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From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

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To: Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

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**COMMISSION STAFF WORKING DOCUMENT**

**North Macedonia 2025 Report**

*Accompanying the document*

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**2025 Communication on EU enlargement policy**

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## CONTENTS

1. Introduction .....	3
1.1. Context.....	3
1.2. Main findings of the report.....	3
1.3. State of play of the accession process .....	20
2. Cluster 1: The Fundamentals of the accession process .....	20
2.1. Functioning of democratic institutions and public administration reform .....	20
2.1.1 Democracy .....	20
2.1.2. Public administration reform .....	23
2.2. Rule of law and fundamental rights.....	26
2.2.1 Chapter 23: Judiciary and fundamental rights.....	26
2.2.2 Chapter 24: Justice, freedom and security .....	44
2.3. Economic criteria .....	53
2.3.1. The existence of a functioning market economy.....	54
2.3.2. The capacity to cope with competitive pressure and market forces within the Union .....	58
2.4. Public procurement, statistics, financial control .....	61
Chapter 5: Public procurement.....	61
Chapter 18: Statistics .....	62
Chapter 32: Financial control.....	62
3. Good neighbourly relations and regional cooperation.....	63
4. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP .....	65
Cluster 2: Internal market.....	65
Chapter 1: Free movement of goods.....	66
Chapter 2: Freedom of movement for workers.....	66
Chapter 3: Right of establishment and freedom to provide services .....	67
Chapter 4: Free movement of capital .....	68
Chapter 6: Company law .....	69
Chapter 7: Intellectual property law .....	69
Chapter 8: Competition policy .....	70
Chapter 9: Financial services.....	70
Chapter 28: Consumer and health protection .....	71
Cluster 3: Competitiveness and inclusive growth.....	72
Chapter 10: Digital transformation and media.....	72
Chapter 16: Taxation.....	74
Chapter 17: Economic and monetary policy.....	74
Chapter 19: Social policy and employment .....	75

Chapter 20: Enterprise and industrial policy .....	77
Chapter 25: Science and research.....	79
Chapter 26: Education and culture .....	79
Chapter 29: Customs union .....	81
Cluster 4: The Green Agenda and sustainable connectivity .....	82
Chapter 14: Transport policy .....	82
Chapter 15: Energy.....	84
Chapter 21: Trans-European networks.....	85
Chapter 27: Environment and climate change .....	85
Cluster 5: Resources, agriculture and cohesion.....	88
Chapter 11: Agriculture and rural development.....	88
Chapter 12: Food safety, veterinary and phytosanitary policy.....	89
Chapter 13: Fisheries and aquaculture .....	90
Chapter 22: Regional policy and coordination of structural instruments .....	91
Chapter 33: Financial and budgetary provisions .....	93
Cluster 6: External relations.....	94
Chapter 30: External relations .....	94
Chapter 31: Foreign, security and defence policy .....	94
Annex I – Relations between the EU and North Macedonia .....	97

## 1. INTRODUCTION<sup>1</sup>

### 1.1. CONTEXT

Following the first Intergovernmental Conference on accession negotiations on 19 July 2022, the screening sessions for all six clusters were completed on 7 December 2023. All screening reports on the six clusters were presented to the Council. North Macedonia continued to implement the Stabilisation and Association Agreement and several joint bodies under the agreement met.

Essential EU-related reforms need to be implemented. North Macedonia maintained good relations with other enlargement countries and continued its engagement in regional initiatives. Existing bilateral agreements with neighbouring countries need to be implemented in good faith by all parties, including the Prespa Agreement with Greece and the Treaty of Friendship, Good Neighbourliness and Cooperation with Bulgaria.

North Macedonia maintained its full alignment with the EU's common foreign and security policy, including on Russia's war of aggression against Ukraine, sending a strong signal of its strategic choice of EU accession and showing itself to be a reliable partner.

North Macedonia has actively engaged with the new Growth Plan for the Western Balkans and has started to deliver on implementation of the plan's four pillars of gradual integration with the EU single market, regional economic integration, fundamental reforms and increased financial support. Under the Reform and Growth Facility, a performance-based EU instrument supporting the EU accession process, the country adopted its Reform Agenda, which covers reforms in the areas of: (i) governance, public administration reform and public financial management; (ii) the green and digital transition; (iii) human capital; (iv) private-sector development and business environment; and (v) fundamental rights and the rule of law.

The Commission's 2025 rule of law report covered North Macedonia for the second time<sup>2</sup>.

### 1.2. MAIN FINDINGS OF THE REPORT

#### CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

##### Democracy

The *election* legislation provides a suitable framework for holding democratic elections. The Electoral Code was amended in March 2024. The review was very limited and not transparent. No progress was made on addressing the outstanding recommendations of the Organisation for Security and Cooperation in Europe (OSCE)/Office for Democratic Institutions and Human Rights (ODIHR) and the Venice Commission.

*Parliament* was found to exercise its powers in an overall effective way. However, political polarisation in Parliament persisted, delaying the adoption of important reforms and several long-overdue appointments. Parliament maintained a broad consensus on the implementation of the new rules of procedure. These rules have so far had a positive effect on Parliament's operational efficiency; however, their long-term impact is yet to be determined. Parliament should accelerate necessary reforms for the EU integration process. In addition, Parliament should plan and adopt its

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<sup>1</sup>This report covers the period from 1 September 2024 to 1 September 2025. It is based on input from a variety of sources, including contributions from the government of North Macedonia, EU Member States, European Parliament reports and information from various international and non-governmental organisations. It also includes the results of comparative assessments and indices produced by other stakeholders, in particular in the area of rule of law.

The report uses the following assessment scale to describe the state of play: early stage, some level of preparation, moderately prepared, good level of preparation and well advanced. To describe progress made during the reporting period, it uses the following scale: backsliding, no progress, limited progress, some progress, good progress and very good progress. Where appropriate, interim steps have also been used.

<sup>2</sup> COM(2025) 900 final.

agenda diligently and limit the use of shortened legislative procedures. Cross-party collaboration remains essential to accelerate the implementation of EU-related reforms, which is in the interest of citizens. No attempts were made to adopt the relevant constitutional changes referred to in the Council Conclusions of 18 July 2022, which the country committed to launch and achieve, with a view to ensuring that the Constitution covers citizens who live within the borders of the State and who are part of other peoples, such as Bulgarians. Permanent and decisive steps are needed to accelerate the implementation of all EU-related reforms beyond those of the Reform Agenda and to move forward in the EU accession negotiation process. Cross-party collaboration is vital in this regard.

Despite some progress, a comprehensive reform of local self-government is still urgently needed, and the dialogue between different levels of **government** should be strengthened. Inter-ethnic relations remained stable, and the Ohrid Framework Agreement continued to be implemented.

The institutions in charge of the **EU integration** process are in place. North Macedonia needs to continue strengthening its EU negotiating structures and achieve sound coordination across line ministries and institutions, while further developing EU *acquis*-related expertise across the public administration.

**Civil society** organisations (CSOs) in North Macedonia generally operate in an overall enabling environment. The government adopted a decision for appointing members of the Council for Cooperation between Government and Civil Society. This development brought the Council's long-awaited reactivation, in line with the Commission's recommendations. Looking ahead, the Council now needs to effectively fulfil its role. The government should increase its efforts to ensure that civil society is involved in all priority areas and in consultation activities. The necessary amendments to the current legal and financial frameworks for ensuring transparent public funding to CSOs have not yet been adopted.

### **Public administration reform**

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North Macedonia remains **moderately prepared** in the area of public administration reform. **Some progress** was made in the e-government area, with the amendments to the Law on electronic documents, electronic identification and trusted services transposing eIDAS 2.0 Regulation and introducing the Digital Identity Wallet. Efforts were made towards digitalisation of institutional registers, simplification of electronic procedures and increase of data exchange. The long-awaited laws on administrative servants and on public sector employees were adopted in July 2025. The two laws improve selection procedures, temporary employment, working conditions, and data collection in the human resources management area. However, rules governing civil servants remain fragmented. The country pursued the reorganisation of several state institutions in line with the amended Law on state organisation.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, North Macedonia should in particular:

- adopt legal provisions governing top management service and start implementing the revised Law on administrative servants and the revised Law on public service employees;
- finalise the revision of, and continue implementing, the Law on state organisation and other related laws, in line with the recommendations on the new organisation of state administrative bodies;
- ensure full implementation of the Law on general administrative procedures by completing the digitalisation of institutional registers and data exchange and simplifying electronic procedures.

### **Chapter 23: Judiciary and fundamental rights**

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North Macedonia is **between having some and a moderate level of preparation** in applying the EU *acquis* and European standards in this area. Overall, there was **no progress**.

#### **Functioning of the judiciary**

The judicial system of North Macedonia is **between having some and a moderate level of preparation** and made **no progress**. The country started implementing the Strategy for Judicial Reform (2024-2028) and continued to implement the recommendations of the 2023 peer review mission on the Judicial Council. The overall independence and financial autonomy of the judiciary is undermined by the interference and pressure from other state branches, including attempts by Parliament to pressure members of the Judicial Council to resign, and the limited financial resources allocated. The staffing shortages in the judiciary are a concern as it affects the quality and efficiency of the justice system.

The Commission's recommendations from last year were only implemented to a limited extent and therefore remain largely valid. In the coming year, North Macedonia should in particular:

- adopt a new Law on civil procedure, in line with European standards, and accelerate implementation of the Strategy for Judicial Reform;
- strengthen the Judicial Council by adopting a revised legislative framework and continue increasing its transparency and independence, in line with the recommendations of the 2023 peer review mission and the opinion of the Venice Commission, and step up implementation of the human resources strategies for the judiciary and the public prosecution service;
- ensure that the Automated Court Case Management Information System (ACCMIS) is fully functional and compatible with the level of complexity of court cases and the method for assessing judges and presidents of courts.

### ***Fight against corruption***

North Macedonia is **between having some and a moderate level of preparation** and made **no progress** on the prevention and fight against corruption. Corruption remains prevalent in many areas and is an issue of serious concern. The tragedy of 16 March 2025 in Kochani, during which a fire tore through a club killing 62 and injuring over 190 people, revealed enduring systemic challenges over the enforcement of anti-corruption measures. The preventive measures and the effective repression of corruption needs to be improved. The indictment imposed on the President of the State Commission for the Prevention of Corruption (SCPC), which led to her resignation, have brought the institution's credibility into question. The SCPC needs to proactively provide policy guidance to prevent corruption, detect and report alleged instances of corruption and increase its efficiency in verifying asset declarations and oversight of election campaign financing. In parallel, its recommendations need to be followed up effectively.

The Public Prosecutor's Office, the investigative centres and the law enforcement units should recruit specialised staff and receive financial support. High-level corruption cases frequently experience delays, reach the statute of limitations, or result in minimal sentences, which strengthens public scepticism about the effectiveness of the fight against corruption. Targeted risk assessments and specific measures are also needed to address corruption in the most vulnerable sectors.

The Commission's recommendations from last year were not addressed and therefore remain valid. In the coming year, North Macedonia should in particular:

- adopt a new Criminal Code in line with the EU *acquis* and international standards. Improve its track record in high-level corruption cases – with timely, professional, and transparent proactive investigations, prosecutions, final convictions, and recovery, including confiscation of criminal assets, value-based confiscation, extended confiscation and third-party confiscation;
- improve implementation of the national strategy for the prevention of corruption and conflict of interest, address pending the Council of Europe Group of States against Corruption (GRECO) recommendations, and draft the new anti-corruption strategy for 2026-2030;
- allocate sufficient human and financial resources, including financial experts, to: (i) the Public Prosecutor's Office and the Basic Public Prosecutor's Office for the Prosecution of Organised Crime and Corruption to ensure effective accountability in high-level corruption cases; and (ii)

the State Commission for the Prevention of Corruption to improve the verification of assets declarations and the oversight of election campaign financing.

### ***Fundamental rights***

The legal framework on fundamental rights is partially aligned with the EU *acquis* and European standards. The country continues to meet its general obligations on fundamental rights, but legislation should be implemented in a systematic manner. A new Ombudsman and eight new deputy ombudspersons, for the regional and Skopje offices of the Ombudsman, are still to be elected. No progress has been made on the protection of personal data. The overall situation, in particular living conditions, in prisons remains appalling, although infrastructure was partially renovated and improved in several prison facilities.

The Commission's recommendations from last year were addressed to a limited extent and therefore remain valid. In the coming year, the country should in particular:

- address the dire conditions in prisons and continue the efforts to promote alternatives to incarceration and implement relevant recommendations on detention conditions made by national and international institutions, notably by the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (CPT);
- ensure that the Ombudsman's Office and the Commission for the Prevention and Protection against Discrimination receive sufficient financial and human resources enabling them to function independently and effectively;
- provide adequate support to vulnerable categories of children, especially child victims of violence, Roma<sup>3</sup> children and children with disabilities.

### ***Freedom of expression***

North Macedonia is **between having some and a moderate level of preparation** on freedom of expression and has made **limited progress** in this area. The legal framework governing the media is still not fully aligned with EU *acquis*, particularly the European Media Freedom Act (EMFA), although some progress was achieved on the Law on media. The financial independence of the Agency for Audio and Audiovisual Media Services has improved, and the new members of its Council were elected by Parliament. The public service broadcaster faces challenges, despite improvements in its funding and the appointment by the Parliament of its Council. Challenges remain concerning transparency of media ownership. The framework for allocation of state advertising raises concerns about the potential misuse of political funds and the disruption of the market.

The Commission's recommendations from last year were only partially implemented and therefore remain valid. In the coming year, the country should in particular:

- continue to revise the legal framework governing the media to align it with the EU *acquis* and European standards, particularly by introducing rules on full transparency in media ownership and allocation of public funds for state advertising, competition and State aid, and intellectual property rights;
- implement the strategy to reform the Public Broadcaster;
- continue to promptly address all threats and acts of violence against journalists and ensure perpetrators are brought to justice.

## **Chapter 24: Justice, freedom and security**

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North Macedonia is **moderately prepared** to implement the EU *acquis* in the field of justice, freedom and security and has made **limited progress** in this area. North Macedonia should increase

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<sup>3</sup> In line with the terminology of European institutions, the umbrella term 'Roma' is used here to refer to a number of different groups, without denying the specificities of these groups.

its capacities to fight all forms of serious and organised crime. On migration and asylum, there was no further alignment with the EU *acquis*.

The Commission's recommendations from last year were not met and remain valid. In the coming year the country should in particular:

- continue to proactively reform the structures responsible for fighting organised and financial crimes and money laundering, with a focus on increasing operational capacity and cooperation and confiscating property when warranted;
- ensure effective implementation and monitoring of the national strategies for countering terrorism (2023-2027) and countering violent extremism (2023-2027), and of the joint action plan on counterterrorism;
- systematically register migrants, improve protection-sensitive profiling and adopt a more systematic approach to fighting migrant smuggling.

### ***Fight against serious and organised crime***

North Macedonia is in **between having some and a moderate level of preparation** in the fight against serious and organised crime and has made **limited progress** in this area. Further progress on alignment with the EU *acquis* is still expected.

The Commission's recommendations from last year were only partially met and remain valid. In the coming year the country should in particular:

- improve its track record of investigations, prosecutions and convictions in all fields of serious and organised crime, money laundering cases and financial crimes, with a focus on asset recovery and confiscation of the proceeds of crimes;
- strengthen the human and financial capacity of law enforcement agencies investigating organised and serious crimes, financial crimes and money laundering, and of the Asset Recovery Office and the Agency for Management of Confiscated Property;
- align its legislation on weapons, narcotic drugs and psychotropic substances with the EU *acquis*.

## **ECONOMIC CRITERIA**

### **The existence of a functioning market economy**

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North Macedonia has made **limited progress** and is at a **good level of preparation** in developing a functioning market economy. Real GDP growth accelerated in 2024, driven by private consumption and public investment. The external position deteriorated and inflation, after falling substantially, has surged again since September 2024. The 2024 fiscal deficit exceeded the initial plan as a result of rising public sector wages and pensions, delaying fiscal consolidation and adherence to the fiscal rules. The execution of planned capital expenditure continues to suffer from weak public investment management. Efforts to formalise the informal economy have stalled. The central bank started to cautiously ease monetary policy and the macroprudential framework was strengthened. The banking sector remained resilient amidst a solid rise in credit growth. The labour market situation improved, but structural problems persist, including low participation rates, substantial emigration and a large gender gap.

The Commission's recommendations from last year were only partially implemented and therefore remain largely valid. In the coming year, North Macedonia should in particular:

- adopt the remaining implementing legislation for the organic budget law and ensure compliance with the fiscal rules, including by adopting further revenue-enhancing measures and controlling current spending;
- accelerate the implementation of the public investment management action plan and adopt the Law on public-private partnership;

→ adopt and implement a revised action plan for formalising the informal economy.

### **The capacity to cope with competitive pressure and market forces within the Union**

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North Macedonia has made **some progress** and is **moderately** prepared to cope with competitive pressure and market forces within the EU. A new Law on vocational education and training includes some measures to address significant skills mismatches. The digitalisation of the economy is advancing, and new school curricula provide for better teaching of IT skills. Sizeable investment needs in transport and energy infrastructure persist. Projects to improve road and rail infrastructure and to digitalise public services have progressed somewhat but need to be strengthened to have a positive impact on the competitiveness of domestic companies. The share of energy production from renewable sources increased further. Integration with the EU in trade and investment, as well as overall trade openness, remained high in 2024.

The Commission's recommendations from last year were not fully implemented and therefore remain valid. In the coming year, North Macedonia should in particular:

- increase financial and human resources to speed up the vocational education and training system reforms and implement the Law on secondary education;
- complete key projects in transport infrastructure, such as on Road Corridors VIII and X;
- increase the use of renewable energy sources, including by adopting a new law on renewable energy sources.

### **Chapter 5: Public procurement**

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North Macedonia is **moderately prepared** in the area of public procurement. **Limited progress** was made since the last reporting period with the updated version of the electronic public procurement system.

The Commission's recommendations from last year were only partially implemented and therefore remain valid. In the coming year, North Macedonia should in particular:

- adopt the Law on public-private partnership and the Law on concessions, to further align the legal framework in these areas with the EU *acquis*;
- increase competition and the use of most economically advantageous tender (MEAT) criteria for the award of contracts, and improve the monitoring and controls of public procurement procedures through reporting on and the follow-up of irregularities, cases of conflict of interest and fraudulent practices;
- strengthen controls in public procurement and improve coordination among key stakeholders to fight corruption and strengthen their capacities to implement the principles of transparency, free competition, equal treatment and non-discrimination.

### **Chapter 18: Statistics**

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The country is **between a moderate and a good level of preparation** in the area of statistics. **Some progress** was made, mainly on labour market statistics and the robust transmission of statistical data.

The Commission's recommendations from last year were not fully implemented and remain largely valid. In the coming year, North Macedonia should in particular:

- complete preparatory work for the agricultural census to be conducted in 2026;
- continue ensuring sufficient staffing and financial resources for the State Statistical Office;
- continue to improve macroeconomic statistics, particularly by making sure that statistics are transparent, increasing the consistency, timeliness and coverage of the excessive deficit procedure and government finance statistics, and by further aligning financial accounts and quarterly national accounts with the European System of Accounts 2010 (ESA 2010).

## Chapter 32: Financial control

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The country is **moderately prepared** in the area of financial control. **Some progress** has been made with the adoption of the Public Internal Financial Control (PIFC) law, after more than four years of parliamentary procedure. The independence of the State Audit Office (SAO) is still not guaranteed by the Constitution. The efficiency of parliamentary oversight and follow-up of audit recommendations need to improve.

The Commission's recommendations from last year were only partially implemented and remain mostly valid. In the coming year, North Macedonia should in particular:

- ensure the timely implementation of the PIFC law in order to strengthen the institutional capacity of internal audit units, managerial accountability and sound financial management;
- adopt the State audit law to strengthen the State Audit Office's independence. Improve parliamentary scrutiny over individual audit reports, and strengthen the follow-up to SAO recommendations;
- strengthen the institutional capacity of the financial inspection and the Anti-Fraud Coordination Service Network (AFCOS) and improve the prevention, management and reporting of irregularities that affect EU funds.

## CLUSTER 2: INTERNAL MARKET

### Chapter 1: Free movement of goods

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North Macedonia is **moderately prepared** on the free movement of goods. **No progress** was made in the reporting period.

The Commission's recommendations from last year were not implemented and therefore remain valid. In the coming year, North Macedonia should in particular:

- adopt the Law on market surveillance and the implementing legislation necessary to complete alignment with the EU General Products Safety Directive;
- adopt a new strategy for the free movement of goods, which should include planning for a significant increase in human resources for legal and policy development and the implementation of the EU *acquis* in this chapter;
- adopt a new action plan to eliminate the non-tariff barriers to trade and ensure compliance with Articles 34-36 of the Treaty on Functioning of the European Union and then start the implementation of this action plan.

### Chapter 2: Freedom of movement for workers

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North Macedonia is at an **early stage of preparation** on the freedom of movement for workers, and **no progress** was made in this area.

The Commission's recommendations from last year were not implemented and therefore remain valid. In the coming year, North Macedonia should in particular:

- strengthen the capacity of the Employment Service Agency, by continuing to organise training, and further align legislation and the exchange of good practices, in line with the European Employment Services (EURES) and European Labour Authority (ELA) regulations;
- continue to align the legal framework to the EU *acquis* on access to the labour market, particularly to rules on non-discrimination on grounds of nationality against EU workers in all sectors;
- continue to negotiate and conclude bilateral agreements on social security coordination and healthcare insurance with EU Member States and put in place administrative measures to prepare

for accession and for electronic exchange of social security data.

### Chapter 3: Right of establishment and freedom to provide services

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On the right of establishment and the freedom to provide services, North Macedonia is **moderately prepared**. It made **limited progress**, notably through continuing to align sectoral legislation with the Services Directive.

The Commission's recommendations from last year were not implemented and therefore remain valid. In the coming year, North Macedonia should in particular:

- intensify the implementation of the 2024-2026 Action plan to address non-compliance of listed sectoral laws with the Law on services by adopting cross-sector amendments;
- finalise alignment with the EU *acquis* on postal services and ensure sufficient capacity to monitor and enforce the new postal market rules;
- align with the EU *acquis* on mutual recognition of professional qualifications, in particular the amended Directive on recognition of professional qualifications and the Directive on a proportionality test before adoption of new regulation of professions.

### Chapter 4: Free movement of capital

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North Macedonia is **between a moderate and a good level of preparation** in the area of free movement of capital. **Good progress** was made on payment services and the fight against money laundering and terrorist financing (AML/CTF). North Macedonia joined the geographical scope of the Single Euro Payments Area (SEPA) schemes in March 2025.

The Commission's recommendations from last year were partially implemented. In the coming year, North Macedonia should build on this progress and in particular:

- further liberalise any remaining restrictions in the area of capital movement and payments;
- ensure full compliance of the Law on payment services and payment systems with the *EU acquis*;
- ensure full compliance of the Law on AML/CFT, continue developing implementing legislation complementing the national AML/CTF legal framework as well as implement further Financial Action Task Force (FATF/MONEYVAL) recommendations.

### Chapter 6: Company law

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The country has a **good level of preparation** in the field of company law. **No progress** was made during the reporting period. The country needs to step up efforts to align its legislation with the EU *acquis* in this area.

The Commission's recommendations from last year were not met and therefore remain valid. In the coming year, North Macedonia should in particular:

- align the national legislation with the EU *acquis* on encouraging long-term shareholder engagement;
- align its national legislation with the Directives on cross-border conversions, mergers and divisions and on the use of digital tools and processes in company law;
- adopt legislation on accounting and audit to align with the latest EU *acquis* in these areas, including by strengthening the role and capacity of the Council for Advancement and Oversight of Audit.

### Chapter 7: Intellectual property law

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North Macedonia remains **moderately prepared** in the area of intellectual property law. **No progress** was made over the reporting period. Further efforts are needed to align the legislation with the EU *acquis* in this area.

The Commission's recommendations from last year were not met and therefore remain valid. In the coming year, North Macedonia should in particular:

- further improve the legal framework on copyright and related rights, notably by aligning with the Directive on collective rights management, the Directive on the term of protection of copyright and certain related rights, the Orphan Works Directive, the Marrakesh Directive and Regulation, as well as with the Directives on online transmissions of broadcasting organisations and retransmissions of television and radio programmes (SatCab II) and on the Digital Single Market (DSM);
- further improve the legal framework on industrial property rights, by aligning with the Directive on the enforcement of intellectual property rights and with the Directive on trade secrets;
- implement the national intellectual property strategy and make operational the online information platform for law enforcement institutions to exchange data on intellectual property rights.

### Chapter 8: Competition policy

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The country is **moderately prepared** in the area of competition. **No progress** was made in the reporting period.

The Commission's recommendations from last year were not met and therefore remain valid. In the coming year, North Macedonia should in particular:

- further align the legislative framework, in particular the implementing legislation on State aid and antitrust, with the EU *acquis*;
- ensure full transparency of State aid granted by the authorities;
- strengthen the administrative and financial capacity of the national competition authority.

### Chapter 9: Financial services

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The country remained **moderately prepared** in the area of financial services. **Some progress** was made with the adoption of legislation aiming to align with the Bank Recovery and Resolution Directive (BRRD). In line with last year's recommendations, the implementing legislation was adopted for the Law on financial instruments and the Law on prospectuses and transparency of security issuers. The country continued efforts to align with the financial market infrastructures *acquis*.

As one of the Commission's recommendations from last year was not implemented, and one was partially addressed, these recommendations remain valid (see the first two recommendations below). In the coming year, North Macedonia should in particular:

- continue to align the banking legislation with the revised versions of the Capital Requirements Regulation and the Capital Requirements Directive (as amended by CRR3/CRD6) and with the Deposit Guarantee Schemes Directive (DGSD);
- align with the Solvency II Directive, particularly pillars 1 and 3;
- step up adoption of the law on investment funds and continue efforts to align with the financial market infrastructures *acquis*.

### Chapter 28: Consumer and health protection

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North Macedonia remains **moderately prepared** in the area of consumer and health protection. **Some progress** was made, as the country adopted legislation designed to be aligned with the EU *acquis* on consumer rights, and on the marking of goods offered to consumers. It also ratified the Protocol to Eliminate Illicit Trade in Tobacco Products and slightly increased the funding for rare diseases.

The Commission's recommendations from last year were only partially implemented and therefore remain valid. In the coming year, North Macedonia should in particular:

- adopt the 2025-2028 consumer protection strategy, set up a web platform to inform the public on consumer issues, and strengthen market surveillance capacity;
- ensure effective tobacco control by properly implementing the relevant EU *acquis*, and complete alignment with the EU *acquis* on medicinal products for human use and veterinary use);
- make eHealth data interoperable with Health Insurance Fund data, and increase funding, awareness and human resources in the area of health, particularly for cancer detection.

### CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH

#### Chapter 10: Digital transformation and media

The country is **moderately prepared** in the area of digital transformation and media. **Some progress** was made to harmonise the legal framework with the EU *acquis* as part of the Reform Agenda commitments, by adopting a cybersecurity strategy and with a slight increase in electronic services available to citizens and businesses.

The Commission's recommendations from last year were only partially implemented and therefore remain largely valid. In the coming year, North Macedonia should in particular:

- Continue aligning with the European Electronic Communications Code, the EU Gigabit Infrastructure Act (GIA) the EU Directive on security of network and information systems (the NIS2 Directive) and the 5G cybersecurity toolbox;
- increase efforts to strengthen the independence and capacity of the media regulator, the public service broadcaster and the regulator on electronic communication;
- continue to improve the 112 emergency number service by ensuring sufficient human resources.

#### Chapter 16: Taxation

North Macedonia remains **moderately prepared** in the area of taxation. **Limited progress** was made, in particular by adopting a new Law on minimum global corporate profit tax, bringing it in line with OECD global minimum tax (GMT) and Council Directive (EU) 2022/2523.

The Commission's recommendations from last year were only partially implemented and therefore remain largely valid. In the coming year, North Macedonia should in particular:

- further align legislation with the EU *acquis* on VAT, excise duties and direct taxation, and put in place a transparent and effective VAT refund process;
- start preparations to put in place a mechanism to effectively implement the automatic exchange of tax information with EU Member States, in line with the OECD Global Standard;
- develop a new integrated IT tax system, improve its compliance risk management, step up the strategic reform of the national authority, and start preparations for interconnection and interoperability with the common EU taxation IT systems.

#### Chapter 17: Economic and monetary policy

The country is **between a moderate and a good level of preparation** in the area of economic and monetary policy and **some progress** was made. Last year's recommendations were partly implemented by appointing members of the Fiscal Council, and steps are being taken to ensure the central bank's independence, notably by revising the legal framework setting out employment conditions for its personnel. However, the central bank's financial independence was challenged by an amendment to the central bank law that changed the profit retention mechanism, impacting the central bank's ability to build general reserves from profits.

The Commission's recommendations from last year were only partially implemented and therefore remain largely valid. In the coming year, North Macedonia should in particular:

- ensure the timely implementation of the reforms envisaged in the organic budget law, including the roll-out of the Integrated Financial Management Information System (IFMIS), the revision and entry into force of the new budget classifications and the putting into practice of the Public Investment Management Decree;
- strengthen the central bank's independence by adopting the pending laws on administrative servants and the Law on public-sector employees.

### Chapter 19: Social policy and employment

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The country remains **moderately prepared** in the area of social policy and employment. **Some progress** was made by further reducing the unemployment rate and increasing social assistance benefits. The countrywide implementation of the Youth Guarantee Scheme continued. The poverty rate remains significantly high. Capacity building for social partners needs to continue. North Macedonia needs to continue aligning with the EU *acquis* on non-discrimination and equality, including gender equality.

The Commission's recommendations from last year were partially implemented and therefore remain largely valid. In the coming year, North Macedonia should in particular:

- take steps to align national legislation with EU *acquis* and standards on equality and non-discrimination in employment, including also EU Gender Equality *acquis* in regard to the provisions of the Work-Life Balance Directive, the Pay Transparency, and the Women on Boards;
- continue to implement labour market activation strategies for young people, the long-term unemployed and low-skilled individuals, as well as for women, persons with disabilities and Roma, and ensure that these measures are properly evaluated;
- increase the capacity of the State Labour Inspectorate to tackle issues pertaining to occupational safety and health, set up a system to monitor work-related injuries and deaths, and strengthen bipartite social dialogue between employers and workers; set up a monitoring and evaluation framework for social services and advance the social protection reform, creating stronger connections with employment activation initiatives and strengthen social dialogue.

### Chapter 20: Enterprise and industrial policy

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The country is **between a moderate and a good level of preparation** in the area of enterprise and industrial policy. **No progress** has been made as the Commission's recommendations from last year were not implemented. Hence in the coming year, North Macedonia should:

- implement the plan to consolidate the institutional structure and the mandates of public bodies;
- adopt the strategy for the development of small and medium-sized companies (SMEs); and boost export readiness and the integration of companies in supply chains by stepping up efforts to implement the export promotion strategy;
- improve the process of consulting enterprises during the preparation of measures and inform them with sufficient lead time about implementation conditions.

### Chapter 25: Science and research

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The country has a **good level of preparation** in the area of science and research. **Good progress** was made in rolling out measures from the Action Plan 2024-2025 of the Smart Specialisation Strategy 2024-2027. North Macedonia also achieved good uptake for the Horizon Europe and European Cooperation in Science and Technology (COST) programmes, set up the European Digital Innovation Hub, and increased state funding for science.

The Commission's recommendations from last year were partially implemented. In the coming year, North Macedonia should in particular:

- increase investment for science and research in line with the new European Research Area priorities;
- continue to promote and increase participation in Horizon Europe;
- provide support to companies via the European Digital Innovation Hub EDIH.

### Chapter 26: Education and culture

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North Macedonia is **moderately prepared** in the area of education and culture. **Limited progress** was made. Work on the 2018-2025 education strategy and on developing a proper monitoring system continued to be slow. The Law on adult education and the Law on vocational education and training (VET) were adopted, while the adoption of a new Law on secondary education was delayed and replaced by a number of amendments to the existing Law.

The Commission's recommendations from last year were partially implemented and therefore remain largely valid. In the coming year, North Macedonia should in particular:

- adopt a new Law on secondary education, develop implementing legislation on the Law on adult education and on VET, and continue to set up regional VET centres and ensure they are operational;
- improve access to quality education for all, in particular for children with disabilities and children from Roma communities, further develop teachers' skills and invest in their continuous professional development;
- optimise the school network, adopt and apply the new formulas for financing primary education, complete and apply similar formulas for secondary, VET and higher education.

### Chapter 29: Customs union

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North Macedonia has a **good level of preparation** in this area. **Good progress** was made in the reporting period, in particular through the consolidation and upgrade of IT systems. The New Computerised Transit System (NCTS) Phase 5 development was completed and launched in January 2025. The Customs Administration implements a fully paperless environment for processing customs declarations and excise documents. The Protocol on Elimination of Illicit Trade in Tobacco Products was ratified in December 2024. The Commission's recommendations from last year were implemented to a large extent. In the coming year, North Macedonia should focus on:

- continuing to consolidate and apply its national customs IT systems in line with the Commission's Union Customs Code (UCC) work programme and multiannual strategic plan (MASP) modules and ensure their upgrade;
- ensure continued alignment of the customs legislation with the EU *acquis* and upgrade its national component of the New Computerised Transit System (NCTS) to Phase 6;
- strengthen combating customs fraud, in particular smuggling of tobacco products, also by cooperating with the European Anti-Fraud Office (OLAF).

## CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

### Chapter 14: Transport policy

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The country is **moderately prepared** in the area of transport. **Some progress** was made, notably on multimodal transport, with the preparatory work for the Trubarevo multimodal node advancing well. Key technical studies and preliminary design with tendering documentation are in the final stages of completion. The sector inspection bodies still lack administrative and operational capacity. The Commission's recommendations from last year were partially implemented and therefore remain largely valid. In the coming year, North Macedonia should in particular:

- ensure that inspection bodies have qualified operational and administrative capacity and develop their enforcement capacity to reduce crashes and fatalities in road and rail transport;
- implement the connectivity reform measures for road and rail, and finalise pending border-crossing agreements/protocols to facilitate the flow of traffic and goods;
- adopt and implement legislation on multimodal and intelligent transport systems (ITS) for road and rail and on electronic freight transport information.

## Chapter 15: Energy

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North Macedonia is **moderately prepared** in the area of energy. **Some progress** was made, notably through the adoption of the Just Transition annual implementation plan for 2025 and the new energy law. The legislation on renewable energy and energy efficiency still needs to be aligned with the latest EU *acquis*. The country needs to accelerate its transition towards green energy and reduce its dependence on coal.

The Commission's recommendations from last year were partially implemented and therefore remain largely valid. In the coming year, North Macedonia should in particular:

- ensure sufficient human resources and institutional capacities for the Ministry of Energy, Mining and Mineral Resources;
- finalise adoption and start implementing the legislation on the electricity integration package, on renewable energy and energy efficiency, in line with the obligations under the Energy Community Treaty;
- implement the National Energy Action Plan, the National Energy and Climate Plan, the Just Transition Roadmap, and improve reporting on implementation by setting up an adequate data collection system.

## Chapter 21: Trans-European networks

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North Macedonia has a **good level of preparation** in the area of trans-European networks. **Limited progress** was made during the reporting period, by the opening of the Gradsko-Drenovo highway and the Stracin-Kriva Palanka Road. Cooperation between North Macedonia and Bulgaria on the construction of the rail connection along Corridor VIII has improved.

The Commission's recommendations from last year were not implemented and therefore remain valid. In the coming year, North Macedonia should in particular:

- strengthen the operational and technical capacity of all management and stakeholder institutions dealing with the development of both the trans-European transport (TEN-T) and trans-European energy (TEN-E) networks, harmonise the legal framework and increase compliance with the Trans-European Network Regulation;
- mobilise sufficient resources to implement the goals and deadlines set out in the Transport Community's five-year rolling work plan for the development of the TEN-T extension;
- make the Railway Border-Crossing Protocol signed with Kosovo operational, finalise the mutual agreement for border crossings procedures with Greece, and accelerate progress on the construction and completion of the rail connection along Corridor VIII with Bulgaria.

## Chapter 27: Environment and climate change

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North Macedonia has **some level of preparation** in this area. **Limited progress** was made during the reporting period, by adopting the law on industrial emissions and amending the law on environment to ratify the amendments of the Espoo Convention. Implementation and enforcement are lagging behind in all sectors.

The Commission's recommendations from last year were only partially implemented and therefore remain mostly valid. In the coming year, North Macedonia should, in particular:

- strengthen administrative and inspection capacities to implement and enforce the environmental *acquis*, and implement structural reforms in all sectors, with special focus on civil protection operational capacity and coordination with the Union Civil Protection Mechanism;
- ensure the functioning of the regional waste management structures and enable implementation of infrastructure investments to establish a regional waste management system in the Northeastern and Eastern regions;
- adopt the Law on climate change, implement the National Energy and Climate Plan (NECP), align with and implement the Monitoring, Reporting, Verification and Accreditation (MRVA) *acquis* and make the climate change unit within the Ministry of Environment and Physical Planning operational.

## CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION

### Chapter 11: Agriculture and rural development

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North Macedonia remains **moderately prepared** in the area of agriculture and rural development. **Some progress** was made during the reporting period, notably on the Instrument for Pre-accession Assistance for Rural Development (IPARD) II and IPARD III.

The Commission's recommendations from last year's report were not fully implemented and therefore remain largely valid. In the coming year, North Macedonia should in particular:

- prioritise finalising the new Law on agriculture and rural development to strengthen its policy framework in the areas of agriculture support and common market organisation;
- ensure the interoperability of various elements from the Integrated Administration and Control System (IACS), verify data accuracy and transfer the farm register and the Land Parcel Identification System (LPIS) to the Paying Agency;
- improve the human resources policy and the administrative capacity in the IPARD operating structures to ensure robust implementation of the IPARD III programme.

### Chapter 12: Food safety, veterinary and phytosanitary policy

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North Macedonia has a **good level of preparation** in the area of food safety, veterinary and phytosanitary policy. **Some progress** was made over the reporting period, particularly in fighting animal diseases, plant health control and implementing pest eradication measures based on the results of phytosanitary monitoring programmes.

The Commission's recommendations from last year were not implemented and therefore remain valid. In the coming year, North Macedonia should in particular:

- adopt the draft law on official controls and the new Law on animal health, and continue to approximate national rules with EU animal welfare legislation; prepare a national plan to upgrade establishments producing food, feed and animal by-products to meet EU structural standards;
- strengthen capacity for data analysis and improve structures ensuring correct implementation of the General Food Law Regulation, particularly with regards to the distinction between risk assessment and risk management within the Food and Veterinary Agency;
- implement measures on the sustainable use of pesticides.

### Chapter 13: Fisheries and aquaculture

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North Macedonia is **moderately prepared** in the area of fisheries and aquaculture. **Some progress** was made during the reporting period on strengthening checks on illegal fishing and administrative structure for policy management.

The Commission's recommendations from last year were partially implemented and remain largely

valid. In the coming year, North Macedonia should in particular:

- adopt the implementing legislation on marketing standards, consumer information, traceability and producer organisations, as well as a national strategic plan on aquaculture;
- improve the data collection system and reporting, by setting up a data framework to collect data on fisheries and aquaculture, including information on catches of European eel both in recreational and in commercial fishing and providing an analysis of its consequences;
- improve the controls of fish stock management and of illegal, unreported and unregulated (IUU) fishing by introducing a catch certification system.

### **Chapter 22: Regional policy and coordination of structural instruments**

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North Macedonia is **moderately prepared** in the area of regional policy and coordination of structural instruments. **Limited progress** was made during the reporting period, notably by improving policy dialogue.

The Commission's recommendations from last year were partially implemented and therefore remain valid. In the coming year, North Macedonia should in particular:

- upgrade its institutional, administrative and technical capacity to manage EU funds by adopting the necessary staff retention policy and regulations, strengthening capacities, improving the implementation of EU and audit recommendations, and stepping up interinstitutional cooperation;
- strengthen public investment by adopting the Law on public-private partnerships and ensure the fast operationalisation of the reforms envisaged in the Decree on public investment management;
- accelerate the decentralisation process by putting in place a credible financing framework for municipalities and by strengthening policy dialogue on regional development; this includes adopting a new plan to implement the Regional Development Strategy for the period 2025-2027.

### **Chapter 33: Financial and budgetary provisions**

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Preparations under this chapter are at an **early stage**. **Limited progress** was made over the reporting period. National accounts and gross national income calculations need to be further aligned with the EU *acquis*. All customs declarations and excise documents are electronically processed, but the institutional set-up necessary for the efficient functioning of the own resources system is yet to be established.

The Commission's recommendations from last year were not fully implemented and therefore remain largely valid. In the coming year, North Macedonia should in particular:

- improve the legal basis and methodological tools for the own resources system;
- continue aligning data on national accounts with ESA 2010 and improving the comprehensiveness of data transmission to Eurostat;
- strengthen the administrative capacities of and coordination mechanisms for key stakeholders.

## **CLUSTER 6: EXTERNAL RELATIONS**

### **Chapter 30: External relations**

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The country has a **good level of preparation** in the area of external relations and made **some progress** during the reporting period, in particular in implementing the Central European Free Trade Agreement (CEFTA) protocols and in efforts to develop its export control system.

The Commission's recommendations from last year were partially implemented and therefore remain largely valid. In the coming year, North Macedonia should in particular:

- put in place a legal framework on international cooperation and development policy and on humanitarian aid for non-EU countries, in line with EU policies and principles;
- continue to implement commitments under the new Common Regional Market (CRM) action plan for 2025-2028, further implement CEFTA Protocol 6 on Trade in Services, and take the necessary steps to implement CEFTA Protocol 7 on Dispute Settlement;
- align future national legislation on foreign investments with the EU FDI Screening Regulation.

### Chapter 31: Foreign, security and defence policy

North Macedonia has a **good level of preparation** in the area of common foreign, security and defence policy. **Good progress** was made, as the country maintained its track record of full alignment with relevant High Representative statements on behalf of the EU and relevant Council decisions, including EU restrictive measures related to Russia’s war of aggression against Ukraine. North Macedonia continued to participate in EU crisis management missions and operations. In November 2024, the country signed a Security and Defence Partnership with the EU.

The recommendations from last year were implemented to a great extent and remain partially valid. In the coming year, North Macedonia should in particular:

- maintain full alignment with the EU common foreign and security policy;
- further strengthen its capacity to implement and enforce the sanctions in place;
- align its national small arms and light weapons (SALW) strategy with the revised Roadmap for the control of SALW in the Western Balkans (2025-2030).

### 1.3. STATE OF PLAY OF THE ACCESSION PROCESS

Following the first Intergovernmental Conference on accession negotiations with North Macedonia of 19 July 2022, the Commission immediately launched the analytical examination of the EU *acquis* – the ‘screening’ process. The meetings were completed in December 2023 and all screening reports on the six clusters were presented to the Council. The Council outlined to North Macedonia the terms for opening accession negotiations on the first cluster (fundamentals) once the constitutional amendments are adopted. In response, in December 2023, the authorities of North Macedonia adopted the roadmaps on the rule of law and public administration reform. The authorities continued to work on the roadmaps on the rule of law, public administration reform and the functioning of democratic institutions, and the action plan on the protection of minorities. It is important for North Macedonia to advance and finalise all the preparatory work related to the opening benchmarks for the fundamentals cluster.

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## 2. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

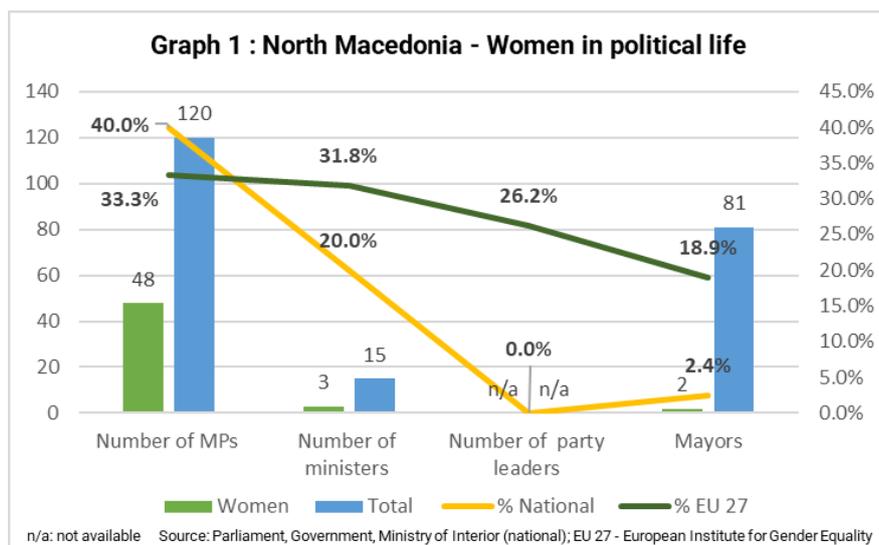
### 2.1. FUNCTIONING OF DEMOCRATIC INSTITUTIONS AND PUBLIC ADMINISTRATION REFORM

#### 2.1.1 Democracy

The functioning of democratic institutions is generally stable.

#### Elections

The first round of local elections, held on 19 October 2025, was competitive. Fundamental



freedoms were largely respected, although these elections took place in a highly polarised political environment and with some procedural shortcomings. The election legislation provides a suitable framework for holding democratic elections. However, campaign rules, access to the media and distribution of state funding are not adequately regulated. Persistent inconsistencies, gaps and ambiguities compromise legal certainty.

No progress was made on addressing key outstanding recommendations by the ODIHR and the Council of Europe's Venice Commission. Such recommendations include: (i) revising the Electoral Code through inclusive consultations; (ii) adopting measures to increase transparency on party and campaign financing; (iii) revising the rules on the apportioning of paid political advertisement; and (iv) eliminating restrictions that impede effective electoral dispute resolution.

The State Election Commission (SEC) appointed its Secretary General in February 2025 following a vacancy of over three years.

Electoral disinformation, foreign information manipulation and interference threats remain challenges that should be further effectively addressed. The largely unregulated nature of online campaigning and the lack of oversight of political advertising on social media platforms are contributing factors to electoral disinformation.

Meaningful political empowerment of women remains limited in practice, with parties often placing women in non-competitive positions or failing to support their candidacies beyond formal legal compliance. There is also a significant underrepresentation of women among mayoral candidates. Additional steps should be taken to enhance women's participation in the electoral process and political decision-making, and quotas in the legal framework should be strengthened.

## **Parliament**

Implementation of the new **rules of procedure** of Parliament faced several challenges, which were nonetheless overcome. Parliament needs to adopt its annual agenda and finalise the revision of the Code of Ethics for members of parliament. Four more inter-party groups were established on anti-corruption, the environment, the rights of persons with disabilities, and on implementation of the obligations deriving from the Berlin Process and the Reform Agenda under the Growth Plan.

There were no meetings of the Committees on Inter-Ethnic Relations and on Monitoring Equitable Representation of Citizens belonging to all Communities.

No attempts were made to **adopt the relevant constitutional changes** referred to in the Council Conclusions of 18 July 2022. The country had committed to launching and achieving these changes, with a view to including in the Constitution citizens who live within the state borders and who are part of other peoples, such as Bulgarians.

No consensus was reached on the adoption of important laws such as on improving the status of the Ombudsman's Office. The ethnic Albanian opposition occasionally contributed to ensuring two-thirds majority votes and had a selective approach to ensuring a 'Badinter' (double majority) vote for a few legislative proposals and some pending appointments. The Committee on Issues of Elections and Appointments improved its transparency by publishing some of its materials. Appointments need to be based on clear procedures and merit.

In line with the new rules of procedure, Parliamentary **oversight** was ensured, with monthly sessions for parliamentary questions and two-hour slots for questions from opposition MPs at the beginning of ordinary sessions. The opposition submitted five no-confidence (interpellation) motions against members of the government, none of which were successful. The chair of the Parliamentary Committee on Social Policy, Demography and Youth, from the opposition DUI-led European Front<sup>4</sup>, resigned after an interpellation motion against her was approved, with a vote split along ethnic lines.

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<sup>4</sup> Democratic Union for Integration.

Parliament held 12 public hearings or debates. Parliament elected two members of the Council of Public Prosecutors and of the Anti-discrimination Commission.

The **law-making process** saw an increase in the use of shortened procedures, particularly for draft laws proposed by MPs to harmonise legislation with changes to the Law on state organisation. The ‘EU flag’ procedure was consistently applied for laws aimed at aligning national law with the EU *acquis*. The use of shortened procedures should be limited and not abused. Parliament voted again in favour of the amendments to the Law on child protection after the President of the Republic used her suspensive veto in December 2024.

### **Governance**

The **government** coalition remained overall stable. Some progress was made on the reform of **local self-government**. The government relaunched sector policy dialogue between different governance levels by holding the Sectoral Working Group for Regional and Local Development, where the newly adopted action plan 2024-2026 was presented as a roadmap for implementing reforms. Amendments to the Law on balanced regional development and the Law on local self-government, aiming at improving the regulatory and financial framework in line with the 2021-2026 programme for sustainable local development and decentralisation, are still to be adopted by Parliament.

While tensions have increased ahead of elections, with several violent interethnic incidents involving sports groups, the **inter-ethnic situation** remained stable overall. The 2001 Ohrid Framework Agreement, which fosters the multi-ethnic character of society, continued to be implemented.

### **EU integration**

The Ministry of European Affairs, which coordinates the EU integration process, lacks resources. A cross-cutting EU integration structure is in place. The EU Directorate in the Ministry of Foreign Affairs assists in coordinating relations with EU institutions. In Parliament, in addition to the National Council for EU Integration and the Committee on European Affairs, April saw the establishment of an inter-party group tasked with monitoring implementation of obligations under the Berlin Process and the Growth Plan/Reform Agenda. The respective powers of these three bodies should be better defined. Several of the Stabilisation and Association Agreement bodies have met.

No monitoring reports were produced on the implementation of the latest (June 2021) national plan for the adoption of the EU *acquis* (NPAA). The NPAA should be fully aligned with the government’s annual and institutional work plans. The Minister for European Affairs regularly presented the state of play of implementation of the priorities under the Growth Plan/Reform Agenda to the relevant parliamentary bodies.

### **Civil society**

While CSOs generally continue to operate in an overall enabling environment, the civil society space has narrowed. The Council for Cooperation between the Government and Civil Society was reactivated after the government adopted a decision on appointing its members in March. The action plan for the implementation of the 2025-2028 Government strategy for cooperation with civil society was adopted in July 2025. A key priority for the Council is to ensure transparency in state funding for CSOs and a clear institutional set-up for cooperation with civil society. Timely implementation of the Strategy’s key measures is crucial, in particular, reforms of legislation on associations and foundations, social entrepreneurship, donations and sponsorships, standardisation of state funding, establishing a guarantee fund for co-financing EU projects and creating a model for structural involvement of civil society in the country’s EU accession negotiations by 2026. The participation of CSOs in the National Council for EU Integration and the Council for Open Government Partnership should be enhanced. There is still an urgent need to develop a consistent approach to involving CSOs in policymaking at national and local levels, and to further build trust and cooperation between stakeholders.

## **Civilian oversight of the security and intelligence sector**

The parliamentary committees for defence and security have been holding regular sessions. The Parliamentary Committee for Oversight over the National Security Agency (NSA) and the Intelligence Agency (IA) has held only two sessions since its election. In April and September, its representatives conducted on-site visits of the NSA and IA. The interception of communications is supervised by a dedicated parliamentary committee, which convened regularly, including to adopt the 2024 annual report of the Operational Technical Agency. Members of the Council for Civilian Supervision have not yet been selected. The Council is a technical-expert body regulated by the Law on the interception of communications, whose role is to assist the Parliamentary Committee for Supervision of the Interception of Communications. In April 2025, Parliament selected three civil society organisations required to complete the composition of the Civil Control Mechanism within the Ombudsman's Office. The Specialised Department for investigation and prosecution of crimes committed by persons with police powers and members of prison police requires sufficient financial and human resources to effectively fulfil its mandate.

### **2.1.2. Public administration reform**

#### Strategic framework for public administration reform

The strategic framework for public administration is in place. The quality and scope of the 2023-2030 public administration strategy is adequate, but its implementation still requires improvement.

The Ministry of Public Administration (MPA) published in a timely manner the 2024 implementation report on the 2023-2030 public administration strategy and 2023-2026 action plan. Political support for, and leadership and supervision of, PAR reforms somewhat improved. The PAR Council resumed its activities. However, coordination between the MPA and the Ministry of Finance remains weak. MPA capacity to steer the reforms at technical level was slightly affected by a reorganisation and insufficient human resources. Overall, further efforts, more technical staff and increased cooperation among relevant institutions are needed to ensure that the monitoring and management structures established by the PAR strategy and Public Finance Management (PFM) programmes function effectively.

The implementation rate of PAR and PFM measures remains insufficient. The State budget continues to fund only one third of all costed activities of both the PFM and PAR strategies. The quality of costing for the planned reforms remains low.

#### Policy development and coordination

Efforts are still needed to clarify the responsibilities of policymaking institutions, ensure their proper functioning and streamline reporting lines. The new framework for sector strategy development and monitoring is being applied. However, planning documents continue to be adopted without guidance and support by the General Secretariat. The quality of sector strategies developed based on the new methodology has slightly improved. In December 2024, new Rules of Procedure of government were adopted. The General Secretariat still needs appropriate capacity and authority to ensure effective and evidence-based policy planning and coordination policy. The methodology for conducting regulatory impact assessments (RIA) was improved, envisaging RIAs also apply to laws adopted in shortened procedure. The deadline for publishing draft laws and the accompanying RIAs was extended from 20 to 30 days. The quality and impact of public consultation remain weak. The number of laws adopted through shortened procedure by both the previous and current legislature slightly increased to over 60% in 2024. Since autumn 2024, North Macedonia has consistently used the 'EU flag' procedure, clearly indicating the EU *acquis* that is being transposed in national law. Neither Parliament nor government have yet procedures in place for systematic *ex post* evaluation of laws and policies.

As regards public scrutiny of government work, the government's annual work plan and annual reports are still not accessible to the public. The number of draft laws tabled on the day of government session without adequate checks decreased. The agendas of government sessions are not yet made publicly available prior to the meetings. Delays continue in the publication of the minutes and decisions of government sessions.

### Public financial management

Public financial management is broadly in place, although further improvement remains needed.

The implementation rate for the Public Finance Management Reform Programme (PFMRP) 2022-2025 remained relatively low. A new PFMRP for 2025-2028 was adopted in September 2025. The practice of conducting an annual PFM policy dialogue under the ministerial PFM working group needs to be resumed. The Ministry of Finance continues to experience institutional capacity challenges, notably in attracting and retaining personnel with suitable skills and qualifications.

The reforms outlined in the Organic Budget Law (OBL) continue to lag behind schedule. The law's entry into force has been postponed to January 2026. While progress was made, with the adoption of 17 bylaws in December 2024, full enforcement of the OBL by 2026 seems unlikely due to ongoing delays in passing all secondary legislation and establishing the Integrated Financial Management Information System (IFMIS).

The Public Investment Management Decree was adopted in April 2025. Budget credibility has improved thanks to the Fiscal Council becoming operational and to improved monitoring of fiscal risks. However, there are still deviations in macro-fiscal forecasting. The link between strategic priorities and budget programmes remains to be strengthened further.

Gender-responsive budgeting has been incorporated as a principle of the OBL. However, it is still necessary to facilitate stronger policy discussions during budget preparation, further refine budget classifications, and increase the number of indicators disaggregated by sex.

The Ministry of Finance maintained efforts to enhance **budget transparency** by publishing quarterly data on the revenue and expenditure of public institutions, local government authorities and state-owned enterprises. However, budget transparency in North Macedonia remains limited, as evidenced by a low score of 35 in the latest Open Budget Survey, below the global average of 45.

The weak administrative capacities and the consequent difficulty in absorbing funds has led to decommitments. The risk of further decommitments remains high and is a matter of concern.

### Public service and human resources management

Public service and human resources management remains insufficient.

The long-awaited revised legislation on administrative servants and on public-sector employees, aimed at ensuring merit-based recruitment and fair promotions and dismissals, was enacted in July 2025. While the two laws bring improvements in terms of the organisation of selection procedures, regulation of temporary employments, working conditions and data collection in the human resources management area, they maintain fragmentation in the system by allowing a large number of special statute civil servants whose rules on personnel policy might vary without justified need. Arbitrary allocation of bonuses based on broadly defined criteria and procedures is maintained. With the current legal framework, inconsistent application of recruitment and promotion procedures across the public sector continued. The contradictory rules in sectoral laws, which allow employees to be excluded from the scope of the Law on administrative servants, are still in force.

The performance appraisal system was not used systematically. Data on dismissals of non-managerial staff is still lacking and transparency on the grounds for dismissal of civil servants remains insufficient. A proper follow-up on the recommendations of the State Commission for Prevention of Corruption on improving public-sector recruitment procedures remains needed. There is no comprehensive retention policy for the public administration. The job classification and salary systems need improvement to provide for more job security, stability and retention of the staff. During the reporting period, almost all acting managers maintained their roles as fully appointed. Appointment decisions continued to lack transparency on the grounds for appointment and the merits of the candidates, and the use of competitive procedures. The MPA is now responsible for coordinating and monitoring human resources management across the public administration. However, its capacity is inadequate. The human resources management information system is operational but needs an upgrade. The 2024 report on the register of public sector employees was not

published for the first time since 2015. The remuneration system remains fragmented. Specific ministries and bodies raise salaries in an inconsistent way and salary top-ups included in the annual budget execution laws are paid via a non-transparent procedure.

In the absence of the data from the register of public sector employees, it is estimated that women make up more than half of all public service employees according to the register of public-sector employees. However, these figures exclude institutions such as the army and several law enforcement agencies. Following the decision of the Constitutional Court, there are no official figures on equitable representation for 2024. Estimates indicate that there was no change in the proportion of ethnic groups in the public administration. The integrity guidelines for various categories of public-sector employees are in place. There are no reports on how the guidelines are being implemented. A law was adopted aimed towards establishing a training academy for the public administration. There is no centralised database of trainings.

### Accountability of administration

The accountability of administration requires further improvement.

Several state institutions were merged or transformed as part of the reorganisation of the central government institutions, aimed to improve the administration's efficiency and lines of accountability. The systemic new law on state organisation has not yet been adopted. A large number of bodies remain accountable to Parliament, although their performance is not monitored in practice. There is a lack of clear typology for state administrative bodies, and a number of institutions have overlapping competences. Delegating decision-making authority to middle management remains very limited, both at central and local level.

The legal and institutional frameworks on citizens' right to access public information are in place. However, responses to requests for public information and proactive disclosure of information require further improvement. The level of disclosure of information on the websites of state administrative bodies remains unsatisfactory. The Agency for Protection of Free Access to Public Information continued to process appeals rapidly. Debates in Parliament over Ombudsman and State Audit Office reports remain limited, and findings and recommendations still require more systematic follow-up. The legislation on citizens' rights to good administration is satisfactory. The legislation establishes citizens' rights to claim compensation and the liability of public authorities in cases of wrongdoing.

### Service delivery to citizens and businesses

Service delivery to citizens and business still needs to be improved.

The Law on electronic documents, electronic identification and trusted services was amended to transpose the eIDAS 2.0 Regulation and to introduce the Digital Identity Wallet. A new Ministry for Digital Transformation was set up. Its remit focuses on enabling and promoting e-government and the digital agenda. The National e-Services Portal (<https://uslugi.gov.mk/>), providing services in three languages, was improved and upgraded for businesses, facilitating user access. The offer of e-services was broadened by including new services that are most in demand among citizens. The adoption of the legislation on electronic archiving facilitates the use e-government tools. The use of the population register remains limited. Efforts need to continue to align with the European Interoperability Framework and the Interoperable Europe Act. Existing e-identification and e-signature tools are still not user-friendly or free for the public. Implementation of the Law on general administrative procedures across the administration is not yet systematic. Efforts are needed to recruit and retain more IT staff to work for the public administration.

## **2.2. RULE OF LAW AND FUNDAMENTAL RIGHTS**

### **2.2.1 Chapter 23: Judiciary and fundamental rights**

*The EU's founding values include the rule of law and respect for human rights. An effective (independent, high-quality and efficient) judicial system and an effective fight against corruption are of paramount importance, as is respect of fundamental rights in law and in practice.*

## Functioning of the judiciary

### Strategic documents

A strategy for judicial reform is in place and its implementation needs to be improved.

Implementation of the Strategy for Judicial Reform 2024-2028 and the accompanying action plan has been affected by the late activation of the Council monitoring the strategy's implementation, established under a new format in June 2025. This prevented timely follow-up and the introduction of necessary measures to address shortcomings in the judiciary. The implementation rate of activities planned in 2024 stands at 42.9%. The 2025 state budget and its supplement did not provide sufficient resources to the sector. No progress was made on implementing the 2020 strategies for human resources management in the courts and in the public prosecutors' offices.

### Management bodies

The management bodies are in place but need to step up their efforts to safeguard the independence, integrity and professionalism of judges and prosecutors.

In December 2024, the President of the **Judicial Council** resigned but continued to serve as a member of the Council. The reasons cited for the resignation were undue political pressure and repeated statements from the highest levels in government on disbanding the Judicial Council and the Council of Public Prosecutors. In January, the voting members of the Judicial Council unanimously elected a new President. The Judicial Council action plan for implementing the recommendations of the 2023 peer review mission, within the competencies of the Council, has been gradually implemented. The Law on the Judicial Council, taking into consideration recommendations of the peer review mission and the opinion of the Venice Commission, needs to be adopted.

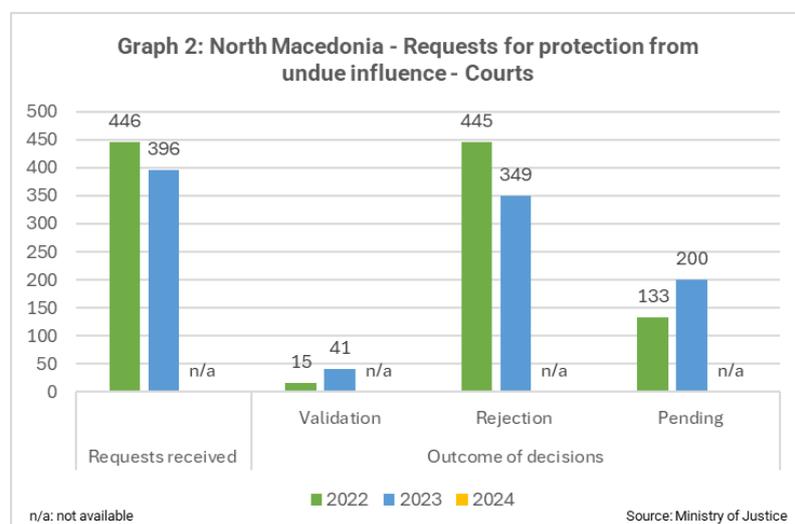
The Council continued to implement its communication strategy 2024-2028. It maintained efforts to improve its transparency, including the provision of detailed explanations of its decisions on appointments and promotions.

Two new members of the Judicial Council were elected by their peers in December. The President of the Republic did not propose a new member of the Judicial Council to Parliament, and the position remains vacant.

Two new members of the Council of Public Prosecutors were elected by Parliament, and one by their peers. The Council increased its transparency by updating its website, facilitating the attendance of media and CSOs at its sessions, and providing more detailed explanations of its decisions.

The Judicial Council and the Council of Public Prosecutors must continue their efforts in providing detailed justifications for their decisions, particularly regarding the selection, appointment and promotion of judges and prosecutors.

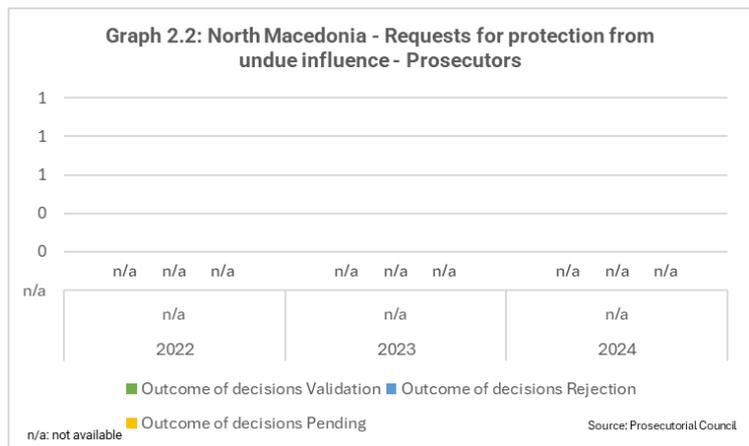
### Independence and impartiality



The independence and impartiality of the judiciary need to be improved. The perceived level of trust in the judiciary remains very low. External and political interference remain a serious concern. Repeated statements by senior politicians amount to undue influence or intimidation and undermine the independence of the judiciary. Elected politicians and government officials escalated their rhetoric about taking action against judges and prosecutors

they accuse of being corrupt. In December, the police searched the premises of the Judicial Council, following a notification by the Ministry of the Interior. Furthermore, the Parliament did not approve the 2023 annual report of the Judicial Council. This served as a legal basis for the members of the ruling coalition to initiate interpellations against the five members of the Judicial Council elected by Parliament. The interpellations were followed by a no confidence vote due to the alleged unprofessional performance of duties, which further eroded public trust in the judiciary. While the interpellation procedure, by itself, does not constitute legal grounds for dismissal, government officials at the highest level publicly called for the resignation of the Judicial Council members. The Judicial Council issued a statement underlining that its members, and judges in general, must be free from any form of pressure or influence in order to make independent decisions. The statement called on all public officials to respect relevant laws, the Constitution and international agreements, with the aim of maintaining the rule of law and restoring public trust in the judiciary.

The Judicial Council completed most of the pending promotions of judges to the higher courts and elections of presidents of the Higher Administrative Court, the appeals courts in Bitola, Gostivar and Shtip, and several basic courts. However, the procedure to elect the President of the Supreme Court raised concerns about possible interference, as members of the Judicial Council did not provide substantial arguments on why the elected candidate is more suitable than the competitor. Election of judges to the civil division of the Court of Appeals Skopje saw deviation from the ranking list.



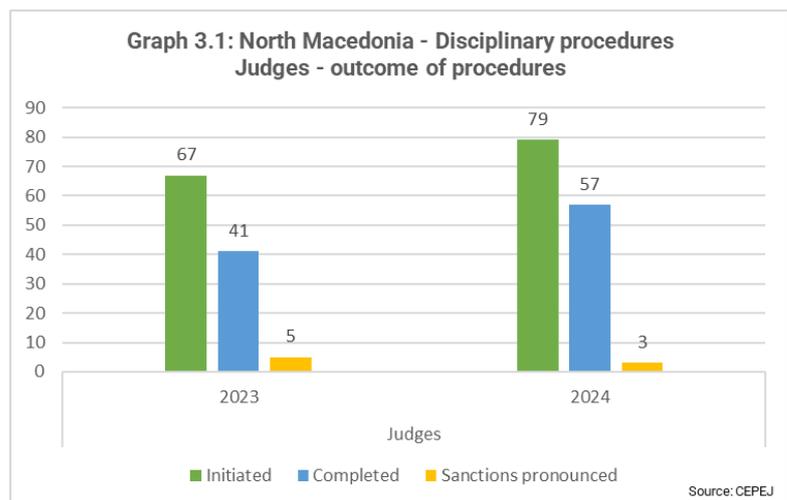
The Law on public prosecution and the Law on the Council of Public Prosecutors need to be revised in line with the opinion of Venice Commission, to implement European standards and strengthen the autonomy of the prosecution service. GRECO recommendations must be addressed, particularly by focusing on automatic case distribution, by clarifying oversight and accountability procedures, disciplinary violations and sanctions, and by strengthening the role of the Council of Public Prosecutors.

Codes of ethics are in place for both prosecutors and judges. The Advisory Body for Ethics of Judges and Lay Judges unanimously adopted in October 2024 a conclusion pointing out that the business-financial relationship of a judge with a party in a proceeding is grounds for the judge’s exclusion from further adjudication.

Several laws reducing the salary coefficients for judges, prosecutors and members of the Judicial Council and the Council of Public Prosecutors were adopted in December through a shortened procedure.

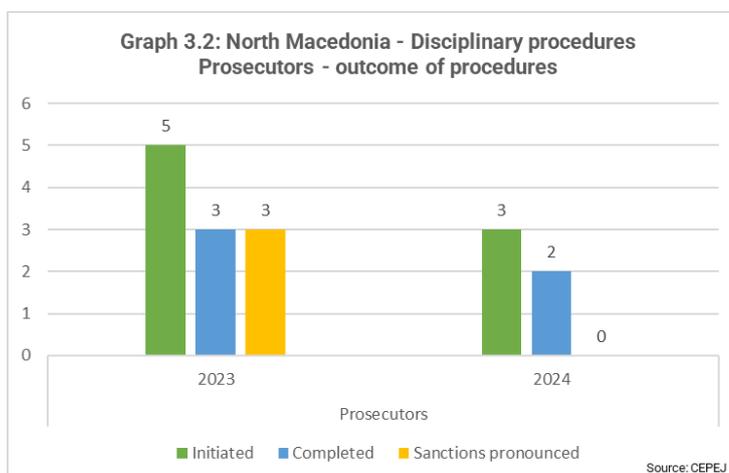
### Accountability

The accountability of the judiciary needs to be improved. The Judicial Council’s decision to dismiss two judges and fine another on the same grounds was perceived by legal experts as selective. In September 2025, the *Ad hoc* Appeal Council of the Supreme Court upheld a resolution of the Judicial Council to dismiss a judge who had unjustifiably delayed proceedings in one of the



former SPO cases and was designated by the United States Department of State for involvement in significant corruption.

The Council of Public Prosecutors confirmed the Chief Prosecutor’s decision to suspend a prosecutor over charges of harassment in the performance of duty and abuse of official position. Following deliberations in a closed session, six out of nine voting members of the Council of Public Prosecutors rejected the initiative to dismiss the Chief Prosecutor, which had been prepared by the Ministry of Justice at the government’s request. In July, the ruling coalition supported the interpellation against the Chief Prosecutor, initiated by one of the opposition parties. The interpellation does not constitute a legal ground for the dismissal of the Chief Prosecutor.

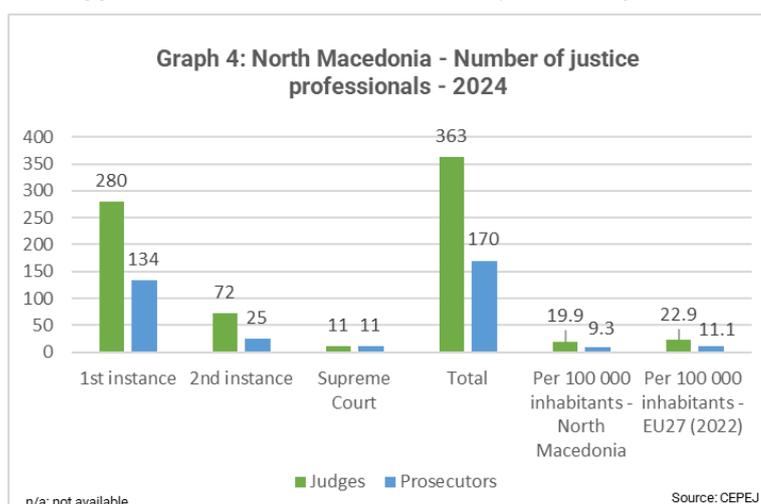


The authorities of North Macedonia continued to address the recommendations of the December 2023 peer review mission. In June, the Venice Commission published an opinion on the revised draft Law on the Judicial Council, recommending that the grounds for dismissal be clarified.

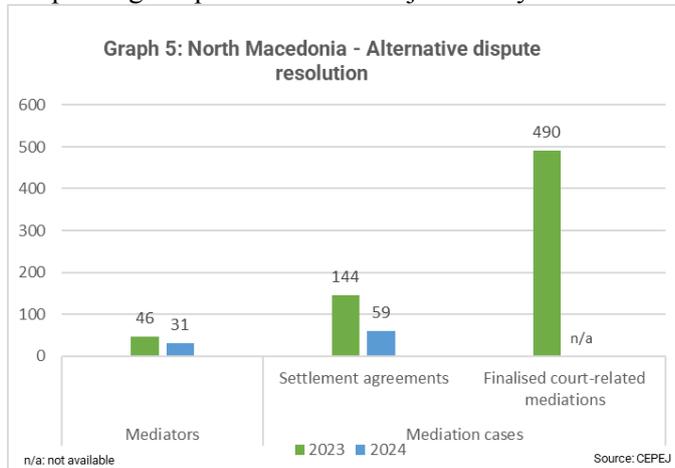
Judges and prosecutors are required to declare their assets and interests to the State Commission for the Prevention of Corruption (SCPC), which keeps a register of elected and appointed officials. The SCPC faces overall limitations in verifying asset-declarations. Based on the Annual Plan for Monitoring the Property Status and Conflict of Interest for 2025, the declarations of 13 members of the Judicial Council and 9 members of the Council of Public Prosecutors have been verified. Judges and prosecutors, as well as the members of both Councils, must also avoid conflicts of interest and report any conflicts that arise.

### Quality of justice

The quality of justice needs to be improved. The staffing shortages in the judiciary continue to be a matter of concern. The recruitment of the biggest ever intake at the Academy for Judges and Prosecutors (130 candidates), suspended during the election period in May 2024, remained on hold as no appropriate budgetary allocations were provided in the 2025 state budget or its supplement. Nevertheless, in February 2025, 97 graduates of the Academy’s older recruitment process, the eighth graduating class, were recruited. The two Councils initially agreed to proceed with recruitments according to the numbers suggested to the Academy at the selection in 2020. The Judicial Council, benefiting from graduates’ lower interest in joining the Public Prosecutor’s Office, advertised additional positions, as did the Council of Public Prosecutors. Eventually, 68 graduates were elected for the Basic Courts, and 19 for the Basic Public Prosecutors’ Offices. The Academy needs to continue to be the sole entry point to the judiciary and prosecution and its initial training should not be shortened.



In October 2024, the members of the Managing Board of the Academy for Judges and Prosecutors appointed a new director. The Judicial Council and the Council of Public Prosecutors appointed their members to the Academy’s Managing Board. The public and media attended general sessions of the Supreme Court, in line with its amended rules of procedure. This increased transparency aimed at improving the public trust in the judicial system.



The Supreme Court and the four Courts of Appeal continued their efforts to ensure the consistency of judgments. The Supreme Court issued 11 principled legal opinions, stances and conclusions.

Most mediation proceedings concerned commercial and labour cases. There are approximately 2.5 mediators per 100 000 inhabitants, well below the regional average of 17.8.

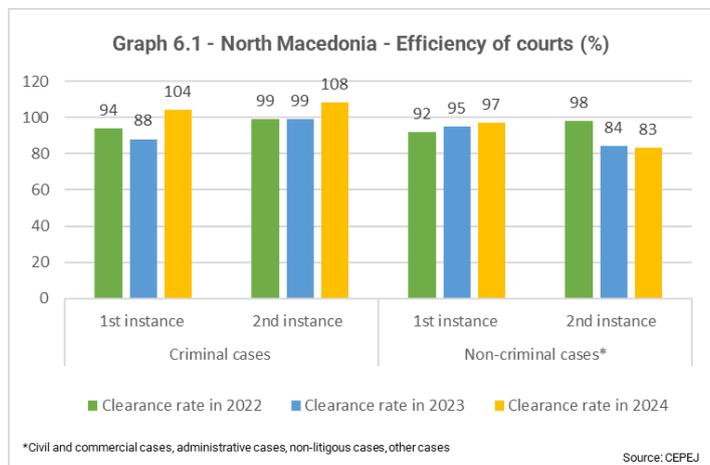
### Efficiency

The efficiency of the justice system further declined. Efficiency is negatively affected by the increased length of proceedings and a high backlog of cases. The length of proceedings increased for almost all case categories. Except for first-instance administrative cases, the clearance rate was below 100% in all case categories for both first and second instance.

The efficiency of the justice system further

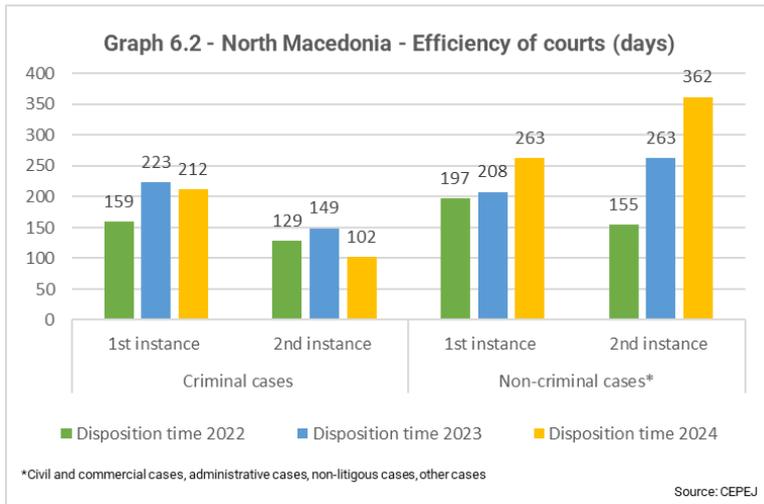
According to assessment by the Judicial Council, there is a need for 273 new judges in addition to the 363 serving ones. The 2024 annual report by the Council of Public Prosecutors indicates that 169 public prosecutors were in service on 31 December 2024, which falls short of the estimated 261 needed.

Parliament amended the Law on labour relations, allowing judges and public prosecutors to serve until the age of 67. Most judges and public prosecutors who had reached the age of 64 chose to extend their service until 67. This partly addressed the concerning impact on human resources caused by the scheduled retirements introduced in 2022. The Council for Coordination of Information and Communication Technology in Judicial Bodies (ICT Council), which leads the digitisation process, is working on a new ICT Strategy for the judiciary.



The **automated court case management information system (ACCMIS)** needs to be updated in line with changes in procedural laws and with the new measures for complex cases. The prosecution service’s new case management system is under development.

A new system for the video and audio recording of court cases is in use in all courts since October 2024. More efforts are necessary to digitalise the justice system, in particular in relation to communication with courts and the use of videoconferencing for court hearings.



The budget allocated to the courts in 2025 is 0.3% of GDP, which is well below the legally established level of 0.8% of GDP. Sufficient financial resources should be provided to improve the efficiency of the justice system and ensure its financial autonomy.

The report of the former Supreme Court president’s visits to all lower courts, issued in October 2024, confirmed insufficient human and financial resources, as well as inadequate infrastructure.

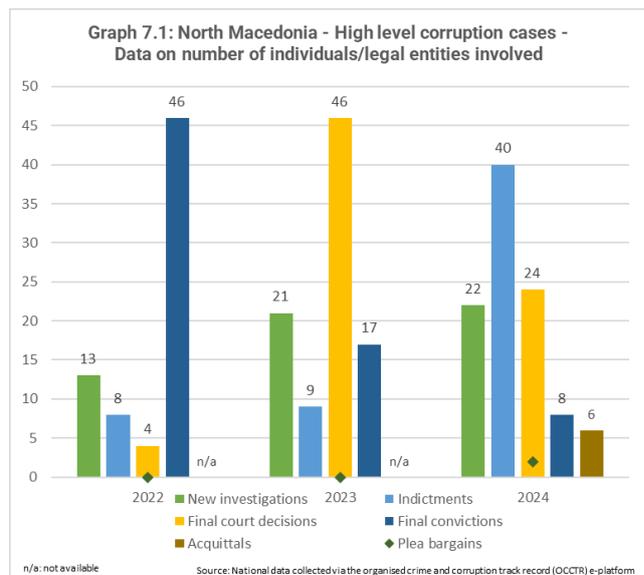
The Constitutional Court postponed re-examination of the provisions on bilingualism in judicial proceedings in the Law on the use of languages until the Court reaches its full composition of nine judges. Implementation of the 2019 recommendations of the Venice Commission and its 2025 *amicus curiae* remained pending.

## Fight against corruption

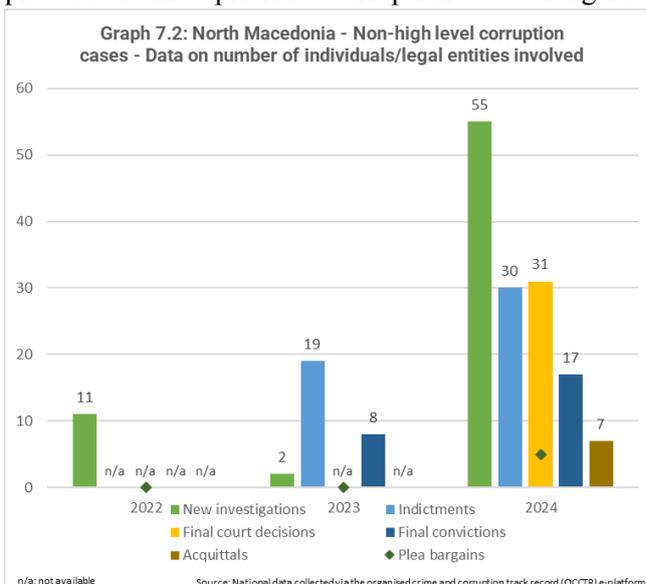
### Track record

The fight against corruption track record for high-level cases and for non-high-level cases remained stable. Various investigations were launched, including against a former Deputy Prime Minister, for whom an international arrest warrant was issued.

The tragic nightclub fire in Kochani on 16 March, in which 62 people were killed and more than 190 injured, prompted public protests over corrupt practices, systemic institutional negligence and lack of oversight of fundamental safety standards and the rule of law. On 13 June, the Public Prosecutor’s Office indicted 34 individuals and three companies mainly for ‘serious crimes against public security’ in connection with the Kochani disaster. The accused include the nightclub’s owners, former mayors, inspectors, security guards, former ministers, employees in state institutions.



In December 2024, the Chief Public Prosecutor issued a mandatory instruction that all public prosecutors must prioritise corruption cases alongside cases of significant public interest. Those cases should be also prioritised by the investigative centres of the Public Prosecutor’s Office. Out of a total of 14 investigative centres, 5 are now fully operational. Nonetheless, the consequences of the September 2023 Criminal Code amendments, the lack of adequate human and financial resources and delays in court proceedings hinder the establishment of a solid track record of anti-corruption cases, including those of the former Special Public



Prosecutor's Office (SPO). This further contributes to a sense of impunity. Weak judicial transparency and prosecutorial performance continue to hinder the effectiveness and integrity of proceedings in high-level corruption cases.

In March 2025, the Constitutional Court formulated constitutionality reservations regarding the September 2023 changes to the Criminal Code. Parliament has been granted six months to review the relevant provisions, otherwise the Court will have the final say on whether to repeal (i.e. all rulings based on the provisions will no longer be valid and relevant cases will need to re-start) or annul them (i.e. the old code will be in force from the day of the annulment, and the rulings based on the 2023 changes will stand).

### Legal framework

The legal framework on the fight against corruption is in place. It needs to be improved for preventive measures and for law enforcement.

The Council of Europe's Group of States against Corruption (GRECO) has pointed out that the Law on prevention of corruption and conflict of interest lacks an adequate sanctioning mechanism for violations related to conflicts of interest, integrity and anti-corruption rules.

The SCPC's ability to effectively oversee political party financing remains constrained due to the inadequate legislative framework and a shortage of resources and expertise. The March 2024 amendments to the Electoral Code overlooked key ODIHR recommendations, notably on third-party campaign financing, in-kind contributions and loans reporting, and effective sanctions.

Inconsistent enforcement of the Law on free access to information continued, and some public institutions rejected requests or delayed information release on arbitrary grounds.

In June 2022, the Law on lobbying entered into force. However, to date only three organisations registered as lobby organisations. The Law on the protection of whistle-blowers still needs to be further aligned with the EU *acquis* and provide adequate enforcement mechanisms. Individuals who report wrongdoing can encounter harassment, dismissal, or other repercussions, which undermines the effectiveness of the law.

### Strategic documents

The country has an adequate strategy for the **prevention of corruption and conflict of interest** (2021-2025) in place. Implementation of the strategy continues to be slow, indicating an overall lack of commitment and ownership across institutions. The SCPC identified limited human and financial resources, insufficient accountability and weak interinstitutional coordination as further reasons behind low implementation. Only 18% of the activities planned for 2024 were implemented in full, while 32% are ongoing and 50% have not been implemented. This is a very limited increase from last year, when 13% of the planned activities had been implemented in full, 33% were ongoing and 54% had not been implemented. North Macedonia must adopt a new strategy for the prevention of corruption and conflicts of interest (2026-2030) in a timely and inclusive manner. The new strategy should clearly identify priority activities, institutions' responsibility for implementing the activities and their financial implications.

### Institutional framework

The institutional framework on the fight against corruption is in place. It is adequate for preventive measures but needs to be improved for law enforcement.

In July 2025, the President of the **State Commission for the Prevention of Corruption (SCPC)** resigned after being indicted with disclosing official secrets and falsifying an exam to obtain a security certificate. A procedure for the appointment of a new President of the SCPC has not been initiated in the reporting period. In compliance with the Law, the SCPC is now headed by the Deputy President. While the SCPC continues to be operational, its credibility has been brought into question. The SCPC focused its work on interinstitutional cooperation, awareness raising, integrity systems implementation, oversight of elections campaign financing and assets declarations. In December 2024, the SCPC criticised proposed amendments to the public procurement law, exercising its anti-

corruption oversight powers. The SCPC was less active in detecting and reporting alleged instances of corruption. The SCPC has been hesitant in handling politically sensitive cases and its communication with the public has been insufficient, raising concerns about its transparency.

The SCPC must increase its capacity to proactively identify potential cases of misconduct. Findings in SCPC reports are often not acted upon by the relevant institutions. The SCPC still faces limitations in verifying asset declarations. Additionally, its oversight of election campaign financing remains weak due to the inadequate legislative framework, limited resources, the manual processing of data and lack of planning.

In 2024, the SCPC signed memoranda of understanding for electronic data exchange with five institutions and with several banks. It is now equipped with new software that should help it carry out its mandate more efficiently and transparently. Further efforts are needed to promote data exchange, and software should be maintained and upgraded.

The SCPC would benefit from hiring specialist staff with investigative experience to improve verification of asset declarations and ensure effective oversight of election campaign financing.

The budget and staffing of the Public Prosecutor's Office and the **Public Prosecutor's Office for Prosecuting Organised Crime and Corruption (OCCPPO)** remain insufficient to address high-level corruption and organised crime effectively. The absence of sufficient financial experts or analysts and a lack of strategic planning in managing investigations hinder the Office's overall efficiency. Introducing more specialised expertise and concentrating resources on complex cases would increase its effectiveness.

The **State Audit Office**, the investigative centres attached to the Public Prosecutor's Office, and the police force all lack adequate resources. This affects the quality and efficiency of investigations. Furthermore, investigations need to be supported by parallel financial investigations followed, when justified, by freezing and confiscation mechanisms. To increase the number of financial investigations, the prosecution service requires sufficient financial and human resources.

April 2025 saw the constitutive session of the Interinstitutional Body for coordination of anti-corruption activities, chaired by the Deputy Prime Minister for Good Governance. Civil society has one representative on the body, who is a voting member. The re-establishment of this body is a positive development but will require further strong political leadership and effective cooperation with all stakeholders.

## **Fundamental rights**

### General framework

The general framework for fundamental rights is broadly satisfactory. The protection, respect and fulfilment of fundamental rights need to be improved.

### International human rights instruments

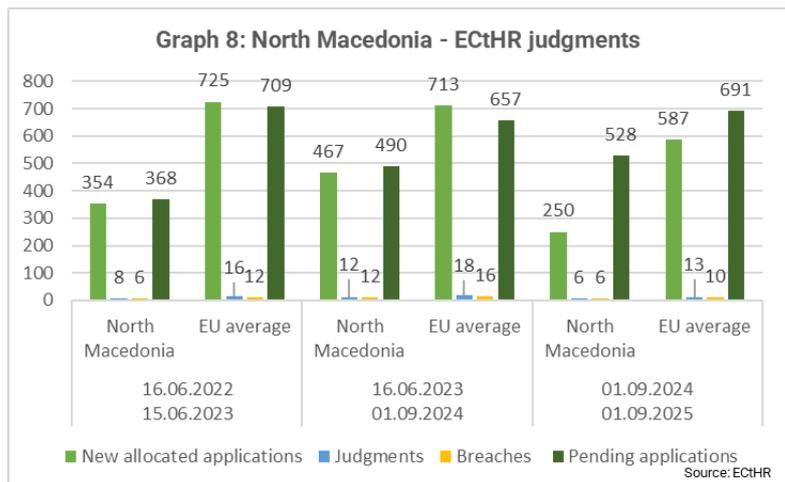
Cooperation with international human rights monitoring bodies and the follow-up on their recommendations need to be improved.

North Macedonia has ratified most international human rights instruments. However, the country is not a party to the Convention for the Protection of All Persons from Enforced Disappearance or to the Optional protocol to the International Covenant on Economic, Social and Cultural Rights. In November 2024, the country ratified the Council of Europe Convention on Access to Official Documents (CETS No 205), also known as the Tromsø Convention. The Convention applies as of March 2025.

The country maintains a good reporting record with international and regional bodies yet faces challenges in implementing and following up on recommendations. National capacities have improved, but there is a need to improve stakeholder knowledge and engagement. Strengthening evidence-based monitoring, reporting and interinstitutional coordination is recommended. More efforts are necessary for North Macedonia to fully benefit from its observer status in the European Union Agency for Fundamental Rights (FRA).

## European Court of Human Rights

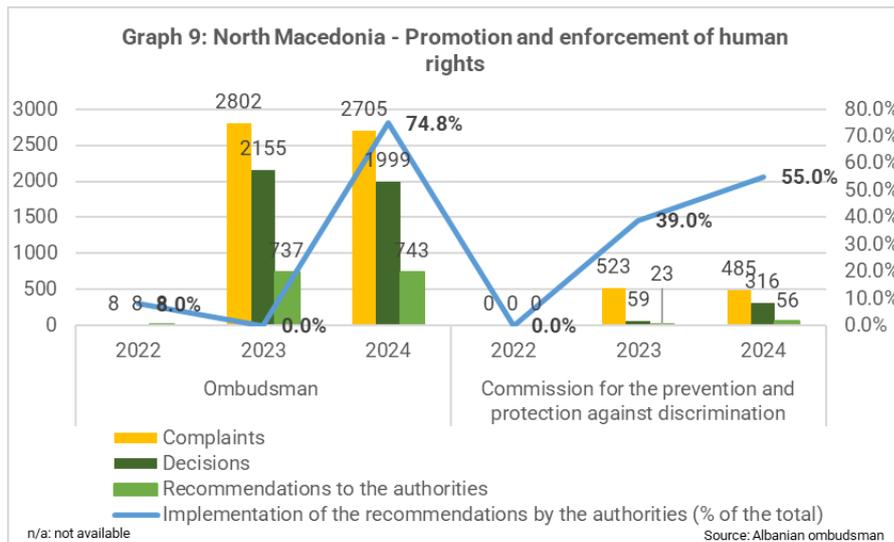
The cooperation with the European Court of Human Rights (ECtHR) and the implementation of its judgements is adequate. During the reporting period, the ECtHR delivered 6 judgements against North Macedonia. The Court found breaches of the European Convention on Human Rights relating mainly to the respect for private and family life, right to a fair trial and protection of property. Currently, there are 5 cases under enhanced supervision by the Committee of Ministers related to ill treatment by the police, protection of private life, discrimination of Roma pupils (7 cases last year).



North Macedonia needs to address systematic issues or structural issues raised by the Court, notably in the areas right to life and protection against torture, prohibition of discrimination.

The Government rejected the initial three nominations for a new national judge to ECtHR and established a new selection commission.

## Promotion, protection and enforcement of human rights



### Main themes:

Ombudsman: civil status and internal affairs; judiciary; consumers' rights; child protection; property rights; pension and disability insurance.

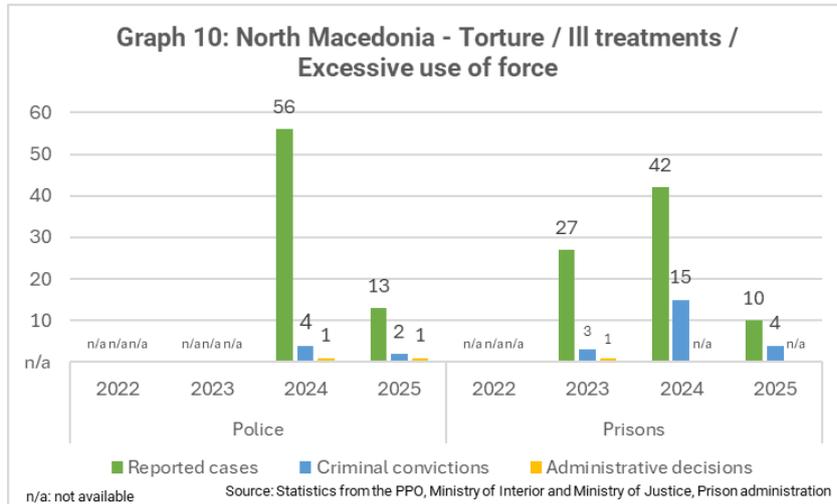
Equality bodies: national or ethnic affiliation (27%), followed by other grounds, religious or other beliefs, personal attributes and social status, political beliefs, education, and gender

The legal and institutional framework for the promotion, protection and enforcement of human rights is in place but needs to be improved. The country continues to meet its general obligations on fundamental rights, but legislation and pertinent strategies should be implemented in a systematic manner. The Ombudsman has been accredited as a B-status National Human Rights Institution since 2014. Parliament did not adopt the long-awaited

amendment to the Law on the Ombudsman's Office, necessary to upgrade its 'B' accreditation status under the Paris Principles. Parliament did not elect a new Deputy Ombudsman nor the 8 new Deputy Ombudspersons, for the regional offices and Skopje, out of the 10 envisaged. Parliament's election of members of independent human rights and equality bodies, including the Commission for Prevention and Protection against Discrimination, needs to be merit-based and in line with applicable legal provisions. The Ombudsman's Office and the Commission for Prevention and Protection against Discrimination continue to lack the financial and human resources needed to function independently and effectively.

## Prevention of torture and ill-treatment

North Macedonia is currently among the countries for which there is the highest concern about conditions in detention. The country should urgently tackle the persistent issue of inadequate detention conditions in prisons, police stations, social care and psychiatric facilities. North Macedonia provides adequate legal guarantees on the prevention of torture and ill-treatment. However, follow-up on cases remains insufficient. Idrizovo Prison, despite the recent refurbishment of the women’s section, shows persistent deficiencies and, in particular, seriously dilapidated facilities. Poor detention conditions remain a serious and persistent concern which, according to ECtHR case law, can amount to ill-treatment.



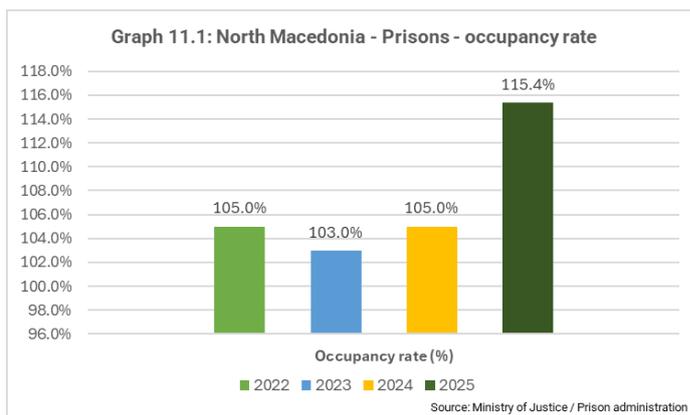
North Macedonia needs to continue dialogue with the Committee for the Prevention of Torture of the Council of Europe (CPT) on implementing the CPT recommendations published in May 2024 and those from all previous reports.

There are systemic shortcomings and delays in investigating and prosecuting cases of alleged violence by law enforcement officers, as well as cases of violence in prisons. North Macedonia

must step up its efforts to conduct efficient, effective and investigations to address police torture, violations and illegal use of coercive measures through a well-functioning external oversight mechanism for the police.

The number of National Preventive Mechanism (NPM) staff decreased to three full-time officers. The body continues to have limited budget resources to carry out its mandate effectively in line with the Optional Protocol to the UN Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (OPCAT).

### Execution of criminal sanctions

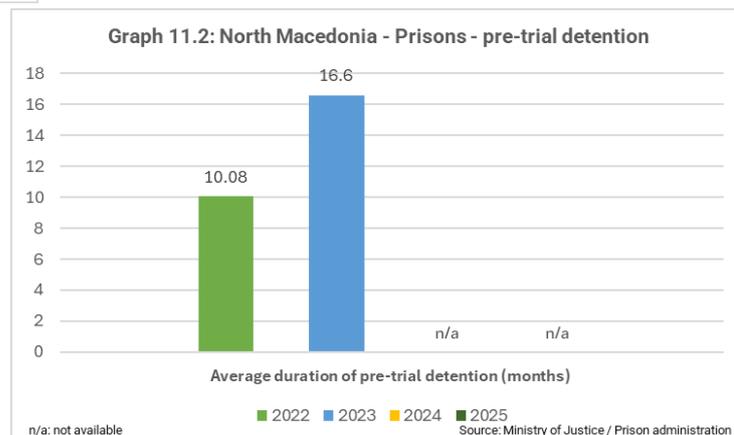


The system for execution of criminal sanctions (including probation) needs to be improved.

Out of 11 penitentiary institutions, 5 are managed by acting governors. The remaining 6 acting governors were appointed on a full-time basis after they completed the competitive nomination procedure in April. An acting head is still managing the Directorate for the Execution of Sanctions.

A high level of corruption in prisons remains a serious concern. To implement activities from the Anti-Corruption Plan (2022-2026), mandatory searches of premises and individuals by prison police have been conducted in prisons since November 2024.

Prisons are overcrowded and no progress was made on providing healthcare to prisoners. A stronger



commitment from the Ministry of Health is needed, in particular with regard to the accreditation of healthcare staff for each prison and access to healthcare. The lack of adequate measures to treat drug addiction in prisons remains an issue of serious concern.

The probation system continued to improve, with more cases handled by probation officers and better coordination between stakeholders. The Academy for Judges and Prosecutors organised round table meetings with judges and prosecutors. This was to promote electronic supervision and the probation service in order to raise awareness about the need for more widespread use of probation, including house arrest with electronic supervision and conditional release with electronic supervision. There were a total of 793 newly received cases in 2024, a rise from 2023, and a total of 262 cases by March 2025.

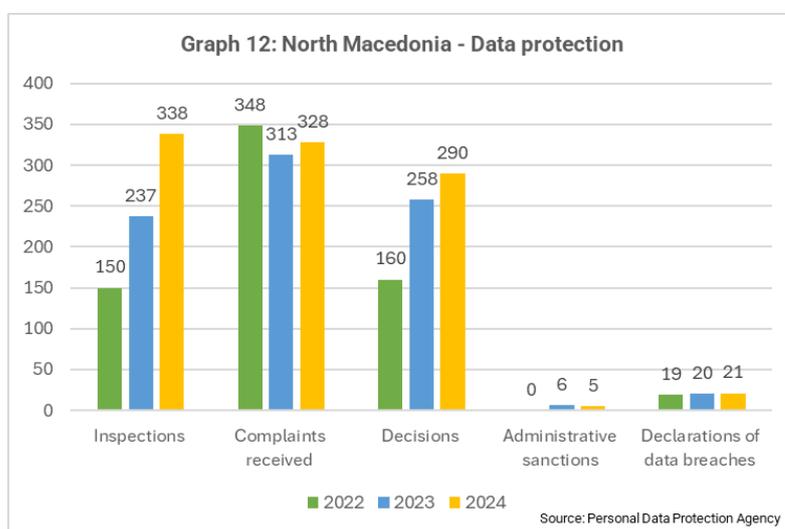
No progress was made on amending the legal framework for alternative sentences. Amendments to the Law on primary education entered into force, setting the legal framework for the educational process in penitentiary institutions. North Macedonia must take the necessary steps to provide educational, cultural and sports activities for remand prisoners.

### Protection of personal data

The legal framework for the protection of personal data is insufficient and the capacities of the data protection agency need to be improved.

No progress was made on the protection of personal data. Adoption of the legislation to fully align with the General Data Protection Regulation and with the EU Law Enforcement Directive is still pending. The Parliament amended the Law on Data Protection to include NATO countries as eligible recipients for personal data transfer, without prior consultation with the Personal Data Protection Agency (PDPA).

However, there are no legal or procedural frameworks in place to ensure that the transferred data receives protection equivalent to the standards set by the GDPR. Due to a lack of budgetary independence and insufficient funds, the PDPA continues to struggle to fulfil its institutional role. In a concerning development, the government removed the PDPA from the list of bodies that must be systematically consulted before sectoral laws or implementing regulations are adopted. Parliament has not appointed a director of the PDPA since January 2025. All these factors negatively affected the implementation of the Personal Data Protection Strategy 2025-2030. No progress was noted on coordination, communication and responsiveness to PDPA recommendations. Data breaches are increasingly frequent, and some are not reported in line with the legal requirements. There is still a low awareness of data protection and insufficient IT protection of personal data in the state administrative bodies.



### Freedom of religion or belief

North Macedonia provides adequate legal guarantees on freedom of religion or belief. The rights to freedom of religion or belief continue to be guaranteed by the Constitution and upheld in practice.

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### **Freedom of expression**

North Macedonia provides adequate legal guarantees on the freedom of expression. The enabling environment for the media's free, independent and professional operation needs to be improved.

### Intimidation of journalists

Implementing legal protections for journalists effectively continues to be challenging, in particular concerning online harassment and gender-based violence directed at female journalists.

In 2024, four physical attacks and serious threats against journalists were reported to the Ministry of Internal Affairs and one case was referred to the Public Prosecutor's Office. Although the number of attacks decreased compared with 2023, when seven cases were reported, only two of the cases had been resolved, investigations were slow, and charges had not been filed in some incidents, particularly those involving online abuse targeting investigative journalists. Data for 2024 shows that there were 15 cases involving journalists or media outlets as either the plaintiff or defendant in lawsuits concerning insult and defamation. This is an increase compared with 2023, when 12 such cases were recorded.

The absence of specific legislation against strategic lawsuits against public participation (SLAPPs) and judges', lawyers' and journalists' limited awareness of this issue continue to hinder effective protection for journalists and other persons who engage in public participation from this form of persecution. Alignment with the EU Anti-SLAPP Directive and Recommendations needs to be ensured.

To strengthen the legal protection of journalists, four public prosecutors have been designated to coordinate and oversee cases involving attacks on journalists.

### Legislative environment

The legal framework governing the media is not fully aligned with the EU *acquis*, particularly the European Media Freedom Act (EMFA). In April 2025, Parliament adopted amendments to the Law on media in a transparent manner. Under the changes to the legal framework, online media providers are required to register with the Agency for Audio and Audiovisual Media Services, the aim being to improve transparency, provide legal recognition and help in eliminating or reducing the flow of disinformation. The rules on media concentration remain unaligned with the EU *acquis* and European standards. The Law on audio and audiovisual media services does not lay down rules on assessing the impact of market concentration on media pluralism.

### Implementation of legislation/institutions

The financial independence of the Agency for Audio and Audiovisual Media Services has improved. In 2025, the authorities allocated funds to the broadcasting sector, as required by the Law on audio and audiovisual media, increasing its financial independence and operational capacities. However, the advertising in commercial media, where not allocated in a transparent and non-discriminatory manner, constitutes a risk for political misuse of funds, potentially undermining media independence and distorting the market.

In June 2025, Parliament elected the new members of the Council of the Agency for Audio and Audiovisual Media Services (AVMU). Concerns were raised about the way the members of the Agency's Council were selected due to a lack of transparency, clear criteria and impartiality.

The media regulator continued monitoring broadcast media in an effective manner. Upgrading the media regulator's technical and institutional capacities is essential to meet the new responsibilities arising as a result of the legal framework being aligned with the Media Directive.

Implementation of the Law on free access to information remains inconsistent. This is due to some public institutions rejecting requests on arbitrary grounds, including using personal data protection as a blanket justification. The process of obtaining information is excessively long.

### Public service broadcaster

Despite improved funding, the public service broadcaster continues to face significant challenges, particularly regarding its institutional autonomy. Parliament has appointed in July a new Programme Council for *Macedonian Radio Television* (MRT), resolving a delay pending since December 2018. MRT has yet to settle its outstanding debts. While efforts to modernise and improve professional standards are ongoing, limited administrative autonomy remains a barrier to recruiting new staff.

### Economic factors

The country needs a comprehensive strategy for the development of all media sectors. Local private media are in decline, while non-profit and community media continue to face significant financial challenges, with national terrestrial TV stations remaining the most financially stable. Political parties continue to allocate state funds for advertising, but transparency surrounding paid political advertising remains an issue, particularly on social media. Print, broadcast and digital media are legally obliged to disclose their ownership to the audiovisual media regulatory body. A self-regulatory ownership register for digital national media is also in place.

### Internet

The amendments to the Law on media establish a Register of Online Media, requiring portals to be legal entities with a local office, use a national domain, and employ at least two staff members to gain access to facilities reserved for recognised media outlets.

Net neutrality is ensured both legally and in practice. However, challenges persist in the online media sector, with rising threats from disinformation, hate speech and intellectual property violations. The Council of Media Ethics reported 84 complaints for hate speech in 2024, a decrease compared with the previous year.

### Professional organisations and working conditions

The self-regulatory Council of Media Ethics continues its work despite concerns over securing long-term sustainable funding. Shortcomings in journalists' working conditions persist, particularly due to short-term or part-time contracts, the lack of health and social insurance, unpaid overtime and low wages. These issues contribute to self-censorship and allow media owners to exert influence over editorial content.

*(See also Chapter 10 – Digital transformation and media)*

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### Freedom of assembly and association

North Macedonia provides adequate legal guarantees to the freedom of assembly and association. The rules on public assemblies needs to be improved.

The Constitution guarantees the right to freedom of assembly and association. The legal framework generally aligns with international obligations on freedom of association. Further action is necessary to implement the European Court of Human Rights (ECtHR) rulings concerning the registration of associations. There was no progress on revising the Law on associations and foundations. Legislative changes should comply with international standards, recommendations of the Venice commission and be in line with the Recommendation of the European Commission against Racism and Intolerance (ECRI). The protests during the year took place without incidents. There were no reports of excessive use of force during assemblies. In August, participants in a march for the victims of the tragedy in Kochani reported that police were stopping vehicles coming from other cities on their way to the protest, though the Ministry of Interior denied restricting access, stating the checks were part of routine traffic control measures.

Labour and trade union rights are covered in *Chapter 19 – Social policy and employment*.

### Property rights

The legal and institutional framework for enforcing property rights is broadly in place.

Progress on property rights remains limited, primarily because of lengthy and expensive procedures. There has been little advancement on implementing the national strategy for property rights, and municipal property registers are outdated and maintained in analogue format. The Cadastre Office has launched new digital services for the public, reducing the number of unresolved cases by 20% compared with 2024 and decreasing the backlog of total received cases by 10%. The registration of land and properties is complete, and laser-scanning has been implemented nationwide. However, the

administrative authorities responsible for restitution, compensation and legalisation processes are struggling with their workloads, primarily due to understaffing and insufficient funding. Despite the official closure of the denationalisation process in 2013, over 5 000 cases remain unresolved.

### Non-discrimination

The legal and institutional framework for non-discrimination remains to be fully aligned with the EU *acquis*, including *inter alia* as regards the Racial Equality Directive and the Directives on standards for equality bodies. A national anti-racism strategy or action plan, in line with the Commission’s strategy, should be adopted.

The country further delayed harmonisation of non-discrimination principles across all relevant laws. Early in 2025, Parliament adopted amendments to the Law on primary education, the Law on secondary education and the Law on textbooks for primary and secondary education. The amendments, which were adopted through an expedited procedure and without consultations with relevant stakeholders, removed content on sexual and reproductive health and gender equality. This raised concerns over compliance with the Law on Prevention and Protection from Discrimination and international standards.

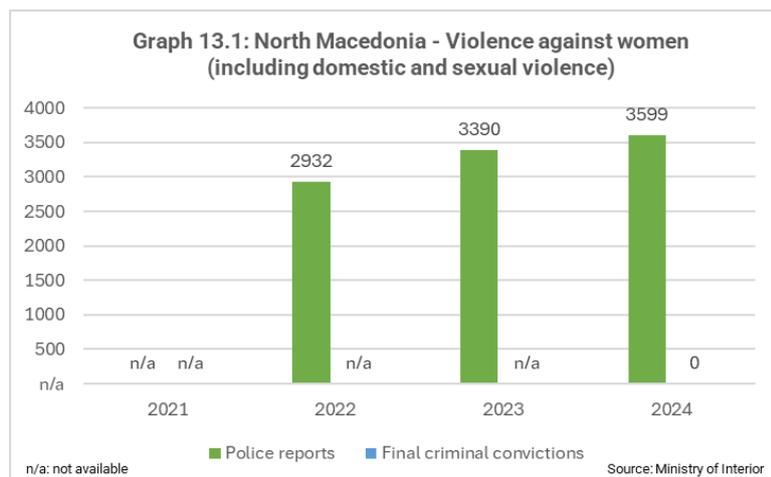
Parliament’s appointments of Commissioners to the Commission for the Prevention and Protection against Discrimination need to be merit-based and in line with the criteria established by law. Consideration should be given to both the candidates’ experience and their performance during the interview, who must also demonstrate their ability to address all areas within the equality body’s mandate. In 2024, the Commission for the Prevention and Protection against Discrimination addressed 485 discrimination cases. Most complaints were based on national or ethnic origin, which was also the most prevalent form of discrimination. As in the previous year, the public sector remains the primary place of discrimination, accounting for 66% of cases. The most common areas of discrimination in 2024 were work and employment (39%), followed by issues related to trade union membership, public information and media, as well as education, access to goods and services, and the judiciary.

The Commission for the Prevention and Protection against Discrimination lacks institutional and financial independence, and insufficient administrative staff. The 2021-2026 Strategy for Equality and Non-Discrimination has not yielded visible results.

The legal framework and interinstitutional capacity to combat hate speech and hate crime require further strengthening to align with the EU *acquis* and European standards, and notably the 2008 Council Framework Decision on combating racism and xenophobia by means of criminal law. The country should act on the Council of Europe’s European Commission against Racism and Intolerance (ECRI) General Policy Recommendation No 15 on combating hate speech and fully address the findings and recommendations outlined in ECRI’s September 2023 report. Authorities do not collect data on hate speech and hate crime in a systematic manner, though civil society organisations consistently document hate crime cases in their own databases.

In 2024, CSOs registered 1 391 cases of alleged hate speech, the most prevalent being on grounds of nationality, ethnic origin, political affiliation, sexual orientation and gender identity.

### Gender equality



The legal and institutional framework on gender equality and combating gender-based violence is incomplete. Implementation and enforcement mechanisms need to be improved.

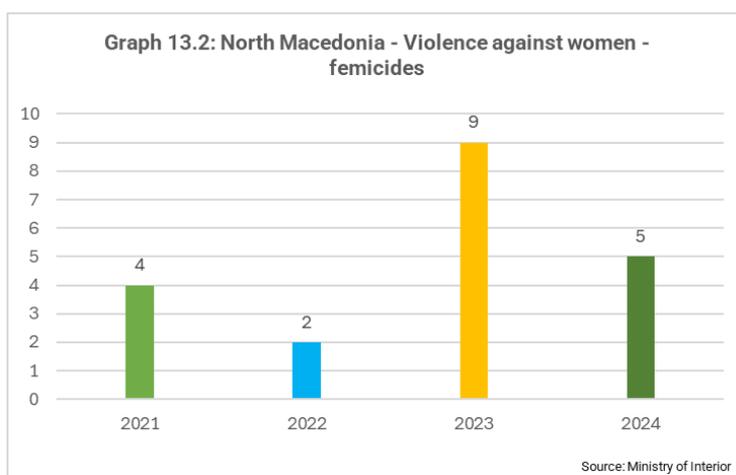
There were no significant developments in the national policy framework for integrating gender equality nor in the efforts to

align with the EU *acquis* and relevant international standards on gender equality. Implementation of the national strategy for gender equality (2022-2027) and its corresponding action plan remain deficient.

Greater efforts are needed for institutional and legal reforms to address key gender equality aspects, particularly on access to political, economic and social life, accessing health services, preventing gender-based and domestic violence, and protecting victims.

Gender-based hate speech, including threats against female human rights defenders, remains prevalent, in particular on social media. Shifts in municipal policies from gender equality to ‘equality between men and women,’ undermine gender equality.

Challenges remain in implementing the Istanbul Convention due to missing legislation and inadequate funding. No analysis of national legislation for compliance with the Directive 2024/1385 on violence against women and domestic violence has been conducted so far. The Criminal Code needs further alignment, particularly by criminalising forced marriage, psychological violence, and *ex officio* prosecution for domestic violence-related harm. Ongoing training for judges, prosecutors and police is crucial, as recommended by the Group of Experts on Action against Violence against Women and Domestic Violence (GREVIO). In 2024, 1 087 domestic violence cases were reported, 84% involving women, but this only represents 3% of the estimated gender-based violence cases. There are 14 centres for victims of domestic violence, but only 6 are active and functioning.



The national reintegration programme for victims of violence against women and domestic violence was adopted in September 2024 but lacks clear procedures, budgets and properly defined roles. Its effectiveness is hampered by the absence of transitional housing, the lack of economic empowerment measures and poor coordination across sectors. The preventive health programmes, adopted in February 2025, aligning with EU Victims’ Rights Directive and the Equal Treatment in Goods and Services Directive, offer free medical services and co-payment exemptions for gender-based violence and domestic violence survivors. However, these remain symbolic due to limited funding and insufficient crisis centre access, focusing only on sexual violence.

### Rights of the child

The legal and institutional framework on rights of the child is in place. Implementation and enforcement need to be improved.

The main challenges in ensuring effective implementation are the poor accountability framework, inappropriate and insufficient capacity and funding, a lack of systematic monitoring, and insufficient interinstitutional cooperation. Further reforms are needed to ensure respect for children’s rights to education, health, protection from violence, and non-discrimination.

A national body responsible for coordinating all policies relating to implementation of the UN Convention on Child Rights and the Optional Protocols is yet to be set up. The National Action Plan for Children’s Rights (2025-2029) is yet to be adopted.

Implementation efforts in children’s rights protection should also be in line with the EU *acquis* and draw guidance from key European Commission recommendations, in particular as concerns integrated child protection systems. More funds are needed to implement the National Strategy for prevention

and justice for children (2022-2027) and its accompanying Action Plan (2022-2026), and the National Strategy (2020-2025) on prevention and protection of children from violence.

The Law on justice for children broadly reflects the requirements on procedural safeguards for children who are suspects or accused in criminal proceedings. Regular monitoring and inspection of educational correctional facilities and prisons is crucial to protect and provide services to detained children. Access to justice, legal representation and capacity building for public officials working with child victims, witnesses and offenders are currently insufficient.

Implementation of the Deinstitutionalisation Strategy (2018-2027) continues. All large institutions have been closed, and all children have been relocated to family-based care or small group homes.

#### Persons with disabilities

The legal and institutional framework on the rights of persons with disabilities is incomplete. Implementation and enforcement need to be improved.

Persons with disabilities are still unable to fully enjoy their rights. This is because legislation and government policies are not aligned with the UN Convention on the Rights of Persons with Disabilities (UNCRPD). The capacity of national authorities needs to be strengthened. The Ombudsperson's Office oversees the implementation of the UNCRPD in close cooperation with CSOs. Implementation of the national strategy on the rights of persons with disabilities is ongoing. The National Deinstitutionalisation Strategy (2018-2027) is implemented through the activities outlined in the action plan for 2023-2025. Persons with intellectual and physical disabilities are gradually being transferred to residential units operated by community services for organised supported living. The Commission Guidance on independent living and inclusion in the community of persons with disabilities in the context of EU funding (C/2024/7188) could serve as a guiding document in this respect.

Overall, persons with disabilities continue to encounter significant forms of discrimination, including insufficient access to information and services, discriminatory attitudes and social marginalisation.

Accessibility remains limited, including due to infrastructure barriers. The legislative framework needs to be aligned with the EU *acquis* in the area, including the European Accessibility Act. A law on the accessibility of websites and mobile applications of public-sector institutions (in accordance with Directive (EU) 2016/2102) was adopted by the Parliament in September 2025.

*(see Chapter 19 – Social policy and employment for aspects related to social services, assistance and benefits).*

#### LGBTIQ persons

The legal protection of the rights of LGBTIQ persons needs to be improved. LGBTIQ persons face discrimination. The Law on prevention and protection against discrimination explicitly lists sexual orientation and gender identity as protected grounds for discrimination. The current legislation does not recognise same-sex partnerships. The adoption of a national LGBTIQ equality strategy or action plan is still pending. No steps have been taken to implement the January 2019 European Court of Human Rights (ECtHR) judgment on legal gender recognition.

On 21 June 2025, a LGBTIQ pride parade was organised in the form of a protest march, which took place without incidents. Hate speech against the community persists on social media. In 2024, CSOs reported 230 cases of alleged hate speech based on sexual orientation and gender identity, yet legal responses remain insufficient (298 cases in 2023). CSOs also documented two cases of hate-motivated violence based on sexual orientation and gender equality, with no updates on investigations into decade-old attacks on the LGBTIQ Support Centre or vandalism and threats against LGBTIQ organisations and activists. LGBTIQ organisations raised concerns about the negative impact of USAID funding cuts to LGBTIQ programming, which will potentially further weaken the LGBTIQ and gender equality movements, as anti-democratic activists continue to gain influence. Awareness-raising campaigns to fight LGBTIQ-phobia, currently insufficient, could improve the situation.

#### Procedural rights and victims' rights

The legal framework on procedural rights for suspects and accused as well as the rights of victims of crime is partially aligned with the EU *acquis* and needs to be improved.

The country has a solid network providing primary and secondary free legal aid. Free legal aid is accessible through 34 regional branch offices of the Ministry of Justice, relevant civic associations, legal clinics within the faculties of law, and through lawyers certified to give secondary legal aid. The legal aid system in criminal proceedings should however be further strengthened to improve access to justice. In particular, there needs to be a reassessment of eligibility criteria for mandatory defence, and free legal aid for persons who lack sufficient resources, as well as for representation of crime victims' interests. Legislation on legal aid for victims of trafficking in human beings needs to be revised.

Amendments to the Law on criminal procedure aimed at ensuring full alignment with the Victims' Rights Directive are not yet implemented. There needs to be greater public awareness about compensation mechanisms and the role of the Commission for the Implementation of the Law on the payment of monetary compensation to victims of violent crimes.

#### Protection of minorities

The recommendations of the Advisory Committee on the Framework Convention for the Protection of National Minorities on promoting and assuring the sustainability of the 'One Society' strategy are still not fully implemented.

The National Strategy for Inter-culturalism and Social Cohesion 2024-2026, published in 2024, is still pending adoption by Parliament.

The Language Implementation Agency and the Agency for Community Rights Realisation remain understaffed and inadequately funded.

North Macedonia still has not ratified the European Charter for Regional or Minority Languages, signed in 1996.

#### Roma

The legal and institutional framework on Roma is in place, yet Roma people continue to face discrimination.

North Macedonia has made satisfactory progress on Roma inclusion, implementing the strategy for 2022-2030. The Minister without portfolio in charge of integrating and implementing the Strategy for the Inclusion of Roma 2022-2030 was appointed as National Coordinator and National Contact Point for Roma Inclusion in North Macedonia. However, the strategy lacks a clear approach to participation, empowerment and capacity building. Interinstitutional cooperation remains at a low level. The action plan for Roma women and girls' rights is being implemented to a moderate extent. Outstanding challenges include irregular school attendance, street children and segregation in schools. The government remains committed to the priorities of the Poznan Declaration, but implementation needs to be significantly improved and action plans for 2025-2026 need to be adopted.

#### Citizenship rights

North Macedonia needs to adapt its legislative framework to the EU *acquis* on EU citizenship rights, with the aim of full alignment ahead of accession. This should include carrying out an analysis of the alignment and implementation needs arising from Directive 2004/38/EC across all policy areas affected, and planning timely alignment accordingly.

North Macedonia allows the acquisition of citizenship of special economic interest. The Commission maintains the view, as expressed in the visa suspension mechanism reports that the law's implementation should not lead to the systematic granting of citizenship in return for investment, as it may be used to bypass the EU short-stay visa procedure and the in-depth assessment of individual migratory and security risks. The absence of the systematic granting of citizenship based on special economic interest is also needed to ensure compliance with EU law. In 2024, economic citizenship was granted to two Turkish nationals and in 2025 to one national of Bosnia and Herzegovina.

## 2.2.2 Chapter 24: Justice, freedom and security

*The EU has common rules for border and migration management, visa policy, and asylum.. Schengen cooperation entails the lifting of border controls inside the EU. There is also cooperation in the fight against serious and organised crime and terrorism, and judicial, police and customs cooperation, all with the support of the EU Justice and Home Affairs agencies.*

### **Fight against serious and organised crime**

The legal framework on serious and organised crime is partially aligned with the EU *acquis*, and further progress is needed. The capacity to fight against serious and organised crime needs to be improved.

#### Legal alignment, strategic and institutional frameworks

North Macedonia is partially aligned with the EU *acquis* in the fight against serious and organised crime and has in place several strategic documents based on the corresponding EU strategies. The new national Serious and Organised Crime Threat Assessment (SOCTA) 2025 was presented in June 2025. On 29 July 2025, Parliament adopted the Law on the Ministry of Interior and amendments to the Law on Police.

The Ministry of Interior has an Integrity Plan (2023-2025) and an action plan. A second annual report on their execution was issued at the end of 2024, indicating a high implementation rate, with all training, controls and other activities performed. A Department for Internal Control, Criminal Investigations and Professional Standards operates in the ministry. In addition, a unit for corruption cases exists within the Department for Suppression of Organised Crime, Bureau for Public Safety, in the Ministry of Interior.

Regarding the **institutional framework**, the National Coordination Centre for the Fight against Organised Crime is operational, but more of its resources should be devoted to the fight against serious and organised crime should be intensified. The investigative centres, which are integrated into several public prosecutors' offices, continue to suffer from insufficient human and financial resources, and lack appropriate access to the necessary databases, professional training courses and equipment.

The 2018 reform in the security and intelligence sector resulted in the creation of the National Security Agency (NSA), a counterintelligence service separate from the Ministry of Interior, and the Operational Technical Agency (OTA), responsible for authorised surveillance of communications. To ensure the agencies' full independence, the NSA should not remain within the Ministry of Interior's premises, while the OTA should not remain in the same premises as a national telecommunications operator. Proper financial and human resources have to be secured to ensure the proper functioning of the OTA.

On the **prevention of money laundering**, North Macedonia is expected to align with the EU *acquis*.

An **asset recovery office (ARO)** has been functional since 2018. Further implementing legislation and standard operational procedures regulating in detail its functioning should be adopted. However, sufficient human and financial resources should be secured to make it fully operational.

The **Agency for Management of Confiscated Property (AMCP)** was to have recruited sufficient personnel to ensure its full functioning by June 2025, in line with North Macedonia's Reform Agenda. However, the Agency still lacks sufficient staff and financial resources, storage facilities, equipment and budget, and an effective case management system, so it is not fully operational.

On **cybercrime**, Parliament has not yet ratified the Second additional protocol to the Cybercrime Convention. No progress was made over the reporting period on alignment with the EU *acquis* on **child sexual abuse and exploitation**. The strategy for the fight against trafficking of children (2021-2025) needs to be aligned with the Lanzarote Convention and the EU legislation on child sexual abuse and exploitation.

The legal framework on **trafficking in human beings** is only partially aligned with the EU *acquis*. It should be amended to align with the Directive on preventing and combating trafficking in human beings and protecting trafficking victims and the revised Directive which entered into force in July

2024. A new National Coordinator of the Commission for Combating Trafficking in Human Beings and Illegal Migration was appointed in November 2024. The Commission held its first meeting in February 2025.

The regulatory framework concerning **small arms and light weapons**, including on marking and alarm and signal weapons, is still not completely harmonised with the EU *acquis*. The existing law on weapons needs to be amended by December 2025 in accordance with commitments under the Reform Agenda. In April 2025, Parliament adopted amendments to the Law on misdemeanours against public order and peace, prohibiting the usage of pyrotechnics and explosive materials indoors. The firearms focal point within the Ministry of Interior is still not fully operational. In September 2025, the destruction of over 100 confiscated firearms and 1 000 rounds of confiscated ammunition, and other weapon components took place. It is the first destruction since 2023.

### Implementation and enforcement capacity

North Macedonia continues to develop its track record in prosecuting cases of organised crime. The number of investigations, final court decisions and final convictions increased, while the number of indictments fell in 2024 (compared with 2023).

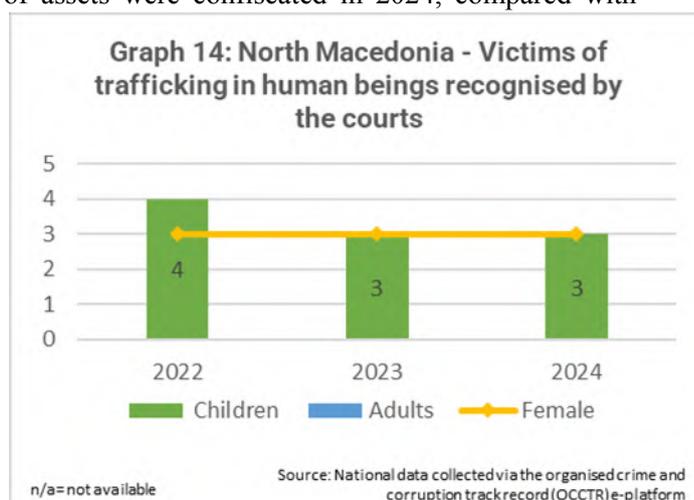
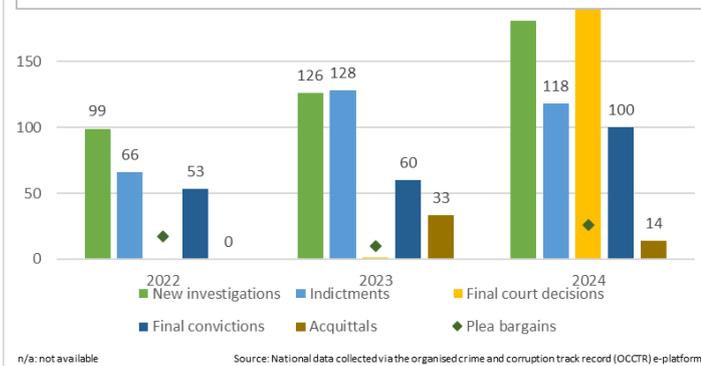
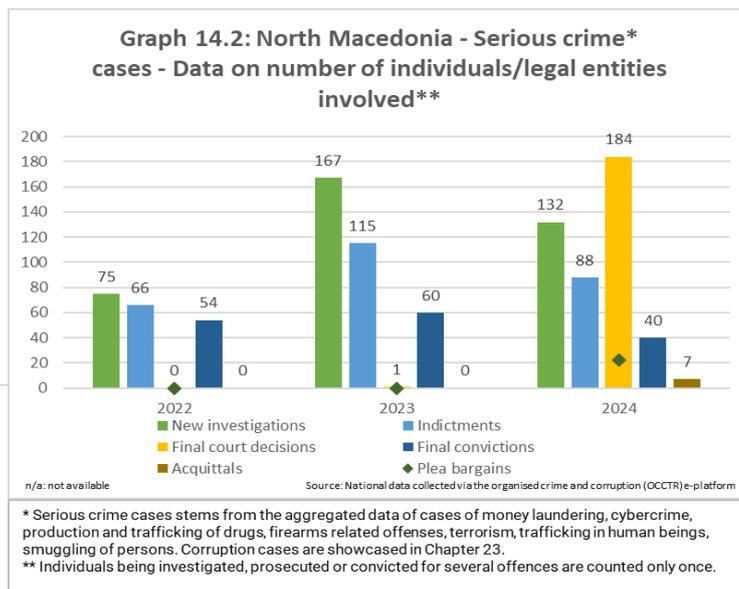
The operational capacity of structures responsible for fighting organised crime needs to be improved. Particular attention needs to be given to increasing their budget, equipment, access to databases, staffing and training, and to legislative harmonisation with European and international standards.

Financial investigations remain an area of weakness for North Macedonia and needs to be promptly improved. North Macedonia reported that only 18 financial investigations were conducted in parallel with organised crime and money laundering cases in 2024. In September 2025, the establishment of the National Council for Financial Investigations and Asset Confiscation was approved. The new coordination body will be chaired by the Deputy Prime Minister for Good Governance Policies.

North Macedonia should strengthen its capacities to seize and confiscate assets. The level of asset seizures slightly increased in 2024 compared with 2023. North Macedonia reported about EUR 6 million worth of seized assets (compared with EUR 4 million in 2023). Progress was made on asset confiscation: more than EUR 5 million worth of assets were confiscated in 2024, compared with EUR 0.5 million in 2023.

North Macedonia continues to implement its national strategy on combating trafficking in human beings and illegal migration (2021-2025), which is in line with the corresponding EU strategy.

Operational cooperation with Europol remains at a good level. The number of messages



exchanged marks a slight increase in comparison with the previous reporting period, while the number of cases initiated on bilateral and multilateral bases almost doubled in the same period. In both instances, data was transmitted through the Secure Information Exchange Network Application (SIENA). In the reporting period, relevant national authorities: (i) participated in joint investigation teams for counterfeit euros, led by Europol and Serbia; (ii) contributed to analytical products developed by Europol; and (iii) participated in operational meetings and operational actions organised by Europol.

As part of the European Multidisciplinary Platform against Criminal Threats (EMPACT), the relevant national institutions took part in 94 operational actions, with North Macedonia co-leader in six of them. North Macedonia should make greater use of resources from the EU Agency for Law Enforcement Training (CEPOL) and revise the working arrangement to strengthen its cooperation with the Agency. North Macedonia should integrate the knowledge and competencies gained at CEPOL's trainings into the national law enforcement training system.

In 2024, there were 12 registered crimes related to **online child sexual exploitation**; investigations led to the indictment of 10 individuals.

A legal and institutional framework for addressing gender-based violence has been established. There are mechanisms in place for prevention, protection and support for victims of gender-based violence, including temporary accommodation services for victims and their relatives. The capacities of law enforcement agencies and other involved institutions need to be strengthened.

### **Cooperation in the field of drugs**

The legal framework for cooperation in the field of drugs needs to be improved.

#### Legal alignment, strategic and institutional frameworks

The Law on the control of drugs and psychotropic substances is not fully aligned with the EU *acquis* or international standards. The country's national strategy against drugs, covering the period from 2021 to 2025, is aligned with the EU strategy. There is no action plan to implement the strategy for 2024-2025. Preparations for the new strategy should be stepped up, based on an evaluation of the current strategy.

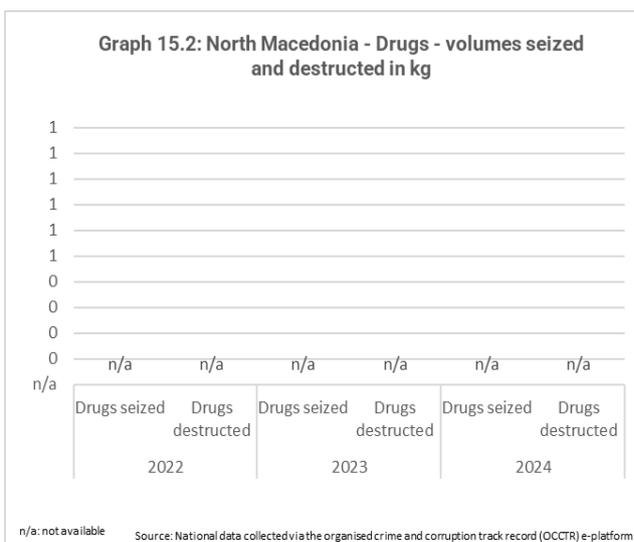
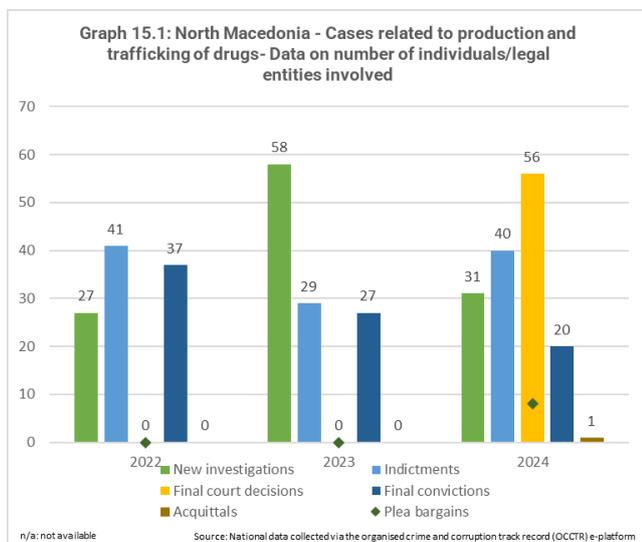
The Inter-ministerial Commission for Narcotic Drugs, responsible for coordinating activities against illegal production, trafficking and use of drugs, is still not functional. The National Drugs Observatory, based within the Ministry of Health, continues to suffer from a lack of sufficient resources, which affects its operational capacity to perform daily drug monitoring tasks.

An early warning system for rapid exchange of data on new psychotropic substances has not been established yet. Although a national early warning system coordinator was nominated in 2016, a limited number of activities have been observed.

A new working arrangement between the EU Drugs Agency (EUDA) and the competent national authorities should be concluded. The exchange of data with EUDA and national representation in EUDA-organised events deteriorated. Strengthening cooperation with EUDA should be prioritised, as it is key for the renewal of the working arrangement.

#### Implementation and enforcement capacity

Under the EMPACT framework, North Macedonia's competent law enforcement agencies took part in two operational action plans on illicit drug trafficking, one relating to cannabis, cocaine, heroin, and the other on synthetic drugs and precursors.



International police cooperation in the fight

against drug trafficking continued at a good level in 2024. Regular exchanges of information took place with Europol, INTERPOL and the Southeast European Law Enforcement Centre (SELEC).

The level of drug seizures and confiscations slightly increased but remained very low. in 2024. On 15 September 2025, the Agency for Management of Confiscated Property destroyed more than 4,000 tonnes of marijuana, 18,000 marijuana plants, 79 kilograms of flower, and more than 21 kilograms of other drugs, including amphetamines, cocaine, and heroin, confiscated in the course of already concluded criminal proceedings. It is the first destruction since 2023.

### Fight against terrorism and prevention of radicalisation and violent extremism

The legal framework for the fight against terrorism is partially aligned with the EU *acquis*. The fight against terrorism and violent extremism is at a satisfactory level.

The legal framework for critical infrastructure protection and the resilience of critical entities is not aligned with the EU *acquis*. The protection of critical infrastructure and the resilience of critical entities needs to be improved.

#### Legal alignment, strategic and institutional frameworks

Since the dismissal of the previous leadership of the National Committee for Countering Terrorism and Prevention of Violent Extremism of North Macedonia and the assignment of a new National Coordinator in July 2024, the Committee has been functioning without deputies. This can have a negative effect on the proper performance of the coordination body. The Committee's first constitutive meeting was held in March 2025.

The country has a national strategy on countering terrorism and a national strategy on countering violent extremism, both covering the period from 2023 to 2027 and accompanied by action plans for their implementation.

No referral mechanism for preventing and countering violent extremism and radicalisation exists in the country.

North Macedonia has no law in force on the protection of critical infrastructure/the resilience of critical entities and should step up efforts to align with the EU *acquis*, particularly the EU Directive on the resilience of critical entities.

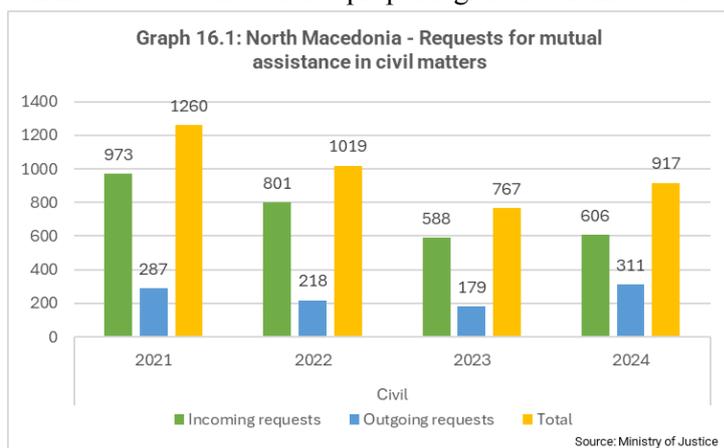
#### Implementation and enforcement capacity

The level of risk from terrorism is considered low. North Macedonia implements activities under the Joint Action Plan for Countering Terrorism in the Western Balkans and its bilateral agreement. The National Committee submits reports on the implementation of these activities.

In December 2024 and January 2025, the country's law enforcement agencies demonstrated positive results in the fight against terrorism and radicalisation by dismantling two terrorist cells spreading jihadi propaganda online and threatening to commit terrorist attacks against soft targets.

The country applies a national plan for reintegration, resocialisation and rehabilitation of foreign terrorist fighters and their family members. Involvement is on a voluntary basis.

Measures to prevent and counter violent extremism are implemented at local level by six community action teams and ten local multidisciplinary teams and the local preventative councils. There continues to be a need for a proper legislative framework setting out in detail the division of powers,



tasks and responsibilities between local and central level actors.

Radicalisation in prisons remains an issue, despite the existence of a strategy on the penitentiary system (2021-2025), which includes measures against prison radicalisation. Individuals convicted of terrorist offences have been observed interacting with other inmates. This increases the risk of regular inmates being radicalised and of links being forged between terrorism and

organised crime. Close monitoring by the security services is required. Moreover, law enforcement agencies should be more actively involved in the pre- and post-release processes of individuals convicted of terrorist offences radicalised while in prison.

Online radicalisation remains one of the most prevalent forms of radicalisation. To respond properly, the security agencies of North Macedonia have to be adequately financed, equipped, supplied with human resources, and trained professionally.

11 foreign terrorist fighters are serving their sentences in a prison in North Macedonia. No repatriation has been performed during the reporting period.

### **Judicial cooperation in criminal, civil and commercial matters**

There was limited progress on judicial cooperation in civil and criminal matters. Judicial cooperation in civil and criminal matters needs to be improved with EU Member States, the European Public Prosecutor's Office (EPPO) and Eurojust.

The legal framework for judicial cooperation in civil and criminal matters is partially aligned with the EU *acquis* to the extent that alignment is already possible.

The number of requests for mutual legal assistance in civil matters has fallen steadily, while the number of requests for mutual legal assistance in criminal matters has.

Progress was limited on the legal framework for cooperation in civil and commercial matters. The Law ratifying the Hague Convention of 30 June 2005 on Choice of Court Agreements was adopted during the reporting period and ratified on 21 November 2024. The Convention entered into force for North Macedonia on 1 March 2025.

North Macedonia needs to further improve the timeliness and efficiency of the processing of judicial cooperation requests, particularly mutual legal assistance in criminal matters.

Cooperation with Eurojust continues. North Macedonia’s Eurojust Liaison Prosecutor has been active in facilitating investigation despite still operating from the country. The government has still not ensured the necessary funds for the liaison prosecutor to become fully operational. North Macedonia has a working arrangement with the European Public Prosecutor’s Office. North Macedonia participated in 41 new cases at Eurojust between March 2024 and July 2025: most of these cases are related to money laundering, fraud and drug trafficking; almost half (18) of them were opened at the request of the Liaison Prosecutor. Three joint investigation teams (JITs) are currently operating, out of which one is supported by Eurojust.

### Legal and irregular migration

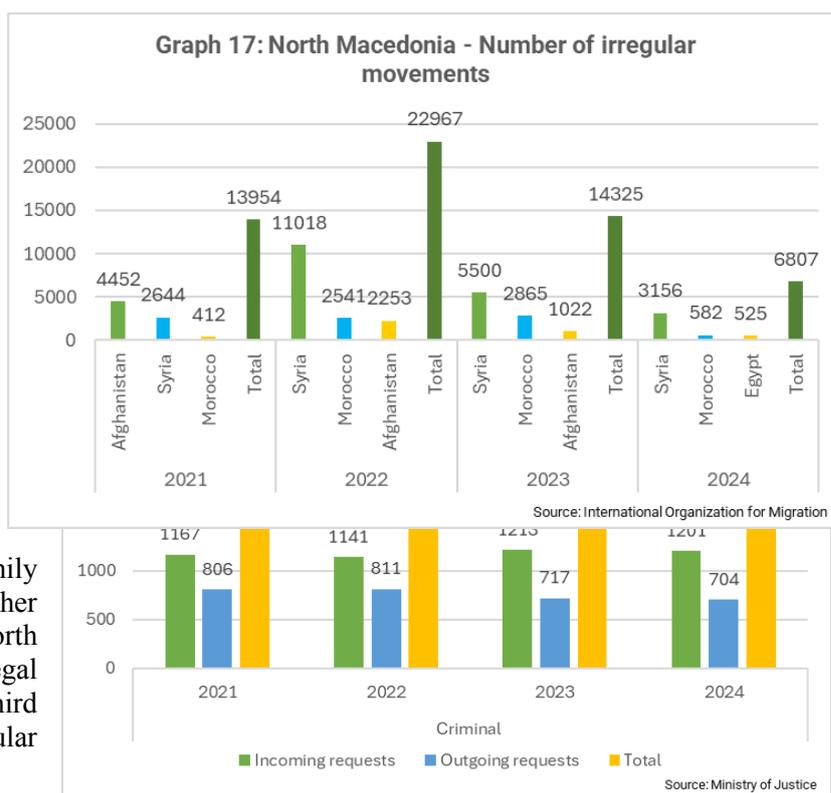
The legal framework for the management of legal and irregular migration is partially aligned with the EU *acquis*. The management of legal and irregular migration needs to be improved.

#### Legal alignment, strategic and institutional frameworks

North Macedonia has expiring strategic documents in place on migration, including the 2021-2025 national strategy for integrated border management and its accompanying action plan for 2022-2025, and the resolution on migration policy for 2021-2025. Preparations for the post-2025 strategies need to be prioritised and based on an evaluation of the ongoing ones.

The country continues to actively manage mixed migration flows. The legal framework is broadly in line with European standards.

The Law on the work and employment of foreigners and legislation on the right to family reunification should be further aligned with the EU *acquis*. North Macedonia should ensure that legal pathways developed towards third country nationals prevent irregular secondary movements to the EU.



Overall, North Macedonia needs to strengthen its institutional and administrative capacity for managing migration by increasing the number of employees and providing additional material and technical resources.

#### Implementation and enforcement capacity

Arrivals from Syria fell in 2024, and arrivals from Afghanistan and Morocco steadily decreased. However, arrivals from Egypt are increasing. Cases of migrant smuggling increased in 2024, and the number of smuggled migrants detected in 2024 also decreased if compared with 2023.

Systematic migrant registration and protection-sensitive profiling remains a priority. The fragmentation of tasks across institutions, particularly the Ministry of Interior and the Ministry of Social Policies and Youth, makes migration management less effective.

The two temporary transit centres for short-term accommodation, with a joint capacity of 2 000, remain unsuitable for longer stays. The centres' status still does not comply with national legal standards, and they lack adequate protection services such as medical or psychosocial assistance and interpretation.

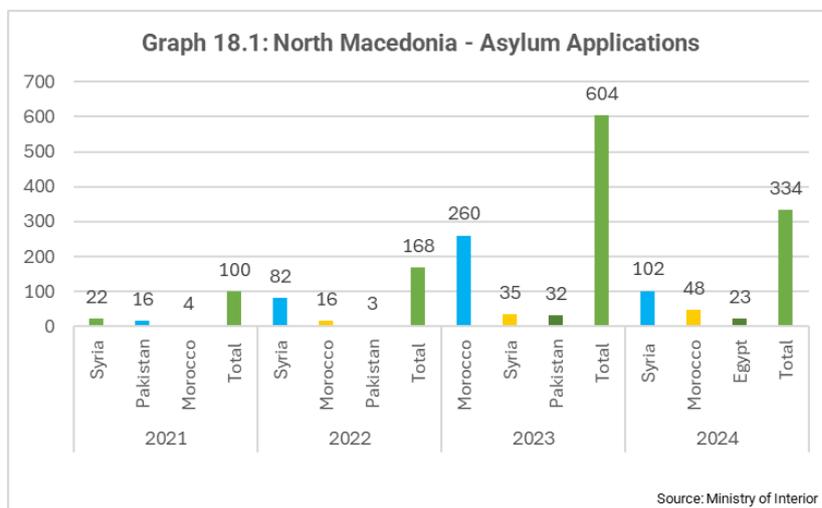
The registration of apprehended irregular migrants continues to improve significantly, with support from the European Border and Coast Guard Agency (Frontex). North Macedonia needs to continue to step up the fight against migrant smuggling, including through international cooperation.

North Macedonia continues to implement readmission agreements with EU countries. It has an agreement with the EU and protocols, further facilitating its implementation, with 11 Member States, and bilateral readmission agreements with 8 non-EU countries. North Macedonia needs to make progress in establishing practical cooperation on returns of third country nationals with countries of origin and actively step up engagement with these countries.

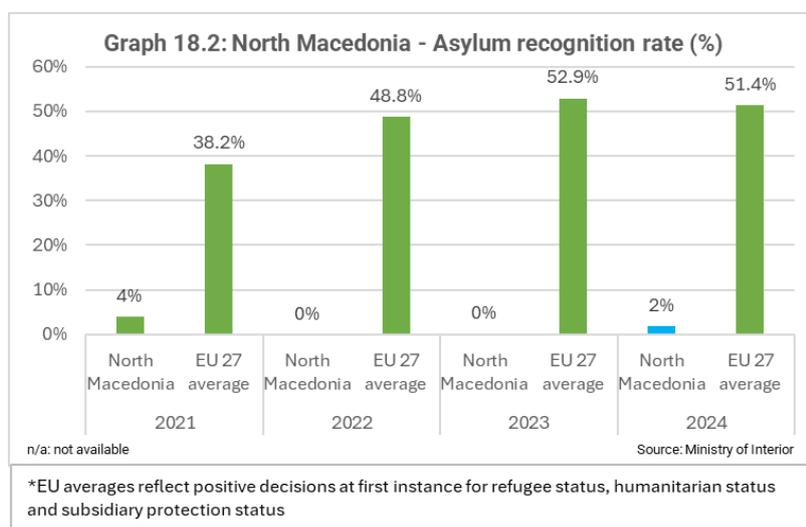
The arbitrary detention of irregular migrants at the Gazi Baba Detention Centre who are to be brought before the Criminal Court to make a statement is still a cause for concern.

Registration of asylum applications decreased in 2024. Effective judicial control over detention practices is lacking, and detained migrants benefit only from legal counselling and assistance in the asylum procedure. Living conditions for asylum seekers remain unsatisfactory.

North Macedonia takes part in the Global Alliance against Migrant Smuggling and is invited to renew its engagement at the occasion of the Global Alliance's second conference scheduled to take place end of 2025.



## Asylum



The legal framework on asylum is partially aligned with the EU *acquis*. The management of asylum needs to be improved.

### Legal alignment, strategic and institutional frameworks

While the Law on asylum is partially aligned with the EU *acquis*, the quality of asylum procedures remains a concern.

There were no further legislative developments during the reporting period. As a result, previously raised concerns remain valid. The absence of

personal identification numbers for asylum seekers remains a critical barrier to their systematic access to rights such as employment, opening a bank account or education certificates. ID cards are not issued immediately after an asylum application is submitted and are not machine-readable, in contrast with documents issued to other non-nationals.

Asylum decisions lack legal reasoning and individualised assessments. Highly qualified administrative staff are needed to work on asylum cases. A lack of State-funded interpretation services throughout the asylum procedure is still a major issue.

Efforts are also needed to improve the provision of information on international protection and counselling in detention facilities and at border crossings. Further efforts are needed to address delayed family reunification for people under subsidiary protection, particularly unaccompanied minors.

The third generation of the Roadmap for Cooperation agreed between the European Union Agency for Asylum (EUAA) and North Macedonia for 2025-2027 was endorsed and remains a key tool to strengthen the asylum and reception system. Cooperation with the EUAA is satisfactory. Reception conditions, including for asylum seekers with special needs, need to improve.

#### Implementation and enforcement capacity

North Macedonia remains a transit country. For the first time since 2016, in 2024 six people were granted refugee status. Asylum applications in the country remain low. In 2024, 334 asylum applications were submitted, compared with 604 in 2023. The low number of processed asylum seekers is largely due to restricted access to the procedure, compounded by irregular returns to Greece following inadequate screening and poor integration prospects. There was a significant rise in applications for asylum by nationals of Egypt, while the highest numbers continued to be for Syrians, followed by Morocco and Iraq. According to Eurostat, in 2024, 3 375 nationals of North Macedonia applied for asylum in the EU-27, compared with 6 760 (in 2023).

The prevailing perception of North Macedonia as merely a transit country continues to hinder investment in the asylum system. Institutional reluctance to ensure access to the territory and asylum procedures remains a challenge. Instead, the focus remains on returning individuals to Greece through an irregular process that lacks safeguards, including the right to appeal. North Macedonia should immediately suspend these returns without a framework and/or a readmission agreement with Greece. Effective screening at arrival is not in place because the tools designed to identify and refer individuals with potential protection needs or vulnerabilities are underutilised.

Implementation of the asylum procedure is not aligned with the EU *acquis*. Expulsion decisions are made without quality assessment and without ensuring that returned asylum seekers will not face persecution in their country of origin. Asylum procedures are lengthy and may last for several years as from the date of first registration, with an average duration of one to two years.

There is no legal framework on the integration of asylum seekers and no comprehensive approach on integration. There is a delay in the activation of social assistance and health insurance for those granted international protection.

Asylum-seeking children's enrolment in primary education continued as provided for under the Law on primary education, but not always immediately after arrival. The same provision should be replicated in secondary education.

#### **Visa policy**

The visa regime is broadly aligned with the EU lists of visa-required and visa-free countries, except for Türkiye, whose nationals are subject to a visa requirement to enter the Schengen Area but can enter North Macedonia visa-free.

The Commission's seventh report under the Visa Suspension Mechanism of 2024 concluded that North Macedonia continued taking action to address the Commission's previous recommendations. Progress should be made to remove the visa waiver for citizens of Türkiye.

#### **Schengen governance and external borders**

The legislative and strategic framework for the management of external borders is partially aligned with the EU *acquis*. The management of borders needs to be improved.

#### Legal alignment, strategic and institutional frameworks

Given the need to reinforce and establish solid foundations for the Schengen system, it is necessary to continue strengthening the national Schengen governance by establishing the Schengen Action Plan covering the whole Schengen framework

As of September 2025, 133 members of the European Border and Coast Guard standing corps are deployed at Skopje Airport and North Macedonia's borders with Greece and Serbia under Frontex Joint Operation North Macedonia, which is being implemented on the basis of the status agreement between North Macedonia and the European Union. Un

Implementation of the integrated border management strategy and the corresponding action plan is under way. Cross-border cooperation with neighbouring countries continues.

Parliament extended the state of crisis on all borders until the end of 2025, due to a high risk of increased influx and transit of migrants and allowed the deployment of the army on all borders.

#### Implementation and enforcement capacity

Cooperation with the competent border services of Albania, Bulgaria, Kosovo\* and Serbia is in line with the Schengen catalogue of recommendations and best practices. North Macedonia established joint (one-stop) border-crossing points with Kosovo and Serbia to simplify and facilitate movement of people, vehicles and goods.

#### **Counterfeiting of the euro (criminal law aspects)**

The relevant legislation is broadly in line with the EU *acquis* on the suppression of counterfeit currency.

*All aspects of customs cooperation are covered in Chapter 29 – Customs Union.*

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\* This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

## 2.3. ECONOMIC CRITERIA

<i>Table 19:</i>	2016-21	2022	2023	2024
<b>North Macedonia - Key economic figures</b>	average			
<b>GDP per capita</b> (% of EU-27 in PPS) <sup>1)</sup>	41	42	41	42
<b>Real GDP growth</b>	1.8	2.8	2.1	2.8
<b>Activity rate of the population aged 15-64 (%)</b> , total	65.4	66.4	65.4	66.0
<i>female</i>	52.8	54.4	54.7	55.7
<i>male</i>	77.6	78.4	76.0	76.2
<b>Unemployment rate of the population aged 15-64 (%)</b> , total <sup>2)</sup>	19.6	14.5	13.2	12.5
<i>female</i>	19.1	12.6	11.4	11.2
<i>male</i>	19.9	15.9	14.4	13.4
<b>Employment of the population aged 15-64</b> (annual growth %) <sup>2)</sup>	1.1	-0.1	-0.2	0.6
<b>Nominal wages</b> (annual growth %)	4.9	11.1	15.3	12.9
<b>Consumer price index</b> (annual growth %)	1.3	14.1	9.4	3.5
<b>Exchange rate against EUR</b>	61.58	61.62	61.56	61.53
<b>Current account balance</b> (% of GDP)	-2.0	-6.1	0.4	-2.3
<b>Net foreign direct investment, FDI</b> (% of GDP)	3.1	4.9	3.3	7.1
<b>General government balance</b> (% of GDP)	-3.6	-4.3	-4.6	-4.4
<b>General government debt</b> (% of GDP)	43.7	49.7	49.8	53.8
<i>Notes:</i>				
1) Eurostat				
2) In 2023, the implementation of a new regulation caused changes in the survey affecting the scope and definition of employment and unemployment.				
This caused an interruption of the time series of data, restricting comparability with previous data.				
Sources: State Statistical Office, National Bank of North Macedonia, Ministry of Finance and Eurostat				

### 2.3.1. The existence of a functioning market economy

#### Economic governance

**The government did not progress on key reforms.** The government delayed fiscal consolidation plans and postponed full implementation of the 2023 organic budget law (OBL)<sup>5</sup>, originally planned for 2025. A new department for public investment management (PIM) was set up in 2024, and the decree governing PIM procedures was adopted in April 2025 after significant delay. The government suspended direct subsidies to the domestic electricity producer, ESM, but replaced them with large guarantees for commercial bank loans and took on new spending commitments that required a supplementary budget. Regarding the EU's macro-financial assistance (MFA), the government has not expressed an interest in implementing the second and final tranche and the related reforms. In November, the IMF's two-year precautionary and liquidity line (PLL) expired. In line with PLL commitments, the country progressed on fiscal and structural reforms, bolstered fiscal governance through the adoption of the OBL and reduced external imbalances during the PLL period. However, it did not fulfil some other commitments, in particular regarding timely assessment of fiscal risks from public works on Road Corridors VIII and Xd as well as a budget revision that substantially lifted the planned budget deficit against the PLL target.

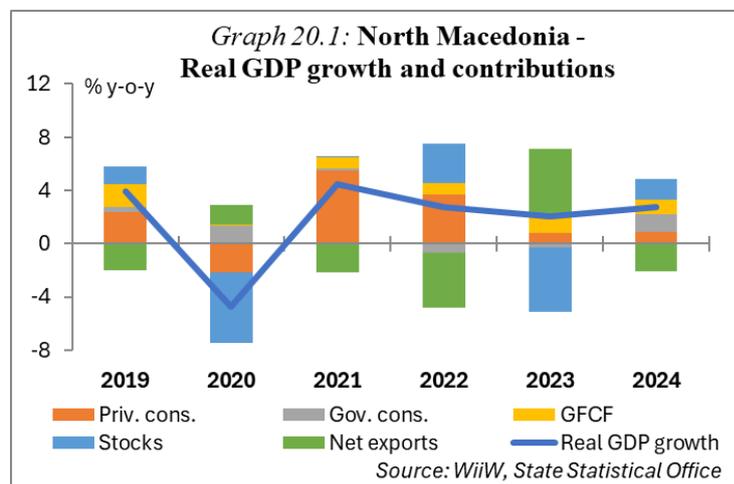
**Implementation of the policy guidance agreed at the May 2024 Economic and Financial Dialogue has been limited.** The government did not meet the original fiscal target in 2024. Public-sector wages were raised in the course of the year beyond the original budgeted funds, and pensions

<sup>5</sup> The OBL, passed by Parliament in September 2022 and supposed to enter into force in its entirety by 1 January 2025, introduces fiscal rules and a Fiscal Council, and strengthens the medium-term budget procedure.

were raised in September 2024 and again in March 2025, in a linear way rather than by indexation. The 2025 budget does not comply with the new deficit rule, the application of which has been postponed to 2027, one year later than originally planned. The government did not initiate any measures eliminating tax exemptions. It has not yet adopted the draft law on public-private partnerships.

### Macroeconomic stability

**Economic growth strengthened in 2024, despite muted external demand.** After a significant

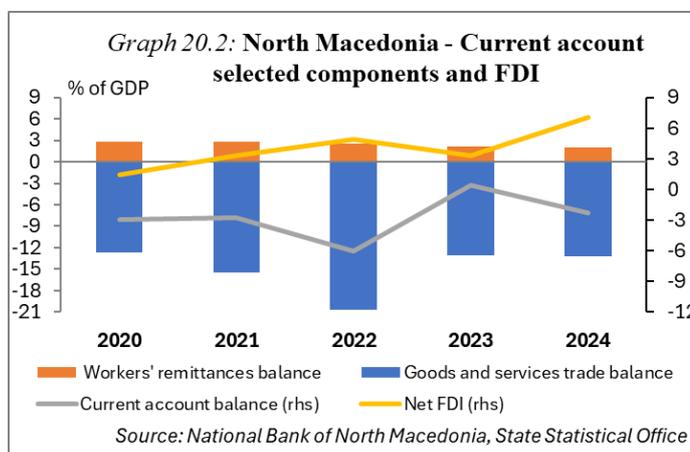


growth slowdown in 2023, annual real GDP growth picked up in 2024, from 2.4% in the first half to 3.1% in the second half. For the year as a whole, real GDP increased by 2.8%, compared with an average growth rate of 1.7% over 2019-2023. Economic activity was largely driven by investment and public consumption, with the latter partly reflecting a strong rise in public-sector wages. Gross capital formation increased by 8.9% in 2024, following a steep decline in 2023, signalling the end of a prolonged drawdown of inventories.

Household consumption growth picked up too, helped by an increase in real disposable incomes. The contribution of net exports to growth turned negative due to slowing exports, largely reflecting the weakness in the main European trading partners. Convergence with EU income levels remained very slow, with real GDP per capita in purchasing power standards increasing from 40% of the EU-27 average in 2017 to 43% in 2021 and then dropping to 42% in 2024.

### The country's external position deteriorated somewhat.

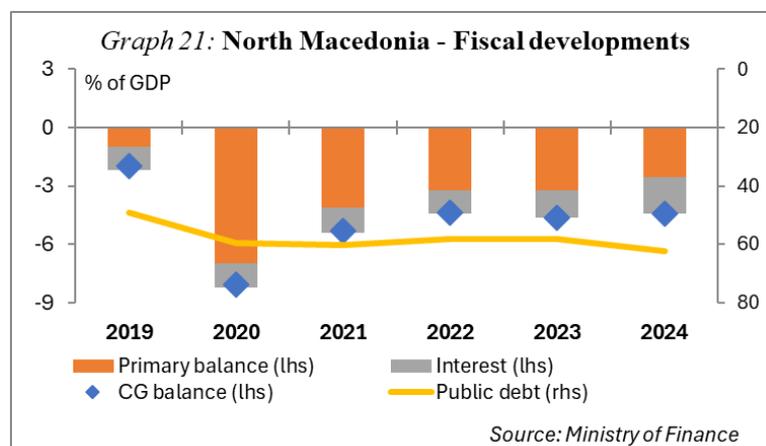
After a small surplus in 2023 driven by the decline in energy prices, the current account balance slipped back into deficit during 2024 (to 2.3% of GDP), on the back of a deterioration in the merchandise trade deficit (down 3 pps to 20.1% of GDP) and a lower surplus in the secondary income balance. The primary income deficit widened. This together more than offset the increase in the services trade surplus, which is increasingly driven by the contribution of professional, technical and scientific services. Foreign direct investment rose by 4.2 pps to 7.1% of GDP in 2024, well above its average in the preceding five years (4.0%), and hence exceeding the current account deficit by a large margin. The economy remains vulnerable to a potential renewed surge in energy prices, given its high energy intensity and heavy reliance on imported energy. Foreign reserves were boosted by two large government loans from Hungary of EUR 1 billion, half of which was earmarked for refinancing a Eurobond maturing in January 2025. Foreign reserves stood at 4.8 months of prospective imports of goods and services at the end of June. Gross external debt increased by 3.3 pps in 2024, to 79.8% of GDP. The increase was due to a rise in both general government foreign borrowing and intercompany lending. The structure of gross external debt, dominated by long-term and fixed-rate financing, posed limited risk.



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**Inflation surged again in late 2024.** Inflation slowed to 3.5% on average in 2024, down from 9.4% in 2023. This reflected mainly the drop in global commodities prices, and a gradual, albeit slow,

abatement in second-round effects of high energy and food prices on other domestic sectors. However, headline inflation has been rebounding since September 2024, driven by rising food prices, despite the government's temporary price controls which include limits on gross profit margins of basic food products. Headline inflation stood at 4.4% in August 2025. Core inflation remained sticky amid rising labour costs.



**The central bank started to ease monetary policy.** The central bank lowered the key policy rate in several steps as of September 2024, from 6.30% to 5.35% in February 2025. Nevertheless, the overall monetary policy stance remained cautious, acknowledging that domestic risks to inflation are increasing, in particular from high nominal wage growth.

**Fiscal consolidation has been delayed.** The 2024 fiscal deficit

turned out at 4.4% of GDP, higher than the initial plan<sup>6</sup> but lower than the revised projection (4.7%), on the back of a large budget revision and subsequent additional rebalancing which cut funds for capital expenditure. Capital expenditure was reduced by 17.3% and current expenditure was raised by 9% to fund: (i) the repayment of arrears; (ii) public-sector wage increases; (iii) higher than anticipated transfers to the health fund and to local government units; and (iv) new spending priorities, in particular the linear pension increase. The wage bill therefore rose by 0.5 pps year-on-year to 4.6% of GDP, while transfers to the pension fund increased by 1 pp. to 11% of GDP. Capital expenditure implementation remained significantly below the revised target (77%), amounting to 3% of GDP.<sup>7</sup> The government expects a boost to revenue in 2025 and beyond from measures to formalise the informal economy and the expected increased effectiveness of the Public Revenue Office (PRO) through digitalisation. A budget revision, adopted by the Parliament in July, did not raise the 2025 deficit target (4% of GDP), but lifted projections for both revenue and spending, the latter to account for, in particular, further linear increases in pensions, a rise in public sector wages, and additional projects by municipalities.

**Progress on bolstering the fiscal framework has been mixed.** Against the backdrop of the postponement of full implementation of the 2022 OBL and of the new deficit rule, which weakened the fiscal framework, the new Fiscal Council, in line with the OBL provisions, published its opinion on the October 2024 Medium-term Fiscal Strategy. The government published a fiscal policy statement in September 2024, also as required by the OBL, and in April 2025 it adopted the Fiscal Strategy 2026-2030. Fiscal governance suffers from a deterioration in the quality of statistical data. Revisions of national accounts data have increased in number and in size. Moreover, fiscal data remains partial, with large parts of public entities excluded, and does not reflect the ESA2010 standards.

**The cumulative rise in public debt levels over the last five years raises concerns.** Public debt increased by 4.3 pps y-o-y to 62.4% of GDP in 2024, significantly above its level of five years earlier (49.2%). While the share of external debt in public debt has been declining over the past five years (-5.7 pps), it remains high, at 55.6%. Overall, foreign currency debt made up 66% of total debt. 91% of the foreign currency debt is in euro, which is significantly above the threshold set in the public debt

<sup>6</sup> The original fiscal deficit for 2024 was projected at 3.4% of GDP, in line with the previous government's plan for fiscal consolidation, which was to achieve a deficit of 3% in 2026 in line with the new fiscal rules.

<sup>7</sup> Including the Public Enterprise for State Roads (PESR), which by the ESA2010 rules should be accounted for under the general government, capital spending was around 6.6% of GDP in 2024.

strategy (80%). However, risks stemming from exchange rate depreciation are mitigated by the ‘de facto’ currency peg to the euro.

**The policy mix was not fully aligned to meet current challenges arising from inflation and fiscal consolidation needs.** Monetary policy started to ease cautiously as of autumn 2024, standing ready to tighten again if necessary. However, monetary policy is constrained by the peg and weakened by excess liquidity, leaving fiscal policy as the main stabiliser. Yet expansionary fiscal policies have reduced fiscal space and risk raising domestic price pressures. Furthermore, through its temporary price ceilings for key food categories and caps on retailers’ profit margins, the government contributed to inflation volatility.

### Functioning of product markets

#### *Business environment*

**Long-standing obstacles to doing business persist.** The large informal economy, accounting for as much as 38% of GDP according to some estimates<sup>8</sup>, undermines the competitiveness of domestic companies. In 2024, the share of the workforce employed in the informal sector rose by 1.6 pps to 12.3%, according to the State Statistical Office. Implementation of the government’s 2023 Action Plan to formalise the informal economy slowed, partly because of a reorganisation of responsibilities in the new government. Furthermore, legal certainty in the business environment is hampered by an increase in fast-track parliamentary procedures, as well as by inconsistent application of regulations.

#### *State influence on the product market*

**Caps on profit margins have only a temporary impact on prices, and State aid control remains weak.** The government continued to impose temporary price ceilings for key food categories as well as caps on retailers’ profit margins. Since 2023, the government has introduced these measures on four occasions, linking them with public holidays when consumption spikes<sup>9</sup>. The latest measure expired on 30 April 2025<sup>10</sup>. However, the impact on price levels was not lasting and the capacity of the two institutions responsible for monitoring proved insufficient. The transparency and effectiveness of State aid continues to be affected by the high number of State aid providers, the lack of an updated registry, and the still limited powers of the Commission for the Protection of Competition (CPC) in State aid supervision. The procurement of a management information system connecting different institutions as part of setting up a State aid registry has been postponed to 2026.

#### *Privatisation and restructuring*

**The public sector’s stake in the economy is low.** In 2024, the number of companies in full state ownership remained unchanged compared with the preceding year, at 14. The number of companies in partial ownership remained at 38, most of these with a state ownership share of below 1% of issued capital<sup>11</sup>. The total value of state ownership in enterprises declined, from about 10% of GDP in the preceding years to 7.7% in 2024. While the state ownership is relatively small, economy-wide it has large implications as it is mostly contained in the network industries which are critical for well-functioning of the rest of the economy. SOE governance remains weak, while energy, railways, posts, utilities companies keep on creating losses and are the source of large fiscal risks.

### Functioning of the financial market

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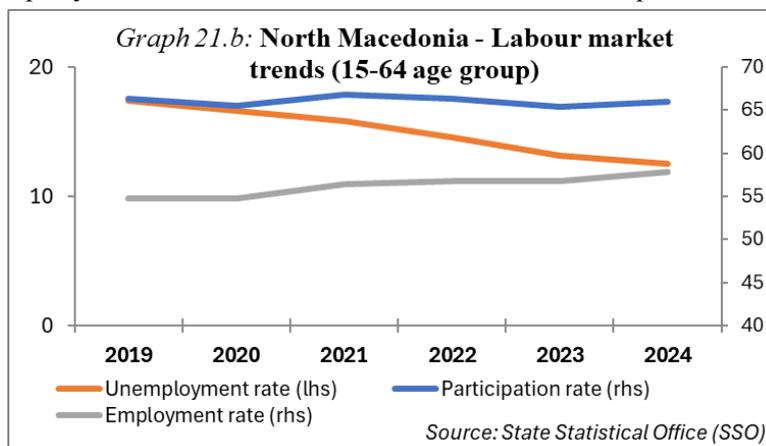
<sup>8</sup> Kelmanson, Kirabaeva, Medina, Mircheva, and Weiss (2019) “Explaining the shadow economy in Europe: size, causes and policy options,” Working Paper No. 19/278, International Monetary Fund.

<sup>9</sup> There were two price control mechanisms introduced in the second half of 2024. While both limit retailers’ margins, the latest imposes a price cap on some 700 products (at least 10% discount over the lowest price of the previous month). The gross profit margin caps also affect producers.

<sup>10</sup> Following a temporary limit in autumn 2024 and a one-month cap from mid-December to mid-January 2025, the government on 17 February 2025 introduced graduated caps of 5%, 10% and 15% margin limits in both retail and wholesale trade for basic food products until 30 April.

<sup>11</sup> The figures are based on information from the government. A new harmonised and internationally standardised global database of state-owned enterprises (SOEs) by the World Bank shows that there are 88 SOEs in North Macedonia, with the government holding a 100% stake in 35 of them.

**The banking sector proved resilient and the macroprudential toolkit was bolstered.** Financial intermediation is still relatively weak in North Macedonia, with financial sector assets at some 87% of GDP at the end of 2024. This is, however, above the level of five years earlier (79%). Diversification is progressing slowly, with banks accounting for 78% of total financial sector assets at the end of 2023 (2019: 81.4%). Banks' capital adequacy ratio increased further to 18.8% in the first quarter of 2025, supported by the gradual rise in the central bank's countercyclical capital buffer throughout 2024, amidst solid bank profitability. Banks' return on equity dropped, compared to one year earlier, to 16.6% (-1.6pps). Liquidity in the banking sector is high. At the end of the first quarter the share of liquid to total assets, at 21.4%, was above its level of one year earlier. The central bank increased reserve requirements to absorb excess liquidity. The ratio of non-performing loans in total loans to the non-financial sector dropped to a record low of 2.7% in 2024. The annual growth in both deposits and bank lending to the private sector picked up, in particular to companies.



### Functioning of the labour market

**The labour market remained resilient, although structural challenges persist.** Over recent years, there have been steady improvements in key labour market indicators. The unemployment rate (age group 15-64) dropped gradually, to 12.5% on average in 2024, compared with 17.1% five years earlier. The employment rate also improved (57.8%, compared with 47.5% in 2019). High emigration continues to take its toll on the labour force, even though in 2024 the labour force decreased by much less (0.2%) than in 2023 (2%). Labour market participation rose to 66% (2019: 57.3%). Unemployment among young people (age group 15-24) remains high, at 29%. The labour market continues to suffer from structural shortcomings such as low participation rates, in particular for women, and skills mismatches. These are a large obstacle to economic growth. Wage growth remained high, fuelled by public sector wage agreements and a rise in minimum wages. Average gross nominal wages rose by 12.9% in 2024, somewhat less than in the preceding year, with annual increases further slowing down to 8.5% in June 2025, Real wage growth accelerated to 8.8% in 2024 (+3.7 pps y-o-y), winding down to reach 3.8% in June 2025.

### **2.3.2. The capacity to cope with competitive pressure and market forces within the Union**

#### Education and innovation

**The reform of vocational education and training is progressing, while higher education still suffers from outdated curricula and skills mismatches persist.** Foundational learning outcomes are weak and worsening. The OECD's latest Programme for International Student Assessment (PISA) results for North Macedonia shows declines across all subject areas. The number of people with higher educational attainment has increased, but curricula fail to equip graduates with the necessary skills to match labour demand. Parliament adopted the new Law on vocational education and training (VET) in December 2024. The law introduces several key innovations such as formalising dual education partnerships between vocational institutions and employers, increasing the number of practical training hours in VET and setting the legal framework for establishing a network of regional VET centres. On the digital transformation of the education system, under the new curriculum for primary education, the subject of technical education and IT will be studied in grades 4-9. In April 2025, Parliament also adopted amendments to the Law on secondary education, providing for an updated curriculum for secondary education, including digital and green skills. The new financing formulas for primary and secondary education have been adopted. Public spending on education and training decreased slightly to 3.2% of GDP in 2024 (2023: 3.7%), remaining below the EU average of

4.7%. The education budget decreased as a share of the overall state budget from 11.7% in 2023 to 9.2% in 2024. Spending is often inefficient, focused on wages and goods and services rather than infrastructure maintenance and investment. Overall investment in research and innovation in the country remains very low (2022: 0.38% of GDP) and the private sector's participation in research continues to be marginal.

### Physical capital and quality of infrastructure

**The need to modernise transport infrastructure remains substantial, but investment is limited.** Works on the key transport project, sections of Trans-European Road Corridors VIII and Xd, started after long delays, but their completion has been postponed by two years, to 2029. Railway construction on Corridor VIII, which would link North Macedonia with Albania and Bulgaria and provide an alternative export option via ports in these two countries, has stalled due to contractual difficulties. Completing these and other vital transport projects is essential to boost productivity growth and the competitiveness of the domestic economy. Public investment as a share of GDP, after spiking in 2023, has dropped again. Overall investment, at 28.4% of GDP in 2024, also dropped compared with 2023 (31.9%), but remained above the average for the preceding five years.

**The digitalisation of the economy is advancing slowly.** The share of households with internet access at home increased by 11.4 pps between 2020 and 2024, to 90.8%. There was some progress in ICT infrastructure development – fixed broadband was available to 79.6% of households (2019: 70.9%) at the end of 2023, below the EU average (EU 2024: 93.1%). Digital adoption among SMEs in North Macedonia has accelerated in recent years, but remains uneven and largely focused on basic technologies. Smaller companies and rural areas still face significant obstacles in obtaining access to broadband. Several laws were adopted by the government in May 2025 to spur digitalisation, in line with the Roadmap for Digital Transformation from late 2023.

**Measures to improve energy efficiency are delayed.** The Energy Efficiency Fund is not yet operational, even though its legal basis was created in 2023. Key operational documents and the setting up of a joint Steering Board need to be agreed between the Ministry of Finance and the Development Bank. In September, Parliament adopted the new Energy Efficiency Law, which provides for a range of measures to improve energy efficiency and cut greenhouse emissions, such as a requirement for the renovation of at least 3% of public buildings per year and financial support for private energy efficiency investment.

**The government increased renewable energy capacities.** While the economy continues to rely heavily on coal-fired electricity production, the installed capacity of power plants from renewable energy sources increased to 55.7% of total capacity in 2024, up from 17% in 2021. Renewables accounted for 41% of total electricity production in 2024, up from 22.8% in 2021. However, progress on climate change abatement policies is lagging. Adoption of the Law on climate change, which would introduce carbon pricing mechanisms, is delayed. A newly adopted energy law harmonises legislation in North Macedonia with the recently adopted Energy Community legislation, providing a legal basis for electricity market integration and coupling with the EU. The law also provides for further development of energy storage.

### Sectoral and enterprise structure

**Trade and services are becoming more important for the economy.** The economy's output structure relies increasingly on services and trade (67.4% of total value added in 2024, about the same as in 2023, compared with 60% in 2019). The contribution of manufacturing (15.3% of value added) and construction (6.6%) remained relatively steady over the past five years. ICT is becoming an increasingly important sector for output and employment. Its contribution to value added rose from 4.1% in 2019 to 5.6% in 2024, while the IT sector contributed 3.5% of employment in 2024, compared with 1.9% in 2019. The share of agriculture has declined both in terms of value added (from 9.4% in 2019 to 6.8% in 2024) and employment (from 13.9% to 9% in the same period). On employment, the services sector, including trade, accounted for 36.8% of total employment (compared

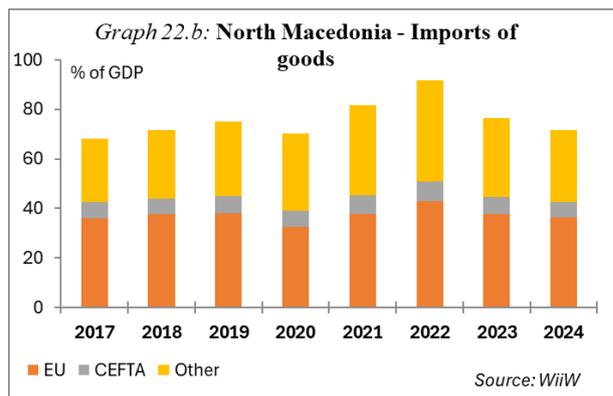
with 31.7% in 2019), followed by manufacturing (19.8%, the same as five years earlier) in 2024. The share of agriculture declined over the period 2019 to 2024 by 4.9 pps to 9.0%.

### Economic integration with the EU and price competitiveness

**Trade openness decreased but is still at historically high levels.** Exports and imports of goods and services as a share of GDP dropped further in 2024, to 138.5% (2023:148.7%), due to a decrease in both import and export values, but trade openness remains above its five-year pre-COVID average of 120%. The share of higher value-added products in the export structure rose further in 2024, including chemicals (39% of total goods exports) and machinery and transport equipment (37%). The EU is the country's main trading partner, accounting for 61.4% of its total trade in goods (2023: 61.8%). 76.9% of North Macedonia's total goods exports went to the EU, while 50.5% of its imports derived from there. CEFTA, the country's second biggest trading partner, accounted for 11.1% of trade (2023:10%). EU countries are also still the biggest investors in North Macedonia, accounting for 44% of total foreign direct investment inflows in 2024, after a record high of 69.7% in 2022. The EU-27 share in the total stock rose to 67% in 2024, up from 64.2% in 2021.

### **External price competitiveness decreased slightly.**

The consumer price index-deflated real effective exchange rate (REER), as a measure of external competitiveness, depreciated by 0.1% in 2024, following an average appreciation of 1.8% between 2019 and 2023. Nominal unit labour costs rose starkly in 2024, reflecting the strong rise in nominal wages in a context of subdued productivity growth.



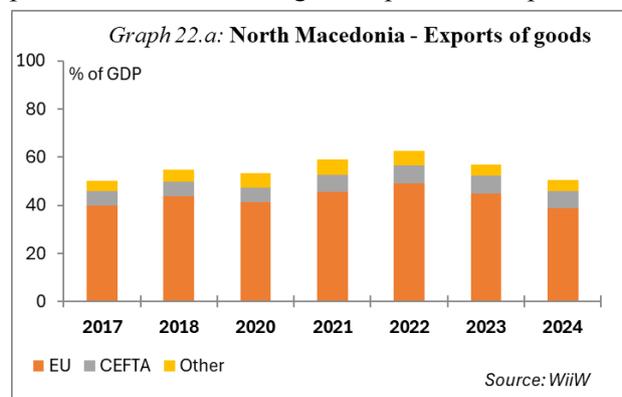
## 2.4. PUBLIC PROCUREMENT, STATISTICS, FINANCIAL CONTROL

### Chapter 5: Public procurement

*EU rules ensure that the public procurement of goods, services and works in any Member State is transparent and open to all EU companies on the basis of non-discrimination and equal treatment.*

### Institutional set-up and legal alignment

The **legal framework** for public procurement is largely aligned with the EU *acquis*. An addendum to the Law on public procurement (PPL), adopted in February 2025, replaced the existing 'administrative controls' with an *ex ante* administrative check of tender documentation and introduced changes to the composition and functioning of the State Appeal Commission (SAC). However, the practice of 'blacklisting' companies for professional misconduct during the procurement phase persists, which is not in line with EU regulations. In 2024, the Public Procurement Bureau issued 32 negative references against 31 economic operators; 18 expired and 10 were removed. By the end of 2024, only four negative references remained active.



The process of finalising and adopting the Law on public-private partnership (PPP) continues to be delayed. The responsibility for coordinating PPPs has shifted from the Ministry of Economy to the Ministry of Energy, Mining and Mineral Resources. There is still a need to

establish comprehensive register for PPPs and for concessions.

### Implementation and enforcement capacity

In 2024, the **public procurement market** amounted to 8.8% of the country's GDP as compared with 10.9% in 2023. Competition in public procurement remains limited. The use of negotiated procurement procedures decreased to 1.5% in 2024, as compared with 1.6% in 2023. In 2024, the electronic procurement system facilitated 350 small-value procurement transactions.

Despite the development of guidelines for using qualitative award criteria, the application of the most economically advantageous tender (MEAT) criterion remains limited. In 2024, only 1 251 out of 22 975 procurement notices (5.4%) applied MEAT criteria, a slight decrease from 5.6% in 2023. In terms of value, in only 5.8% of tenders MEAT criteria were used. It is imperative to organise further training and provide methodological instructions on applying MEAT to enhance its adoption. During 2024, six new PPP agreements were concluded.

The **capacity for managing public procurement** processes, particularly at the local level, requires further enhancement to ensure a coherent approach throughout the procurement cycle. Smaller contracting authorities continue to face challenges concerning the quality of tender documentation. By the end of 2024, there were 1 221 certified public procurement officers, up from 1 142 at the end of 2023.

The public procurement strategy includes **measures to combat corruption** and conflicts of interest. However, the risk management systems integrated into the procurement cycle, along with reporting on potential corrupt practices or irregularities, need to be improved. Red flag reports are published regularly on PPB's website and are an important development to combat corruption. However, follow-up actions remain insufficient.

The electronic procurement system continues to function efficiently. On 1 Apr 2025, the Public Procurement Bureau launched an updated version of the electronic public procurement system.

### Efficient remedy system

The legislation on the **right to legal remedy** is largely harmonised with the EU *acquis*. The amendment to the PPL increased the number of members of the SAC. Following the adoption of the addendum, all members of the SAC were dismissed, and new members were reappointed. The implementation capacity of the SAC remains inadequate given the substantial number of appeals (1 014 in 2024 compared with 1 019 in 2023). Additional qualified staff are needed to ensure timely processing of appeals. In 2024, 85 complaints were filed against the decisions of the SAC before the Administrative Court.

## **Chapter 18: Statistics**

*European statistics are developed, produced and disseminated by EU Member States, guided by the principles and quality criteria elaborated in the Regulation on European statistics, such as professional independence, impartiality, reliability, accessibility and statistical confidentiality. Common rules are provided for the methodology, production and dissemination of statistical information, which are further specified in sectoral legislation that constitute the EU acquis on statistics.*

While the statistical infrastructure continues to be largely aligned with the European *acquis*, the level of human resources at the State Statistical Office (SSO) poses a significant challenge for efficient implementation. Data transmission to Eurostat has improved during the reporting period, notably in the areas of national accounts, sectoral statistics and price indices.

On classifications and registers, the national standard NACE was updated to align with NACE Rev 2.1 and has started to be implemented since January 2025.

In the area of **macroeconomic statistics**, annual and quarterly accounts series have been updated and improved. National Accounts and the compilation of Gross National Income (GNI) are based on the European System of National and Regional Accounts 2010 (ESA 2010) standards. The State Statistical Office (SSO) has continued the regular transmission of GNI and GDP data to Eurostat under the ESA 2010 transmission programme. However, further improvements are required,

particularly the updating of the GNI inventory which poses continuous work for the SSO. The recommendations from the previous report have not been addressed, as the excessive deficit procedure (EDP) and government finance statistics (GFS) are still not published.

**Business and trade statistics** continue to be collected regularly, especially short-term statistics for industry and structural business statistics. Further work is required to improve data collection and direct reporting on international trade in services.

As regards **social statistics**, accuracy increased following revision of intercensal population estimates based on the 2021 census results, and improvements were made in transmission of labour market statistics. Some progress has been made regarding the survey on Income and Living Conditions (EU-SILC) with improved data transmission and the implementation of recommendations and guidelines for survey design.

On **agricultural statistics**, integrated farm statistics should be completed. Work is ongoing to carry out an agricultural census in 2026, based on a pilot census in 2022.

In the area of **energy and environmental statistics**, forest accounts were transmitted to Eurostat for the first time.

## Chapter 32: Financial control

*The EU promotes the reform of national governance systems to improve managerial accountability, sound financial management of income and expenditure, and external audit of public funds. The financial control rules further protect the EU's financial interests against fraud in the management of EU funds and the euro against counterfeiting.*

### Public internal financial control (PIFC)

PIFC initiatives are embedded under pillar VI of the 2025-2028 Public Finance Reform Programme. The Central Harmonisation Unit (CHU) produced and adopted the annual report on the functioning of Public Internal Financial Controls. Parliament adopted the PIFC law in December 2024 after more than four years of parliamentary procedure.

The implementation of the legal framework on **internal control** remains broadly aligned with international standards yet requires further strengthening. Efficient implementation of **managerial accountability** is still a challenge for budget users at central and local levels. **Risk management** requires further reinforcement.

Good progress continued on developing secondary legislation to implement the financial inspection law. However, **financial inspection** is still not functioning efficiently, due to an inadequate structure and limited human resources capacity.

The **internal audit** function continues to be undermined by fragmentation and inadequate staffing. By end of 2024, 117 internal audit units were established at public-sector entities at central level, employing 118 internal auditors. Internal audit units at central level performed 132 audits in 2024. The capacity of the **Central Harmonisation Unit** remains insufficient to coordinate, monitor and report on the functioning of the overall financial management and internal control system in the public sector.

### External audit

The new **state audit** law, aimed to strengthen the State Audit Office's (SAO) independence and the role of Parliament in following up individual audit reports, remains in government procedure. The annual audit report was submitted to Parliament and published in June 2025

The **quality of audit work** remains sufficient. In 2024, SAO carried out fully its Audit Work Programme that envisaged 88 audits. SAO's **institutional capacity** is still insufficient. On the **impact of audits**, SAO's recommendations continue to be ineffectively implemented by the auditees and parliamentary follow-up of individual audit reports still needs to be strengthened. By the time of publication of the annual report, auditees had taken measures to respond to 85% of 2024 audit recommendations.

### Protection of the EU's financial interests

National legislation is largely aligned with the EU Directive on the fight against fraud to the EU's financial interests by means of criminal law. However, the anti-fraud coordination services require further enhancement, as they continue operating with only three employees. In 2024, national authorities reported 34 irregularities via the irregularity management system, compared to four in the previous reporting period. **Collaboration with the European Commission Anti-fraud Office (OLAF)** on investigations and irregularity reporting is crucial for improving the national track record and should continue.

### Protecting the euro against counterfeiting

National legislation is partially aligned with EU regulations that establish a framework for combating euro counterfeiting. The capacities of the national bank and Ministry of the Interior must be bolstered further. The national bank remains committed to delivering regular mandatory training for employees at credit institutions and private cash centres to manually verify the authenticity of cash in circulation.

## **3. GOOD NEIGHBOURLY RELATIONS AND REGIONAL COOPERATION**

Good neighbourly relations and regional cooperation form an essential part of North Macedonia's European integration process. They contribute to stability, reconciliation and a climate conducive to addressing open bilateral issues and the legacies of the past.

North Macedonia maintained its involvement in a number of **regional cooperation initiatives** such as the Central European Free Trade Agreement (CEFTA), the Energy Community, the Transport Community, the South-East European Cooperation Process (SEECP) and the Regional Cooperation Council.

The fifth annual **EU-Western Balkans Summit** took place in Brussels in December 2024, reaffirming the EU membership perspective of the Western Balkans and exploring measures to further advance gradual integration.

North Macedonia has actively engaged in the regional dimension of the **Growth Plan for the Western Balkans**, participating in both ministerial meetings and hosting a leaders' meeting in Skopje in July 2025.

On the **Common Regional Market (CRM)**, at the Berlin process summit in London in October 2025, the leaders of the region endorsed a revised and streamlined action plan to implement the Green Agenda for the Western Balkans, adopted a Western Balkans Climate Adaptation Roadmap and committed to make progress in the promotion of regional mobility and implementation of relevant regional agreements and CEFTA decisions. North Macedonia signed the fifth mobility agreement on access to higher education and admission to studies in the Western Balkans and adopted the CRM action plan for 2025-2028. So far, North Macedonia has ratified all of the five regional mobility agreements. The **roadmap for roaming** between the Western Balkans and the EU entered the first phase of implementation. The implementation of the 12 decisions were agreed by the CEFTA Joint Committee in October 2024, following an agreement between CEFTA members that allowed decision making in the organisation to be unblocked.

North Macedonia generally maintains good cooperation and **bilateral relations** with other enlargement countries and neighbouring EU Member States.

Relations with **Albania** remained good, with meetings held at the highest level. Several bilateral agreements are in place on joint cooperation in a number of areas including security, defence, infrastructure, energy, education, science and culture.

Relations with **Bosnia and Herzegovina** continue to be good, with occasional high-level bilateral visits. Several bilateral agreements are in place, including on cooperation over EU integration and on economic cooperation.

Cooperation with **Kosovo** continues to be comprehensive and constructive, with several meetings held at the highest level. In November 2024, both governments held a joint session in Pristina where they announced the establishment of joint checkpoints at the two main border crossings.

Relations with **Montenegro** remained good, with no pending bilateral issues. High-level meetings between representatives of the two countries were held during the reporting period. The North Macedonia and Montenegro customs offices signed a memorandum of cooperation to improve the efficiency of customs controls and prevent customs fraud, and to speed up legal trade between the two countries. The two countries also signed memoranda of understanding to cooperate on judicial reform and the digitalisation of public services.

Relations with **Serbia** intensified. The Prime Minister of North Macedonia paid an official visit to Belgrade. Memoranda of cooperation were signed on the energy sector, gas sector and public administration reform. Serbia opened an honorary consulate in Kumanovo. The one-stop border control system was launched at the Tabanovce-Preševo crossing.

Relations between **Türkiye** and North Macedonia have intensified. Several high-level meetings were held during the reporting period. In February 2025, the Prime Minister of North Macedonia and the Turkish President signed in Istanbul a political declaration on the establishment of a high-level cooperation council between the two countries. The two countries agreed to boost economic and trade exchanges, including updating the existing free trade agreement. In October 2024, they also signed a framework agreement on military cooperation. Türkiye donated military equipment to the army of North Macedonia.

Relations with **Ukraine** have intensified since Russia began its war of aggression against the country. North Macedonia has provided humanitarian and military assistance and is fully aligned with the EU's package of restrictive measures against Russia. North Macedonia and Ukraine have agreements on trade, the protection of investments, culture, education, tourism, transport and military cooperation. The two countries signed a new protocol for liberalisation of road transport.

Relations with **Georgia** are good. An agreement on culture is in place.

Relations with the **Republic of Moldova** are good. There are agreements in place on transport, trade, customs, finance, medicine and health, police, foreign affairs and consular matters. The two countries signed a memorandum of cooperation to facilitate coordination between the respective institutions in the process of accession to the EU. There is no visa-free arrangement between the two countries.

During the reporting period, relations with **Bulgaria** focused on the next steps in North Macedonia's EU accession negotiations process and on railway Corridor VIII. Tangible results and implementing in good faith bilateral agreements, including the Treaty of Friendship, Good Neighbourliness and Cooperation and its Protocol, remain important. Meetings of the expert working groups were held to monitor implementation of the Treaty of Friendship, Good Neighbourliness and Cooperation and its Protocol. North Macedonia changed its representatives in the Multidisciplinary Expert Commission on Historical and Educational Issues. Several meetings were held during the reporting period. Cooperation between both countries on Corridor VIII has improved. In November 2025, North Macedonia and Bulgaria are expected to sign an agreement on the preparation, construction and operation of the tunnel along the corridor at the border between both countries. The dialogue to find concrete solutions to implement and finalise the key project under the agreed timelines needs to continue and be supported at the highest political level. Significant further efforts are needed to promote an atmosphere of dialogue and mutual respect. North Macedonia expressed gratitude for the timely assistance that Bulgaria provided to some of the injured in the Kochani tragedy.

Cooperation with **Greece** intensified, particularly in key areas such as economic cooperation, priority connections in infrastructure and energy, tourism and culture. An agreement to build the gas interconnector with Greece (Gevgelija-Negotino) was signed. The construction of a new border crossing (Markova Noga-Lemos) was started. Tangible results and implementing in good faith bilateral agreements, including the Prespa Agreement, remain important. North Macedonia expressed gratitude to Greece for the timely assistance provided to some of the injured in the Kochani tragedy. On 18 September 2025, the ninth meeting of the Joint Interdisciplinary Committee of Experts on

Historical, Archaeological and Educational Issues was held in Athens.

#### 4. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

##### CLUSTER 2: INTERNAL MARKET

This cluster covers: free movement of goods (Chapter 1); freedom of movement for workers (Chapter 2); right of establishment and freedom to provide services (Chapter 3); free movement of capital (Chapter 4); company law (Chapter 6); intellectual property law (Chapter 7); competition policy (Chapter 8); financial services (Chapter 9) and consumer and health protection (Chapter 28). This cluster is key to North Macedonia's preparations for the requirements of the EU's internal market and is very relevant for the development of the Common Regional Market.

##### Chapter 1: Free movement of goods

*The free movement of goods ensures that many products can be traded freely across the EU based on common rules and procedures. Where products are governed by national rules, the principle of the free movement of goods prevents these rules from creating unjustified barriers to trade.*

##### General principles

The country has a functioning institutional framework for the **marketing of industrial products**. A new Strategy for free movement of goods and a new 2024-2028 action plan to eliminate the non-tariff barriers to trade and ensure compliance with Articles 34-36 TFEU were drafted in 2024 but neither have been adopted yet. The capacity of the ministry responsible for the legal alignment with the EU *acquis* in this area remains insufficient.

##### Harmonised area: quality infrastructure

The necessary institutional and legal structure for technical regulations, standards, conformity assessment, accreditation, metrology and market surveillance are in place. The National **Standardisation** Institute has now adopted 24 930 European standards, representing approximately 99% alignment.

The Institute for **Accreditation** ensures the accreditation procedures for testing, calibration and medical laboratories, conformity assessment bodies, and inspection bodies. There are 224 active **conformity assessment** bodies in the country. A new law on **market surveillance** designed to align with the latest EU *acquis* was drafted in 2024 but has still not been adopted. The State Market Inspectorate (SMI) faced increased workload as a result of government decisions. The SMI ensured 1 196 market surveillance inspections in 2024, which resulted in withdrawal of 56 products from the market. A list of these withdrawn products was published on the SMI's website. SMI staffing needs to be reinforced. There was no progress on the SMI's restructuring or digitalisation of the internal operating procedures for market surveillance. North Macedonia needs to ensure the SMI's operational independence.

##### Harmonised area: sectoral legislation

On '**new and global approach**' **product legislation**, the level of alignment with the EU *acquis* remains low.

No progress was made on aligning with the latest EU '**old approach**' **EU product** *acquis*, including on vehicles, on chemicals, or on detergents or firearms. There was also no change regarding procedural measures and notification procedures for standards and technical regulations. The national legislation on returning cultural goods remains partly aligned with the relevant EU *acquis*.

The recommendations from the national strategy for the prevention of corruption related to market surveillance and product safety have not been addressed.

##### Chapter 2: Freedom of movement for workers

*Citizens of one Member State have the right to work in another Member State and must be given the same working and social conditions as other workers.*

On **access to the labour market**, there were no legislative developments in the reporting period. The Law on employment of foreigners does not distinguish between EU citizens and other foreigners. The quota of work permits is set annually (10 000 permits for 2025), and family reunification is allowed.

EU citizens cannot access public administration posts other than a short list of positions in healthcare and higher education. Furthermore, some posts in private companies are also exclusive to citizens of North Macedonia. The Law on the work engagement of individuals was adopted. The law regulates the conditions for temporary employment of individuals performing seasonal work in agriculture, forestry, and fisheries; accommodation and catering service; and household activities. The access of EU citizens to this market is allowed but the conditions remain to be specified in implementing legislation.

In 2024, North Macedonia issued some 8 900 work permits to foreign workers. The country has signed bilateral agreements with Germany and Slovenia for seasonal workers.

On the **European Employment Services (EURES)**, there were no developments over the reporting period.

On bilateral **coordination of social security systems**, no new coordination of social security systems agreements or recognition of the healthcare services were signed during the reporting period.

There has been no development in the area of **European Health Insurance Card (EHIC)**. Fourteen EU Member States (Austria, Belgium, Bulgaria, Croatia, Czech Republic, France, Germany, Hungary, Italy, Luxembourg, Poland, The Netherlands, Slovakia and Slovenia) obtained access to medical services in public and some private healthcare institutions in the country for their citizens.

The Employment Agency applies the Code of Civil Servants but has not yet adopted an integrity policy to strengthen the efforts to fight corruption.

### Chapter 3: Right of establishment and freedom to provide services

*EU natural and legal persons have the right to establish themselves in any Member State and to provide cross-border services. For certain regulated professions, there are rules on mutual recognition of qualifications. EU rules on postal services focus on improving the quality of universal service, gradually opening the market to competition, and the establishment of an independent regulator.*

On the **right of establishment and freedom to provide cross-border services**, North Macedonia continued to align its legislation with the EU Services Directive by adopting a decree on the notification procedure and the compliance assessment of draft legislation in the sectors of tourism, catering, trade, handicrafts and services of customs representatives. The point of single contact was upgraded, reaching 312 online services for citizens and businesses by September 2025. While applications may be submitted electronically, the portal needs to be improved to increase the number of e-services and the information available, in particular in relation to licensees and procedures needed for businesses.

In the area of **postal services**, the national legislation is partially aligned with EU postal *acquis*. Following the amendment of the Law on postal services in December 2024, the full postal market opening to competition was postponed until the country's accession to the EU. A restructuring process to privatise the universal service provider is ongoing. A working group was established to prepare for the alignment with the Regulation on cross-border parcel delivery services. The Postal Agency is the independent regulatory authority ensuring compliance with the Law on postal services. There is one universal service provider (Post Office - state-owned joint stock company) and 29 other postal operators. North Macedonia should finalise alignment with the EU postal *acquis* and ensure sufficient institutional capacity to monitor and enforce the new postal market rules.

On the **mutual recognition of professional qualifications**, Parliament ratified the Agreement under CEFTA on mutual recognition of professional qualifications for nurses, veterinary surgeons, pharmacists and midwives. North Macedonia needs to intensify efforts to fully align with the Directive on the recognition of professional qualifications especially with the minimum training

requirements for professions benefiting from automatic recognition and to set up a transparent electronic register of all regulated professions. The institutional capacity of the Ministry of Education and Science's unit dealing with the mutual recognition of professional qualifications remains insufficient.

#### Chapter 4: Free movement of capital

*In the EU, capital and investments must be able to move without restriction, with common rules for cross-border payments. Banks and other economic operators apply certain rules to support the fight against money laundering and terrorist financing.*

On **capital movements and payments**, North Macedonia introduced critical amendments to the Law on foreign exchange operations in February 2025. These changes harmonised existing provisions with the Law on payment services and payment systems, broadening the scope for commercial banks, payment institutions, electronic money institutions and savings houses to undertake international payment transactions. However, alignment is lacking on the opening and holding of accounts by residents abroad. Moreover, no progress has been made on the liberalisation of the acquisition of agricultural land.

Concerning **payment services**, having undertaken the necessary alignment with the *acquis*, North Macedonia joined the geographical scope of the Single Euro Payments Area (SEPA) schemes in March 2025. The recent amendments to the Law on payment systems and services, adopted in February 2025, aligned with the relevant provisions of the EU Payment Services Directive 2 to meet the European Payments Council criteria.

As regards the **fight against money laundering and terrorist financing** (AML/CFT), in October 2024, North Macedonia adopted amendments to the Law on the prevention of money laundering and financing of terrorism, which, *inter alia*, facilitates better tracking of transactions with the aim to improve security and align with anti-money laundering measures. This aims to align the national legislation with the EU's Transfer of Funds Regulation. In 2024, the third National Risk Assessment Report on Money Laundering, Financing of Terrorism, and Financing of Weapons of Mass Destruction-Proliferation covering 2019-2023 was prepared in compliance with the World Bank methodology. The government adopted the document in March 2025.

Implementing legislation has been adopted and continued to be developed by the Financial Intelligence Unit (FIU). The FIU expanded its institutional capacity and enhanced its operational effectiveness by employing additional staff and adopting a new methodology for risk-based off-site supervision of all financial institutions. The FIU strengthened communication channels, particularly for data exchange with relevant stakeholders such as the Public Prosecutor's Office for Organised Crime and Corruption. Cooperation with banks, casinos and specific sectors' operators has led to improved reporting of suspicious transaction reports. FIU demonstrated its capability by obtaining interim measures for sizeable financial assets.

In terms of international compliance, North Macedonia has improved compliance ratings on three FATF recommendations. However, further efforts are necessary to enhance compliance with other recommendations.

#### Chapter 6: Company law

*The EU has common rules on the formation, registration and disclosure requirements of a company, with complementary rules for accounting and financial reporting, and statutory audit.*

On **company law and corporate governance**, alignment with the Directive on Company Law is well advanced on the formation, registration and domestic mergers and divisions of companies. The Central Registry provides a solid and available one-stop shop system where company registration and the filing of documents - including financial documents - can be carried out fully online.

The 2021 Corporate Governance Code remains mandatory only for listed companies that meet certain criteria. National legislation is broadly harmonised with the EU *acquis* on the legal forms 'Societas Europaea' and 'European Economic Interest Grouping', while draft legislation to partially align with

the EU *acquis* on a European cooperative society awaits adoption by Parliament. Further alignment is necessary with the EU *acquis* on cross-border operations (mergers, divisions and conversions), on the use of digital tools and processes in company law, takeover bids as well as with the rules on the encouragement of long-term shareholder engagement (SRD II Directive).

On **company reporting**, there was no progress in adopting the long-standing draft Law on accounting, aimed at further alignment with the EU *acquis*. Further alignment is also needed on transparency requirements for listed companies and statutory audit. North Macedonia should continue aligning with the Corporate Sustainability Reporting Directive and the Non-Financial Reporting Directive, bearing in mind ongoing developments in the EU *acquis*. Currently, there is no body with ultimate responsibility for statutory audit oversight, as required by the EU Audit Directive. The visibility and overall performance of the Council for Advancement and Oversight of the Audit remains poor, and further efforts are needed to ensure its independence.

## Chapter 7: Intellectual property law

*The EU has to a large extent harmonised rules for the legal protection and enforcement of intellectual property rights (IPR), covering notably patents, biotechnological inventions and pharmaceuticals, including supplementary protection certificates (SPCs), trademarks, designs, geographical indications (GIs), including craft and industrial GIs, and copyright and related rights.*

On **copyright and related rights**, amendments to the Law on copyright aimed at aligning with the EU *acquis* on collective rights management, orphan works and the implementation of the Marrakesh Treaty have been submitted to Parliament, but not yet adopted. North Macedonia has yet to align its legislation with the SatCab II Directive and the DSM Directive. The relevant intellectual property rights unit in the Ministry of Culture remains significantly understaffed, which undermines its capacity to execute its tasks.

On **industrial property rights**, the State Office for Industrial Property (SOIP) continued its cooperation with the EU and international bodies, in particular with the EU Intellectual Property Office (EUIPO). North Macedonia needs to further align its legislation with the EU *acquis* in this area, in particular on patents, trade secrets and the Directive on IPR enforcement.

On **enforcement**, SOIP has made efforts to speed up the digitalisation of its database and online public services. However, it lacks capacity to develop hardware infrastructure to provide full insight into the institutional handling of intellectual property rights infringements.

In 2024, the Customs Administration seized 147 525 goods suspected of infringing intellectual property rights across 73 cases, involving 60 different trademarks. All counterfeit goods originated from Türkiye and China.

## Chapter 8: Competition policy

*EU rules protect free competition. They include antitrust rules against restrictive agreements between companies and the abuse of a dominant position and also include rules on concentrations between companies which would significantly impede effective competition. EU rules also set out a system of State aid control. Governments are only allowed to grant State aid if restrictive conditions are met, with a view to preventing distortion of competition.*

### Antitrust and mergers

The **legislative framework** is broadly aligned with the EU *acquis* on antitrust and mergers, although parts of implementing legislation remain to be aligned.

On the **institutional framework**, the Commission for the Protection of Competition (CPC) remains understaffed, limiting its enforcement capacity. Its technical capacities and financial resources remain limited. Further training of judges dealing with antitrust cases is needed.

On **implementation**, the number of merger decisions maintained the average as in the previous years (120). The number of *ex officio* and on-site interventions remains low. The leniency instrument is still rarely used to improve enforcement.

## State aid

The **legislative framework** on State aid broadly reflects Articles 107 and 108 TFEU. The Law on State aid and its implementing legislation need to be further aligned with the EU *acquis*. The State aid inventory still lacks transparency.

On the **institutional framework**, the Commission for the Protection of Competition (CPC) is also responsible for implementing the Law on State aid. The CPC issues non-binding opinions and binding decisions on State aid. The enforcement capacity of CPC staff dealing with State aid control needs to be strengthened.

Concerning **implementation**, the CPC issued 26 decisions and 39 opinions on State aid in the reporting period.

## Liberalisation

Antitrust and State aid rules also apply to state-owned undertakings and undertakings entrusted with special or exclusive rights, except when application would obstruct the performance of the particular tasks assigned to them. There is no evidence of the existence of commercial monopolies within the meaning of Article 37 TFEU.

## **Chapter 9: Financial services**

*EU rules aim at ensuring fair competition among financial institutions, and the stability and integrity of financial markets, namely in the fields of banking, insurance, supplementary pensions, investment services and securities. They include rules on authorisation, operation and supervision of these institutions.*

On banking and financial conglomerates, the country needs to continue efforts to align with the amended Capital Requirements Regulation and the Capital Requirements Directive (CRR/CRD). The amended banking law broadened the scope of the activities that can be performed by savings banks. The preparations for implementing the Law on bank resolution were advanced with the adoption of important implementing legislation.

There was no progress on **insurance and occupational pensions**, especially on alignment with the Solvency II Directive. The legislation allowing the Ministry of Finance to set premiums for motor vehicle insurance has not been repealed either.

On **financial market infrastructure**, no progress was made. North Macedonia remains partially aligned with the Central Securities Depositories (CSDR) Regulation and not yet aligned with the EU Directive on financial collateral, the Regulation on Securities Financing Transactions, and Regulation on OTC derivatives, central counterparties and trade repositories.

On **securities markets and investment services**, all the implementing legislation was completed for the Law on prospectus and transparency of securities issuers and to the Law on financial instruments. The implementing legislation to the Law on financial instruments strengthened the requirements for managing investment firms. Work is still needed to further align with the EU *acquis*, including the changes with regard to undertakings for collective investment in transferable securities and alternative investment fund managers.

There were no developments on **sustainable and digital finance**. Only the legislation on the prevention of money laundering and counterfeiting terrorism addresses the use of crypto-assets. Further work is needed to align with the EU *acquis* on sustainable and digital finance.

## **Chapter 28: Consumer and health protection**

*EU rules protect consumers' economic interests and also ensure product safety, prevent dangerous imitations and establish liability for defective products. The EU also guarantees a high level of protection of public health and, in particular, also ensures high common standards for tobacco control, blood, tissues, cells and organs, and human and veterinary medicinal products. The EU also has rules for upholding patients' rights in cross-border healthcare and in preparing for and responding to serious cross-border health threats.*

## Consumer protection

The Law on **consumer protection** is broadly aligned with most of the EU consumer *acquis* and clearly defines the responsibilities of physical and legal commercial bodies towards consumers. In 2024, implementing legislation was adopted designed to align with the EU *acquis* on consumer rights, and on the marking of goods offered to consumers. National legislation is still not aligned with the EU *acquis* on package travel. The adoption of the consumer protection strategy (2025-2028) is still pending, and a web platform providing information on consumer protection still needs to be developed. Mediation in consumer disputes is in place, based on the national Law on mediation, but it remains difficult for consumers to access mediation services.

National legislation has a high level of alignment with the EU *acquis* on **general product safety**, apart from some definitions, and also on dangerous imitations. It remains partly aligned with the legal requirements on the EU rapid alert system for dangerous non-food products (Safety Gate). The State Market Inspectorate (SMI) faced increased workload as a result of government decisions. The SMI ensured 900 market surveillance inspections in 2024, which resulted in withdrawal of 50 products from the market. A list of these withdrawn products was published on the SMI's website. The number of inspectors (170) remains insufficient.

On **non-safety related issues**, further efforts are needed to develop guidance and procedures on consumer appeals and on compensation.

## Public health

Financing of **public healthcare** in North Macedonia increased slightly from 4.8% of GDP in 2023 to 5.07% in 2024 but remains below the EU average. Primary healthcare provides universal health coverage and is free of charge. The scope of health services and their availability, in particular of specialist medical services, medical staffing, and their geographical distribution remained inadequate. The outflow of medical staff from the public health sector to the private sector or to work abroad continued. Out-of-pocket healthcare costs are 41.7% of total health-related costs, representing a barrier to equal access to healthcare. While the national **eHealth** system and its mobile application were upgraded with a number of new modules and functions, the appointment system needs to be improved, and it is not yet interoperable with the Health Insurance Fund data

On **tobacco control**, the country ratified the Protocol to Eliminate Illicit Trade in Tobacco Products. The tobacco control legislation is partly aligned with the EU *acquis*, but proper implementation and enforcement is not ensured. Penalties are still not being given for smoking in restaurants and other closed areas, including public offices and some medical facilities. On **antimicrobial resistance (AMR)** the use of anti-biotics remains high. There was no progress on **serious cross-border threats to health**, and the country needs to complete alignment with the EU *acquis* on **communicable diseases**. The overall vaccination level increased slightly. Transplantations of **blood, tissues, cells and organs** continued to increase. However, the legal framework is not fully aligned with the EU *acquis*. The country is not aligned with the EU *acquis* on **patients' rights in cross-border healthcare**.

There were no developments with regard to **medicines for human use** and **medicines for veterinary use**, on **health technology assessment**, on **cosmetics**, or on **medical devices**, which all remain partially aligned. The budget allocation and number of medical staff involved in the **mental health** of children and adolescents needs to rise to meet the increasing needs of this part of the population. **Cancer screening** campaigns continued, but awareness needs to be enhanced, and the campaigns need to cover more population groups. The cancer register shows an increase in the number of registered cases, and an increased mortality rate. More budget and new medicines were planned for treatment of **rare diseases** but remain only sufficient for about a third of registered patients. Monitoring of **drug abuse prevention** and **reduction of harmful use of alcohol** continue to indicate medium levels of abuse. Ensuring **healthy environments** remains a concern, as studies indicate increased impact of air pollution on health. The efforts to fight **health inequalities**, in particular for Roma, for people living in poverty and those living in remote areas, continued with limited impact.

More efforts, beyond awareness campaigns, are needed to improve women's access to health, including sexual and reproductive health.

Health is one of the sectors most prone to corruption. The country has established criteria for selecting and determining prices for health services and medicine prices and has improved the procedures for treatment abroad. Investigations were launched on the abuse of disability health insurance schemes. Further efforts are needed towards strengthening integrity, asset declarations and digitalisation to help prevent corruption in the area of health protection.

### CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH

#### Chapter 10: Digital transformation and media

*The EU supports the smooth functioning of the internal market for electronic communications, electronic commerce and audio-visual services. The rules protect consumers and support the universal availability of modern services.*

On **digital transformation**, in June 2025, four laws were adopted, including the Law on electronic communications, the Law on security of network and information systems, the Law amending the law on electronic documents, electronic identification and trust services, and the Law on archival material and archival activities. The country adopted a long-term information and communication technologies (ICT) strategy and its action plan. The Ministry of Digital Transformation needs to improve its capacities to more effectively coordinate the country's digital transformation policies.

On **electronic communications**, North Macedonia needs to make further improvements to align with the EU Gigabit Infrastructure Act (GIA). The 2019-2029 national broadband operational plan remains valid. According to the Broadband Competence Office (BCO), in 2024, the fixed broadband coverage in the country with fast broadband amounts to 87.29%. The public broadcasting enterprise, responsible for developing optical infrastructure and ensuring broadband access in areas with insufficient commercial investment from operators, needs to strengthen its capacities. The Agency for Electronic Communications needs to bolster its independence.

The capacity of the 112 European emergency number services has been further increased. The country is a member of the European Emergency Number Association (EENA), maintaining active coordination.

The National eServices Portal was upgraded to offer services to businesses. The user access interface was facilitated, and the offer of e-services was widened with new services mostly demanded by the citizens. Some personal documents, such as birth, marriage and citizenship certificates are now available online. North Macedonia should continue its efforts to align with the European Interoperability Framework, and the Interoperable Europe Act.

The country still needs to align with the Digital Services Act (DSA) and the Digital Markets Act (DMA), which would strengthen the regulation of online platforms, enhance consumer protection, promote fair competition, and support the development of a safer and more transparent digital environment.

On **digital trust and cybersecurity**, the adoption of the Law on the security of networks and information systems and the Law on electronic communication, further contributes to the alignment with the NIS2 Directives. The national cybersecurity strategy was adopted in January 2025. However, state institutions must further strengthen their infrastructure and increase cybersecurity expertise. The staffing and operational capacities of the national Computer Incident Response Centre also require significant strengthening. The coverage of the mobile 5G network continued to expand across the country. A new telecom operator successfully participated in a tender for frequencies. North Macedonia needs to continue the implementation of the EU 5G Cybersecurity Toolbox measures, including assessing the risk profile of suppliers and putting in place appropriate restrictions and/or exclusions for high-risk suppliers.

The Law on electronic documents, electronic identification and trusted services was amended. The existing tools for e-identification and e-signature certificates are still not user friendly and not free of cost for citizens. Further efforts are required to achieve full alignment with the new EU Digital Identity Framework (eIDAS 2.0) Regulation and the ePrivacy Directive.

**On media**, the process of drafting and amending several bylaws of the Law on audio and audiovisual media services (LAAMS) to strengthen its professional capacity in line with the Audiovisual Media Services Directive has started. The media regulator adopted various guidelines and rulebooks, including those on product placement, accessibility, broadcasting European works and monitoring hate speech. However, the regulator still needs to boost its capacities to effectively implement its competencies, particularly oversight and the registering of video sharing platform providers. The public service broadcaster (PSB) has benefited from improvements to the funding framework in the Law on audio and audiovisual media services. However, challenges remained throughout the reporting period, including delayed appointments to the PSB's Programme Council and insufficient institutional autonomy. Additionally, the PSB should systematically follow a self-regulatory document for content outside of elections, and stakeholder involvement in its programming remains limited.

The EU invites North Macedonia to fully align with the EU's Artificial Intelligence Act, ensuring the necessary enforcement structures.

## Chapter 16: Taxation

*EU rules on taxation cover value added tax, excise duties and aspects of corporate taxation. They also deal with cooperation between tax administrations, including the exchange of information to prevent tax evasion.*

On **indirect taxation**, the Law on excise was amended to postpone application of the provisions for registration, submission of monthly reports and declarations of excise taxpayers who work with wine and new energy products (electricity, natural gas, coal, coke and lignite), for which excise duty rate is prescribed at 0 denars, given that there are no fiscal implications for the budget. Delays in the VAT refund process remain quite prominent, as only 10% of the refund was paid within the legal deadline.

As regards **direct taxation**, a new Law on minimum global corporate profit tax was adopted, which introduces a profit tax rate of 15% to domestic companies which are subsidiaries of multinational companies, thus bringing it into line with OECD global minimum tax (GMT) and Council Directive (EU) 2022/2523. The new rate will be applicable as of 2026, based on companies' performance in 2025. The country still needs to align its legislation with the Merger Directive.

On **administrative cooperation and mutual assistance**, North Macedonia has signed 49 double taxation agreements, including with 23 EU Member States except Cyprus, Malta, Portugal and Greece. The country has not yet committed to a date to start the automatic exchange of financial account information as per the Organisation for Economic Cooperation and Development (OECD) standard, although technical cooperation and exchange of information is ongoing with the OECD Secretariat. The country continued to implement the Inclusive Framework on Base Erosion and Profit Shifting (BEPS) minimum standards.

On operational capacity and computerisation, the Public Revenue Office (PRO) still needs to improve its business processes, develop compliance risk management and continue the process of expansion of e-services. A new strategic plan 2025-2027 was adopted, as well as a new reform programme for digital transition, as a roadmap for modernising the PRO. Preparations to implement a new integrated IT tax system have started, aiming to replace the current fragmented IT system by 2028. However, progress was slow.

## Chapter 17: Economic and monetary policy

*EU rules require the independence of central banks and prohibit them from directly financing the public sector. EU Member States coordinate their economic policies and are subject to fiscal, economic and financial surveillance.*

Concerning **economic policy**, North Macedonia has a high level of alignment with the EU *acquis* on medium-term budgetary frameworks. The legislation is partly aligned with the EU *acquis* on budgetary forecasts, statistics, numerical fiscal rules, and transparency of general government finances. The recently established Fiscal Council continued its work, issuing opinions on the fiscal strategy and the budget. However, the implementation of new Organic Budget Law, expected to enter into force in January 2025, is delayed. Macroeconomic and budgetary forecasts are often overly optimistic, frequently lacking quantified fiscal impacts of new proposals. Moreover, fiscal data remains partial with large parts of public entities excluded.

On **monetary policy**, North Macedonia has a high level of alignment with the EU *acquis*.

The implementation of the Commission's recommendation to ensure the independence of the National Bank with respect to the status of its employees has been successfully carried out. The newly adopted Law on administrative servants explicitly exempts the National Bank, while the Law on public sector employees implicitly excludes it by omitting the National Bank from the definition of public sector institutions. These legislative updates have effectively reduced the risk of compromising the National Bank's independence concerning its employees' status.

The January 2025 amendment to the Law on the National Bank of the Republic of North Macedonia, adopted in a shortened parliamentary procedure, introduces changes to the mechanism for distributing the central bank's profits set up in March 2024, which aimed at building general reserves and strengthening the financial independence of the National Bank. Following the legislative change, most of the profits will be distributed to the government budget.

The **Economic Reform Programme (ERP) for 2025-2027** submitted to the European Commission outlines North Macedonia's medium-term macroeconomic and fiscal framework. The implementation of the policy guidance set out in the conclusions of the Economic and Financial Dialogue of May 2024 was only limited, which is worse than in previous years.

## Chapter 19: Social policy and employment

*EU rules in the social field include minimum requirements for labour law, equality, and non-discrimination, health and safety at work. They also promote social inclusion and social protection, and social dialogue at EU level.*

On **labour law** legislation, the Law amending the law on labour relations was adopted in February 2025, and the Law on work engagement of persons was adopted in May 2025. In June, the labour relations law was changed to decrease the required threshold for representation of the trade unions at the national level, alongside amendment of the Law on protection from mobbing in the workplace.

On **health and safety at work**, the new Law on occupational safety and health is yet to be adopted. In 2024, 9 806 inspections in the field of occupational safety and health were carried out. 2 543 decisions on deficiencies and irregularities were issued. 484 payment orders, 27 misdemeanour charges and 19 criminal charges in the field of occupational safety and health were issued. Some 3 000 inspections were carried out following reports of accidents at work. Authorities need to adopt the new strategy 2026-2030 and the action plan 2026-2027 for safety and health at work. There is a need to increase the capacity of the State Labour Inspectorate to tackle issues pertaining to occupational safety and health and establish a system to monitor work-related injuries and deaths.

On **social dialogue**, the enforcement and adoption of collective agreements in the private sector remained weak. The Constitutional Court decision of October 2024 repealed the procedure for submitting and registering collective agreements and their amendments. The Law on the peaceful settlement of labour disputes has yet to be implemented. Social partners' capacities require further strengthening. The Agreement for the establishment of the Economic and Social Council (ESC) was amended in October 2024. With the amended agreement, the government members in the ESC are the Minister of Economy and Labour (President of ESC), the Minister of Finance, the Minister of Social Policy, Demography and Youth, and the Minister of Education and Science.

On **employment policy**, the Employment Service Agency's capacity must be strengthened to improve delivery of active labour market measures and the Youth Guarantee. The new strategy on the Employment Action Plan for the period 2025-2027 needs to be adopted.

On **labour force participation and the unemployment rate** *see the statistical annex and the section on the functioning of the labour market under 2.3 Economic criteria*. The main measure addressing youth unemployment remains the Youth Guarantee Scheme. Its implementation continued across the country, following the adoption of the Youth Guarantee implementation plan for 2023-2026. The Youth Guarantee included a total of 21 641 young unemployed individuals, of whom 11 032 were women. A total of 7 116 young individuals were employed, while 1 564 participated in active employment measures to increase employability. Employment measures created jobs, with 251 people benefiting from wage subsidies and 281 from new job creation. Unemployed individuals participated in internships (848), digital skills training (294), and high-demand occupation training (211), and 1 084 persons received career support, profiling and individual plans. The Youth Guarantee supported 1 453 Roma individuals, resulting in 271 employment offers within four months.

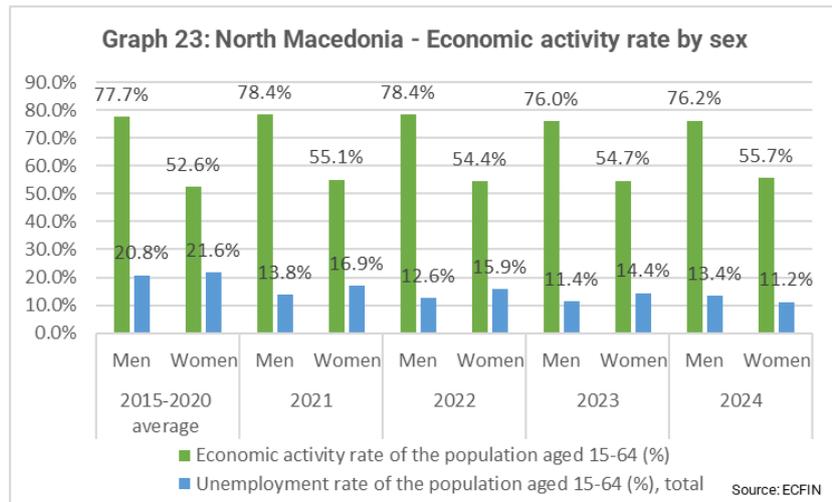
On **social protection and inclusion**, there was no adjustment of pensions according to the formula prescribed in article 37 of pension and disability law. All the pensioners who acquired their right until 28 February 2025, received a fixed increase of their pension. As of end of August 2025, 32 865 households were receiving guaranteed minimum assistance (GMA). To address energy poverty, households receiving GMA and social security beneficiaries also receive an energy allowance, the number of which is 13 765 recipients.

The decentralisation of social assistance is still moderate. Progresses continued in the implementation of the 2018-2027 National Deinstitutionalisation Strategy. The primary focus of the Deinstitutionalisation Action Plan 2023-2025 for implementing the National Deinstitutionalisation Strategy 2018-2027 was to complete the transformation of the Institute for Rehabilitation of Children and Youth in Skopje into a social service centre.

The Ministry of Social Policy, Demography, and Youth adopted a Decision on determining prices for social services for 2025. The eligible applicants are associations, private providers of social services, and municipalities. As of end of August 2025, there are 152 licensed social service providers, as outlined by the Law on social protection, with the capacity to serve around 7 327 beneficiaries, primarily targeting the elderly (1602 beneficiaries / 22%) and individuals with disabilities (5 230 beneficiaries / 71%). The network of authorised state-financed social service providers has grown with 83 concluded administrative contracts.

A national Contact Point for the European Child Guarantee has been nominated.

On **non-discrimination in employment and social policy**, there is still no alignment of national legislation with the relevant EU *acquis*, including as regards the Employment Equality Directive and the Racial Equality Directive. The harmonisation of the Law on labour relations with the Law on prevention and protection against discrimination was further delayed. In 2024, most reported cases to the Ombudsman and the Commission for the Prevention and Protection against Discrimination



involving discrimination were in the context of employment and labour relations. In 2024, the Commission for the Prevention and Protection against Discrimination addressed 485 discrimination cases, 407 of which were newly opened. Most complaints were based on national or ethnic origin, which was also the most prevalent form of discrimination identified in the Commission’s findings. As in the previous year, the public sector remains the primary place of discrimination, accounting for 66% of cases. The most common areas of discrimination in 2024 were work and employment (39%), followed by issues related to trade union membership, public information and media, as well as education, access to goods and services, and the judiciary. Women (49.6%) and men (50.4%) submit complaints to the Commission equally. A total of 53 complaints were submitted to the Ombudsman (three more than in 2023). An analysis of the data shows that, once again this year, the highest number of complaints were in the areas of employment and labour relations (31 complaints) and access to goods and services (9 complaints).

On **equality between women and men in employment and social policy**, the notable gender gap in the labour market persists, despite the planning of a new action plan 2024-2027 for implementing the National Employment Strategy (2021-2027). The Strategy for Formalising the Informal Economy (2023-2027) is not sufficiently gender sensitive. Data on women beneficiaries of active labour market measures for 2024 is unavailable (46% in 2023), and rural women remain poorly integrated into the labour market, highlighting the need to strengthen the Employment Service Agency.

The new law on harassment at work has not yet been adopted. Gender gaps in labour force participation remain stark - 57% of working-age women are economically inactive, compared to 38% of men. Poor childcare infrastructure remains a major reason, with only 1.3 kindergartens available per 1 000 preschool-age children. Over half of municipalities have coverage rates below 30%. The 2024 Programme for Social Security of Women Farmers introduces maternity benefits but remains discretionary, lacking legal permanence. Monitoring the gender pay gap is hindered by the absence of official and up-to-date data.

North Macedonia still needs to align its legislation with the Gender Equality *acquis* in this Chapter, including the Work-life balance directive, the Pay Transparency directive and the Women on Boards directive.

The level of preparation for the participation in the **European Social Fund** remains moderate. (See also Chapter 22 - Regional policy and coordination of structural instruments).

## Chapter 20: Enterprise and industrial policy

*EU industrial policy strengthens competitiveness, facilitates structural change and encourages a business-friendly environment that stimulates small and medium-sized enterprises (SMEs).*

**Enterprise and industrial policy principles** remain scattered within a number of strategic documents under the competence of different national authorities. The Ministry of Economy and Labour was restructured by taking over the competence of employment and the coordination functions of the former office of the Deputy Prime Minister for Economic Affairs, while transferring competences in the area of energy, concessions, and public-private partnerships to the newly established Ministry of Energy. The plan to consolidate administrative structures in this area, adopted last year, was not put into effect.

The Parliament approved the National Development Strategy 2024-2044 as the main strategic vision for the country's development and private-sector development in October 2024. A new action plan for industrial policy is pending. A new strategy for the development of SMEs 2025-2030 based on the Small Business Act was adopted in August 2025. A strategy on corporate social responsibility is under development.

The government secured a EUR 250 million credit line for private companies, based on loans distributed via commercial banks with a fixed interest rate of 1.9%, while the bank's margin is subsidised. Within the country's well-capitalised financial sector, this type of state intervention with no stated policy objective is unclear.

Dialogue with the Chambers of Commerce and other business associations was reduced after the cancellation of the position of the Deputy Prime Minister for economic affairs. Other than communication via media, a web-based platform remains the main tool for systemic communication with businesses but is limited to legal acts. The country needs to set up a regular, inclusive and systematic mechanism for dialogue that is more responsive to business needs. The trend to adopt measures, laws and implementing legal acts without previous notification and an adjustment period for companies continued in the reporting period, including through the use of expedited procedures in Parliament.

The overlap of policy measures for financial and non-financial aid to companies managed by different ministries or public bodies remains in place. Measures are not assessed against their relevance, their potential to distort market competition, or their effectiveness and impact on overall economic growth. With the exception of the Smart Specialisation Strategy, evidence-based planning and impact assessment seem to be absent. While there is regular monitoring of policy implementation based on input indicators, the evaluation of the impact from strategies is very limited.

In 2024, an additional 196 companies benefited from the Law on financial support of investments and over 300 applications were received by September 2025. A lack of objective and transparent award practices distorts the projected effect of the granted State aid. The implementation of the Plan for Accelerated Growth, adopted in 2022, remains uncertain as no specific activities took place in the reporting period.

No significant activities were undertaken in the fight against the informal economy. The potential of simplification and digitalisation of public procedures is underexploited as a way to reduce the administrative burden of companies and informality, notably for business registration and work permits.

The role of the Agency for Entrepreneurship was significantly enhanced as more resources and measures are planned in its 2025 operational plan. The Directorate for Technological Industrial Development Zones completed the programme to integrate local companies into global value chains. Furthermore, legislative changes were made to allow already established companies, under prescribed terms, to reallocate businesses within the zones and take advantage of zone benefits. Businesses struggle to recruit qualified workers due to significant emigration and a persisting mismatch between skills demand and supply. VAT refund delays significantly impede the liquidity of companies and predictability of business operations.

On **policy instruments**, North Macedonia continues to participate in the SME Pillar of the Single Market Programme.

As regards the Late Payment Directive, starting from 1 January 2025 the deadline for settling monetary liabilities of entities in the public sector is up to 30 days; for entities in the healthcare sector, it is up to 60 days.

The Fund for Innovations and Technological Development was closed due to numerous acts of mismanagement of resources. Its mandates were transferred to the Agency for Entrepreneurship and Innovation, even though the legal amendment is still pending. In terms of **sectoral policies**, several measures from the Smart Specialisation Strategy have been rolled out. A new strategy for tourism is under development.

## Chapter 25: Science and research

*The EU provides significant support to research and innovation. All Member States can participate in the EU's research and innovation programmes and benefit from them, especially where there is scientific excellence and a solid investment in research and innovation.*

North Macedonia significantly increased the budget allocation for science, reaching almost EUR 11 million for 2025, a 58% increase compared with 2024. Of this amount, EUR 5.5 million is allocated to the key initiative: implementing the Smart Specialisation Strategy, the main policy for innovation and research. The first measures of the Smart Specialisation Strategy were launched.

The European Institute of Innovation and Technology (EIT) Community RIS Hub, Community Officer in North Macedonia (ECO MK), signed a memorandum of understanding with the Chamber of Economy, set up a dedicated website, and held a number of promotional events. The first European Digital Innovation Hub (EDIH) in the country was set up. Also, a competence centre for open science was set up at a state university to provide training and support for data management, policy development and open science practices.

On **innovation**, the Fund for Innovation and Technological Development closed in August 2025. New Law on Innovation Activity, Scientific and Technological Development, and Entrepreneurship was adopted having as objective to set up a single authority for innovation, scientific and technological development and entrepreneurship support. Pursuant to the law a new body, the Agency for Innovation, Scientific and Technological Development and Entrepreneurship was set up. It took over all mandates of the FITD and started working on a new model for financial support for innovations to the private and public sector.

Overall investments in research and innovation in the country remain low (only 0.38% of GDP in 2022), while the participation of the private sector in research continues to be marginal.

North Macedonia is included in the European Innovation Scoreboard with a performance at 40 % of the EU average in 2025. The country's performance is below the average and the innovation gap with the EU is widening. Further progress should be made regarding venture capital expenditures in the business sector as well as direct and indirect government support of business R&D.

North Macedonia's participation in the EU's Framework Programme for Research and Innovation - Horizon Europe is increasing. This positive trend continued. Particular strengths are noted in Horizon Europe under the Pillar II "Global Challenges and European Industrial Competitiveness". The national technology transfer roadmap has not yet been developed. Authorities need to further strengthen their participation in the new European Research Area and in the new European Innovation Agenda.

## Chapter 26: Education and culture

*The EU supports cooperation in education and culture through funding programmes and the coordination of Member State policy through the 'open method of coordination'. The EU and the Member States must also prevent discrimination and ensure quality education for children of migrant workers, including those from disadvantaged backgrounds.*

The 2018-2025 strategy for education is the main document governing the education sector. Monitoring mechanisms remain not well defined. A new strategy for education needs to be developed and adopted. Public spending on education and training decreased slightly to 3.17% of GDP in 2024, which is still far below the EU average of 4.6%. The education budget decreased as a share of the overall State budget in 2024 (9.15%) comparing to 2023 (11.7%).

During the reporting period, the capacity of public and private institutions providing **early childhood and care (ECEC)** increased by 1 072 places. Among children aged 0 to 6 years, 37.4% are enrolled. Among those aged 3 to 6 years, the enrolment rate is 46.8% showing a slight increase, but still falling considerably short compared to the EU target on ECEC attendance set at 96%. In line with the Law on primary education, the Concept for primary education that also includes green skills as well as new curricula are being gradually introduced. Authorities need to improve capacities in the school system allowing for the optimisation and restructuring of the school network. A total of 10 municipalities prepared a plan to optimise the school network. A new funding model for primary education aiming to redistribute funds more effectively across municipalities, developed by the Ministry of Education and Science (MoES) was approved by the Government.

The number of **primary education** pupils dropped by 1.5% compared to the previous year while in secondary education increased by 0.53%. In 2024-2025, there were 177 740 (86 051 females) in primary education. In secondary education, the total number of enrolled students amounted to 66 075 (31 948 are female). North Macedonia took part in the Teaching and Learning International Survey (TALIS 2024) and is participating in PISA 2025.

The Law on **vocational education and training (VET)** was adopted in December 2024 introducing several key innovations such as formalising dual education partnerships between vocational institutions and employers, emphasising work-based learning and setting up the legal framework for establishing a network of Regional VET Centres (RVETC). Four additional RVETC were approved in 2024-2025. There is a clear trend of an increasing share of students enrolled in VET. 4 171 students were enrolled in dual education and cooperating with 650 companies compared to 3 755 students enrolled and 560 companies engaged in dual education in 2023-2024. The number of dual vocational classes has increased from 259 in 2023-2024 to 283 in 2024-2025. In 2024, the Ministry of Education and Science launched several scholarship initiatives to support dual education. The Concept for post-secondary education was adopted in January 2025.

On **higher education**, in the academic year 2024/2025, a total of 53 535 students were enrolled, which represents an increase of 2.33%. Female students represent 59.3%. The majority of students (76.8 %) are enrolled in public higher education institutions, while 23.2 % are enrolled in private institutions. The main challenge remains the improvement of quality of higher education through the development of accreditation and quality assurance processes. North Macedonia is a member of the European Higher Education Area (Bologna process) and needs to work on the full implementation of the key commitments according to the 2024 Bologna Process implementation report, especially with regards to automatic recognition and quality assurance. Three universities from North Macedonia participate in European Universities alliances.

A new law on the **national qualifications framework (NQF)** was adopted in December 2024. Out of 16 sectoral committees, 14 have been established. A manual for adapting qualifications in VET to the European Qualifications Framework (EQF) and NQF was drawn up, and 10 qualification standards were adopted.

The Law for **adult education** was adopted in December 2024, followed by the Concept of the Adult Education, formalising the system of validation of non-formal and informal learning. An Adult Education Strategy (2025-2030) was adopted in March 2025.

On **inclusive education**, after some progress being made, namely by making compulsory enrolment of pupils with special educational needs into mainstream primary schools, amendments to the Law on primary education reverted the process by allowing enrolment into resource centres. The share of pupils with special educational needs in mainstream primary schools in 2024-2025 represents 1.3%.

The total number of educational assistants in primary education increased from 818 in school year 2023-2024 to 1 018 in school year 2024-2025.

Over the reporting period, 44 Roma mediators in primary schools were available in 26 municipalities. In the school year 2024-2025, the total number of Roma pupils in primary education was 10 288, while in secondary enrolment increased to 2 157. The Ministry of Education and Science awarded 934 primary education scholarships. In higher education, 150 scholarships were granted to Roma students whereas the total number of active Roma students is 250. The authorities need to further enable the development of **digital skills** throughout primary and secondary education and increase educational institutions' capacities and teachers' skills to develop these skills in line with the EU Digital Education Action Plan 2021-2027. In 2024, the SELFIEforTEACHERS tool was deployed in the country, offering insights to improve teachers' digital skills and supporting education strategies. North Macedonia has taken steps towards the effective, coherent and inclusive digital transformation of its education system, by equipping schools, putting into use digital textbooks in primary education and piloting a new Education Management Information System (EMIS), expected to be fully functional in primary and secondary education as of September 2025. The Law on textbooks, which also promotes digital schoolbooks and innovating educational materials, was adopted in December 2025.

North Macedonia continues to participate in the **Erasmus+ programme** as an associated country. In 2024, organisations participated in 671 Erasmus+ projects. The Erasmus+ National Agency is facing increased scrutiny from the Commission due to a high number of non-compliance issues. The country continued to participate in all the European Education Area working groups 2021-2025.

On **youth policy**, there are no reports available on the National Youth Strategy for 2023-2027 and the action plan for 2023-2025. On **sports**, North Macedonia continued to participate in the European week of sport.

As regards **culture**, the country further delayed the adoption of amendments to national cultural legislation and the 2023-2027 strategy for cultural development and heritage protection. The Ministry of Culture needs to strengthen its capacity and ensure appropriate financing to protect the country's diverse cultural expressions and heritage. Greater efforts are required to safeguard cultural heritage. The City of Skopje, designated as the 2028 European Capital of Culture, must accelerate preparatory activities in line with recommendations of monitoring meetings. North Macedonia has ratified the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions. North Macedonia continues its full participation in the Creative Europe programme.

## Chapter 29: Customs union

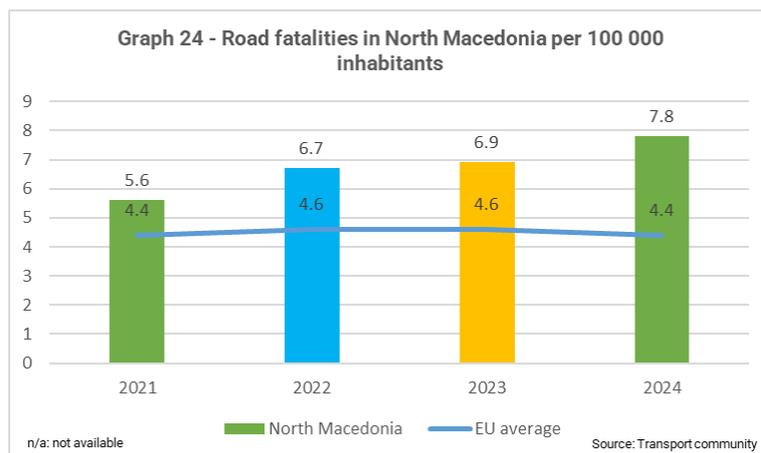
*All Member States are part of the EU customs union and follow the same customs rules and procedures. This requires legislative alignment as well as adequate implementing and enforcement capacity and access to and interoperability with the EU electronic customs environment.*

The **customs legislation** is highly aligned with the EU *acquis*. In the field of customs legislation, the customs tariff for 2025 was adopted to align with the EU Combined Nomenclature. The Protocol on Elimination of Illicit Trade in Tobacco Products of the WHO Framework Convention on Tobacco Control was ratified in December 2024. This is an important commitment undertaken by the country in combating customs fraud, in particular the smuggling of tobacco products. Amendments to the Regional Convention on pan-Euro-Mediterranean preferential rules of origin were ratified and took effect on 1 January 2025. The Law ratifying the amendments to the Convention on a Common Transit Procedure has been adopted and published in the Official Gazette in December 2024. This law is a prerequisite for the launch of the New Computerised Transit System – Phase 5, which was put into operation in January 2025.

On **administrative and operational capacity**, a new Customs Administration Development Strategy was adopted for the period 2025-2027. A comprehensive intelligence system in support of investigation and enforcement is in place. Controls are based upon intelligence-led risk analysis, pre-arrival information and selectivity techniques. Risk management was applied systematically with the percentage of physical controls-red channel at 5.5% (5.7% in 2023) and documentary controls-yellow

channel accounting for 17.4% (16.9% in 2023) of all shipments in 2024. A new Strategy on Integrity and Anti-Corruption for the period 2024-2027 was adopted and is being implemented. The strategy includes 22 targeted measures designed to prevent corruption and boost the integrity of customs officers and of the customs institutions. Advanced training on ethics, integrity and the fight against corruption was conducted.

Total revenues collected by the Customs Administration in 2024 were 6.3% higher than in 2023, exceeding EUR 2 billion. The number of seizures of illicit goods also increased. One-stop control was introduced with Kosovo in April 2025 at the main Blace-Elez Han border-crossing point. The ICT development strategy for 2021-2025 was implemented, aiming to provide development and implementation of national systems aligned with those of the EU. Maintenance and further development of the Integrated Tariff Environment (ITE) system was secured, and development has commenced of the Economic Operator Registration and Identification (EORI) and Uniform User Management and Digital Signature (UUM&DS) systems. The Customs Administration has established regular data exchange with a number of state institutions through the interoperability platform. To be able to address the current workload and the planned reform agenda for the expansion of customs eservices, staff recruitment is necessary, in particular in IT.



The Customs Administration participated in five international operations in 2024 and continued its cooperation and exchange of intelligence with customs agencies in the region and with international and regional organisations.

The country should strengthen combating customs fraud, in particular smuggling of tobacco products and by cooperating with the European Anti-Fraud Office (OLAF).

#### CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

This cluster covers: transport (Chapter 14); energy (Chapter 15); trans-European networks (Chapter 21); and environment and climate change (Chapter 27).

##### Chapter 14: Transport policy

*The EU has common rules for technical and safety standards, security, social standards, State aid and market liberalisation in road transport, railways, inland waterways, multimodal transport, aviation and maritime transport.*

On the **general transport** *acquis*, key strategic documents for transport and its sub-sectors are already in place since 2023. However, no progress was made in developing the action plan to accompany the 2018-2030 national transport strategy. The operational and administrative capacity for all modes of transport remains low and little effort has been made to strengthen these. Although North Macedonia is actively engaged in the work of the Transport Community, there was limited progress on implementing the Transport Community Treaty action plans. For the period 2025-2027, North Macedonia should focus on the implementation of the next-generation Transport Community action plans endorsed in 2025. Skopje does not have a sustainable urban mobility plan.

On **road transport**, alignment with the EU *acquis* is only partial. Further efforts are needed to fully align with the EU *acquis* on social and market rules. The executive body for road traffic safety has yet to be established, and a national road safety strategy is still lacking. Legislation on road infrastructure

safety management and tunnels safety in the trans-European road network is not aligned with EU rules. Although the Law on dangerous goods is aligned with the EU *acquis*, there is still no legal entity appointed to assess equipment conformity. The five-year road maintenance plan is still pending publication and national laws have not been updated to reflect the EU Intelligent Transport Systems *acquis*. In September, Parliament adopted the Law on working hours of mobile workers in road traffic and recording devices in road traffic for complete harmonisation with EU regulation for the smart tachographs.

On **rail transport**, the requirements of the EU *acquis* market pillar are met, regarding the unbundling of the infrastructure manager and the national railway operator. The amendments to the law aimed at closing the market to new entrants until the country joins the EU are still in force and represent a departure from the key objective of the EU legislation and the Transport Community Treaty. Enforcement of the amended railway safety and interoperability legislation remains delayed and preparatory measures have not yet started. The Railway Safety Directorate has not taken any steps to strengthen its operational capacities. There was no progress in setting up an accident and investigation body. The mutual agreement on cross-border railway cooperation with Greece is still pending.

On **maritime transport**, North Macedonia, while being a landlocked country, participates in all basic transport conventions of the International Maritime Organization. The basic alignment with the legislation has to start without delays.

On **inland waterway transport**, North Macedonia is partially aligned with the EU *acquis*. The country has requested to participate in the EU strategy for the development of the Danube Region and remains active in the International Commission of the Sava River Basin. Aligning the legislation with common rules applicable to passenger transport by inland waterway remains to be completed.

On **aviation**, the country has maintained a good level of alignment with the EU *acquis* and has partially aligned with the aviation safety legislation within the reporting period. More needs to be done on the remaining areas of attention on the process of regulatory alignment following the 2024 ECAA assessment visit. The IT system for certification was upgraded in the Civil Aviation Agency, to comply with the EU standards. Further efforts are still needed by the Civil Aviation Agency in relation to findings of the European Union Aviation Safety Agency as regards the safety oversight of air navigation services. Independent functioning of the air navigation service provider needs to be maintained.

On **multimodal transport**, some progress was made, with the preparatory work for the Trubarevo multimodal node advancing well. Key technical studies and preliminary design with tendering documentation are expected to be completed in November 2025. North Macedonia has not yet aligned with the Combined Transport Directive.

On the **passenger rights** *acquis*, while in the air transport sector the relevant national legislation is enacted, the national legislation has not been aligned with the passenger rights rules.

## Chapter 15: Energy

*EU energy policy covers energy supply, infrastructure, the internal energy market, consumers, renewable energy, energy efficiency, nuclear energy and nuclear safety, radiation protection, and nuclear safeguards.*

On **security of supply**, the new Law on Energy adopted in May 2025 aims at aligning with the Risk Preparedness Regulation in the electricity sector while the risk-preparedness plan has not yet been drawn up. Primary and secondary legislation in North Macedonia is aligned with Directive 2009/119/EC. The country remains significantly dependent on coal. Both the Bitola and Oslomej/Kichevo thermal power plants continue to operate on coal from limited domestic resources and imports. The production cost of electricity generated by the state-owned company ESM exceeds the selling price to the universal supplier, leading to persistent financial losses and undermining both the implementation of ESM's reform agenda and the advancement of the green transition. The installed capacity of power plants from renewable energy sources increased to 55.72% of the overall electricity installed capacity and 41.03% of the overall electricity production. On gas, progress has

been made with legislative amendments to align with the security of supply EU *acquis* and North Macedonia is pursuing its implementation.

The government adopted the Just Transition annual implementation plan for 2025 and governance structures are formally established. However, the plan needs to be made more operational and used as a monitoring mechanism.

On **internal energy markets**, the new Energy Law represents the first step towards electricity market integration, partially aligning with the Electricity Integration Package, while the adoption of Network Codes and Guidelines remains pending. The regulatory authority has received additional resources, but dismissals of board members at the end of 2024 and more recent attempts have raised concerns about its institutional independence.

On **renewable energy**, the National Energy and Climate Plan (NECP) sets a 38% target for the share of renewable energy sources in gross final consumption of energy in 2030, in line with Energy Community commitments. Progress in the use of renewable energy is taking place in the power sector, but not in the transport and heating and cooling sectors. A new renewable energy law was drafted to further align national legislation with the Renewable Energy Directive (RED II), including provisions on biofuels. Some progress was made, with the launch of renewable energy auctions and development of the Guarantees of Origin system (the electronic registry for guarantees of origin is operational). However, further efforts are needed to upgrade the grid optimise balancing services and ensure hydropower investments comply with the relevant environmental *acquis*.

Legislation on environmental impact assessment (EIA) is not aligned with the *acquis* and poses a significant risk to quality EIAs for strategic energy projects. There have also been no improvements in secondary legislation concerning the screening processes for small hydropower projects with an installed capacity of less than 2 MW.

The Law on **energy efficiency** was updated to comply with the latest amendments to the Energy Efficiency Directive. Energy performance certification is not implemented as stipulated in the construction law. The implementation of the current legislation has not improved.

The country is not aligned with the EU *acquis* on energy labelling.

On **governance**, the government has still not fully implemented the measures set out in the National Energy Action Plan adopted in December 2022. The implementation of the NECP and Just Transition Roadmap are lagging behind. Administrative capacity to deal with energy policy, strategic planning and investments in the energy sector increased with the creation of the new Ministry of Energy and Mineral Resources. However, there is no energy data collection system in place to monitor and report on policy implementation.

For **nuclear energy, nuclear safety, radiation protection and nuclear safeguards**, there were no changes in the reporting period. North Macedonia should accelerate its efforts to align with Euratom legislation.

## Chapter 21: Trans-European networks

*The EU promotes trans-European networks (TENs) in the areas of transport, telecommunication and energy to strengthen the internal market and contribute to growth and employment.*

On **transport networks**, the majority of the road network is not compliant with the TEN-T requirements, Corridor X being more advanced in this respect than Corridor VIII. Both corridors are a strategic backbone for North Macedonia's connectivity to the TEN-T network, significantly enhancing the country's regional accessibility, trade links and economic cohesion. The National Transport Strategy for 2018-2030 is in line with the TEN-T objectives, although an action plan is still not in place. There is limited interest in the development of sustainable urban mobility plans. A study for the multimodal node in Trubarevo is under preparation. The Gradkso-Drenovo highway, part of Corridor X-d, and the Stracin-Kriva Palanka road on Corridor VIII were opened to traffic in January 2025.

The authorities interrupted phase III of the Corridor VIII rail project linking Kriva Palanka to the border with Bulgaria. Urgent efforts are needed to accelerate and reinvigorate work on rail Corridor VIII and to advance development on other priority sections of the core network for both rail and road. Cooperation between North Macedonia and Bulgaria on the construction of the rail connection along Corridor VIII has recently improved. In November 2025, North Macedonia and Bulgaria are expected to sign an agreement on the preparation, construction and operation of the tunnel along the corridor, at the border between both countries. More efforts are needed from both sides to urgently finalise the agreement with Greece on the Kremenica-Neos Kafkasos railway border crossing, given that the operational rail infrastructure is already built. Some progress was made on building adequate infrastructure at the Tabanovce railway station at the border with Serbia.

The five-year road and rail maintenance plans are still not published.

On **energy networks**, the construction of a new 400kV electricity transmission interconnector line with Albania is under implementation. Preparation of the technical documentation to strengthen the transmission network in the country's south-eastern region is still ongoing, and implementation of the technical assistance for greening and digitalisation of the transmission network in the Southwestern and Pelagonia regions has begun.

National legislation is not aligned with the previous TEN-E Regulation, although it should have been aligned with the revised one by the end of 2024.

## Chapter 27: Environment and climate change

*The EU promotes strong climate action, sustainable development and protection of the environment. EU law contains provisions addressing climate change, water and air quality, waste management, nature protection, industrial pollution, chemicals, noise and civil protection.*

### Environment

On **horizontal legislation**, no progress was made. There is insufficient capacity and lack of qualified staff working on environment-related matters in the public administration. Reforms to implement and enforce environmental legislation have stalled. In June 2025, Parliament adopted amendments to the Law on environment. North Macedonia has ratified the two amendments of the Espoo Convention relating to: (i) public participation in the procedures of the Convention, including the involvement of civil society and in particular NGOs; and (ii) further strengthening the implementation of the Espoo Convention while improving synergies with other multilateral environmental agreements. There is no coordinated and strategic planning or quality preparation for environmental and infrastructure investments. Furthermore, procedures are not sufficiently transparent, while compliance with environmental impact assessment and strategic environmental assessment (EIA/SEA) and other elements of the horizontal *acquis* is weak. No steps have been taken to ensure full alignment with the EU Directive on environmental liability. North Macedonia has not initiated investigations into environmental crimes (e.g. illegal disposal of hazardous waste), despite the new Criminal Code being in place for more than a year. Environmental monitoring does not meet EU standards. There was no progress on preparing the national implementation report to the Aarhus Convention. The Aarhus Centre is not fully operational and provides obsolete data and information. Civil society's attempts to access justice on environment matters have been rejected, as the courts did not determine legal accountability.

On **air quality**, there were no legislative developments during the reporting period. Limited steps have been taken to improve the very limited capacities to maintain, run and extend the existing monitoring system and structures in charge for collection, processing and reporting of data. Initial steps have been taken to amend and complete the legislative and strategic framework, in line with the new EU *acquis*. The process of delineating zones and agglomerations has progressed but still needs to be finalised. A total of 10 municipalities need to have air quality improvement plans, with such plans having been adopted already by 7 of them. Of these, three were adopted during the reporting period and one is currently under development. The municipalities that adopted plans were Ohrid, Prilep and Veles. Strumica's plan is being developed, while plans for Kumanovo, Kavadarci, Gostivar and Struga are being updated.

Air pollution cadastres for 10 municipalities – Kichevo, Prilep, Shtip, Kavadarci, Kochani, Gevgelija, Veles, Struga, Tetovo and Gostivar – have been completed, with cadastres for seven more municipalities – Strumica, Bitola, Probistip, Kriva Palanka, Delchevo, Debar and Sveti Nikole – expected to be completed.

On **waste management**, implementation remains a significant challenge across the sector. The national strategies for waste management and sludge management still need to be adopted. The authorities submitted a formal request to the European Commission related to information listed in Annex VIII to the Waste Shipment Regulation, requesting the possibility to import from the EU of 18 waste streams from the list of non-hazardous waste.

Regional waste management structures are not functional and the municipal utility enterprises are not operating efficiently. Further delays are being encountered in establishing a regional waste management system across the country. No tangible progress was made in the northeast and east regions, despite the significant financial assistance provided. The process is still affected by lack of ownership and commitment from local authorities, and weak interinstitutional relations and decision-making.

Implementation of the **circular economy** is stagnating. Limited stakeholder awareness and knowledge, insufficient financial means and infrastructure limitations continue to be the main challenges.

The Extended Producers Scheme (EPR) has not yielded the anticipated improvements and continues to face a range of persistent challenges. The number of producers responsibility organisations (PROs) continues to increase, but without sufficient supervision it may seriously jeopardise market functioning and undermine achievement of the national targets.

Remediation activities related to the clean-up of Organic Chemical Industry Skopje (OHIS), a former organic chemicals factory dump, are progressing. More work and funding is required to complete the clean-up of the site.

On **water quality management**, the new Law on water needs to be adopted to further align with the Water Framework and Groundwater Directives. River basin management plans and the upgraded water monitoring strategy have not been adopted. There is no progress on aligning with the EU *acquis* on flood and water reuse. Weak administrative and technical capacities at central and local level, unbalanced distribution of functions and heavy reliance on donor support hinder implementation. The 2025 water management programme was adopted. Untreated sewage and discharge from the bigger cities remain the primary sources of water pollution, particularly for rivers. Lack of designation of sensitive areas and the lack of a sludge management strategy hinder wastewater treatment in line with the relevant EU *acquis*. Infrastructure sustainability requires reforms in the public communal enterprises and the use of a funding model, applying the polluter-pays and full-cost-recovery principles. The inspection and sanctions system remains ineffective and needs to be significantly strengthened, as it has raised public discontent.

On **nature protection**, the laws aligning with the Habitat and Bird Directives and CITES legislation have not been yet adopted. No progress was made in aligning the Zoo Directive, and zoos lack capacity for biodiversity conservation. A dedicated nature protection institution has still not been established, despite being an important target in the national strategy for nature protection. The national information system for biodiversity is still not functional, and identifying potential NATURA 2000 sites faces institutional difficulties. The process of declaring protected areas of high importance such as Lake Ohrid, Studenchisko Blato, Matka Canyon and the re-proclamation of the Mavrovo National Park, is still not finalised and may further deteriorate the biodiversity and natural values of the sites. The management plan for the Lake Prespa Monument of Nature (2024-2033) has been adopted and the Galichica, Shara Mountain and Pelister national parks show improved sustainable management. Central budget support for the four national parks continued in 2025, enabling progress, but sustainable financing and administrative capacity to manage protected areas remains a major challenge. The implementation of UNESCO recommendations for the natural and cultural heritage of the Ohrid Region remains insufficient.

In the **forestry** sector, the Integrated Forest Information System (IFIS) was developed and over 100 000 hectares of state forests were certified for sustainable forest management with EU support. IFIS should be maintained as a core information tool and certification should expand to additional forests. Alignment with the EU *acquis* remains incomplete. A harmonised Law on Forests is needed to comply with the FLEGT and Timber Regulations, while institutional reforms should clarify authorities' roles, strengthen enforcement, and improve forest data. Swift adoption and implementation of these measures would secure sustainable management and EU compliance.

As regards **industrial pollution and risk management**, the March 2025 accident at the Toronica lead and zinc mine, which resulted in the pollution of the Kriva River with hazardous substances, revealed serious enforcement gaps and the authorities' lack of preparedness and protocols to handle such incidents. Mid-September 2025, Parliament adopted the law on industrial emissions. There were no developments in the area of **chemicals pollution** and of **noise pollution** in the reporting period.

On **civil protection**, no progress was made in implementing the necessary reforms to ensure streamlined, coordinated and efficient disaster mitigation and response action at all levels. The country needs to improve legal, governance and financial frameworks related to disaster prevention, preparedness and response. Although risk analysis was completed, the national protection and rescue strategy is still pending. The mandatory training programme for all territorial, fire and rescue/civil protection staff was only partially completed. The training provided to the newly hired firefighters was extremely limited. An action plan for fire prevention and handling was prepared, including a review of human resources and equipment. North Macedonia is encouraged to make use when appropriate of the scientific partnership for natural hazards, through the Emergency Response Coordination Centre. The country activated four times the Union Civil Protection Mechanism: once, following the Kochani nightclub fire in March 2025, evacuating 40 patients with burn injuries to European countries for specialised treatment and three times due to heavy wildfires in July 2025. The organisation of these missions revealed serious shortcomings, such as insufficient national coordination, unclear roles and responsibilities, and insufficient communication among relevant authorities. The national emergency communication system is not yet linked to the European Commission's Common Emergency Communication and Information System. Public awareness and basic emergency skills require strengthening.

#### Climate change

No progress was made in the area of climate change during the reporting period. North Macedonia should urgently step up its efforts to align with the EU climate *acquis*.

The country needs to adopt the long-awaited climate law and subsequently urgently align with and implement the monitoring, reporting, verification and accreditation (MRVA) *acquis* for the purpose of introducing carbon pricing and aligning with the EU Emissions Trading System (ETS) in its full scope.

North Macedonia needs to finalise and adopt its revised National and Energy Plan (NECP). The country needs to step up the implementation of its revised Nationally Determined Contribution (NDC) and submit a new and ambitious NDC to the United Nations Framework Convention on Climate Change (UNFCCC) in line with the efforts to limit global warming to 1.5°C. Furthermore, they should submit their first Biennial Transparency Report without delay.

North Macedonia urgently needs to significantly reinforce its administrative capacity in the sector in order to make progress in aligning with the EU climate *acquis* and awareness-raising activities should be strengthened.

### **CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION**

This cluster covers: agriculture and rural development (Chapter 11); food safety, veterinary and phytosanitary policy (Chapter 12); fisheries and aquaculture (Chapter 13); regional policy and coordination of structural instruments (Chapter 22); and financial and budgetary provisions (Chapter 33).

## Chapter 11: Agriculture and rural development

*The EU's common agricultural policy supports farmers and ensures Europe's food security. It helps tackle climate change and the sustainable management of national resources; maintains rural areas and landscapes across the EU; and keeps the rural economy alive by promoting jobs in farming, agri-food industries and associated sectors. This requires strong management and control systems. There are also common EU rules for marketing standards, quality policy and organic farming.*

On **horizontal issues**, North Macedonia continues to align its agricultural policy with the EU *acquis*, but some gaps remain with income support coupled to production. The new Law on agriculture and rural development has still to be adopted.

All core components of the Integrated Administration and Control System (IACS) are in place and operational. The update of the Land Parcel Identification System (LPIS) is in its final stage. However, the transfer of the Farm Register and LPIS to the authority of the Paying Agency (AFSARD) is pending. Real-time interoperability with the animal identification and registration system remains hampered by persistent data governance issues in the Food and Veterinary Agency. A Check by Monitoring (CbM) System and a Geospatial Aid Application System (GSAA) were piloted and led to encouraging results. However, national roll-out faces challenges, particularly in digital infrastructure, human resources and user readiness. Further progress and additional resources are needed to develop the Farm Sustainability Data Network (FSDN) incorporating environmental and social sustainability data in line with the EU *acquis*.

The Law on advisory services adopted in 2023 set out the legal framework for developing farm advisory services in line with the EU *acquis*, but implementing legislation has not been adopted, preventing any provision of services to farmers.

On **agricultural markets – common market organisation (CMO)**, the overall legislation is yet to be aligned, and institutional mandates are yet to be defined. North Macedonia should prioritise implementing legislation on school schemes and producer organisations in line with EU *acquis*.

On **rural development**, IPARD III implementation is continuing, with insufficient progress in the entrustment of new measures under the IPARD III programme. Strengthening the administrative capacities of the IPARD III authorities needs to be addressed promptly.

On **quality policy**, the legislative framework is yet to be fully aligned with the EU *acquis*. Administrative capacity and resources remain insufficient, despite growth prospects.

There has been no progress in adopting the new Law on **organic farming**. North Macedonia should make use of available support under the IPARD III programme to support the sector to grow

On the **anti-corruption measures**, the IPARD bodies are obliged to prevent, detect and report irregularities.

## Chapter 12: Food safety, veterinary and phytosanitary policy

*The EU food acquis, including hygiene rules for foodstuff production, ensures a high level of food and feed safety and a high level of protection of consumers' interests. Animal health and welfare and the safety of food of animal origin are safeguarded together with quality of seeds, plant reproductive material, protection against harmful organisms, animal nutrition and the use of plant protection products.*

On **general food safety**, the legal framework is still partially aligned with the General Food Law Regulation. A new Law on official controls, under preparation for a couple of years, has still not been adopted. The Food Safety Agency performed regular audits of laboratories in the veterinary and food safety area. The Agency carried out its missions in line with quality management standards in most areas. However, the risk-based approach and transparency principle have yet to be applied to all official control systems. The systems must be adequately financed to retain their sustainability.

On **veterinary policy**, a new Law on animal health, which intends to align with the EU *acquis*, including implementing legislation on disease control, has yet to be adopted. Control measures for

animal diseases are yet to be updated in line with the principles of the EU Animal Health Law. The collection, verification and analysis of data remain insufficient. North Macedonia did not implement rabies vaccination campaigns in 2024 and spring 2025. Moreover, efforts on the rabies surveillance programme remain insufficient and should be further strengthened to provide reliable data to support for disease freedom. The country secured EU cofinanced programmes for African swine fever, avian influenza and rabies for the period 2025-2027.

Regarding **animal welfare**, North Macedonia should continue ongoing efforts to further align with the EU *acquis*. There are challenges with the implementation of some requirements such as the routine tail docking of pigs and the transition to enriched cages for laying hens.

The 2025 national monitoring programme on control of residues of veterinary medicinal products and contaminants in live animals and foodstuffs of animal origin was approved by the European Commission with regard to bovine, ovine/caprine and porcine meat, poultry, aquaculture, milk, eggs, wild game and honey. Implementing legislations on zoo-technics were adopted. Further efforts on alignment and implementing capacity are necessary to implement the EU *acquis* on zoo-technical issues.

Regarding the **placing on the market of food, feed and animal by-products**, preparatory activities to build an animal by-products rendering plant are yet to be completed. Overall, an EU compliant system of collection, storage and processing of animal by-products is not yet in place.

On **food safety rules** and its **specific rules for feed**, no new developments were reported.

On **phytosanitary policy**, a new Law on plant health has yet to be adopted. The Phytosanitary Directorate regularly updated the list of harmful organisms in line with EU *acquis* and the country's pest status. The phytosanitary monitoring programme for plant health remained in place, and the phytosanitary information system was further developed. However, no measures for the sustainable use of pesticides were implemented. According to the EU Rapid Alert System for Food and Feed (RASFF), EU Member States reported unauthorised chemicals in several vegetable shipments from North Macedonia, highlighting inadequacies in pesticide control within the country. Significant efforts are still needed to gather reliable data on national pesticide use and its effects on human health.

The legislation on **genetically modified organisms** is yet to be fully aligned with the EU *acquis*.

### **Chapter 13: Fisheries and aquaculture**

*The common fisheries policy lays down rules on fisheries management, protects living resources of the sea and limits the environmental impact of fisheries. This includes setting catch quotas, managing fleet capacity, rules on control and inspection, rules on markets and aquaculture and support for fisheries and coastal communities. Further, it promotes a sustainable aquaculture.*

As a landlocked country, North Macedonia does not apply much of the EU legislation on marine fisheries. Nevertheless, it is still required to align with the relevant parts of the EU *acquis* on inland fisheries, aquaculture, control measures, data collection, structural actions, State aid and market policy. The basic legal framework is in place in the Law on fisheries and aquaculture of 2024, but its implementing legal acts are yet to be adopted. Institutional capacity has improved thanks to the creation of a dedicated Department for Fisheries and Aquaculture within the Ministry for Agriculture, Forestry and Water Economy. However, understaffing persists.

On **resources and fleet management**, resources management plans have been developed for certain water bodies and major lakes. Progress is noted in resuming the restocking efforts for Ohrid trout in 2025 in collaboration with the scientific institutes. The permanent ban on fishing eel and trout remains in place. North Macedonia should establish systematic stock assessments and enforce science-based management of fish stocks, including restocking and zero-catch reporting for sensitive species such as the Ohrid trout and European eel. Even though marine-specific rules of the EU *acquis* do not apply, North Macedonia is expected to align vessel registration systems, licensing and establishing monitoring systems to track their activities.

Data collection has advanced in terms of state statistical data for fisheries. Further efforts are needed to align with the EU Fisheries Data Collection Framework.

**Inspection and control** improved during the reporting period despite understaffing of the State Agriculture Inspectorate. Fish health monitoring is regularly implemented by the veterinary controllers, but environmental monitoring needs further improvement. Stronger cooperation between the State Agriculture Inspectorate, Veterinary Inspection and Border Police is needed for enforcement against Illegal, Unreported and Unregulated (IUU) fishing and cross-border violations. Additional efforts are needed to establish fish traceability systems and improved enforcement mechanisms.

Financial support for national **structural actions** remains limited. No **State aid** schemes aligned with EU rules were implemented so far.

No progress can be reported in the area of **market policy**.

**Aquaculture** in North Macedonia, primarily focused on trout and carp production, is in development. Adoption of relevant bylaws remains pending. North Macedonia should accelerate its efforts to finalise the Multiannual National Strategic Plan for Aquaculture.

**International cooperation** continues with Albania under the Ohrid and Prespa Lakes Agreement, although no joint meeting took place in 2024. Coordination with Greece on Lake Dojran remains functional. North Macedonia's European Inland Fisheries and Aquaculture Advisory Commission membership supports regional dialogue on inland fisheries.

The country should improve **anti-corruption measures** in concession rights, licensing, quota allocation and financial aid distribution. Strengthening oversight and transparency, supported by digital systems, will improve accountability and align with EU standards. The transparency of the aquaculture register, use of digital records, streamlining licensing procedures, and controls and on-site verifications are areas that require improvement.

## **Chapter 22: Regional policy and coordination of structural instruments**

*Regional policy is the EU's main tool for reducing regional disparities and investing in sustainable and inclusive socio-economic growth. It is operating through 'shared management' between the Commission and EU Member States. The implementation of cohesion policy programmes requires appropriate administrative capacity on programme and project level, the establishment of systems of sound financial management and control and also the fulfilment of other EU acquis elements such as environmental or public procurement legislation.*

Limited progress was made on the **legislative framework**, while basic principles remain broadly in line with EU *acquis* on public procurement, public finance management, regional and municipal development. A Public Investment Management (PIM) Decree establishing the methodology for appraisal and prioritisation of projects was adopted in April 2025. A new legislation on administrative servants and public sector employees was enacted in July 2025. However, the job classification and salary system need to be improved to ensure job security, stability and retention of the staff working on EU related issues. In November 2024, the mayors of four Prespa Basin municipalities (in Albania, Greece, and North Macedonia) signed a memorandum to promote environmental protection, sustainable development, and cross-border cooperation, potentially linking to EU territorial cooperation (EGTC) initiatives. Additionally, North Macedonia should enhance the decentralisation process through a sound financing framework for municipalities and strengthen policy dialogue on regional development.

The **institutional framework** for the management of EU funds under IPA III has been improved to reflect IPA III requirements, particularly in line with the principles of EU cohesion policy. Nevertheless, the operating structures established for the multiannual operational programmes have limited administrative capacity which needs to be addressed. Management and control systems need to be further aligned with IPA III requirements.

Weaknesses persist in the **administrative capacity** of key institutions managing EU funds. The lack of a national staff retention policy, shortcomings in human resources management, and high staff

turnover across the IPA structures remain key concerns. In the reporting period, the average turnover rate was 6%, and occupancy rate was 85%. Training remains weak and donor-dependent, with the IPA training centre understaffed and lacking a functional trainer roster.

As regards **programming**, the policy dialogue that supports the strategic planning and programming of EU assistance continued over the reporting period, through the organisation of meetings of the sector working groups (SWGs). The dialogue also improved its quality. The meeting of the SWG on Regional and Local Development, held in February 2025, was an important milestone in advancing sustainable development and decentralisation in the government political agenda. The new Action Plan for 2024-2026 of the Programme for Sustainable Local Development and Decentralisation 2021-2026 has been updated and was adopted by the government in October 2024.

North Macedonia continues to build on the experiences gained through its participation in regional and territorial cooperation programmes, engaging in five cross-border cooperation (CBC) programmes, two transnational programmes and two interregional programmes. North Macedonia also participates in the EU Strategy for the Adriatic Ionian region for which it currently holds the presidency till June 2026. Nonetheless, the pressing need for more qualified and experienced staff in key ministries persists, in order to boost programme implementation and effectiveness.

The transition from IPA II CBC to IPA III CBC has been delayed due to the postponed ratification of the financing agreement between North Macedonia and Albania, as Albania left the CBC programme without a Joint Technical Secretariat in July 2024. Establishment of the Secretariat commenced in May 2025 and its Head was selected in June, while the appointment of all relevant staff has been gradual and remains at a measured pace.

Inadequate capacities and a lack of effective coordination, both at the national and bilateral levels, have jeopardised key strategic projects under the CBC programme. Ineligible costs continue to occur in the implementation of the Technical Assistance programme implemented by both partners. To address these issues, there is an urgent need to establish a sustainable human resource management system for staff working in the Joint Technical Secretariats for all CBC programmes.

On **monitoring and evaluation**, North Macedonia actively participates in the IPA and sector monitoring committees, but a limited number of conclusions are subsequently implemented. Weak coordination, delayed inputs from the institutions and poor central reporting and monitoring hinder IPA reporting quality. Stronger political commitment is essential to improve programme implementation.

Internal and external audit functions are in place, but internal audit needs to be strengthened to better support the functioning of the management and control systems. The Audit Authority continues to perform well and follows sound audit methodology with good audit coverage. The operational and technical capacity of the Audit Authority improved following new recruitments. Implementation of the audit findings by the auditees remains very low.

The **financial management and control** systems are functioning but are under pressure due to limited administrative capacity, which continued to negatively affect the programmes managed indirectly by the beneficiary country. The weak administrative capacities and the consequent difficulty in absorbing funds have led to decommitments, and the risk of further decommitments remains high. To address the critical shortcomings, North Macedonia has reorganised the financial and control systems related to the operational programmes financed under IPA III. Further efforts are needed to address the recommendations on staff management and retention policy, procurement and contract planning, internal audit function and quality assurance.

On the **fight against corruption**, the Anti-Fraud Coordination Service (AFCOS) network is in place and fully operational, but its capacity has to be further strengthened.

### **Chapter 33: Financial and budgetary provisions**

*This chapter covers the rules governing the funding of the EU budget ('own resources'). These resources mainly consist of: (i) contributions based on the gross national income of each Member*

State; (ii) customs duties; (iii) the non-recycled plastic resource and (iv) a resource based on value added tax. Member States must have the appropriate administrative capacity to adequately coordinate and ensure the correct calculation, collection, payment and control of own resources.

Progress remains limited in the development of the **specific institutional set-up** and the **legal and methodological framework** for own resources. However, some advancement was achieved in strengthening public internal financial control (PIFC), marked by the adoption of the PIFC law in December 2024 (for further information, see developments under Chapter 16 – Taxation, Chapter 18 – Statistics, Chapter 29 – Customs union and Chapter 32 – Financial control).

In the area of **traditional own resources**, customs legislation is highly aligned with the EU *acquis*. However, the guidelines for the application of EU traditional own resources still need to be developed. Additionally, the establishment of an IT system for managing A and B accounts, as well as enabling access to the OWNRES electronic system for reporting fraud and irregularities related to traditional own resources, remains pending.

The **2025 customs tariff** was adopted to reflect the most recent updates in the EU Combined Nomenclature. Nonetheless, the capacity of customs authorities requires further strengthening.

Good progress was noted in the consolidation and upgrading of IT systems, including the successful completion and launch of the New Computerised Transit System (NCTS) Phase 5 in January 2025. The Customs Administration now operates in a fully paperless environment for processing customs declarations and excise documents.

Persistent delays in the **VAT** refund process remain a concern, with only 15% of refunds issued within the legal deadline. The Public Revenue Office has maintained its efforts to implement the Integrated Tax Information System (ITIS), aimed at digitalising business processes and improving the monitoring of tax collection. (See further information under Chapter 16 – Taxation).

National accounts and the compilation of **gross national income (GNI)** are based on the European System of National and Regional Accounts 2010 (ESA 2010) standards. The State Statistical Office (SSO) has continued regular transmission of GNI and GDP data to Eurostat under the ESA 2010 transmission programme. However, further improvements are required, particularly the updating of the GNI inventory, which poses continuous work for the SSO.

The **administrative infrastructure** is yet to be operational and cannot yet ensure the timely and efficient functioning of the calculation, collection, payment and control of own resources. In addition, reporting and coordination mechanisms among all bodies involved require improvement.

## CLUSTER 6: EXTERNAL RELATIONS

This cluster covers: external relations (Chapter 30); foreign, security and defence policy (Chapter 31).

### Chapter 30: External relations

*The EU has a common trade and commercial policy towards third countries, based on multilateral and bilateral agreements, and autonomous measures. There are also EU rules in the field of humanitarian aid and development policy.*

On **common commercial policy**, North Macedonia continued to coordinate its positions and align closely its policies with those of the EU, including within the World Trade Organization. The Protocol for acceptance of the Agreement on Fisheries Subsidies was ratified by Parliament in December 2024 and the Instrument for ratification was deposited. The Trade Facilitation Agreement is fully applied. The Ministry of Foreign Affairs and Foreign Trade became responsible for trade policy in December 2024, as trade competences were transferred from the Ministry of Economy.

North Macedonia participated actively in the Central European Free Trade Agreement (CEFTA) and has continued to implement the action plan for the development of the Common Regional Market (CRM) of the Western Balkan partners. The country is implementing the three agreements related to the CRM, covering freedom of movement with ID cards, recognition of professional qualifications,

and recognition of academic qualifications. In December 2024, the Agreement on mutual recognition of professional qualifications for nurses, veterinary surgeons, pharmacists and midwives was ratified, which provides mobility of an expanded number of professions among the CEFTA parties. Additional Protocol 7 on Dispute Settlement was adopted by the CEFTA Joint Committee in October 2024.

The system for export control of **dual-use goods** and technologies is functional. North Macedonia is aligned with the latest EU *acquis*, namely Regulation (EU) 2021/821 and its annual updates as regards the list of dual-use items. In 2024, 12 licences for exports of dual-use goods were issued. A working group was formed to prepare a law on establishing a national screening mechanism for foreign direct investments. North Macedonia has yet to align with the EU *acquis* on screening of foreign direct investments.

There were no new **bilateral agreements with third countries** negotiated. Some 39 bilateral investment treaties (BITs) are in force, of which 18 are with EU Member States.

There was no progress in **development policy** and **humanitarian aid**. The country is encouraged to establish a relevant policy framework, in line with EU policies and standards.

### Chapter 31: Foreign, security and defence policy

*Member States must be able to conduct political dialogues in the framework of foreign, security and defence policy, align with EU statements, take part in EU action, and apply agreed sanctions and restrictive measures.*

North Macedonia continued to engage in **political dialogue** with the EU on foreign policy and security issues at all levels. In April 2025, North Macedonia participated in the eleventh EU-Western Balkan Meeting of Political Directors. In November 2024, North Macedonia and the EU signed a **Security and Defence Partnership**, establishing a platform for enhanced dialogue on security and defence. In May 2025, the first session of the EU-North Macedonia Security and Defence Dialogue took place in Skopje.

The institutional framework enabling the country's participation in the EU **common foreign and security policy (CFSP)** and in the common security and defence policy is in place and operational. North Macedonia has maintained its track record of full alignment with statements by the High Representative on behalf of the EU and Council decisions on sanctions, including all EU restrictive measures against Russia and Belarus related to Russia's war of aggression against Ukraine.

A time lag remains between alignment with the **restrictive measures** and their formal implementation. Other ongoing related challenges are the time and cost of translations.

On **cooperation with international organisations**, North Macedonia continues to contribute to regional and global peace and security. North Macedonia continued to implement resolution 1325 on Women, Peace and Security through its Second National Action Plan 2020-2025. In May, North Macedonia hosted and participated in the 'Immediate Response 25' drills, together with six other NATO allies. The country was elected as a member of the UN's Human Rights Council for 2025-2027. In February 2025, North Macedonia abstained from the UN General Assembly Resolution 'Advancing a comprehensive, just and lasting peace in Ukraine' marking the third anniversary of the Russian full-scale invasion of Ukraine. North Macedonia instead backed the US-sponsored Resolution on 'A path to peace'. North Macedonia presented its candidacy as the fifth candidate in the UN Economic and Social Council (ECOSOC) elections in June 2025.

A bilateral immunity agreement between North Macedonia and the United States continues to be in place, granting US citizens exemptions from the jurisdiction of the **International Criminal Court**. In doing so, the country does not comply with the EU common positions on the integrity of the Rome Statute or with the related EU guiding principles on bilateral immunity agreements. Alignment with the EU position continues to be needed.

On **conflict prevention**, North Macedonia continued supporting EU measures, including through contribution to EU missions as well as to UN and NATO missions. In August 2025, North Macedonia deployed two new members to UNIFIL in Lebanon.

On **non-proliferation**, North Macedonia implemented the 2018 regional roadmap for a sustainable solution to the illegal possession, misuse and trafficking of small arms and light weapons (SALW) and their ammunition in the Western Balkans, and in October 2024 agreed to the new SALW roadmap 2030. The country has a functional weapons registration system. Additional legislation regulating weapons, military armaments, and dual-use items is in place and partially aligned with EU directives and regulations. Yet, further alignment is needed.

North Macedonia has signed all major conventions and is aligned with the EU's policy on weapons of mass destruction (WMD). North Macedonia has committed to becoming a member of the Wassenaar Arrangement and potentially of the Australian Group. In May, North Macedonia aligned with the Council Decision concerning restrictive measures against the proliferation and use of chemical weapons. The country has deepened its engagement with the Organisation for the Prohibition of Chemical Weapons (OPCW) agenda, first through its membership of the OPCW Executive Council in the period 2023-2025 and currently as a member of the Council (2025-2027).

On **security measures**, the Law on classified information is in force. North Macedonia continued to implement its security of information agreement with the EU on procedures regarding exchange of classified information.

On the **common security and defence policy (CSDP)**, North Macedonia has continued to participate in EU crisis management missions and operations and decided to deploy 32 further military staff to the EUFOR ALTHEA operation in Bosnia and Herzegovina from November 2025 to May 2026. North Macedonia also continued to be a part of the EU Battlegroup HELBROC. In addition, North Macedonia contributes to regional cooperation in military medicine through the Balkan Medical Task Force.

**Hybrid threats** remain a risk to North Macedonia, mainly through malign foreign interference, the use of economic instruments of power, the use of instruments in the information sector and cyber-attacks on ICT infrastructure. North Macedonia continued to implement the Strategy and Action Plan for Building Resilience and Dealing with Hybrid Threats 2021-2025. An Operational Team for Cybersecurity and Hybrid Threats was established within the Ministry of Interior to provide guidance to build institutional resilience and strengthen communication with the public. Although strategies for countering cyber and hybrid threats exist, there is no clear legal framework on foreign information manipulation and interference (FIMI). North Macedonia has aligned with the EU's July 2025 statement condemning Russia's hybrid campaigns against the EU and its partners. Additionally, North Macedonia has actively engaged in negotiations in the UN Open Ended Working group on security of and in the use of information and communications technologies. Further efforts are needed to close the space for FIMI, including disinformation, and to build societal resilience, against this and other forms of hybrid threats.

## **ANNEX I – RELATIONS BETWEEN THE EU AND NORTH MACEDONIA**

North Macedonia has been a candidate country since 2005. On 26 March 2020, the European Council endorsed the Council's decision to open accession negotiations with North Macedonia. The first Intergovernmental Conference took place on 19 July 2022, following the Council's approval of the negotiating framework. The Commission launched the screening process on the same day. The screening was completed in December 2023 and all screening reports on the six clusters were presented to the Council.

North Macedonia has been participating in the **Stabilisation and Association process** since 1999. The Stabilisation and Association Agreement (SAA) with the EU, signed in 2001 and in force since 2004, sets the framework for relations with the EU, including political, economic and technical dialogues. Experts met in seven subcommittees and one special group, according to schedule. The Stabilisation and Association Council took place in March 2023 in Skopje.

**Visa liberalisation** for citizens of North Macedonia travelling to the Schengen area has been in force since December 2009. A readmission agreement has been in force since 2008. The Commission's

sixth report under the visa suspension mechanism concluded that North Macedonia continues to meet the visa liberalisation benchmarks.

North Macedonia has maintained its full alignment with **EU common foreign and security policy** over the reporting period. Substantial participation in EU crisis management missions and operations continued, notably in the EUFOR ALTHEA operations in Bosnia and Herzegovina and the EU Battlegroup HELBROC.

A **Security and Defence Partnership** between North Macedonia and the EU was signed in November 2024 and the EU-North Macedonia Security and Defence Dialogue was launched in Skopje in May 2025.

The EU has supported the Army of North Macedonia via three bilateral assistance measures under the **European Peace Facility** worth a total of EUR 38 million by April 2025, with a view to strengthening their military equipment, operational effectiveness and mobility. The Balkans Medical Task Force, in which North Macedonia participates, benefits from a EUR 6 million 2022 support measure under the European Peace Facility.

In July 2025, the multiannual financing decision under the **Instrument for Pre-accession Assistance (IPA III) 2025-2027** was adopted. The decision allocates EUR 67 million for a three-year period from 2025 to 2027. The funding aims to support key areas such as rule of law, good governance, education and the integration facility. This complements the work done in July 2024, when three financing decisions for a total of EUR 160 million for the 2024-2027 multiannual operational programmes on transport, environment and human capital were adopted. North Macedonia benefits from complementary support for civil society and migration management. It also participates in cross-border cooperation programmes, transnational cooperation programmes and EU programmes. To improve public procurement and strengthen capacities in modelling the macroeconomic effects of green policies and investments, North Macedonia is participating as an observer in two pilot projects under the Technical Support Instrument.

The new activities complement the programmes still under way under **IPA II (2014-2020)**. Progress was made on implementing IPA II to support the country's social and economic development and key structural reforms. EU assistance under IPA II continued to support reforms in the areas of rule of law, public administration and public finance and advanced the fight against corruption. Media, civil society and the private sector continue to benefit from key EU assistance, which provides them with opportunities to grow and develop in a favourable environment. In the area of competitiveness and business development, a national platform for women entrepreneurs was established. The EU-supported Youth Guarantee benefited over 9 900 young people in the region facing the highest youth unemployment and high rates of school leaving. It also assisted Roma children and children with disabilities. Under the multiannual programme, a substantial amount of EU financial assistance has been allocated to protect the environment and boost connectivity with the EU transport systems. On transport, with EU support, construction of the Gradsko-Drenovo highway, part of the Corridor X Road, was finalised and put into operation. On the environment, the EU supported the development of the national environmental monitoring strategy and accompanying action plan and a long-awaited National Environmental Information System. Due to the weak administrative capacity under this multiannual programme, the country faced a cumulative automatic decommitment of EUR 122 053 668.08.

Under the **Reform and Growth Facility**, North Macedonia benefits from a programmed allocation of EUR 750.4 million, channelled via the country's Reform Agenda. The allocation covers key reforms in six policy areas: public administration reform; green (energy); digitalisation; human capital; private-sector development; and fundamental rights and rule of law. Disbursement of EU support is conditional on compliance with the pre-conditions and delivery on reforms as set out in the Reform Agenda and will be channelled directly to the treasury and through the Western Balkans Investment Framework (WBIF) investment pipeline.

On 18 March 2025, North Macedonia received EUR 24.4 million out of the EUR 52.5 million as the pre-payment of 7% of the total amount provided for under the Reform and Growth Facility. The pre-

financing was disbursed for the state budget as support for the implementation of the reforms envisaged by the Reform Agenda, while the remaining EUR 28.1 million will be injected directly to the WBIF and will be used for infrastructure projects in the country.

The first set of reforms was due in December 2024, consisting of five steps, with a total value of approximately EUR 17 million. In July 2025, the Commission concluded its assessment and considered two out of the five steps as achieved: the adoption of the public financial control law, and the reform of the governance of state-owned companies. This led to the disbursement of the first tranche of approximately EUR 7.9 million. The second deadline under the Reform Agenda was June 2025, with 16 reforms across all policy areas of the Reform Agenda. In October 2025, the Commission concluded its assessment and considered four out of the sixteen steps as achieved, including the adoption of relevant legislation in the digitalisation area. This led to the disbursement of the second tranche of approximately EUR 17.1 million.

In 2025 there was enhanced implementation of projects financed under the **Western Balkans Investment Framework**. In cooperation with the World Bank, a 23 km express road from Kriva Palanka to Stracin was constructed, which was the last remaining section towards the border with Bulgaria. In a Team Europe spirit, work began on building the gas interconnector with Greece and the Skopje wastewater treatment plant, with KfW joining forces with the EIB and EBRD. KfW also continued to fund the reconstruction and rehabilitation of student dormitories, the enhanced implementation of phase 2 of the Bogdanci Wind Park and the rehabilitation of North Macedonia's six hydro power plants.

On 8 May 2024, the EU disbursed EUR 50 million in macro-financial assistance to North Macedonia. This was the first instalment of the EUR 100 million macro-financial assistance set out in a Commission proposal adopted by the European Parliament and the Council on 12 July 2023. Further efforts are expected to meet conditions for the disbursement of the second instalment.

The EU provides support via IPA and the Foreign Policy Instrument to strengthen the resilience of Western Balkans partners in facing hybrid threats including cyber and foreign information manipulation and interference.

**Annex II – Statistical data**  
**STATISTICAL DATA (as of 11/09/2025)**

<b>Basic data</b>	Note	2012	2020	2021	2022	2023	2024
Population (thousand)		2 060 i	2 076 i	2 069 i	1 837 i	1 830 i	1 826 i
Total area of the country (km <sup>2</sup> )		:	25 434	25 435	25 435	25 435	25 437

<b>National accounts</b>	Note	2012	2020	2021	2022	2023	2024
Gross domestic product (GDP) (million national currency)		466 703	669 280	729 445	816 084	897 694 p	948 905 e
Gross domestic product (GDP) (million euro)		7 585	10 852	11 835	13 243	14 583 p	15 425 e
GDP per capita (euro)		3 930 e	5 840 e	6 440 e	7 230 e	7 980 e	:
GDP per capita (in purchasing power standards (PPS))		9 398 e	12 730 e	14 124 e	15 086 e	15 823 e	:
GDP per capita (in PPS), relative to the EU average (EU-27 = 100)		36.2 e	41.8 b	42.6 e	42.0 e	41.5 e	:
Real GDP growth rate: change on previous year of GDP volume (%)		- 0.5	- 4.7	4.5	2.8	2.1 p	2.8 e
Employment growth (national accounts data), relative to the previous year (%)		1	- 7	3	- 6	0 p	4 e
Labour productivity growth: growth in GDP (in volume) per person employed, relative to the previous year (%)		- 2	2	2	10	2 p	- 2 e
Unit labour cost growth, relative to the previous year (%)		:	:	:	:	4 e	:
*3 year change (T/T-3) in the nominal unit labour cost growth index (2015 = 100)		:	:	:	:	:	:
Labour productivity per person employed: GDP (in PPS) per person employed relative to EU average (EU-27 = 100)		44	47	47	44 e	:	:
Gross value added by main sectors							
Agriculture, forestry and fisheries (%)		10.5	9.8	8.3	8.4	7.6 p	6.8 e
Industry (%)		17.8	19.8	19.7	19.7	19.8 p	19.2 e
Construction (%)		6.6	6.0	6.4	6.9	6.9 p	6.6 e
Services (%)		65.2 i	64.3 i	65.5 i	64.9 i	65.6 pi	67.3 i
Final consumption expenditure, as a share of GDP (%)		92.5	82.8	83.6	84.6	83.4 p	84.7 e
Gross fixed capital formation, as a share of GDP (%)		23.4	21.6	23.5	24.0	24.7 p	23.8 e
Exports of goods and services, relative to GDP (%)		45.4	57.8	65.4	72.8	67.8 p	62.7 e
Imports of goods and services, relative to GDP (%)		66.8	70.5	81.3	93.4	80.9 p	75.8 e
Gross fixed capital formation by the general government sector, as a percentage of GDP (%)		:	:	:	:	:	:

<b>Business</b>	Note	2012	2020	2021	2022	2023	2024
Industrial production volume index (2015 = 100)		88.1	102.4	103.9	103.6	104.3	:
Number of active enterprises (number)		:	:	66 890	67 338	68 577	:
Birth rate: number of enterprise births in the reference period (t) divided by the number of enterprises active in t (%)		:	:	9.2 i	9.6 i	9.3 i	:
Death rate: number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t (%)		:	:	7.9 i	7.1 i	12.8 pi	:

People employed in SMEs as a share of all persons employed (within the non-financial business economy) (%)	1)	:	:	93.96	95.96	96.03	:
Value added by SMEs (in the non-financial business economy) (EUR million)	1)	:	:	4 147 i	5 221 i	5 938 i	:
Total value added (in the non-financial business economy) (EUR million)		:	:	6 253	7 026	8 019	:

<b>Inflation rate and house prices</b>	Note	2012	2020	2021	2022	2023	2024
Consumer price index (CPI), change relative to the previous year (%)		1.8 d	1.2 d	3.4 d	14.0 d	9.0 d	4.2 d

<b>Balance of payments</b>	Note	2012	2020	2021	2022	2023	2024
Balance of payments: current account total (million euro)		- 240.0	- 318.0	- 329.0	- 801.3	55.6	- 355.5
Balance of payments current account: trade balance (million euro)		- 2 007.9	- 1 803.6	- 2 336.9	- 3 481.6	- 2 634.1	- 3 103.4
Balance of payments current account: net services (million euro)		309.4	423.7	497.9	748.5	735.5	1 061.9
Balance of payments current account: net balance for primary income (million euro)		- 163.8	- 411.5	- 519.5	- 568.4	- 742.4	- 800.9
Balance of payments current account: net balance for secondary income (million euro)		1 622.3	1 473.4	2 029.4	2 500.2	2 696.6	2 486.9
Net balance for primary and secondary income: of which government transfers (million euro)		60.3	110.0	138.5	59.1	131.6	57.2
*3 year backward moving average of the current account balance relative to GDP (%)		:	- 1.9	- 2.9	- 3.9	- 2.8	- 2.7
*Five year change in share of world exports of goods and services (%)		:	38.3	26.1	18.7	13.7	2.8
Net balance (inward - outward) of foreign direct investment (FDI) (million euro)		131.1 w	154.7 w	387.5 w	654.2 w	488.1 w	1 088.1 w
Foreign direct investment (FDI) abroad (million euro)		- 19.9 w	46.7 w	83.0 w	90.8 w	89.7 w	166.9 w
of which FDI of the reporting economy in the EU-27 countries (million euro)		- 5.5 w	31.3	59.7	67.3	84.7	102.6 w
Foreign direct investment (FDI) in the reporting economy (million euro)		111.2 w	201.4 w	470.5 w	745.0 w	577.7 w	1 255.0 w
of which FDI of the EU-27 countries in the reporting economy (million euro)		116.6 w	42.3	449.7	519.6	486.9	548.1 w
*Net international investment position, relative to GDP (%)		- 55.1	- 63.6	- 61.2	- 61.4	- 57.0	- 56.8
Year on year rate of change in gross inflow of remittances (in national currency) from migrant workers (%)		2.6 iw	:	:	:	:	:

<b>Public finance</b>	Note	2012	2020	2021	2022	2023	2024
General government deficit / surplus, relative to GDP (%)		:	:	:	:	:	:
General government gross debt relative to GDP (%)		:	:	:	:	:	:
Total government revenues, as a percentage of GDP (%)		:	:	:	:	:	:
Total government expenditure, as a percentage of GDP (%)		:	:	:	:	:	:

<b>Financial indicators</b>	Note	2012	2020	2021	2022	2023	2024
Gross external debt of the whole economy, relative to GDP (%)		68.2 iw	78.7 iw	80.9 iw	81.5 iw	77.9 piw	79.9 eiw
Gross external debt of the whole economy, relative to total exports (%)		153.3 w	136.3 w	123.0 w	112.0 w	114.9 w	127.7 w
Money supply: M1 (banknotes, coins, overnight deposits, million euro)		1 109.6 w	3 314.2 w	3 605.5 w	3 830.2 w	4 250.8 w	4 753.1 w
Total credit by monetary financial institutions to residents (consolidated) (million euro)		:	7 545.4	8 169.1	8 763.5	9 472.4	:
*Annual change in financial sector liabilities (%)		:	3.0	10.5	8.2	5.7	:
*Private debt, consolidated, relative to GDP (%)		:	:	:	:	:	:

Interest rates: day-to-day money rate, per annum (%)		2.10 w	1.00 w	0.94 w	1.08 w	3.88 w	2.16 w
Euro exchange rates: average of period (1 euro = ... national currency)		61.532	61.675	61.636	61.623	61.559	61.517
Trade-weighted effective exchange rate index, 42 countries (2015 = 100)		:	:	:	:	:	:
*3 year change (T/T-3) in the trade-weighted effective exchange rate index, 42 countries (2015 = 100)		:	:	:	:	:	:
Value of reserve assets (including gold) (million euro)		2 193.3 w	114.6	304.7	271.6	603.1	318.7

<b>External trade in goods</b>	Note	2012	2020	2021	2022	2023	2024
Value of imports: all goods, all partners (million euro)		5 071	7 599	9 647	12 126	11 149	11 066
Value of exports: all goods, all partners (million euro)		3 124	5 781	6 969	8 300	8 323	7 784
Trade balance: all goods, all partners (million euro)		- 1 947	- 1 818	- 2 678	- 3 826	- 2 826	- 3 282
Terms of trade (export price index / import price index * 100) (number)	2)	101.4 iw	107.0 iw	100.0 iw	99.0 iw	:	:
Share of exports to EU-27 countries in value of total exports (%)		63.7 iw	77.5 iw	77.1 iw	78.3 iw	78.7 iw	76.9 iw
Share of imports from EU-27 countries in value of total imports (%)		51.7 iw	46.3 iw	46.2 iw	46.8 iw	49.2 iw	50.5 iw

<b>Demography</b>	Note	2012	2020	2021	2022	2023	2024
Crude rate of natural change of population (natural growth rate): number of births minus deaths (per thousand inhabitants)		1.7	- 3.2	- 5.1	- 2.4	- 1.9	- 2.3
Infant mortality rate deaths of children under one year of age (per thousand live births)		9.8	5.7	4.6	:	1.9	:
Life expectancy at birth: male (years)		73.0	72.2	71.1 b	:	:	:
Life expectancy at birth: female (years)		76.9	76.7	75.5 b	:	:	:

<b>Labour market</b>	Note	2012	2020	2021	2022	2023	2024
Economic activity rate for persons aged 20–64: proportion of the population aged 20–64 that is economically active (%)		69.6	70.5	:	:	:	:
Employment rate for persons aged 20–64: proportion of the population aged 20–64 that are in employment (%)		48.2	59.1	:	:	:	:
Male employment rate for persons aged 20–64 (%)		57.5	68.9	:	:	:	:
Female employment rate for persons aged 20–64 (%)		38.7	49.0	:	:	:	:
Employment rate for persons aged 55–64: proportion of the population aged 55–64 that are in employment (%)		35.4	45.7	:	:	:	:
Employment by main sectors							
Agriculture, forestry and fisheries (%)		17.3 i	12.0 i	:	:	:	:
Industry (%)		23.6 i	23.9 i	:	:	:	:
Construction (%)		6.3 i	6.9 i	:	:	:	:
Services (%)		52.8 i	57.1 i	:	:	:	:
People employed in the public sector as a share of total employment, persons aged 20–64 (%)		:	:	:	:	:	:
People employed in the private sector as a share of total employment, persons aged 20–64 (%)		:	:	:	:	:	:

Unemployment rate: proportion of the labour force that is unemployed (%)		31.0	16.4	:	:	:	:
Male unemployment rate (%)		31.5	16.7	:	:	:	:
Female unemployment rate (%)		30.3	15.9	:	:	:	:
Youth unemployment rate: proportion of the labour force aged 15–24 that is unemployed (%)		53.9	35.7	:	:	:	:
Long-term unemployment rate: proportion of the labour force that has been unemployed for 12 months or more (%)		25.5	12.4	:	:	:	:
Unemployment rate for persons (aged 25–64) having completed at most lower secondary education (ISCED levels 0-2) (%)		36.4	21.4	:	:	:	:
Unemployment rate for persons (aged 25–64) having completed tertiary education (ISCED levels 5-8) (%)		18.8	12.9	:	:	:	:

<b>Social cohesion</b>	Note	2012	2020	2021	2022	2023	2024
Average nominal monthly wages and salaries (national currency)		20 902 w	27 182 w	28 718 w	31 859 w	36 614 w	41 239 w
Index of real wages and salaries (index of nominal wages and salaries divided by the inflation index) (2016 = 100)		95 w	116 w	119 w	115 w	121 w	132 w
Gini coefficient		:	31.4	30.3 b	29.8	:	:
Poverty gap		43.1	34.9	35.9 b	31.8	:	:

<b>Standard of living</b>	Note	2012	2020	2021	2022	2023	2024
Number of passenger cars relative to population size (number per thousand population)		146.0	207.0	260.0	264.0	303.0	:
Number of mobile phone subscriptions relative to population size (number per thousand population)		1 084.6 w	896.8 w	902.7 w	:	:	:
Mobile broadband penetration (per 100 inhabitants)		:	66.1 w	67.6 w	:	:	:
Fixed broadband penetration (per 100 inhabitants)		:	23 w	23 w	:	:	:

<b>Infrastructure</b>	Note	2012	2020	2021	2022	2023	2024
Density of railway network (lines in operation per thousand km <sup>2</sup> )		:	26.9 i	26.9 i	26.9 i	26.9 i	:
Length of motorways (kilometres)		259	335	335	335	335	:

<b>Education, Innovation and Research</b>	Note	2012	2020	2021	2022	2023	2024
Percentage of persons aged 30-34 with a tertiary education level (ISCED 2011 levels 5 to 8)		21.7	39.7	:	:	:	:
Percentage of persons aged 30-34 with a tertiary education level (ISCED 2011 levels 5 to 8), males		20.8	34.3	:	:	:	:
Percentage of persons aged 30-34 with a tertiary education level (ISCED 2011 levels 5 to 8), females		22.6	45.3	:	:	:	:
Participation in early childhood education (children aged 3 and over)		78.1 w	30.0	35.1	42.4	46.1	:
Participation in early childhood education (children aged 3 and over), males		77.7 w	29.4	35.2	41.4	46.2	:
Participation in early childhood education (children aged 3 and over), females		78.5 w	30.6	35.0	43.4	46.1	:
Low achieving 15-year-olds in reading		:	:	:	73.6	:	:
Low achieving 15-year-olds in mathematics		:	:	:	66.2	:	:

Low achieving 15-year-olds in science		:	:	:	65.3	:	:
Early leavers from education and training: proportion of persons aged 18-24 with at most lower secondary education (at most ISCED 2011 level 2) who are not in further education or training		11.7	5.7	:	:	:	:
Early leavers from education and training: proportion of men aged 18-24 with at most lower secondary education (at most ISCED 2011 level 2) who are not in further education or training		11.1	5.7	:	:	:	:
Early leavers from education and training: proportion of women aged 18-24 with at most lower secondary education (at most ISCED 2011 level 2) who are not in further education or training		12.3	5.8	:	:	:	:
Proportion of persons aged 25-64 having participated in education and training (last 4 weeks)		4.1	2.6	:	:	:	:
Proportion of persons aged 25-64 having participated in education and training (last 4 weeks), men		4.1	2.5	:	:	:	:
Proportion of persons aged 25-64 having participated in education and training (last 4 weeks), women		4.0	2.7	:	:	:	:
Exposure of vocational education and training (VET) graduates to work-based learning (% of population aged 20-34)		:	:	:	:	:	:
Share of individuals having at least basic digital skills (% of population aged 16-74)		:	:	34.6	:	:	:
Share of individuals having at least basic digital skills (% of population aged 16-74), males		:	:	38.1	:	:	:
Share of individuals having at least basic digital skills (% of population aged 16-74), females		:	:	31.1	:	:	:
Public expenditure on education relative to GDP (%)		:	:	:	:	:	:
Gross domestic expenditure on R&D relative to GDP (%)		:	0.37	:	0.37	0.37	:
Government budget appropriations or outlays on R&D (GBAORD), as a percentage of GDP (%)		:	:	:	:	:	:
Percentage of households who have internet access at home (%)		58.3	79.4	83.7	:	:	90.8

<b>Environment</b>	Note	2012	2020	2021	2022	2023	2024
Index of greenhouse gas emissions, CO <sub>2</sub> equivalent (1990 = 100)	3)	132.0 w	:	:	:	:	:
Energy intensity of the economy (kg of oil equivalent per 1 000 euro GDP at 2015 constant prices)		366.8	270.3	266.5	267.0	:	:
Electricity generated from renewable sources relative to gross electricity consumption (%)		16.7	23.5	22.8	25.9	32.2	:
Road share of inland freight transport (based on tonne-km) (%)		93.2 w	96.9 w	96.8 w	98.1 w	98.8 w	:

<b>Energy</b>	Note	2012	2020	2021	2022	2023	2024
Primary production of all energy products (thousand TOE)		1 561	992	886	1 040	936	:
Primary production of crude oil (thousand TOE)		0	0	0	0	0	:
Primary production of solid fuels (thousand TOE)		1 246	685	552	710	573	:
Primary production of gas (thousand TOE)		0	0	0	0	0	:
Net imports of all energy products (thousand TOE)		1 448 i	1 649 i	1 823 i	1 734 i	1 713 i	:
Gross inland energy consumption (thousand TOE)		3 004	2 597	2 677	2 738	2 701	:

Gross electricity generation (GWh)		6 262	5 347	5 532	5 942	6 875	:
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<b>Agriculture</b>	Note	2012	2020	2021	2022	2023	2024
Agricultural output volume index (at producer prices) (2015 = 100)		88.3 w	102.2 w	92.2 w	101.9 w	:	:
Utilised agricultural area (thousand hectares)		1 267.9	1 270.5	1 268.8	1 265.1	1 258.6	:
Livestock numbers: live bovine animals (thousand heads, end of period)		251.0	222.0	178.0	165.0	149.0	144.0
Livestock numbers: live swine (thousand heads, end of period)		152.0	164.0	186.0	182.0	193.0	180.0
Livestock numbers: live sheep and live goats (thousand heads, end of period)		796.0 i	726.0 i	709.0 i	726.0 i	673.0 i	615.0 i
Raw milk available on farms (thousand tonnes)		:	461.1	389.2	388.0	291.7	:
Harvested crop production: cereals (including rice) (thousand tonnes)		465.1	585.5	568.9	548.4	529.0	538.3
Harvested crop production: sugar beet (thousand tonnes)		0.0	0.0	0.0	0.0	0.0	0.0
Harvested crop production: vegetables (thousand tonnes)		691.4	794.2	798.0 p	803.1	742.6	790.3

**Source: Eurostat and/or the statistical authorities in North Macedonia**

: = not available

b = break in series

d = definition differs

e = estimated value

p = provisional

i = Eurostat estimate

w= data supplied by and under the responsibility of the national statistical authority and published on an "as is" basis and without any assurance as regards their quality and adherence to EU statistical methodology

\* = Macroeconomic Imbalance Procedure (MIP) indicator

Footnotes:

1) NACE Rev2. Coverage: B-N (excl. K); P-S (excl. S94)

2) Laspeyres unit value index. 2021 = 100.

3) Part of the greenhouse gas inventory prepared in the context of the Fourth National Communication (UNFCCC).