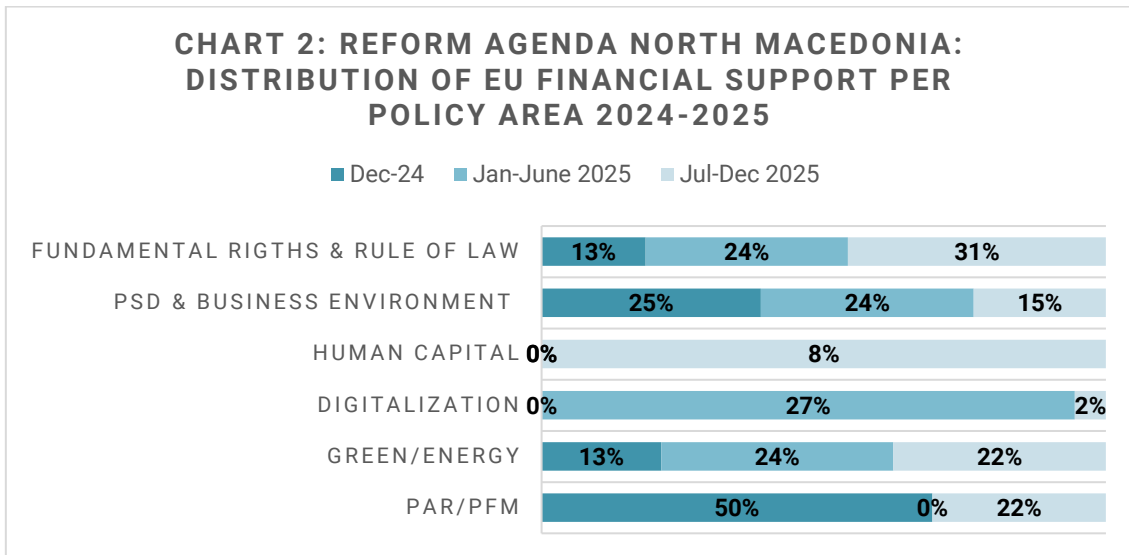


Chart 2. Reform Agenda North Macedonia: Distribution of EU financial support per policy area (2024–2025)

In contrast, digitalisation receives substantial financial support in the first half of 2025, with 27% of funds allocated during this period, indicating a concentrated push toward advancing digital infrastructure and services. Other areas, such as human capital, experience a slower start, with a significant share (8%) allocated in the latter half of 2025. This sequenced allocation suggests a phased approach to addressing policy priorities, with immediate emphasis on governance and fiscal management, followed by targeted investments in digital transformation, economic competitiveness, and long-term capacity building. The funding distribution highlights the need for a more thorough analysis and detailed consideration of the country's experience in designing the Reform Agenda, ensuring careful budget planning to align each policy area's progress with the overarching goals of the Reform Agenda.

Reform Agenda and Reform and Growth Facility Framework

Institutional setting

To facilitate effective and efficient coordination of the process, the Government initially formed a political-level structure for implementing the Growth Plan,³⁴ led by the 1.) Deputy Prime Minister for European Affairs, and the 2.) Minister of Finance as co-chairs, with the 3.) State Secretary of the Secretariat for European Affairs serving as the coordinator.

Due to the institutional transformation with the appointment of the new Government, several changes have been made, creating substantial challenges for the institutional framework tasked with continuing the process and implementing

³⁴ Interview No. 2, Personal communication, 04.12.2024, Skopje.



the Reform Agenda on time. This raises concerns about the ability of these institutions to effectively adapt to and carry out this approach. The transformed institutions are the following: the Ministry of Foreign Affairs and Foreign Trade, the Ministry of Economy and Labor, the Ministry of Social Policy, Demography and Youth, the Ministry of Public Administration and the Ministry of Digital Transformation, while The Ministry of Energy, Mining and Mineral Resources has been newly established.

The Government of North Macedonia, in November 2024, approved a model proposal for establishing a framework/structure for implementing the Reform Agenda. The Minister of European Affairs was designated as the national coordinator for the Reform and Growth Instrument. The full structure, encompassing implementation, monitoring, and evaluation, as well as control and audit mechanisms, is expected to be finalised and adopted by December 2024.³⁵ Another important step to consider is finalising the institutional structure to facilitate the signing of the agreement on the RGF instrument and the loan agreement. In this regard, at the national event organised by the European Policy Institute Skopje (EPI),³⁶ the Minister for European Affairs announced that the agreement on the Reform and Growth Instrument had been signed and that the finalisation of the loan agreement, to be signed by the Minister of Finance, is currently undergoing institutional approval.

Reform Agenda: next steps and consultation mechanisms

North Macedonia was the first country in the region to complete all the required steps for pre-financing under the new European financial mechanism. After the agreements are ratified, a request will be submitted to withdraw the first tranche, which amounts to 7% of the allocation of funds, or about EUR 52.5 million.³⁷

In accordance with the Regulation on Growth and Reforms and the Implementation Agreement for the RGF, specific models and timelines for public communication have been established, which must be followed to secure the allocated funds. The National Coordinator (Minister for European Affairs) is responsible for ensuring comprehensive coordination, timely execution, reporting, and monitoring of finances. This includes facilitating coordination within the administration and with

³⁵ Interview No. 3, Personal Communication, 05.12.2024.

³⁶ European Policy Institute Skopje (EPI), Panel discussion “Strengthened cooperation in the EU integration process through the Reform Agenda”, National event organised on 02.12.2024 in Skopje.

³⁷ Ministry for European Affairs, Press release, 13.11.2024. Link: <https://mep.gov.mk/post/?id=15811>, Statement by the Minister for European Affairs at the National event organised by EPI, 02.12.2024. Link: <https://www.facebook.com/EPI.Skopje/videos/585653654151824>



donors as needed, in alignment with the objectives outlined in Regulation 2024/1449.³⁸

The European Commission will follow the implementation of the Reform Agendas in the WB region through the so-called “scoreboard”. According to the interviews, North Macedonia will introduce a system for following the progress in the implementation through biannual progress reporting (according to the RGF Regulation) to promote transparency and accountability. The civil sector is not only expected to be involved but will also serve as a fundamental component in overseeing all governmental activities and utilising available funds.³⁹

Narratives on the Reform Agenda, Growth Plan and the Reform and Growth Facility

The Reform Agenda is perceived as a driving force for fostering inclusive and equitable societies, rebuilding public trust in institutions, and establishing a robust democratic system. Aligned with the Growth Plan and the RGF, it provides a strategic framework for advancing economic development and progressing toward EU accession.⁴⁰ Successful implementation hinges on partnerships and shared responsibilities, with the EU playing a pivotal role in fulfilling its commitments to the process. As highlighted in recent European Commission reports, addressing institutional coordination challenges and enhancing capacity-building are essential to maximise the effective use of EU funds and other resources. Ensuring progress requires a solid monitoring framework and effective implementation structures.

Following the elections in June 2024, the newly formed Government prioritised finalising the Reform Agenda 2024–2027,⁴¹ addressing several unresolved issues and pending steps according to their rhetoric used in the elections. During the session held on 24 June 2024, Government members were briefed on the reforms outlined in the Agenda, along with their respective responsibilities and the deadlines for implementation, as defined by the new organisational structure of state administration bodies.⁴² According to the interviews, the transformation process, despite its complexity, proceeded without significant obstacles, demonstrating the political maturity of the country's leadership in advancing toward European integration and the ultimate objective of full EU membership.⁴³ The reorganisation of state agencies and ministries, involving the dissolution of

³⁸ Interview No.2 and No.3, Personal communication, 04 and 05.12.2024.

³⁹ Interview No.2, Personal communication, 04.12.2024.

⁴⁰ Interview No.1, 2, and 3, Personal communication, 19.11, 04 and 05.12.2024.

⁴¹ Analysis of the minutes from Government sessions related to the Reform Agenda and the Growth Plan for WB.

⁴² Interview No. 3, Personal communication, 05.12.2024.

⁴³ Interview No. 2, Personal communication, 04.12.2024.



existing entities and the creation of new ones, posed significant challenges to the institutional framework responsible for continuing the process and for implementing the Reform Agenda, raising concerns about the capacity of these institutions to effectively adapt to and execute this approach.

Overall, the Reform Agenda is expected to establish a strategic policy framework that strengthens key economic sectors, focusing on digitalisation and investments in public services, education, and human capital development as essential components for enhancing quality of life and boosting productivity. It warrants further examination to determine whether the measures outlined in the Reform Agenda, including the adoption of action plans, laws, and the development of bylaws, effectively translate into tangible steps addressing the critical issues the broader public expects to see resolved. While these reforms may enhance the economy's competitiveness over the long term, their impact may fall short of significantly preparing the country for a more robust and competitive economic landscape.

Recommendations

Recommendations for the state are as follows:

1. Enhance stakeholder involvement mechanisms by establishing a consultative framework, i.e., a formal mechanism for transparent, participatory, and inclusive engagement of relevant stakeholders (CSOs, trade unions, chambers of commerce, academia, etc.) throughout all implementation phases of the Reform Agenda.
2. Maintain transparent and detailed records of all consultation processes, including participant contributions, outcomes, and follow-up actions, to improve transparency and accountability.
3. Optimise institutional potential by fully utilising and improving the skills and capacities of public administrators in accordance with the Reform Agenda and the RGF instrument, defining the monitoring mechanism, and clarifying roles and accountability mechanisms.
4. Enhance public communication through an understandable and transparent communication strategy to inform the public about the Reform Agenda objectives, implementation, and progress, i.e., a guideline for following the “scoreboard.”
5. Establish an independent body to monitor reforms, ensure objective evaluations, and facilitate timely corrective measures to maintain accountability and adherence to established goals—involving the body in specific reforms requiring deeper stakeholder engagement or additional capacity-building.



Recommendations for relevant stakeholders are as follows:

1. Advocate for active engagement in consultative processes in all stages of the Reform Agenda implementation and monitoring by providing expert opinions and participating in formal consultations.
2. Develop monitoring frameworks to track implementation progress, evaluate the impact of targeted policy measures, and ensure that the Reform Agenda monitoring mechanisms align with the public interest.
3. Collaborate with relevant stakeholders, such as CSOs, trade unions, chambers of commerce, academia, etc., to increase the impact of advocacy practices on implementing the Reform Agenda and monitoring mechanisms.
4. Facilitate public awareness through events, social media campaigns, forums, etc., to educate the broader public on the objectives and implementation progress of the Reform Agenda and its direct impact, making it accessible and understandable.
5. Invest in capacity building to enhance expertise in monitoring, advocacy, and policy analysis and strengthen structures for effective participation in monitoring mechanisms related to the Reform Agenda and RGF mechanisms. This will ensure that marginalised and underrepresented groups are included in policy discussions and benefit from the measures.
6. Strengthen collaboration with government institutions responsible for designing, implementing, and monitoring the Reform Agenda, the European Commission, and other relevant international organisations. Provide constructive feedback, expertise, and innovative solutions to achieve the Reform Agenda's goals. Share best practices and lessons learned in this context.

Recommendations for the broader public are as follows:

1. Engage in public consultations, including community meetings, surveys, and public hearings related to the Reform Agenda, to provide feedback and address local needs and priorities.
2. Actively use relevant information (government websites, media, public forums, etc.) to stay informed and updated and to form your own judgment on the implementation of the Reform Agenda and its impact on your surroundings.
3. Collaborate with CSOs, other relevant stakeholders and government institutions to share insights and broader public perspectives promoting inclusion as well as contribute advocacy efforts and report concerns in line with Reform Agenda implementation and monitoring mechanisms, holding the institutions accountable;



4. Participate in capacity-building opportunities to upgrade and share knowledge, be an active citizen, participate in trainings/workshops, and contribute to the potential impact of measures in line with the Reform Agenda

Conclusion

The preparation of the Reform Agenda involved a detailed analysis to ensure that the proposed reforms and objectives were aligned with major strategic documents, development policies, and recommendations arising from the dialogue with the EU in the context of North Macedonia's EU accession process. Despite the challenging circumstances, the Reform Agenda is a critical document for guiding the country's path toward EU integration over the next three years. However, this process is not a substitute for EU accession and should not be considered an alternative.

The development and adoption of the Reform Agenda were marked by a series of significant milestones based on the Economic Reform Programme (ERP), the Joint Conclusions of the Economic and Financial Dialogue, and the EC.

Progress reports⁴⁴ and the recent assessment of the EC on North Macedonia's Reform Agenda⁴⁵ highlight the extensive collaboration between national institutions, international stakeholders, and other relevant actors.

The Reform Agenda, the Growth Plan, and the RGF are perceived as a driving force for fostering inclusive and equitable societies, rebuilding public trust in institutions, and establishing a robust democratic system. Aligned with the Growth Plan, the RGF provides a strategic framework for advancing economic development and progressing toward EU accession.

Regarding the progress of implementing the Reform Agenda, the Minister for European Affairs announced that the agreement on the Reform and Growth Instrument has been signed and that the finalisation of the loan agreement, which the Minister of Finance is expected to sign, is currently undergoing government approval.

In addition, to support the reform process, ministries are setting up oversight mechanisms by designating representatives responsible for managing the reforms, and the finalisation of the structure will be completed by the end of December. Additionally, while the European Commission will follow the implementation of the Reform Agendas in the WB region through the so-called "scoreboard," North Macedonia will introduce a system for tracking progress in the implementation

⁴⁴ Ministry of Finance, First Regional Ministerial Meeting on the Growth Plan for the Western Balkans – starting point for the implementation of reforms for faster EU integration, 17.11.2023. Link: <https://bit.ly/4jLL1ad>

⁴⁵ European Commission, COMMISSION STAFF WORKING DOCUMENT North Macedonia, SWD(2024) 244 final, 2024, Brussels. Link: <https://bit.ly/4gAx0ZV>



through biannual progress reporting (according to the RGF Regulation) to promote transparency and accountability. Regular notifications will be sent to the government.

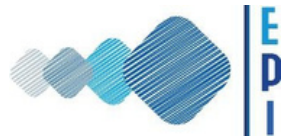
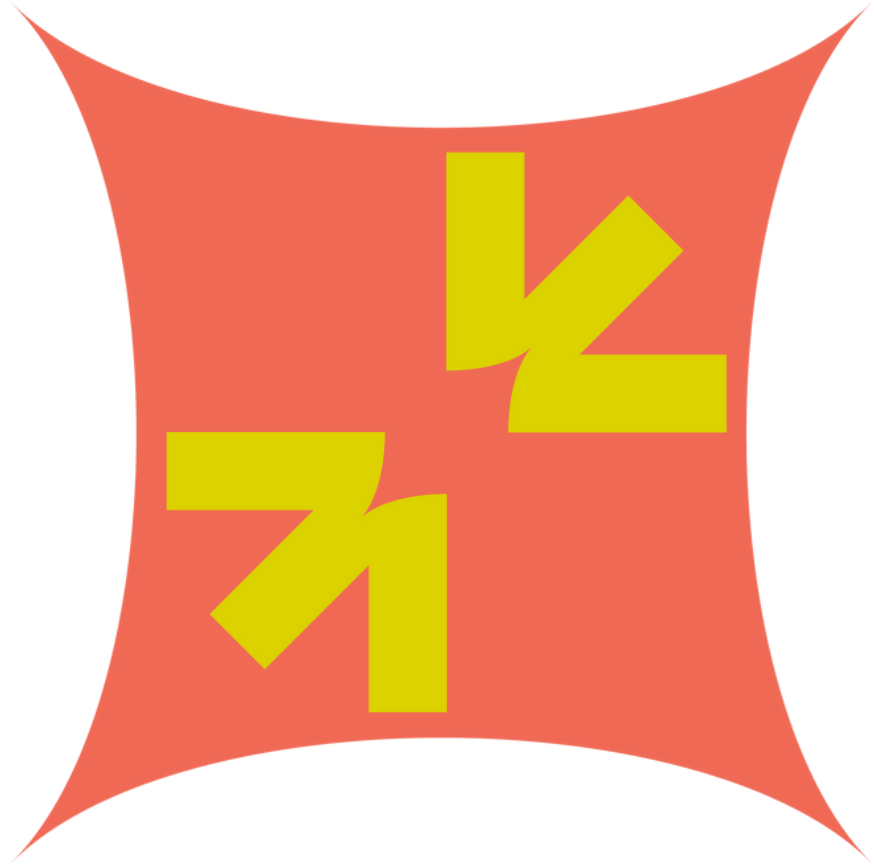
The European Commission has positively evaluated the development of the Reform Agenda. However, this paper identifies significant challenges in this process, such as tight timelines, limited stakeholder engagement, and institutional restructuring, including the reorganisation of state agencies and ministries, which raises concerns about the capacity to carry out the measures effectively.

As recent European Commission reports have highlighted, addressing institutional coordination challenges and enhancing capacity-building are essential to maximising the effective use of EU funds and other resources. Ensuring progress requires a solid monitoring framework and effective implementation structures involving relevant stakeholders, such as CSOs, chambers of commerce, experts in the field, etc.

Through its comprehensive new approach, the Reform Agenda framework demonstrates effective collaborative learning and a strong partnership with the European Commission. However, the compressed timeline for designing and submitting the Reform Agenda reduced stakeholder discussions to limited informational engagement rather than meaningful consultation. To avoid repeating this oversight, the government must prioritise genuine collaboration with CSOs and other stakeholders, including chambers of commerce, experts, trade unions, media, etc., to strengthen the planning and monitoring process.

While a consultative process was conducted, feedback from interviewers suggests that the discussions were predominantly informational rather than genuinely consultative. It could be argued that the government was constrained by limited time and a tight deadline to design and submit the agenda. However, it is essential that, in the implementation phase, the government takes proactive measures to collaborate with CSOs and other stakeholders, such as chambers of commerce, experts, trade unions, etc., fostering a more efficient planning process and enhancing execution.

In this context, the findings underscore the importance of establishing a comprehensive and inclusive monitoring mechanism with active stakeholder involvement and developing a robust communication strategy to enhance transparency and inclusivity in the implementation process. Successful implementation depends on partnerships and shared responsibilities, with the EU and national institutions playing a pivotal role in fulfilling their commitments to the process.



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