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COMMISSION STAFF WORKING DOCUMENT

North Macedonia 2026 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

2026 Communication on EU enlargement policy

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1. INTRODUCTION[1]

1.1. CONTEXT

All screening reports on the six clusters were presented to the Council. North Macedonia has continued work toward completing the necessary documents to fulfil the opening benchmarks for cluster 1 ('Fundamentals of the accession process'). No progress was made towards adopting relevant constitutional changes as required under the 2022 Council Conclusions. North Macedonia continued to implement the Stabilisation and Association Agreement and several joint bodies under the agreement met. This included the Stabilisation and Association Committee, which met in April 2026, the first time since 2021.

Essential EU-related reforms need to be implemented. North Macedonia has actively engaged on the new Growth Plan for the Western Balkans and has stepped up efforts to deliver on implementing the plan's four pillars of gradual integration with the EU single market, regional economic integration, fundamental reforms and increased financial support. The Commission's 2026 rule of law report covered North Macedonia for the third time.

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.

1.2. MAIN FINDINGS OF THE REPORT

CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

Democracy

The legal and institutional framework provides a basis for the democratic conduct of **elections**. However, no progress was made in aligning with EU standards and implementing outstanding recommendations of the Organisation for Security and Cooperation in Europe (OSCE)/Office for Democratic Institutions and Human Rights (ODIHR) and the Venice Commission with regard to the electoral code. Electoral disinformation and foreign information manipulation remain insufficiently addressed. North Macedonia needs to ensure alignment with all relevant EU *acquis*, including Regulation (EU) 2024/900 on the transparency and targeting of political advertising, taking into account European and international democratic standards.

Parliament can exercise its powers in a partially effective way. Parliament adopted a new Code of Ethics for Members of Parliament and a new strategic plan. Despite having clear Rules of Procedure, Parliament again failed to adopt its annual agenda. Consensus on legislation requiring qualified majorities remained elusive, delaying key reforms, while the use of shortened legislative procedures increased further.

[1] This report covers the period from 1 September 2025 to 1 September 2026. 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.

The institutions in charge of the **EU integration process** are in place. No monitoring reports were produced on the implementation of the National Plan for the Adoption of the EU *acquis* (NPAA).

The **government** coalition remained stable. Some progress was made on local government reform, though key legislation is still pending. The inter-ethnic situation remained stable, and the Ohrid Framework Agreement continued to be implemented, though challenges persist.

Civil society, including human rights defenders, operated in an overall enabling environment. The Council for Cooperation between the Government and Civil Society was reactivated. Civil society organisations (CSOs) participate in the National Council for EU Integration and the Council for Open Government Partnership, but their role should be enhanced. Although there is gradual progress towards a more open dialogue and participatory policy environment, civil society engagement in consultations needs to improve, including in the context of the EU accession process. State support remains limited and funding remains a structural vulnerability. There have been instances in which CSOs and human rights defenders have faced intimidation, online harassment and smear campaigns.

Public administration reform

North Macedonia remains **moderately prepared** in the area of public administration reform. **Some progress** was made by further expanding the offer of electronic services and upgrading the system for electronic management of documents. Efforts are on-going for amending the Law on administrative servants and the Law on public service employees to address weaknesses identified after their adoption. The country also enacted a Law on top management, with serious shortcomings regarding the composition of the selection boards, the methodologies for the selection and recruitment of top managers and objective criteria for dismissal. The reorganisation of several state institutions in line with the amended Law on state organisation continued. In November 2025, North Macedonia adopted its roadmap on public administration reform.

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

→ adopt and implement the revised Law on administrative servants, the revised Law on public service employees and the rules governing top management;

→ 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, and ensure full implementation of the Law on general administrative procedure;

→ ensure full implementation of the Integrated Financial Management Information System (IFMIS) in line with the revised organic budget law (OBL) requirements, particularly by awarding and rolling out the IFMIS and by being fully on track with putting the core modules into operation.

Chapter 23: Judiciary and fundamental rights

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 **limited progress**. North Macedonia made progress in developing its rule of law roadmap, which sets out commitments for the coming years on further alignment with the EU *acquis* and strengthening institutional capacity.

Functioning of the judiciary

The judicial system of North Macedonia is **between having some and a moderate level of preparation** and made **some progress**. The country continued implementing the Strategy for Judicial Reform (2024-2028). It adopted a new Law on the Judicial Council, largely

addressing the Venice Commission recommendations. Furthermore, it adopted a new Law on the Council for Public Prosecutors, a Law on salaries of judges, a Law on salaries of prosecutors as well as a new Law on civil procedure. The judiciary's overall independence and financial autonomy is undermined by persisting interference from other state branches and the drastic lack of financial and human resources.

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

→ accelerate implementation of the Strategy for judicial reform;

→ implement the newly adopted laws on the Judicial Council, on the Council for Public Prosecutors, and timely revise the Law on the Public Prosecutor's Office to strengthen those institutions, addressing the outstanding recommendations of the 2023 peer review mission and the opinions of the Venice Commission and adopting necessary implementing legislation;

→ consistently filling judicial vacancies including by stepping up the implementation of the human resources strategies for the judiciary and the public prosecution service as well as securing sufficient funding and ensure that the Automated Court Case Management Information System is fully functional.

Fight against corruption

North Macedonia is **between having some and a moderate level of preparation** and made **no progress** on the prevention of and fight against corruption. Corruption remains prevalent and is an issue of serious concern. The January 2026 amendments to the Criminal Code concerning the offences of abuse of official position and criminal association do not adequately address the adverse effects of the 2023 amendments and have contributed to legal uncertainty. The State Commission for the Prevention of Corruption needs to step up the proactive identification of potential cases of misconduct. High-level corruption cases continue to face delays and often reach the statute of limitations, contributing to the perception of impunity.

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 and a new Law on criminal procedure 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;

→ allocate sufficient human and financial resources, including financial experts, to: (i) the Public Prosecutor's Office and the Basic Public Prosecutor's Office for Prosecuting 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 asset declarations.

Fundamental rights

The legal framework on fundamental rights is overall aligned with the EU *acquis* and European standards. The country continues to meet its general obligations on fundamental rights. However, the implementation of legislation needs to improve. Parliament elected a new Ombudsperson, but eight new Deputy Ombudspersons still need to be chosen. The Ombudsperson's Office and the Commission on Prevention and Protection against Discrimination still lack financial autonomy. Gender-based violence remains a serious human rights issue, encompassing domestic violence, psychological, economic and cyber

violence, and femicide. No steps were taken to align with the EU *acquis* on non-discrimination and equality, including gender equality. Despite the renovation of some prison facilities, the overall situation in prisons remains appalling.

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 dire conditions in prisons and continue efforts to promote alternatives to incarceration, and implement relevant recommendations on detention conditions made by national and international institutions, particularly recommendations of the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (CPT);

→ appoint the eight Deputy Ombudspersons and ensure that the Ombudsperson's Office and the Commission on Prevention and Protection against Discrimination receive sufficient financial and human resources, enabling them to function independently and effectively;

→ provide adequate support to women survivors of gender-based violence, vulnerable categories of children, especially child victims of violence, Roma[2] children and children with disabilities.

Freedom of expression and media freedom

North Macedonia is **between having some and a moderate level of preparation** on freedom of expression and has made **no progress** in this area. The country took some steps to align the legal framework with the European Media Freedom Act. The Agency for Audio and Audio-Visual Media Services and the public service broadcaster continue to face challenges, primarily due to limited financial and administrative autonomy and irregular funding.

The Commission's recommendations from last year were 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

North Macedonia is **moderately prepared** in this area and has made **limited progress**. A national roadmap map to implement the Joint Action Plan on Countering and Preventing Terrorism for the Western Balkans was adopted. Limited progress was made on EU *acquis* alignment under this chapter. Cooperation with EU Member States and EU agencies needs to improve.

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

→ strengthen the capacities and resources of the structures responsible for fighting organised and financial crimes and money laundering, with a focus on increasing

[2] 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.

operational capacity and cooperation and on 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 Countering and Preventing Terrorism-terrorism;

→ 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 **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. North Macedonia continued to make progress in the fight against organised crime but should increase its capacities to fight all forms of serious and organised crime. Two revised laws on weapons and on testing and marking firearms, aligning with the relevant EU *acquis,* were adopted. Further alignment with the EU *acquis* on the fight against serious and organised crime is needed.

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

→ continue to 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;

→ further strengthen the capacities and resources of law enforcement agencies investigating organised and serious crimes, financial crimes and money laundering, and of the Asset Recovery Office and the Agency for the Management of Confiscated Assets;

→ align its legislation on narcotic drugs and psychotropic substances with the EU *acquis.*

ECONOMIC CRITERIA

The existence of a functioning market economy

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 2025, driven by domestic demand. Inflation rebounded, reflecting both domestic and international price pressures. The 2025 fiscal deficit declined in line with plans, although the spending composition deteriorated. Capital spending execution continues to suffer from weak public investment management. Efforts to formalise the informal economy have slowed down. The central bank maintained a prudent monetary policy and further strengthened the macroprudential framework. The banking sector remained resilient amidst a strong rise in credit growth. The labour market situation improved slightly, but structural problems, including low participation rates, skills mismatches, substantial emigration and a large gender gap, pose obstacles to growth.

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:

→ strengthen fiscal consolidation by reducing tax expenditure and containing the rise in public sector wages and pensions, and by making the Fiscal Council fully independent and improving its access to data;

→ accelerate the implementation of the public investment management action plan and adopt the Law on public-private partnerships;

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

The capacity to cope with competitive pressure and market forces within the EU

North Macedonia has made **some progress** and is **moderately prepared** to cope with competitive pressure and market forces within the EU. The digitalisation of the economy has advanced, and the reform of vocational education and training has seen progress. By contrast, higher education remains characterised by outdated curricula. Significant investment needs in transport and energy infrastructure persist. Integration with the EU in trade and investment, as well as overall trade openness, remained high in 2025.

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

→ address shortcomings in higher education with a view to reducing the skills mismatch;

→ ensure substantial progress in the implementation of key transport infrastructure projects, such as Road Corridors VIII and X;

→ adopt the new Climate Law with a view to creating the conditions for carbon pricing.

Chapter 5: Public procurement

North Macedonia is **moderately prepared** in the area of public procurement. **No progress** was made since the last assessment.

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

→ adopt the Law on public-private partnership (PPP) and the Law on concessions, to further align the legal framework in those 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 following up on irregularities, cases of conflict of interest and fraudulent practices;

→ strengthen procurement oversight 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

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 and social statistics, national accounts, the update of business classification standards and the provision of additional human and financial resources.

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 law for the agricultural census and conduct the agricultural census, drawing on the dedicated budget allocation and the work undertaken to date;

→ continue ensuring adequate staffing and sufficient financial resources for the State Statistical Office;

→ improve compliance with the European System of Accounts 2010 (ESA 2010), remove the flags preventing the publication of government finance statistics (GFS), resolve open issues related to the sectorisation of units, close data gaps in the excessive deficit procedures and government finance statistics, and continue improving the depth of alignment of financial accounts and quarterly national accounts with ESA 2010.

Chapter 32: Financial control

The country is **moderately prepared** in the area of financial control. **Limited progress** was made through the adoption of several acts implementing the public internal financial control (PIFC) law and strengthening risk management systems.

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:

→ accelerate implementation of the reforms envisaged in 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 (SAO) independence, and improve parliamentary follow-up on individual audit reports and SAO recommendations;

→ strengthen the administrative capacity of the Anti-Fraud Coordination Service Network (AFCOS) to better deliver on the prevention, management and reporting of irregularities related to the EU's financial interests.

CLUSTER 2: INTERNAL MARKET

Chapter 1: Free movement of goods

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 latest EU *acquis* on general products safety;

→ adopt a new strategy for the free movement of goods, which should include providing for a significant increase in human resources for legal and policy development and 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 (TFEU), and start implementing the action plan.

Chapter 2: Freedom of movement for workers

North Macedonia is at an **early stage of preparation** on freedom of movement for workers. **Limited progress** was made in this area, with the adoption of the Law on seasonal workers.

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:

→ 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 free movement of workers, including access to the labour market and, particularly, 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 the electronic exchange of social security data.

Chapter 3: Right of establishment and freedom to provide services

On the right of establishment and the freedom to provide services**,** North Macedonia is **moderately prepared. 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:

→ intensify implementation of the 2024-2026 action plan to address the non-compliance of listed sectoral laws with the Law on services by adopting cross-sector amendments;

→ finalise alignment with the EU *acquis* on cross-border parcel delivery;

→ align with the EU *acquis* on mutual recognition of professional qualifications, in particular Directive on recognition of professional qualifications and Directive on a proportionality test, before adopting the new regulation of professions;

Chapter 4: Free movement of capital

North Macedonia is **between a moderate and a good level of preparation** in the area of free movement of capital. **Some progress** in the fight against money laundering and the financing of terrorism, notably through the adoption of the National Strategy for Combating Money Laundering and Financing of Terrorism, but further efforts are needed to address remaining shortcomings as noted by MONEYVAL.

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

→ amend the Law on foreign exchange operations to facilitate the liberalisation of residents' accounts abroad, and align the restriction on agricultural land acquisition with Articles 63-66 TFEU;

→ continue to align its payment services legislation with the EU *acquis*, including the remaining Payment Services Directive 2 requirements beyond those necessary for SEPA participation, and prepare for alignment with the Payment Services Regulation/Payment Services Directive 3 package;

→ continue to strengthen the effectiveness of the AML/CFT framework, including by addressing the remaining MONEYVAL recommendations, in particular as regards asset recovery, non-financial sector supervision, and the operational use of financial intelligence.

Chapter 6: Company law

The country has a **good level of preparation** in the field of company law. **No progress** was made in the reporting period.

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

→ align national legislation with the *acquis* on shareholder rights, including the rules on encouraging long-term shareholder engagement;

→ align national legislation on cross-border conversions, mergers and divisions;

→ adopt legislation on accounting and auditing aligned with the latest EU *acquis*, and strengthen the role and capacity of the Council for Advancement and Oversight of Audit.

Chapter 7: Intellectual property law

North Macedonia is **moderately prepared** in the area of intellectual property law. **Limited progress** was made over the reporting period with the operationalisation of the online information platform for exchanging data on intellectual property rights.

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

→ adopt the new law on copyright to align with the EU *acquis* on collective rights management, orphan works and the implementation of the Marrakesh Treaty;

→ 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.

Chapter 8: Competition policy

The country is **moderately prepared** in the area of competition. **Limited progress** was made in the reporting period, notably by strengthening the administrative capacities of the competition authority.

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:

→ further align the legislative framework with the EU *acquis*, in particular the implementing legislation in the area of State aid and antitrust;

→ 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

The country is **moderately prepared** as regards financial services. **Some progress** was made through strenghtened enforcement of motor insurance requirements.

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:

→ continue to align the banking regulation with the latest versions of the Capital Requirements Regulation and the Capital Requirements Directive;

→ align with the Solvency II Directive, particularly Pillars 1 and 3;

→ step up the adoption of the law on alternative investment funds, and continue efforts to align with the EU *acquis* on financial market infrastructures.

Chapter 28: Consumer and health protection

North Macedonia is **moderately prepared** in the area of consumer and health protection. **No progress** was made.

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

→ adopt and start to implement the next three-year consumer protection strategy and increase capacity for market surveillance;

→ reinforce tobacco control legislation and alignment with the EU *acquis* on medicinal products for human use and veterinary medicinal products and prepare for alignment with the EU Regulation on substances of human origin;

→ 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

North Macedonia is **between a moderate and a good level of preparation** in the area of digital transformation and media. **Good progress** was made, notably through further alignment of the Law on electronic communications with the EU *acquis*, the expansion of electronic services for citizens and businesses, and steps to strengthen interoperability and the cybersecurity framework.

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

→ further align national legislation with the EU *acquis* on digital services, cybersecurity and digital trust, and implement the 5G cybersecurity toolbox;

→ strengthen the independence and capacity of the media regulator and of the public service broadcaster;

→ ensure sufficient human resources and necessary system upgrades to improve the 112 emergency number service.

Chapter 16: Taxation

North Macedonia is **moderately prepared** in the area of taxation. **Limited progress** was made through the Public Revenue Office improving its audit and compliance risk management capacity for large taxpayers.

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;

→ provide a commitment and 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, further improve its compliance risk management, continue to streamline 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. **Some progress** was made, including on a new budget classification, approved in December 2025. However, other legislative procedures that would mark further progress towards the EU *acquis* on monetary policy, central banks and stability mechanisms are delayed.

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, and putting into operation the reforms envisaged in the Public Investment Management Decree;

→ reverse the January 2025 amendment to the Law on the national bank that weakens its financial autonomy by redirecting most of its profits to the state budget;

→ ensure the legal completeness of the Fiscal Council's institutional framework to make it fully independent and operationally effective, including employment governance, salary autonomy and accountability architecture.

Chapter 19: Social policy and employment

North Macedonia is **moderately prepared** in the area of social policy and employment. **Some progress** was made by further reducing the unemployment rate, increasing social assistance benefits and through continued implementation of the Youth Guarantee Scheme.

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

→ align national legislation with the EU *acquis* and standards on equality and non-discrimination in employment, including the EU gender equality *acquis* as regards provisions of the Work-Life Balance, Pay Transparency, and Women on Boards Directives;

→ continue to implement labour market activation strategies and ensure that those measures are properly evaluated;

→ set up a monitoring and evaluation framework for social services, and a system for monitoring work-related injuries and deaths.

Chapter 20: Enterprise and industrial policy

The country is **between a moderate and a good level of preparation** in the area of enterprise and industrial policy. **Some progress** was made, by: (i) streamlining the company support measures into a single public body called the Agency for Innovation, Scientific and Technological Development and Entrepreneurship (INOVA); (ii) implementation of measures against the informal economy, despite persistent delays; and (iii) regular consultation on laws via the ENER electronic platform. North Macedonia takes part in the Single Market Highway Initiative.

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

→ consolidate the institutional structure and mandates of public bodies as regards enterprise and industrial policy principles, and address recommendations by the State Audit Office regarding the work of the Ministry of Economy;

→ simplify the administrative procedures for doing business, 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

The country has a **good level of preparation** in the area of science and research. **Good progress** was made by rolling out measures from the Action Plan 2024-2025 of the Smart Specialisation Strategy 2024-2027, with the operationalisation of the Agency for Innovation, Scientific and Technological Development and Entrepreneurship (INOVA), the set-up of a co-funding mechanism under the European Innovation Council and EIT and on the European Cooperation in Science and Technology (COST) programme.

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

→ continue the implementation of the Smart Specialisation Strategy;

→ continue to promote and increase participation in Horizon Europe;

→ increase integration into the European Research Area (ERA), especially through increased public investments in research and innovation and improved reporting on the indicators of the European Innovation Scoreboard and participate in the ERA Policy Actions 2025-2027.

Chapter 26: Education and culture

North Macedonia is **between a moderate and a good level of preparation** in the area of education and culture. **Some progress** was made, with the adoption of the 2026-2032 Strategy for Education, the adoption of all the implementing legislation for the Law on adult education and of several bylaws for the Law on vocational education and training (VET).

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

→ improve access to quality education for all, in particular for children with special educational needs and children from Roma communities, and increase the number of those children in mainstream schools; further develop teachers' skills and invest in their continuous professional development;

→ ensure academic freedom and the autonomy of higher education institutions, put in place measures for regular and transparent quality assurance in higher education, complete and apply a funding formula for higher education

→ optimise the school network and continue to apply and adjust the new formulas for financing primary and secondary education and VET.

→ Follow the recommendation of the expert panel monitoring European Capitals of Culture to ensure a successful title-year for Skopje European Capital of Culture 2028.

Chapter 29: Customs union

North Macedonia has **a good level of preparation** in this area. **Some progress** was made in the reporting period, through the consolidation and upgrade of the IT systems and the procurement of IT equipment.

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

→ continue consolidating and applying its national customs IT systems in line with the Commission's Union Customs Code work programme and multiannual strategic plan (MASP) modules, and ensure their upgrade and business continuity;

→ 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, as well as continue the alignment to take account of the progressive application of the new Union Customs Code;

→ strengthen the combat of customs fraud (in particular the smuggling of tobacco products) and through cooperation with the European Anti-Fraud Office.

CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

Chapter 14 - Transport policy

The country is **moderately prepared** in the area of transport. **Some progress** was made, notably on multimodal transport, with the completion of key studies, the preliminary design and the technical documentation for the Trubarevo multimodal transport node. The sector's

inspection bodies were strengthened through external technical expertise, capacity-building support and new equipment.

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

→ strengthen inspection bodies with qualified operational and administrative capacity to enforce current legislation, in order to reduce crashes and fatalities in road and rail transport;

→ implement 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

North Macedonia is **moderately prepared** in the area of energy**. Some progress** was made, notably through the adoption of: (i) the Just Transition annual implementation plan for 2026; (ii) amendments to the Law on energy efficiency; (iii) adoption of the law on renewable energy and (iv) a methodology for measuring the level of energy poverty.

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 technical capacities of the Ministry of Energy, Mining and Mineral Resources so that it can meet its responsibilities to develop and implement energy sector policy and legislation;

→ fully align and start implementing the legislation on the Electricity Integration Package (EIP), on renewable energy and energy efficiency;

→ 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

North Macedonia has a **good level of preparation** in the area of trans-European networks (TENs). **Limited progress** was made during the reporting period, through progress on sections of the Tetovo-Ohrid highway, on the Western Balkans Eastern Mediterranean (WBEM) core network and through the signature of an agreement with Bulgaria to build a rail connection along the WBEM corridor ('Corridor VIII'). Both corridors VIII and X, part of the WBEM corridor, remain a strategic backbone for North Macedonia's connectivity to the TEN-T network.

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 in the Transport Community's five-year rolling work plan for the development of the TEN-T extension;

→ put the Railway Border-Crossing Protocol signed with Kosovo* into operation; finalise the mutual agreement for border-crossing procedures with Greece; accelerate progress on the construction of the rail connection along the WBEM corridor with Bulgaria; ensure the efficient operation and further development of Corridor X and Corridor VIII.

Chapter 27: Environment and climate change

North Macedonia has **some level of preparation** in this area. **Limited progress** was made during the reporting period.

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

→ strengthen administrative and inspection capacities to implement and enforce the environmental *acquis*; implement structural reforms in all sectors, including civil protection operational capacity and coordination with the Union Civil Protection Mechanism;

→ Prepare costed plans to ensure adequate financing of environmental investments in priority environmental sectors, ensure the functioning of the regional waste management structures and enable implementation of infrastructure investments to establish a regional waste management system;

→ 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*, submit a new nationally determined contribution to the United Nations Framework Convention on Climate Change (UNFCCC), and ensure that the climate change unit within the Ministry of Environment and Physical Planning is operational.

CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION

Chapter 11: Agriculture and rural development

North Macedonia remains **moderately prepared** in the area of agriculture and rural development. **Limited progress** was made during the reporting period, notably through the adoption of the new Law on organic production.

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

→ finalise the new Law on agriculture and rural development to strengthen its policy framework on agriculture support and common market organisation;

→ ensure the interoperability of the various elements of 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 administrative capacity in the EU Instrument for Pre-accession Assistance for Rural Development (IPARD) operating structures to ensure robust implementation of the IPARD III programme in line with principles of sound financial management.

Chapter 12: Food safety, veterinary and phytosanitary policy

North Macedonia has a **good level of preparation** in the areas of food safety and veterinary and phytosanitary policy. **Limited progress** was made over the reporting period, notably

* 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.

through the adoption of the National Plan for the Sustainable Use of Pesticides and the initiation of measures for integrated pest management.

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 the law on official controls and the new law on animal health, and put in place an EU-compliant system of collection, storage and processing of animal by-products;

→ continue efforts to strengthen capacity for data analysis and appropriate organisational structures within the Food and Veterinary Agency implementing the General Food Law Regulation;

→ adopt the Law on plant health and the implementing legislation on the sustainable use of pesticides.

Chapter 13: Fisheries and aquaculture

North Macedonia is **moderately prepared** in the area of fisheries and aquaculture. **Some progress** was made during the reporting period, notably through the adoption of the National Eel Management Plan.

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

→ adopt the implementing legislation on marketing standards, consumer information, traceability and producer organisations; adopt 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 the consequences of such fishing;

→ improve controls on fish stock management and on illegal, unreported and unregulated fishing by introducing a catch certification system.

Chapter 22: Regional policy and coordination of structural instruments

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 through improved policy dialogue.

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

→ 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 plan to implement the Regional Development Strategy for the period 2025-2027.

Chapter 33: Financial and budgetary provisions

North Macedonia is at an **early stage of preparation**. **Limited progress** was made over the reporting period through continued implementation of the public internal financial controls law and further alignment of customs legislation and risk management systems.

The Commission's recommendations from last year were partially 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;

→ strengthen the administrative capacities of, and coordination mechanisms for, key stakeholders.

CLUSTER 6: EXTERNAL RELATIONS

Chapter 30: External relations

The country has a **good level of preparation** in the area of external relations and made **limited progress** during the reporting period, in particular in implementing the Central European Free Trade Agreement (CEFTA) protocols.

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 its national legislation on foreign investments with the EU *acquis* on the screening of foreign direct investments in particular the recently adopted Regulation (EU) 2026/1386 repealing Regulation (EU) 2019/452.

Chapter 31: Foreign, security and defence policy

North Macedonia has a **good level of preparation** in the field of foreign, security and defence policy. **Good progress** was made in the reporting period, in particular by maintaining its full alignment with the common foreign and security policy (CFSP), including statements by the High Representative on behalf of the EU and Council decisions on restrictive measures. In April 2026, the second session of the EU–North Macedonia Security and Defence Dialogue was held in Brussels. North Macedonia has increased its defence readiness.

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

→ continue to maintain its full alignment with the EU common foreign and security policy; address the challenges related to implementing EU restrictive measures, including the legal time gap between alignment and formal entry into force;

→ 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);

→ develop a comprehensive national strategy for addressing hybrid threats to improve its resilience and response capacity.

1.3 STATE OF PLAY OF THE ACCESSION NEGOTIATIONS

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.

Progress was made toward completing the preparatory work to the opening benchmarks for the fundamentals cluster. In November 2025, the authorities adopted the roadmap on public administration reform. Work continued towards completing the roadmap on the rule of law,

including its accompanying action plan on minorities, as well as on the roadmap on the functioning of democratic institutions.

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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. However, political polarisation persists, delaying the adoption of important reform legislation and resulting in several overdue appointments.

Elections

Local elections were held on 14 October 2025, with a runoff on 2 November 2025 and a rerun on 11 January 2026 in four municipalities where the minimum required threshold was not reached in October. The elections were competitive and offered voters genuine choice, but took place in a polarised political environment with some procedural shortcomings.

While the legal framework provides a technical basis for conducting democratic elections, it contains numerous gaps and ambiguities, which compromise legal certainty. No progress was made in addressing key outstanding recommendations by ODIHR and the Council of Europe's Venice Commission. Those recommendations included: (i) conducting a comprehensive open and inclusive review of the Electoral Code well in advance of the next election; (ii) adopting measures to ensure fair and transparent campaign conditions, including equal media access, effective regulation, reporting requirements and oversight of online campaigning, and revised rules for allocating paid political advertising; (iii) eliminating restrictions that impede effective electoral dispute resolution; and (v) strengthening the sanctioning mechanism for electoral violations.

Electoral disinformation, foreign information manipulation, and interference threats remain insufficiently addressed. These are compounded by the unregulated nature of online campaigning and the absence of an oversight authority for social media campaigns.

Meaningful political empowerment of women is limited in practice with only 32 women among 309 mayoral candidates (roughly 10%), resulting in only four women elected mayors. Women candidates remain under-represented, attacked based on their gender, specifically online, and had limited visibility during the electoral campaign, with gender equality issues largely absent. Women's participation in the electoral process, specifically within the political parties, and political decision-making should be strengthened, including through quotas.

Parliament

Political parties maintained broad consensus on the Rules of Procedure, which have had a positive effect on parliamentary efficiency. Parliament adopted a new Code of Ethics for Members of Parliament and a Strategic Plan 2027-2031. However, Parliament again failed to adopt its annual agenda. The Committee on Monitoring Equitable Representation of Citizens belonging to all Communities remained inactive, despite several emerging inter-ethnic issues.

Consensus on legislation requiring two-thirds and/or Badinter majorities remained difficult to achieve. This delayed important reforms including the Law on courts and the Law on improving the status of the Ombudsperson's Office. Some progress was made on high-level appointments: a new Ombudsperson was elected with cross-party support, and opposition votes secured the two-thirds majority needed to elect members of the State Election Commission. Parliament also elected one new judge to the Constitutional Court and five members of the Council for Civilian Oversight. Appointments must be based on clear procedures and merit.

Parliamentary oversight of the executive continued in line with the new Rules of Procedure, with monthly question sessions and two-hour opposition slots at the start of ordinary sessions. The opposition submitted two no-confidence motions against government members, which were unsuccessful.

The use of shortened legislative procedures increased further, particularly for MP-initiated draft laws, but these should not be abused. The 'EU flag' procedure was consistently applied for laws aligning national legislation with the EU *acquis.*

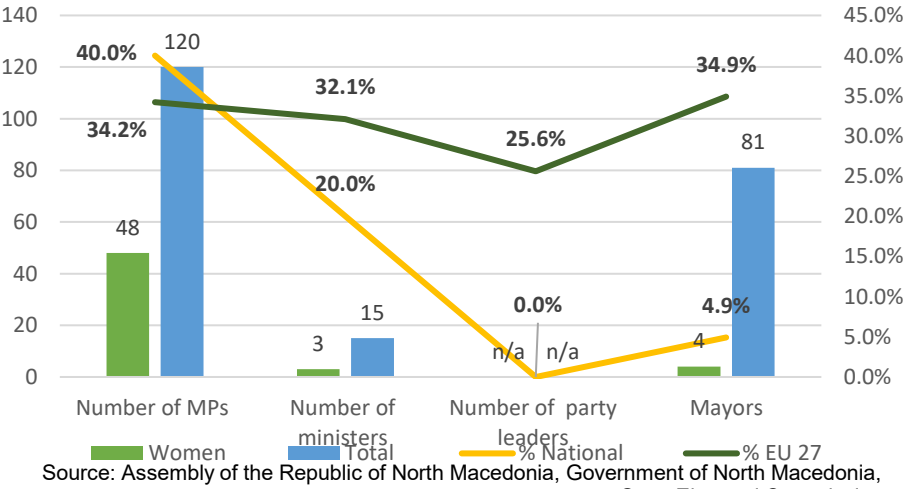
EU integration

The Minister of European Affairs appointed in December 2025 also took over the position of First Deputy Prime Minister. No additional resources have been allocated to the ministry, that coordinates the EU integration process. During the reporting period, there were no changes to the existing cross-cutting EU integration structure in the government and in Parliament. In February 2026, the Stabilisation and Association Committee held a productive meeting, the first in five years.

No monitoring reports were produced on the implementation of the 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. In 2026, the government of North Macedonia intensified its engagement on the implementation of the Growth Plan/Reform Agenda.

In November 2025, the authorities adopted the roadmap on public administration reform. Progress was achieved on the roadmap on the rule of law, with its accompanying action plan on Advancing the Rights of Persons belonging to Communities. The authorities carried out inclusive public consultations on the action plan, including with representatives of communities and minorities, which need to be finalised in an inclusive process. The authorities continue to work on the roadmap on the functioning of democratic institutions.

Graph 1 : North Macedonia - Women in political life



Source: Assembly of the Republic of North Macedonia, Government of North Macedonia, State Electoral Commission
EU-27- European Institute for gender equality
n/a: not available

Governance

The **government** coalition remained overall stable, with minor ministerial reshuffles in December 2025 and in June 2026.

Some progress was made on **local government** reform. The government continued strengthening policy dialogue on regional development and held the Sectoral

Working Group for Regional and Local Development, where the updates on the adopted action plan 2024-2026 were presented as a roadmap for implementing reforms. Parliament adopted amendments to the Law on inter-municipal cooperation and the Law on local government.

The inter-ethnic situation in the country remained overall stable and the Ohrid Framework Agreement continued to be implemented, though challenges remain. Some inter-ethnic incidents involving sports groups occurred ahead of local elections in a highly polarised political environment. A petition and demonstrations of a group of law students requesting to pass the exam on jurisprudence in the Albanian language gave rise to public debate, opening broader, recurring discussions on the practical implementation of language rights and equitable representation of non-majority communities in state institutions. The government proposed a new Law on adequate and fair representation following the annulment of the 'Balancer' tool by the Constitutional Court in 2024. However, its adoption by Parliament remains pending due to a current lack of votes securing the necessary Badinter majority.

Civil society

Civil society, including human rights defenders, continued to operate in an overall enabling environment, although CSOs face structural vulnerabilities, including limited and unpredictable public funding. A new Law on associations and foundations has been prepared through a consultative and inclusive process and is to be submitted to the Venice Commission for an opinion. The legal framework for effective civil society participation is largely in place. There is gradual progress towards more open dialogue and a more participatory policy environment. However, civil society is not yet fully involved in consultations across the board, including in the context of the EU accession process. Further reforms are needed to ensure meaningful civil society participation in policymaking. The participation of CSOs in the National Council for EU Integration and the Council for Open Government Partnership should be strengthened. The National Electronic Register of Regulations supports public consultations, while the reactivated Council for Cooperation between the Government and Civil Society provides a formal platform for dialogue. The Council adopted its 2026 annual work programme, while work is ongoing on transforming the Code of Good Practices for CSO financial support into a legally binding act. However, a communication strategy and action plan to improve outreach and visibility among CSOs are still lacking. Overall, weak publication compliance, limited responsiveness and fragmented engagement continue to undermine meaningful civil society participation and fall short of the Code of Good Practices for stakeholder involvement.

Funding remains a structural vulnerability. State support is limited, while foreign donations have become uncertain, directly weakening the services provided and CSOs' advocacy capacity. There is a need to diversify funding sources and strengthen transparent public funding standards. Implementation of key measures of the Strategy for Cooperation with and Development of Civil Society is crucial, including legal reforms of social entrepreneurship, donations and sponsorships, standardisation of state funding and establishing a guarantee fund for co-financing EU projects.

CSOs and human rights defenders in North Macedonia continued to face intimidation, online harassment, and smear campaigns. Reported violations primarily included verbal attacks, social media threats, public discrediting campaigns, and pressure targeting journalists, activists and CSO representatives, particularly those working on anti-corruption, human rights, media freedom and right of persons belonging to minorities.

Civilian oversight of the security and intelligence sector

The Parliamentary Committee on Defence and Security held regular sessions. There is no structured arrangement in place for meetings between the Parliamentary Committee for

Oversight of the National Security Agency, the Intelligence Agency and the Parliamentary Commission for Oversight of the Implementation of Interception Measures.

The Civil Control Mechanism within the Ombudsperson's Office needs to be provided with adequate financial resources, to ensure autonomy, offices and equipment to function effectively.

In March 2026, Parliament selected a President and four members of the Council for Civilian Oversight, a body provided for in the Law on interception of communication. The body has remained non-operational since the law's adoption in 2018, as it is not yet fully staffed.

2.1.2. Public administration reform

Strategic framework for public administration reform

The **strategic framework** for public administration is in place. North Macedonia adopted a revised Public Administration Reform (PAR) Strategy Action Plan (2025–2026) in December 2025, completing the 2023-2030 public administration strategy. In November 2025, the country adopted the PAR roadmap. The overall implementation rate of the PAR strategy in 2025 was 67%, while the public financial management (PFM) reform programme's implementation rate reached 47%. The budgetary allocations for both remained unchanged, with almost two thirds of all measures funded by donors. Close involvement by the Ministry of Finance remains crucial to the coordination of reforms between PAR and PFM and to ensuring the success of cross-sectoral reforms.

On the **institutional framework**, the PAR Council continued to provide political support, leadership and supervision of PAR reforms. Further work is required to improve budgeting, strategic planning and reporting mechanisms, thus enabling timely identification of priorities.

Policy development and coordination

Policy development and coordination mechanisms are largely in place, but their efficiency needs to be further improved. During the reporting period, the new framework for sector and cross-sector strategies was fully implemented in the relevant state institutions, with some progress by ministries on applying uniformly the new standards and methodologies. With this framework in place, the General Secretariat strengthened its quality oversight role by consistently issuing formal opinions on all draft strategies. A single register of strategic planning documents became fully operational in 2025. The register includes data on strategies and action plans and their links to the National Development Strategy and EU negotiation clusters. No reports are being published on the implementation of the annual government work plan.

On **evidence-based policymaking**, a methodology on regulatory impact assessment (RIA) adopted in June 2025 ensures consistent quality analysis. The parliamentary administration established a dedicated unit on impact assessment, but it is not yet operational.

On public consultations, feedback on published draft laws in the Single Electronic National Register of Regulations needs to improve. However, the government's annual work plan and reports remain inaccessible to the public. Agendas of government sessions remain unavailable to the public prior to meetings and delays continue in the publication of minutes and decisions of government sessions. Overall, implementation and quality of regulatory policy management tools remain insufficient.

Public financial management

The public financial management system is broadly in place but needs to be further improved. Implementation rates of the activities laid down in the PFM reform programme 2025-2028, the core strategic **framework**, remain low. The Ministry of Finance continues to be affected by institutional capacity challenges, particularly with regard to attracting and retaining personnel with suitable skills and qualifications.

On **budget management**, the entry into force of the reformed organic budget law (OBL) was postponed further to January 2028 following the approval of a new addendum in December 2025. Some progress was made in adopting implementing legislation, but full enforcement of the OBL by 2028 remains a challenge due to delays in implementing the Integrated Financial Management Information System (IFMIS). However, reforms that do not depend on IFMIS implementation could be already moved forward. These include implementation of spending reviews, the strengthening of fiscal risks monitoring and the finalisation of a tax expenditure report. While the OBL incorporates gender-based budgeting as a principle, further efforts are needed to strengthen policy discussions during budget preparation and increase the use of gender-disaggregated indicators.

Progress on **public investment management** included: (i) putting into operation a database to monitor the implementation of high-value projects; and (ii) efforts to develop a more systematic approach to project appraisal and prioritisation, including better tracking of budget allocations and alignment with strategic priorities.

The Fiscal Council is broadly operational, but its administrative capacity should be increased.

The Ministry of Finance continued to publish quarterly data on the revenue and expenditure of public institutions, local government authorities and state-owned enterprises. However, despite some improvements in **budget transparency,** North Macedonia continues to rank behind its regional peers according to the latest Open Budget Survey.

Public service and human resources management

Public service and human resources management need to be further improved. The civil service system remained fragmented, as rules governing personnel policy for civil servants under special statutes continued to differ from those for the majority of public servants.

The revised legislation on administrative servants and on public-sector employees, adopted in 2025, is yet to be implemented; the introduction of de-centralised recruitments needs to preserve uniform and standardised selection practices across the administration as well as meritocracy and objectivity in granting permanent and fixed-term contracts in the public service. Under the current legal framework, **merit-based recruitment and selection** and promotion procedures are applied inconsistently. Politicisation, pay scales with low salaries and limited promotion prospects undermine the public administration's attractiveness as an employer. Although slight improvements to the collection of performance data, the performance appraisal system continues to be applied inconsistently.

The job classification and **remuneration** systems still need to be improved to provide for more job security, stability and retention of staff. The salary system is not unified across public bodies, and it is common for state institutions to individually sign collective agreements introducing salary supplements with their employees. Initiatives are ongoing to revise the remuneration system to introduce a unified mechanism. A comprehensive retention policy for the public administration is still lacking, while a partial retention policy for those who work on EU integration and IPA (instrument for pre-accession) matters is applied since February 2026. A law on top management was enacted in June 2026, with serious shortcomings regarding the composition of the selection boards, in the methodologies for selecting and recruiting top managers and objective criteria for dismissals.

The **Human Resource Management Information System** (HRMIS) is in the process of being upgraded to automatically manage key human resources processes, payroll functions and employee data. The main bottleneck is the current lack of interoperability between systems and the lack of regular updates. The Ministry of Public Administration increased its capacities to coordinate and monitor human resources management across the public administration, although central coordination capacities still need to be further strengthened.

Gender balance is respected. According to the 2025 register of public sector employees, over 57.5% of all public services employees were women, excluding the army and several law enforcement agencies. Preparations to establish a public administration academy are ongoing. Whistle-blower legislation is in place. In 2025, there were 27 complaints by whistle-blowers for illegal, unpermitted or non-ethical behaviour by managerial staff.

Accountability of administration

The **accountability** of public administration needs further improvement.

The reorganisation of central government institutions to improve efficiency and accountability continued. Discussion on legislative amendments to the systemic Law on the organisation and operation of state administrative bodies is ongoing. **Internal governance** still suffers from overlapping responsibilities, and a large number of state bodies are accountable to Parliament, even though their performance is not monitored by it in an effective manner. Delegation of decision-making authority both at central and local levels remains insufficient, limiting managerial accountability. There is a need for more political debate on State Audit Office reports and more systematic follow-up on its findings and recommendations, both by the government and law enforcement agencies.

The number of laws adopted through a shortened procedure dropped to a still high 50.42% in 2025. Procedures for systematic *ex post* evaluation of laws and policies remain absent in both Parliament and the government.

On the right to **access public information**, despite modest improvements, the level of information disclosed on state bodies' websites remains insufficient. Further efforts are needed to improve responses to requests for public information. The Law on general administrative procedures, which regulates the legal and transparency requirements for how state bodies process requests from citizens, businesses and legal entities, still has to be fully implemented. Overall, the legal framework on citizens' rights to good administration is satisfactory, both as regards **administrative justice** and judicial review. The Administrative Court and the High Administrative Court handle administrative disputes reasonably, with disposition times of less than one year. However, enforcing rulings remains a concern.

Service delivery to citizens and businesses

Service delivery to citizens and businesses still requires efforts to meet EU standards, although 2025 and early 2026 witnessed significant improvements in **digitalisation**.

The legislation and IT infrastructure are in place for most administrative services to be offered in three languages, including facilities for people with special needs. The number of electronic services available through the national service portal continued to increase, reaching a total of 338 at end of August 2026, including those partially available. This was accompanied by a growing usage rate, which doubled from the previous year. Preparations to introduce a digital identity wallet are progressing. A central document management system was launched and is currently in use by 44 institutions. Efforts should continue to align with the European Interoperability Framework and the Interoperable Europe Act and to apply eIDAS 2.0 rules. Further action is needed to increase the use of the existing tools for e-identification and e-signature, and to make them more user-friendly and free of charge for the public.

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 the respect for fundamental rights in law and in practice.

Functioning of the judiciary

Strategic documents

A Strategy for Judicial Reform (2024-2028) is in place. Implementation of the strategy needs to be improved, including by providing appropriate funding and human resources.

The Council for Monitoring the Implementation of the Strategy for Judicial Reform approved its rulebook, monitoring methodology and the 2025 annual report only in April 2026. This delayed timely follow-up and the introduction of necessary measures to address shortcomings in the judiciary. The implementation rate of activities in 2025 increased to 56.9%. The 2026 state budget and its supplement further decreased resources to the sector. No progress was made in implementing the 2020 strategies for human resources management in the courts and in the public prosecutors' offices nor with the adoption of the new strategies 2027-2030.

Management bodies

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

The new Law on the Judicial Council was adopted in December 2025. The Law largely addressed the recommendations of the Venice Commission and of the 2023 peer review mission, improving the selection process of judges and disciplinary procedures in terms of transparency and clarity. The Law was revised again in June to address pending Venice Commission recommendations, particularly to ensure pluralism in the selection of the Council's non-judicial members. The Council also amended its Rules of Procedure and several bylaws.

The Judicial Council continued implementing its action plan to address the recommendations of the 2023 peer review mission within its own competencies. In this respect, 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. However, its sessions to decide on the implementation of a European Court of Human Rights judgment were not made public.

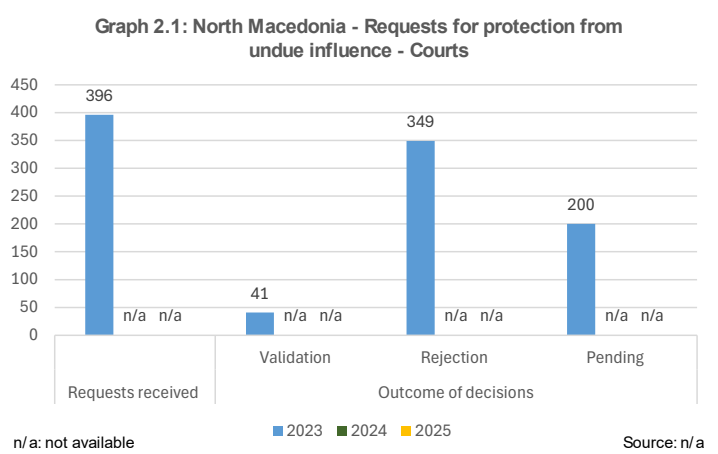
Three new members of the Judicial Council were appointed in the reporting period. The Parliamentary Committee on Elections and Appointments withdrew its proposals for one additional member of the Council.

In December 2025, the members of the Council of Public Prosecutors elected a new President and Deputy President and adopted the Strategy for Communication and Transparency 2025-2028.

The Judicial Council and the Council of Public Prosecutors must continue efforts to provide 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 in the higher level courts and in the courts of first instance.



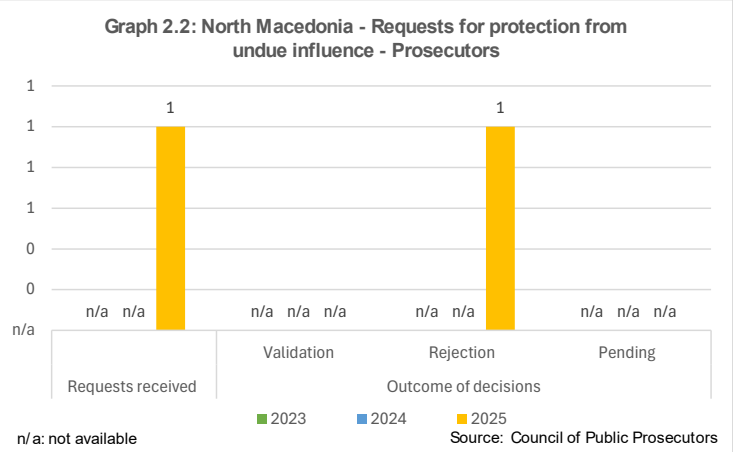
The level of perceived trust in the judiciary remains very low. Persisting external and political interference remain a serious concern. Provocative statements by senior politicians on plans to clean up the judiciary and prosecution, including personal criticism of judges and

prosecutors, represent undue influence and intimidation, undermining judicial independence. In November 2025, in an unprecedented step, the Supreme Court, the Judicial Council and the Association of Judges issued a joint reaction to persistent, unsubstantiated public criticism from the highest levels of government. In their declaration, they recalled that such statements undermine the democratic principle of separation of powers and stressed the need to respect judicial independence. In April 2026, the Judicial Council also appealed to the media to refrain from ungrounded attacks and sensationalist reporting on judges without a clear and justified public interest, in order to avoid undermining their independence.

In December 2025, the government adopted a new proposal on the dismissal of the Chief Prosecutor, continuing the procedure started in February 2025 and put on hold after the Kochani tragedy. The Council of Public Prosecutors reiterated its negative opinion on the proposal. However, the Chief Public Prosecutor resigned ahead of the Parliamentary vote on his dismissal. The procedure exposed the possibility of politicisation and shortcomings in the dismissal framework. A new Chief Prosecutor was elected by Parliament in March 2026, at the proposal of the government.

The Judicial Council completed several promotions of judges to the higher courts and elections of presidents of several basic courts.

The Law on the Council of Public Prosecutors, adopted in June, broadly addresses the joint opinion of the Venice Commission. The Law on the Public Prosecutor's Office is still pending revisions to address Venice Commission's recommendations, including on further clarifying the grounds for dismissing the Chief Prosecutor and the need to revise the dismissal procedure.

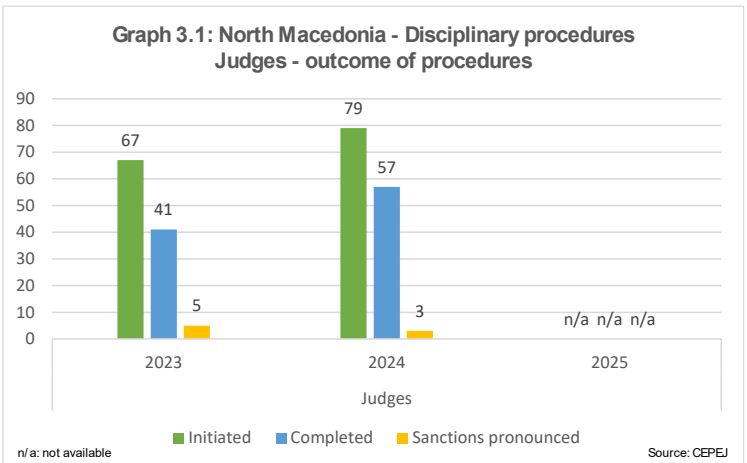


Several laws have further reduced the salary coefficients for judges, prosecutors and members of the Judicial Council and Council of Public Prosecutors. The laws were enacted in December 2025 and in February 2026 through shortened procedure, adding to a situation where the overall insufficient budget allocations undermine the independence of the judiciary and the autonomy of the prosecution service. The Constitutional Court annulled the February amendments to the Law on salaries of judges as unconstitutional.

Accountability

The accountability of the judiciary did not improve.

In December 2025, the Judicial Council adopted its anti-corruption strategy 2026-2029 and a linked action plan. In January 2026, the Council lifted the immunity of a judge of the Skopje Court of Appeals, approved him being placed under house arrest and ordered his suspension. In April 2026, the Public Prosecutor's Office pressed charges against the judge for illegally acquiring and concealing assets and for money laundering.

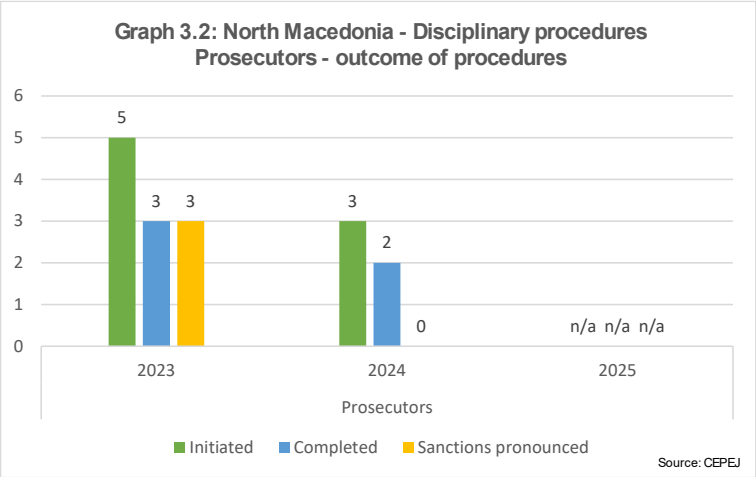


The investigation is linked to the earlier detention of a lawyer (and former State Attorney) for receiving a bribe for illicit influence of the same judge deciding on a detention measure for his client.

In March 2026, the Council of Public Prosecutors accepted the resignation of a suspended prosecutor over charges of harassment in the performance of duty and of abuse of official position.

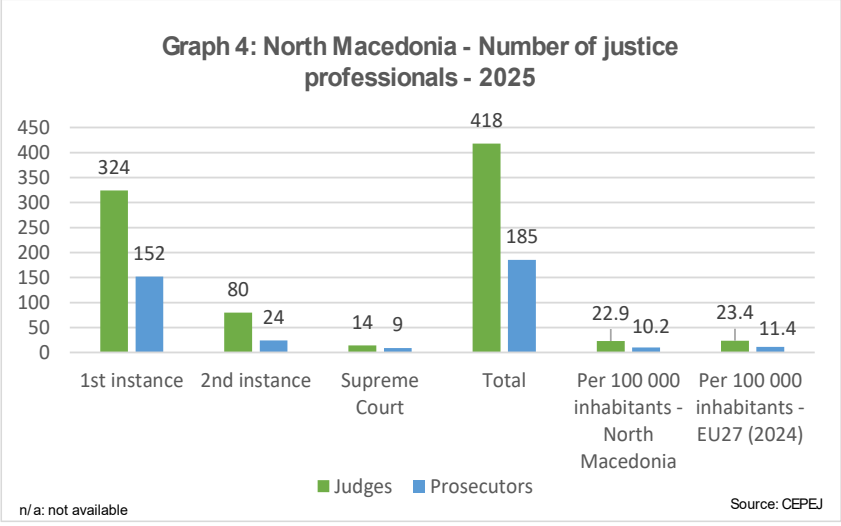
Codes of ethics are in place for both prosecutors and judges and are overall in line with the European standards.

Judges and prosecutors, and the members of both Councils, 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. No cases of alleged corruption have resulted in specific charges. 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 7 members of the Judicial Council and 3 members of the Council of Public Prosecutors were verified.



Quality of justice

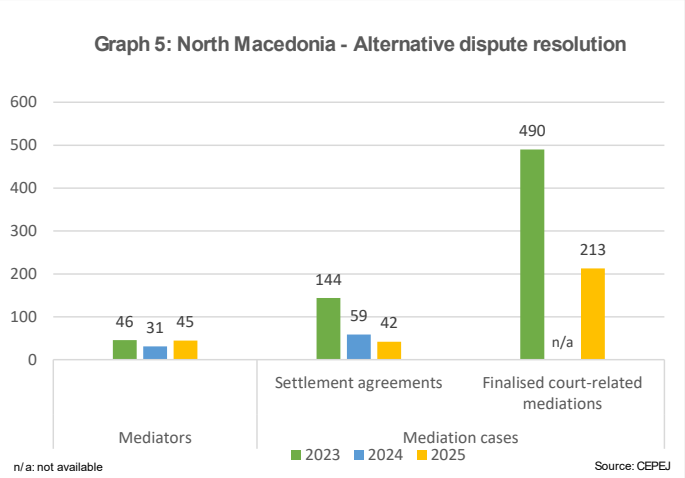
The quality of the justice system needs to be improved.



Staffing shortages in the judiciary have not been addressed and continue to strongly affect its quality and efficiency. In particular, the lack of human resources, including expert associates, remains a concern, with only 38% of the estimated posts in courts filled. The 2025 annual reports of the judicial and prosecutorial councils estimate that 221 new judges and 67 public prosecutors are needed. Although 35 judges and public prosecutors opted to extend their service until the age of 67, thereby partly alleviating the shortage, insufficient staffing continues to negatively affect efficiency and contributes to a growing backlog of cases.

The Managing Board of the Academy for Judges and Prosecutors annulled the largest ever recruitment procedure (130 candidates) due to insufficient allocations in the 2026 state budget, leading to a situation where no new candidates will be available before 2028. In January 2026, a group of dissatisfied candidates challenged the decision before the Administrative Court, which rejected the lawsuit. The Academy needs to remain the sole

entry point to the judiciary and prosecution and its initial training should not be shortened. Judicial training should be shielded from any rollback of reforms.



The Supreme Court and the four courts of appeal continued efforts to ensure the consistency of judgments in an effective manner. The Supreme Court issued ten principled legal opinions, stances and conclusions.

Mediation proceedings were conducted, primarily in commercial and labour cases. After the May 2026 amendments to the Law on mediation there are approximately 2,5 mediators per 100 000 inhabitants, well below the regional average of 6,0.

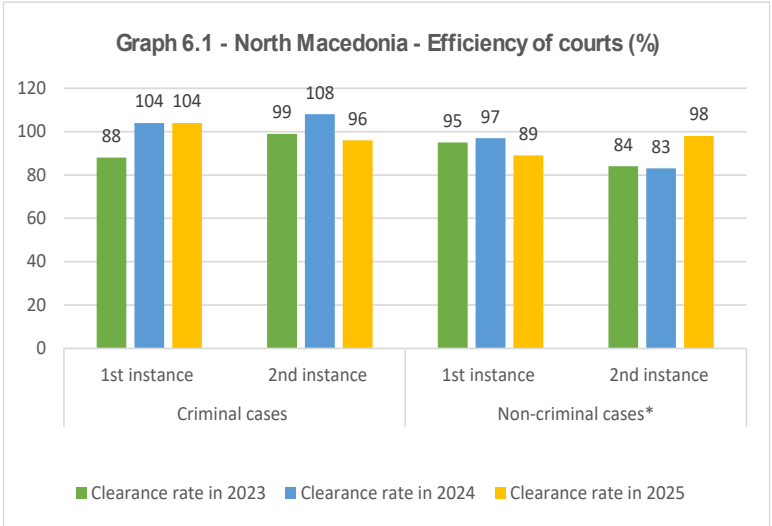
Efficiency

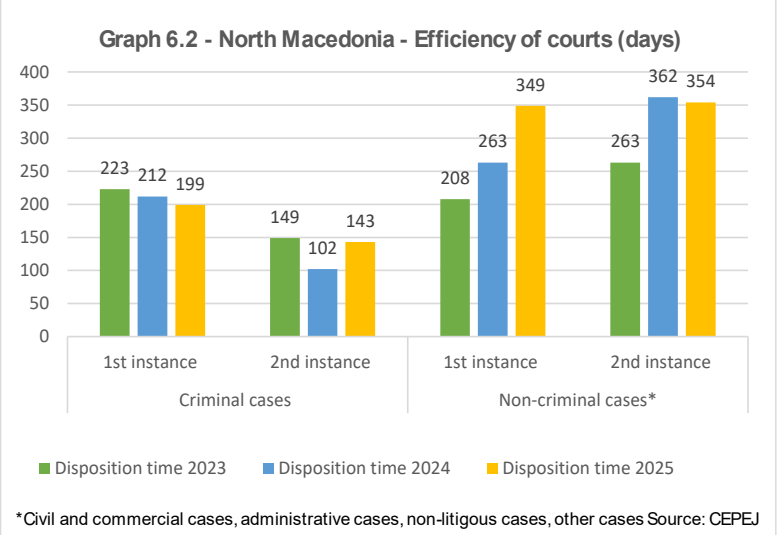
The efficiency of the justice system is limited.

The length of proceedings increased for almost all categories of cases. The clearance rate was below 100% for all first and second instance cases, except for first-instance administrative cases.

The outgoing Minister of Justice suspended the Council for Coordination of Information and Communication Technology in Judicial Bodies (the 'ICT Council') until a decision on its new composition is adopted. This delayed the preparation of a new ICT strategy for the judiciary.

Additional funds are needed to: (i) update the **Automated Court Case Management Information System** (ACCMIS) in line with changes in procedural laws; (ii) introduce new measures for complex cases; and (iii) achieve full integration with external systems. IT infrastructure for the new case management system for the prosecution service





has been installed, and the software is under development.

The Administrative Court concluded memoranda of understanding with several judicial and other institutions for the digital submission and exchange of documents via a dedicated e-platform. More efforts are necessary to digitalise the entire 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 2026 was 0.29% of GDP, well below the legally established level of 0.8% of GDP and a decrease compared to the previous year. Allocations for the Public Prosecutor's Office amount to 0.24% of the state budget, instead of the legally prescribed 0.4%. Sufficient financial resources are needed to improve the efficiency of the justice system and ensure its financial autonomy.

The Constitutional Court delayed re-examining the rules on bilingualism in judicial proceedings under the Law on the use of languages until it reaches its full composition of nine judges. The implementation of the Venice Commission's 2019 recommendations and its 2025 *amicus curiae* opinion is still pending.

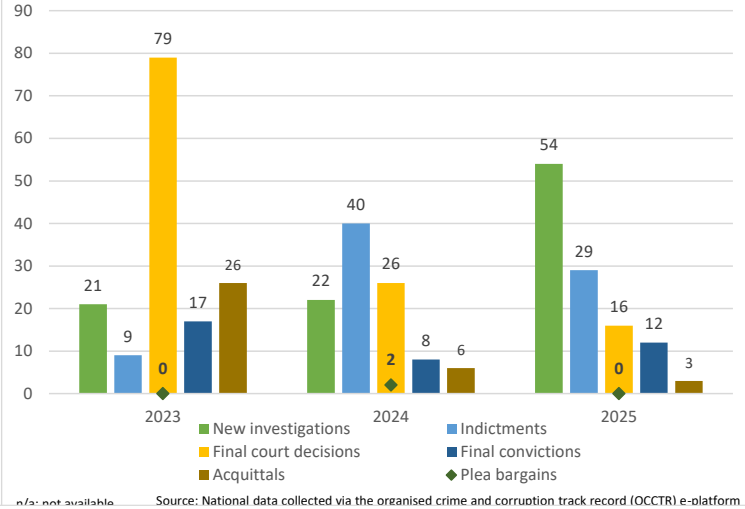
Fight against corruption

Track record

The track record for the fight against corruption has remained stable for high-level cases and for non-high-level cases.

Various corruption investigations into the misuse of public funds and other forms of corruption were initiated. Some of the investigations led to indictments, such as in one case involving the Director of the Agency for Financial Support in Agriculture and Rural Development. A former Deputy Prime Minister facing an international arrest warrant returned to the country, was placed under house arrest and stands trial for allegations of corruption, abuse of power and violations of public procurement laws. Nevertheless, significant systemic challenges persist in translating investigative efforts into tangible results, particularly as regards effective judicial proceedings, and the recovery of assets.

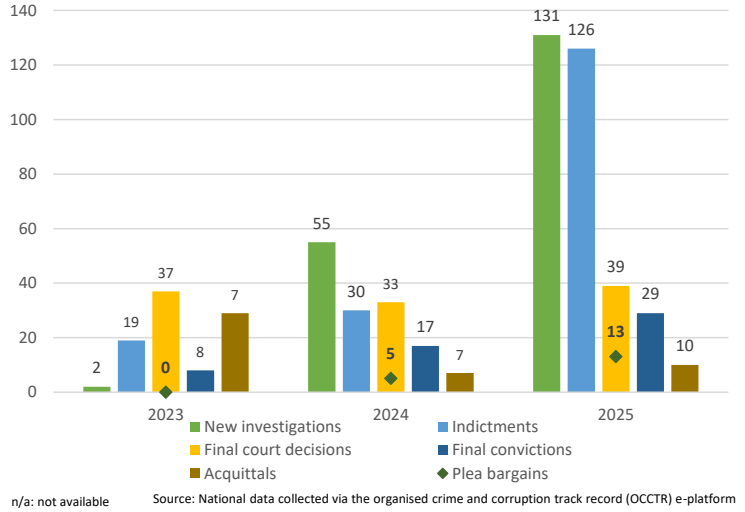
Graph 7.1: North Macedonia - High level corruption cases - Data on number of individuals/ legal entities involved



n/a: not available

Source: National data collected via the organised crime and corruption track record (OCCTR) e-platform

Graph 7.2: North Macedonia - Non-high level corruption cases - Data on number of individuals/ legal entities involved



n/a: not available

Source: National data collected via the organised crime and corruption track record (OCCTR) e-platform

Repeated amendments to the Criminal Code, which was revised three times in three years, raise concerns over legal certainty. Insufficient human and financial resources and delays in court proceedings further undermine the establishment of a solid track record of anti-corruption cases, including those

of the former Special Public Prosecutor's Office (SPO). The quality of indictments, evidence proceedings and verdict justifications remain weak and inconsistent overall. This weakens the effectiveness and integrity of proceedings in high-level corruption cases and reinforces perceptions of impunity.

Legal framework

The legal framework on the fight against corruption is largely in place but needs improvement for preventive measures and law enforcement.

The January 2026 amendments to the Criminal Code regarding abuse of official position do not remedy the adverse effects of the 2023 changes. A dedicated provision on abuse of official position in public procurement was reintroduced, but with a much narrower scope than in the pre-2023 framework. The offence covers only two grounds, which is too narrow to address other severe procedural manipulations during the tendering process and should be broadened. The amendments also fail to adequately address the impact of the 2023 changes on the statute of limitations.

The Council of Europe's Group of States against Corruption (GRECO) highlighted that the Law on the prevention of corruption and conflict of interest lacks effective penalties for violations related to conflicts of interest, integrity and anti-corruption rules.

The SCPC's ability to effectively oversee political campaign financing has continued to be hindered by limited resources, insufficient technical expertise, and gaps and inconsistencies in the legal framework. This includes the lack of clearly defined institutional responsibilities as to which institution should initiate proceedings or impose sanctions, as consistently pointed out by ODIHR.

Implementation of the Law on free access to information has remained insufficient, with some public institutions denying requests or delaying disclosure on arbitrary grounds.

Implementation of the Law on lobbying has remained limited. To date, only one lobbyist and three lobbying organisations have registered, and no further lobbying organisations have been registered. The Law on the protection of whistle-blowers still needs to be aligned with the EU *acquis* and provide adequate enforcement mechanisms. Individuals who report wrongdoing can encounter retaliation such as harassment and dismissal, which undermines the law's effectiveness. This is further exacerbated by low trust in institutions and a prevailing sense of impunity.

Strategic documents

The Strategy for the Prevention of Corruption and Conflict of Interest 2026-2030 has been submitted to Parliament but not yet adopted. The drafting process was inclusive but protracted. The strategy identifies two horizontal priority areas, public procurement and monitoring of law implementation, through an anti-corruption lens. The strategy also specifies clear institutional responsibilities and related budgetary implications for each activity. Adequate oversight and accountability mechanisms to ensure its effective implementation need to be ensured.

The previous strategy for 2021-2025 suffered from persistently slow implementation, indicating a continued lack of capacity, resources and ownership of the strategy across institutions. In 2025, only 23% of planned activities were fully implemented, a small increase from 18% the previous year. In the implementation report for the last five years, the SCPC identified delays in necessary legal reforms, weak accountability mechanisms, inadequate interinstitutional coordination and reliance on donor funding as further reasons behind the low implementation across the period.

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 December 2025, Parliament appointed a new President of the State Commission for the Prevention of Corruption (SCPC) in a transparent and timely manner. The appointment followed the resignation of the former President, who is currently on trial for disclosing official secrets and falsifying an exam to obtain security clearance. In February 2026, a Commissioner resigned amid suspicions of a conflict of interest, with the SCPC opening two cases in this regard. Parliament appointed a new Commissioner on 26 June after cancelling the initial selection procedure on questionable grounds.

The SCPC has focused on awareness raising, the implementation of integrity systems, and oversight of election campaign financing and asset declarations. It has been less proactive in detecting and reporting alleged instances of corruption, including in public procurement.

The SCPC needs to increase its capacity to identify potential cases of misconduct. Findings in its reports are often not followed up on by the relevant institutions. The SCPC's ability to verify asset declarations is constrained by a lack of expertise and insufficient interoperability between relevant databases for effective data exchange. Its oversight of election campaign financing remains insufficient due to shortcomings in the legislative framework, limited resources, reliance on manual data processing and a lack of necessary IT tools.

The Public Prosecutor's Office for Prosecuting Organised Crime and Corruption (OCCPPO) improved its approach to financial investigations and established clear procedures for parallel investigations, focused on asset identification and recovery. However, further progress depends on ensuring adequate financial and human resources within the prosecution service. The number of financial experts and analysts with digital forensic capacity remains insufficient. Operational capacity is further held back by a lack of adequate equipment, including software licences, and difficulties in retaining qualified personnel, while the absence of strategic planning in managing investigations hampers overall efficiency.

The investigative centres attached to the Public Prosecutor's Office and the police force lack adequate resources and the necessary equipment. Financial investigations need to be mandated in parallel with criminal investigations for all high-level corruption cases, followed, when justified, by freezing and confiscation mechanisms. Asset confiscation remains one of the weakest links in the fight against corruption.

The State Audit Office continued to identify misuse of public funds, financial irregularities and systemic weaknesses, while detecting and reporting alleged instances of corruption. However, findings in its reports are not sufficiently acted upon by relevant institutions.

The re-established Interinstitutional Body for the Coordination of Anti-corruption Activities has not officially met since its constitutive session in April 2025.

Fundamental rights

General framework

The general framework on 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 to their recommendations need to be improved.

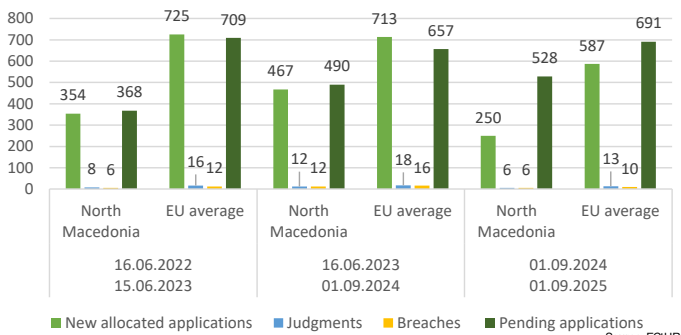
North Macedonia has ratified most international human rights instruments. However, it is still not a party to the Convention for the Protection of All Persons from Enforced Disappearance or to the Optional Protocol to the International Covenant on Economic, Social and Cultural Rights. In March 2026, the authorities submitted the first baseline report to the Access Info Group. This marked the start of formal monitoring under the Council of Europe Convention on Access to Official Documents for North Macedonia. In May 2026, North Macedonia signed the Council of Europe Framework Convention on Artificial Intelligence and Human Rights, Democracy and the Rule of Law.

Despite a good reporting record, implementation and follow-up to recommendations from international and regional bodies need to be improved, including GREVIO recommendations on the implementation of the Istanbul Convention. While national capacities have improved, stakeholder knowledge and engagement, evidence-based monitoring, reporting and interinstitutional coordination still need to be strengthened. The authorities prepared an action plan to implement the recommendations from the fourth cycle of the UN Human Rights Council's Universal Periodic Review, pending adoption by the government. More efforts are necessary for North Macedonia to fully benefit from its observer status in the European Union Agency for Fundamental Rights.

European Court of Human Rights

Cooperation with the European Court of Human Rights (ECtHR) and implementation of its judgments are adequate. The Advisory Panel to the Council of Europe rebutted two proposals for a third candidate for national judge to the ECtHR. The Selection Commission proposed a new candidate.

Graph 8: North Macedonia - ECtHR judgments

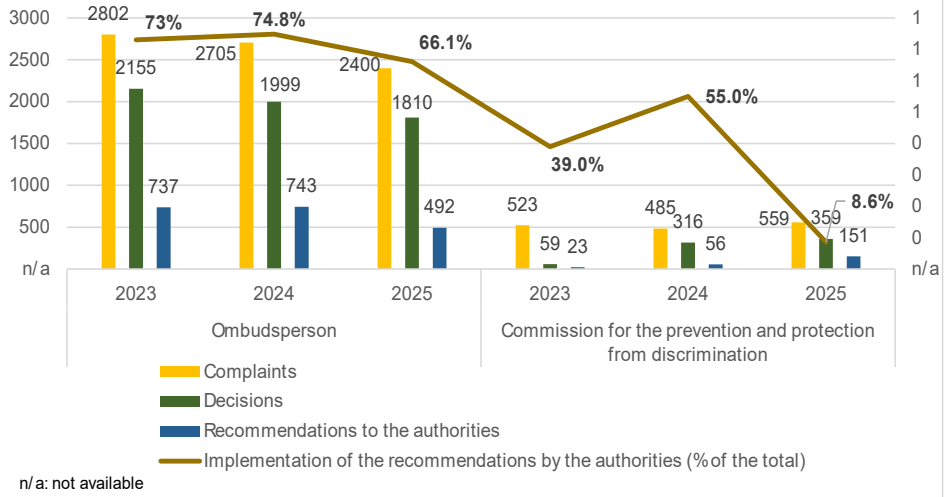


Source: ECtHR

Promotion, protection and enforcement of human rights

The legal and institutional framework for the promotion, protection and enforcement of human rights is largely in place but needs to be improved.

Graph 9: North Macedonia - Promotion, protection and enforcement of human rights



n/a: not available

Source: Annual Report of the Ombudsperson Office, Annual Report of the Commission for Prevention and Protection against Discrimination

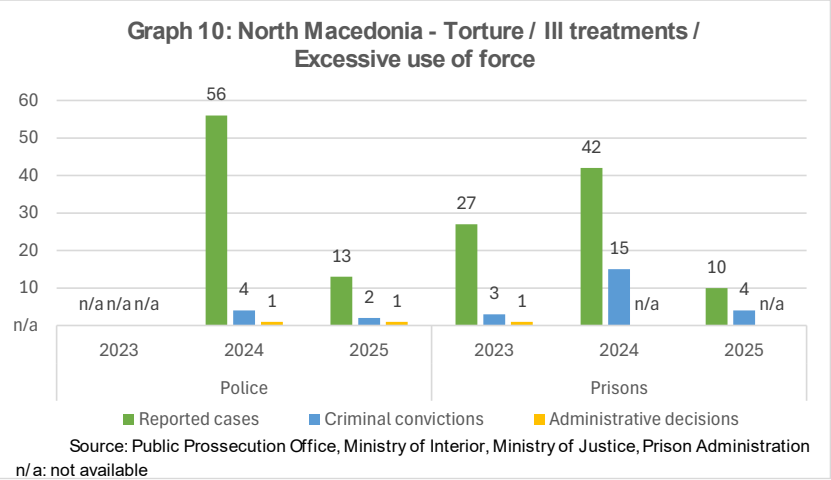
Main themes:
Ombudsperson and Commission for the prevention and protection from discrimination: judiciary, consumer rights, employment, child protection, penal-correctional and educational-correctional institutions

While the country continues to meet its general obligations on fundamental rights, implementation of legislation needs to improve. Parliament elected a new Ombudsperson but did not elect the Deputy Ombudspersons for the regional offices. Parliament needs to adopt amendments to the Law on the Ombudsperson's Office, necessary for upgrading its status to an 'A' accreditation under the Paris Principles. Parliament adopted the 2025 annual report of the Ombudsperson's Office along with the designated measures to enforce its recommendations. The Ombudsperson's Office and the Commission on Prevention and Protection against Discrimination continue to lack financial and human resources, limiting their capacity to fully implement their legal powers. The country still needs to adopt the Law on gender equality.

Prevention of torture and other forms of ill-treatment

North Macedonia provides adequate legal safeguards for the prevention of torture and other forms of ill-treatment. Follow-up to reported cases is insufficient, in particular regarding serious concerns about detention conditions. The situation in prisons, police stations and in social care and psychiatric institutions remains appalling.

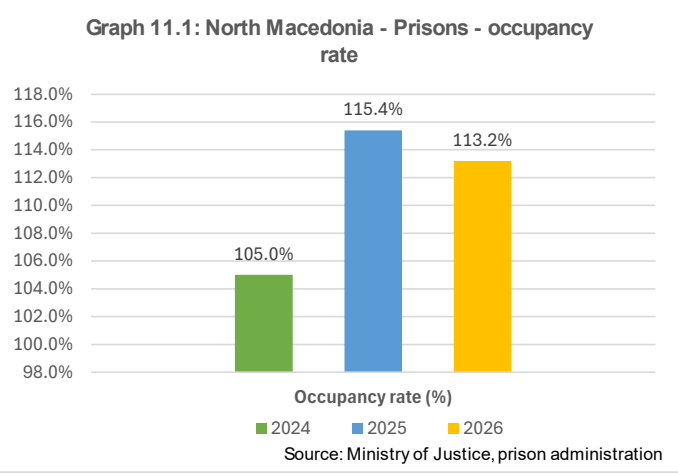
North Macedonia has not advanced on implementing the recommendations of the Committee for the Prevention of Torture, issued in May 2024, and reiterating previous reports. Systemic shortcomings persist in the investigation and prosecution of allegations of violence, including allegations against law enforcement officials and within penitentiary institutions. Investigations remain inefficient and subject to delays. Further efforts are required to ensure effective, prompt and impartial investigations, including by establishing a fully functional external oversight mechanism for the police.



The National Preventive Mechanism, established within the Ombudsperson's Office under the Optional Protocol to the UN Convention against Torture, faced capacity and operational constraints, as it has only three staff members, especially in the period when the Office operated without an Ombudsperson. This prevented it from fully exercising its powers.

Execution of criminal sanctions

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



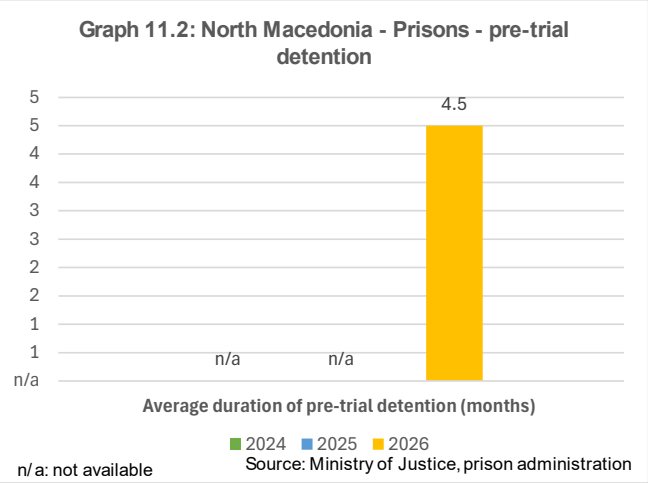
While the Head of the Directorate for the Execution of Sanctions has been appointed, several penitentiary institutions are still managed by acting governors. Corruption in prisons remains a serious concern while measures under the Anti-Corruption Plan (2022-2026), including mandatory searches of premises and individuals by prison police, continued to be implemented.

Prisons remain overcrowded, and no progress was made in improving access to healthcare. The Ministry of Health should increase its involvement, particularly on the accreditation of healthcare staff. There are delays in establishing the Central Coordination Unit on penitentiary healthcare. The absence of adequate measures to address drug addiction in prisons remains an issue of serious concern. Police officers must respect suspects' procedural rights as an essential protection against ill-treatment.

In November 2025, in line with Council of Europe Committee of Ministers recommendations on children with imprisoned parents, the authorities refurbished the women's section and set up a children's corner in the only detention facility in North Macedonia housing women. This

benefits approximately 1 200 prisoners and facilitates contact with around 200 visiting children per month. Despite this, significant structural shortcomings remain, including severely dilapidated facilities.

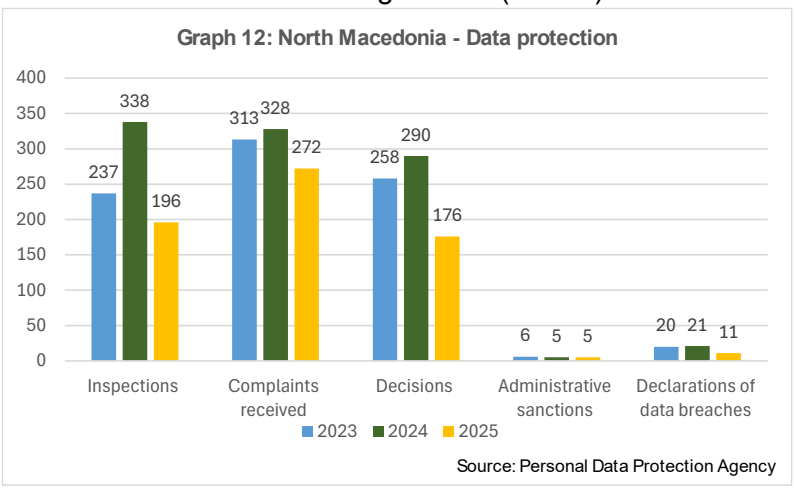
The probation system continued to evolve. In 2025, a total of 960 new cases were registered, an increase on the 2024 figure of 793 cases, while 663 cases had been recorded by June 2026. The Strategy for the Development of the Probation Service expired in 2025.



Efforts continued to promote the use of alternative measures, including electronic supervision. However, no progress was made in amending the legal framework on alternative to detention. Amendments to the Law on primary education entered into force, establishing a legal basis to provide education in penitentiary institutions. Further steps are required to ensure the effective implementation of educational, cultural and sports activities, including for remand prisoners.

Protection of personal data

The legal framework for the protection of personal data is still insufficient, and the capacities of the data protection agency have not improved. The personal data protection framework is not fully aligned with the General Data Protection Regulation (GDPR) and the Law Enforcement Directive. Rules in the Law on personal data protection permitting transfer of personal data to NATO member countries remain in force without adequate safeguards to ensure GDPR compliance. The Personal Data Protection Agency (PDPA) is inadequately funded, and its financial autonomy remains restricted. While a new director was appointed in December 2025, the Agency remains critically understaffed, with only seven staff members directly responsible for enforcing the Law on personal data protection. This contributes to systemic underperformance in core functions such as inspections, initiating infringement proceedings and processing complaints. Despite a formal request from the PDPA, the government has not reinstated the obligation for the Agency to be consulted before sectoral laws or implementing legislation is adopted. The PDPA's opinion on the Law on the security of networks and information systems was disregarded, resulting in misalignment with the NIS2 Directive with regard to personal data protection. The PDPA's ability to implement the Personal Data Protection Strategy 2025-2030 is severely hampered, and coordination and responsiveness to the Agency's recommendations remain deficient. Although reported data breach incidents are declining, the Agency estimates there is severe under-reporting due to fear of consequences and a lack of awareness among the broader public. Digital safeguards in state administrative bodies are insufficient, and the Agency cannot effectively police



increased use of AI and biometric data requirements, including by private-sector operatives, due to its limited oversight capacity.

Freedom of thought, conscience and religion

North Macedonia provides adequate legal guarantees on freedom of thought, conscience and religion. The rights to freedom of thought, conscience and religion remain guaranteed by the Constitution and are upheld in practice.

Freedom of expression and media freedom

North Macedonia remains moderately prepared in the area of freedom of expression. Limited progress was made in advancing the legislative framework in line with EU standards, and structural challenges affecting the media environment and institutional independence remain.

Intimidation of journalists

Existing legal mechanisms remain insufficient to address all forms of threats, especially those originating online or from unknown perpetrators. While institutional contact points play a role in building trust, effectiveness depends on tangible outcomes in investigations and judicial proceedings. In 2025, five cases of violations of journalists' rights were reported by the Association of Journalists. These included serious incidents such as arson targeting a journalist's property, coordinated online harassment of women journalists, and a violent newsroom intrusion. Legal threats are another concern. In 2025, there was one case related to Specific legislation against strategic lawsuits against public participation (SLAPP) lawsuits against journalists and 40 lawsuits for insult and defamation involving journalists, compared to 15 cases in 2024 signalling a negative trend in the protection of journalistic freedom. Women journalists faced rising levels of online abuse, sexualised attacks and discriminatory rhetoric. Judicial transparency remains limited, with courts providing information only upon request and lacking systematic reporting, while existing statistical systems do not enable proper tracking of cases involving journalists. Rules on digital abuses, including AI-generated content, have not yet been introduced to the criminal code.

Legislative environment

The legal framework governing the media is in place and partially in line with the EU *acquis*. There are ongoing legislative revision efforts, with the support of EU-funded projects, to further align the legislation with the European Media Freedom Act (EMFA). North Macedonia should implement preparatory steps to help national authorities fulfil their regulatory function upon accession and enable civil society to support implementation of the European Media Freedom Act and the Digital Services Act. Operational readiness will require institution-building, awareness-raising and stakeholder engagement. The issue of circumventing the register of online media in the context of paid political advertising remains unresolved, creating space for abuse and non-transparent financing of the media during elections. The reintroduction of state-funded campaigns in private media continues to pose a risk of political influence over editorial policy and endangers the economic dependence of media outlets. The regulatory framework on online media concentration is still not harmonised with the EU *acquis* or with broader European standards. North Macedonia has yet to establish systemic mechanisms to support media pluralism and public interest journalism. Specific legislation against strategic lawsuits against public participation (SLAPPs) is yet to be adopted to align with the EU Anti-SLAPP legal framework. Limited awareness of this issue persists. As a result, protection against this form of persecution for journalists and other public figures continues to be limited.

Implementation of legislation/institutions

In 2025 and 2026, the state budget funding allocated to the broadcasting sector was temporarily decreased below the legal requirements, before the government subsequently disbursed the full amount in instalments. This has had negative consequences for both the

Agency for Audio and Audio-Visual Media Services and the public service broadcaster, undermining the predictability of planning and the implementation of annual programmes, including hiring of the necessary personnel.

The Agency for Audio and Audio-Visual Media Services proactively monitored broadcast media and published a range of analyses that contributed to a more informed policy environment. It also amended several pieces of implementing legislation to further align the national framework with the Audiovisual Media Services Directive, particularly regarding programming obligations, protection of minors, and audiovisual commercial communications. However, the institutional and technical capacities required to fully exercise the Agency's mandate remain limited, particularly in relation to the oversight and registration of video-sharing platform providers.

Despite delays in managerial appointment, the Agency for Free Access to Public Information resolved its backlog, in a context in which public institutions regularly fail to respect response deadlines for access requests.

Public service broadcaster

In April 2026, the Programme Council of *Macedonian Radio Television* (MRT) elected a new director. Despite the generally appropriate regulatory framework, the broadcaster remains at risk of political interference, including through the withholding of allocated funds. Delays in appointing governing bodies and reductions in funding can be perceived as structural forms of pressure. MRT has yet to settle its outstanding debts and its strategic plan lacks a multiannual financial projection. Additional funding for technological development is at the government's discretion, leaving scope for political influence. The broadcaster has limited administrative autonomy and internal self-regulation mechanisms, and procedures are not sufficiently clarified in the Code of Ethics.

Economic factors

The country did not adopt a strategy for the development of media sectors. The media industry is highly fragmented and operates with limited advertising revenues in a financially constrained market, undermining sustainability and investment in quality content. Local and regional media, including non-profit and community media, continue to face significant financial challenges. Transparency surrounding paid political advertising remains an issue, particularly in online and social media. Print, broadcast and digital media are legally obliged to disclose their ownership to the audiovisual media regulatory body. In February 2026, the Agency for Audio and Audio-Visual Media Services established a register of influencers, vloggers and content creators, and adopted a related guidance document following a public consultation. A self-regulatory ownership register for digital national media is also in place.

Internet

Online media sector continues to face challenges and threats, including disinformation, specifically on gender and identity base and hate speech. The Council of Media Ethics received a record 244 complaints, mainly about content on internet portals.

Professional organisations and working conditions

The Council of Media Ethics supports the promotion of ethical journalism but faces long-term funding risks. Self-regulation remains limited in effectiveness due to political and business influence over media content, particularly in online outlets with weak accountability. Journalists and media workers continue to face poor working conditions and wages, with around half of journalists and most media workers earning below the national average, alongside widespread unpaid overtime. In 2025, no general collective agreement was concluded for private media outlets, and protection remains limited, with only one agreement in place with the state-owned media agency. Internal editorial safeguards and ethical codes are largely absent in private media, and especially in local media, while journalists often do not report pressure due to uncertainty and fear of losing their job.

Freedom of assembly and association

North Macedonia provides adequate legal guarantees to the freedom of assembly and association, and the regulation of assemblies is adequate. The right to freedom of assembly and association was effectively upheld, with protests during the reporting period taking place peacefully and without incidents. No restrictions on assemblies or cases of excessive use of force were reported. Freedom of assembly and association is guaranteed by the Constitution, and the legal framework is broadly aligned with international standards. Further efforts are needed to implement relevant European Court of Human Rights (ECtHR) rulings, particularly regarding the registration of associations. Future changes to the legislation regulating the freedom of assembly and association should fully comply with international standards and take into consideration recommendations from the Venice Commission and the European Commission against Racism and Intolerance (ECRI).

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. However, procedures are lengthy and costly for the public. There has been no progress with the national strategy on property rights. People face most difficulties at municipal level due to outdated, missing or inaccurate bills, as property registers are outdated and kept in analogue format.

The Cadastre Office continued the process of digitalisation and further reduced the bulk of pending cases by additional 40%. Administrative authorities handling property restitutions are facing an excessive caseload due to understaffing and funding constraints. Although the process has been formally closed, there has been no progress on pending denationalisation cases, many of which are pending before the ECtHR.

Non-discrimination

The legal and institutional framework on non-discrimination is incomplete. The capacity of equality bodies needs to be improved.

The anti-discrimination legal framework is not aligned with the Racial Equality Directive, the Directives on standards for equality bodies, EU gender-equality legislation concerning violence against women, work-life balance, pay transparency and women on company boards, and need to be more effectively enforced.

Despite existing legal obligations, the harmonisation of non-discrimination principles across relevant legislation continues to be delayed. The Constitutional Court has received two initiatives challenging the constitutionality of the 2025 amendments to the education laws for removed content on sexual and reproductive health and gender equality.

The Parliamentary selection process for appointments to the Commission on Prevention and Protection against Discrimination needs to be merit-based and transparent. The filling of Commissioner positions has been delayed.

In 2025, the Commission on Prevention and Protection against Discrimination addressed 559 discrimination cases. Most complaints were based on national or ethnic origin, with more than half of discrimination in 2025 related to work and employment. The Commission lacks institutional and financial independence, as well as staff.

The 2021-2026 Strategy for Equality and Non-Discrimination was not comprehensibly implemented. The National coordination body for the promotion and protection against discrimination has been largely inactive.

Anti-racism and hate offences

The legal and institutional framework on anti-racism and hate offences is incomplete. Implementation and enforcement need to be improved.

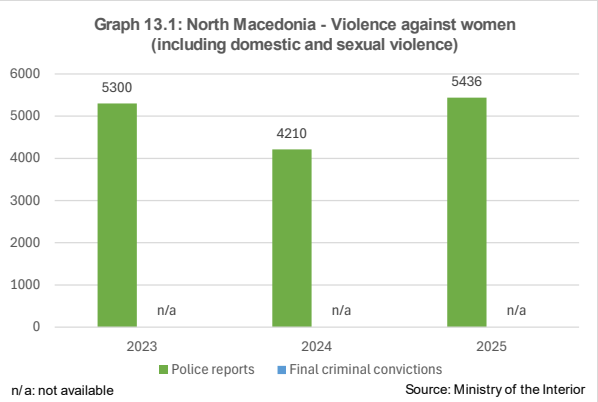
The legal framework and institutional capacity to address hate speech and hate crimes need to be further strengthened to ensure alignment with the EU *acquis* and European standards, in particular the 2008 Council Framework Decision on combating racism and xenophobia. In order to further strenghten its national framework, North Macedonia should implement the Council of Europe's ECRI General Policy Recommendation No 15 on hate speech and fully follow up on the findings of its September 2023 report, without delay. Systematic data collection by authorities continues to be lacking, while civil society organisations continue to monitor and document cases independently.

In 2025, according to civil society organisations, alleged hate speech incidents registered were most commonly based on ethnicity, sexual orientation and gender identity. The internet and social media have become the primary platform and source of hate speech. North Macedonia still needs to ratify Protocol No 2 to the Convention on Cybercrime, which would enable authorities to more effectively identify individuals behind social media profiles and groups.

Gender equality

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

There was limited progress in advancing gender equality in North Macedonia. Structural barriers persist, including in the response to gender-based violence, while implementation gaps, insufficient funding and anti-gender narratives continue to hamper progress

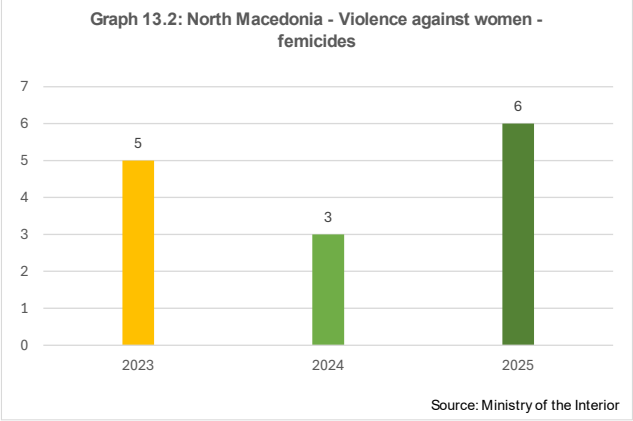


The adoption of the National Action Plan for Gender Equality 2025-2027 in January 2026 marked progress towards more structured implementation of the related national strategy including through clearer institutional responsibilities and measurable indicators. However, the adoption of the Law on gender equality, is still pending.

Gender-based violence, including domestic violence, psychological, economic and cyber violence and femicides, remains serious concerns. The legislative framework is not fully aligned with the EU Directive on Violence Against Women and Domestic Violence. Amendments to the Criminal Code adopted in January strengthened the criminal-law response to domestic violence and introduced provisions on the non-consensual dissemination of sexually explicit content. However, further alignment is needed including as regards cyberstalking and other forms of technology-facilitated violence.

The availability and quality of specialised services for victims of gender-based and domestic violence remain insufficient. Some existing services are not operational or do not meet the required standards, while understaffing, insufficient funding and unresolved licensing of civil society service providers continue to hamper effective and sustainable service provision. Reintegration support for victims also remains insufficient.

Further efforts are needed to implement the **Istanbul Convention** and address outstanding GREVIO recommendations. Legislative gaps remain, including as regards the criminalisation of forced marriage and psychological violence. In particular, the Criminal Code is not yet fully aligned. Femicide and the high



prevalence of violence against women remain serious concerns, while shortcomings in reporting, investigation and prosecution point to the need for stronger implementation, sustainable funding, enhanced institutional capacity and effective protection measures.

Access to justice and effective support for victims of domestic violence remains limited, including due to the high cost of legal proceedings and insufficient access to free legal aid. Economic insecurity and inadequate access to financial aid and child maintenance support further hamper victims' recovery and independence.

Growing anti-gender narratives affect policy discussions and public debate, while, women human rights defenders continue to face hate speech and threats, particularly online.

Rights of the child

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

Key challenges persist, including limited accountability mechanisms, insufficient institutional capacity and funding, the absence of systematic monitoring, and weak interinstitutional coordination. Further efforts are needed in particular in the areas of education, healthcare, protection from violence and non-discrimination.

A central body responsible for coordinating policies related to the implementation of the UN Convention on the Rights of the Child and its Optional Protocols is yet to be established. The National Action Plan for Children's Rights provides for an integrated approach to children's rights, although comprehensive implementation is hampered by inadequate financial and human resources.

Further efforts are needed to develop an integrated child protection system, in line with the Commission Recommendation on developing and strengthening integrated child protection systems in the best interests of the child, particularly as regards coordination, referral mechanisms, multidisciplinary case management, workforce protocols, data monitoring and complaints mechanisms.

The Law on justice for children suspected or accused in criminal proceedings broadly reflects the requirements on procedural safeguards, in line with EU standards. However, regular monitoring and inspection of educational correctional facilities and prisons need to be ensured for effective implementation. Access to justice, including legal aid, remains limited, while the capacity of professionals working with child victims, witnesses and children in conflict with the law needs to be strengthened.

Implementation of the Deinstitutionalisation Strategy (2018-2027) continued, with efforts to progressively transition towards community- or family-based care.

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 unable to fully enjoy their rights as the legislation and government policies are not fully 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 in the action plan for 2023-2025. The transition from institutional care towards independent living and inclusion in the community is progressing, but further efforts are needed to develop accessible, person-centred community-based support services and prevent institutionalisation.

Overall, persons with disabilities continue to encounter significant forms of discrimination and barriers to the full enjoyment of their rights, including limited access to information and services, discriminatory attitudes and social marginalisation. Accessibility remains limited, including in the built environment. The legislative framework needs to be further aligned with the EU *acquis* in the area, including the European Accessibility Act.

LGBTIQ+ persons

The legal protection of the rights of lesbian, gay, bisexual, transgender, intersex and queer (LGBTIQ+) persons needs to be improved. LGBTIQ+ persons face discrimination.

The legal anti-discrimination framework explicitly recognises sexual orientation and gender identity as protected grounds. No national LGBTIQ+ equality strategy was adopted. National legislation does not provide for legal recognition of same-sex partnerships, as required by relevant ECtHR case-law. No progress was made in implementing the January 2019 European Court of Human Rights judgment on legal gender recognition and a quick, transparent and accessible procedure for legal gender recognition remains lacking. Amendments to the rulebook on reporting violence in schools removed sexual orientation as a possible motive for violence, risking excluding cases of hate-motivated violence against LGBTIQ+ persons from official data and weakening the evidence base for effective prevention.

In June 2026, an LGBTIQ+ pride parade was held in Skopje without incidents. However, hate speech against LGBTIQ+ persons persists, particularly on social media. Increased investigations by the Public Prosecutor's Office into physical attacks against LGBTIQ+ persons are a positive development, but hate speech cases are often not pursued and no progress was made in long-standing investigations into attacks against LGBTIQ+ persons. Insufficient funding for LGBTIQ+ related programmes risks further weakening efforts to combat LGBTIQ+ phobia and the growing influence of anti-democratic actors.

Procedural rights of suspects and accused persons and rights of victims of crime

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

The right to a fair trial, and presumption of innocence are formally protected in law. However, full alignment with the EU *acquis* is not yet ensured. The Law on free legal aid serves as basis for the network providing primary and secondary free legal aid, including for victims of crime. Nonetheless, the system of legal aid in criminal proceedings needs to be reformed to improve access to justice. Eligibility criteria in criminal proceedings for mandatory defence, defence of people unable to afford legal representation and representation of the interests of victims of crime need revision. The country is still not aligned with the European Protection Order Directive. The adoption of an amended Law on criminal procedure to ensure alignment with the Victims' Rights Directive is still pending. 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 remains insufficient.

<u>Protection of minorities</u>

The legal and institutional framework for the protection of persons belonging to minorities is in place and persons belonging to minorities are integrated into society.

The government made progress toward finalising an Action Plan on Advancing the Rights of Persons belonging to Communities. The action plan accompanies the rule of law roadmap, required as part of North Macedonia's opening benchmarks for accession negotiations. The action plan was developed with the assistance of Council of Europe experts in an inclusive process, with two sessions held to consult stakeholders, including representatives of minorities and communities, and relevant institutions. The National Strategy for Inter-culturalism and Social Cohesion 2024-2026 developed by the Agency for the Rights of the

Non-Majority Communities is being implemented. The strategy serves as the basis for the new strategy for 2026-2032, which is being developed by the Ministry of Inter-Community Relations. The Agency, which focuses its activities on the rights of smaller communities, has limited financial and human resources, hampering its activities. Closer cooperation between the Agency and the Ministry of Inter-Community Relations is needed to ensure a unified approach to upholding the rights of persons belonging to minorities.

North Macedonia has not yet ratified the European Charter for Regional or Minority Languages.

Roma

The legal and institutional framework on Roma is incomplete; Roma people continue to face discrimination.

North Macedonia has made limited progress on Roma inclusion, implementing the strategy for 2022-2030. Action plans for 2026 are not yet in place. Interinstitutional cooperation remains at a low level. Outstanding challenges include irregular school attendance, street children and segregation in schools. Implementation of the priorities of the Poznan Declaration is lagging, and no dedicated action plans have been adopted.

Roma women face systemic discrimination in employment, healthcare and education. Most work informally without social protection, and literacy and school dropout rates remain high, with only 2% of Roma children attending early education.

Citizenship rights

North Macedonia still needs align its legislative framework with the EU *acquis* on EU citizenship rights. This should include carrying out an analysis of the alignment and implementation needs arising from Directive 2004/38/EC on the right of EU citizens and their family members to move and reside freely within the EU, across all affected policy areas and planning timely alignment accordingly.

National legislation allows for citizenship to be granted without prior residence requirements to individuals deemed to represent a 'special economic interest'. Applicants undergo a security assessment by the National Security Agency and an economic interest assessment by the Ministry of Finance and the Ministry of Economy. No citizenship on these grounds was granted in the reporting period. The Commission maintains the view that the law's implementation must 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.[3]

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*. The capacity to fight against serious and organised crime needs to be improved.

General framework

[3] See judgment of 29 April 2025, *Commission v Malta (Citoyenneté par investissement)*, C-181/23, EU:C:2025:283.

Legal alignment, strategic and institutional frameworks

The national Serious and Organised Crime Threat Assessment (SOCTA) presented in 2025 remains valid. A national strategy on the fight against organised crime needs to be urgently adopted in line with the priorities of the SOCTA.

In April 2026, the Parliament adopted the Law on the police secondary school.

The Ministry of Interior presented in February 2026 its newly adopted Integrity Plan and the accompanying action plan both covering the period 2026-2028. The integrity plan will be monitored by the Department for Internal Control, Criminal Investigations and Professional Standards of the Ministry of Interior. The Cybercrime Sector within the Ministry was transformed into a Sector for Cybercrime and Digital Forensics, consisting of four departments.

The National Coordination Centre for the Fight against Organised Crime is operational but should serve not only as an information exchange platform but also as a strategic hub for identifying organised crime targets and coordinating investigations. Its resources should be used in a more efficient manner and all contact points from relevant institutions should be appointed. Investigative centres are integrated into some of the public prosecutors' offices, but they lack human and financial resources and access to necessary databases, professional training and equipment.

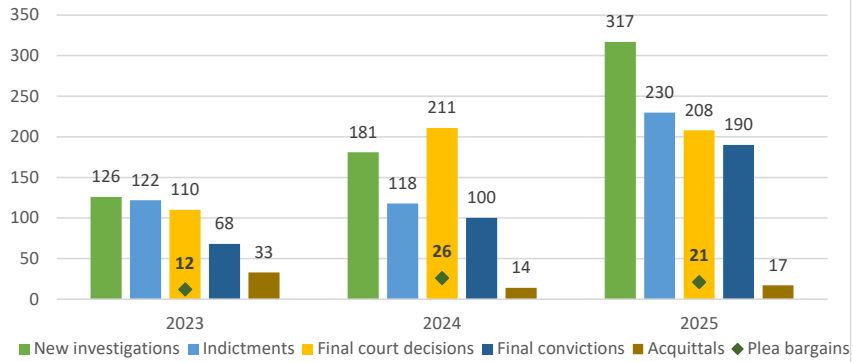
The National Security Agency (NSA) and the Operational Technical Agency (OTA) continue to operate as independent entities separate from the Ministry of Interior, in accordance with the recommendations of the Senior Experts' Group from 2015 and 2017. The housing of the NSA in the same premises as the Ministry of Interior and of the OTA in the same premises as a national telecommunications operator risk impacting their full operational independence. Adequate financial and human resources need to be provided to the OTA to ensure its proper functioning.

The legal framework on asset recovery and asset management needs to be fully harmonised with the EU *acquis* on asset recovery and confiscation. The Asset Recovery Office (ARO) lacks sufficient human and financial resources to effectively trace and identify criminal assets. Implementing legislation to ensure the Office is made fully operational has not yet been adopted.

The Agency for Management of Confiscated Property (AMCP) filled all the envisaged vacancies in June 2026, as per North Macedonia's commitment under the Reform Agenda, and now has 62 staff members. However, the Agency still lacks financial resources, storage facilities and equipment, and has to acquire a case management system to facilitate its work.

North Macedonia continued to implement, via the 2025-2026 action plan, its 2025-2028 Strategy for Strengthening the Capacities for Conducting Financial Investigations and Confiscation of Assets. In February 2026, the National Council for Financial Investigations and Asset Confiscation had its constitutive session.

Graph 14.1: North Macedonia - Organised crime cases - Data on number of individuals/legal entities involved



n/a: not available

Source: National data collected via the organised crime and corruption track record (OCCTR) e-platform

Implementation and enforcement capacity

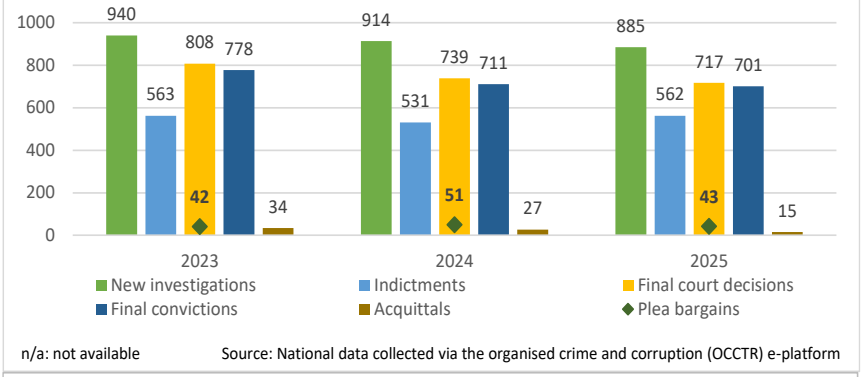
North Macedonia continued to develop its track record of investigations, prosecutions and final convictions in organised crime cases. However, further progress is

needed from investigations to final convictions in all fields of serious crime, notably, money laundering and trafficking in human beings.

Operational capacity for fighting organised crime needs to be improved. Law enforcement authorities need to develop an intelligence-led policing approach and increase the number of proactive investigations. Access should be ensured to adequate equipment, databases, human and financial resources and training, in parallel with the process of harmonising legislation and procedures with the EU *acquis* and with European and international standards.

North Macedonia should further strengthen its capacities to effectively seize and confiscate assets. The level of asset seizures drastically increased in 2025 compared with 2024. North Macedonia reported about EUR 32 million worth of seized assets (up from EUR 6 million in 2024). Asset confiscation remains a major area of concern: only EUR 900 000 worth of assets were confiscated in 2025, compared with EUR 5 million in 2024.

Graph 14.2: North Macedonia - Serious crime* cases - Data on number of individuals/legal entities involved**



n/a: not available Source: National data collected via the organised crime and corruption (OCCTR) e-platform

* Serious crime cases stems from the aggregated data of cases of money laundering, cybercrime, production and trafficking of drugs, firearms related offenses, terrorism, trafficking in human beings, smuggling of persons. Corruption cases are showcased in Chapter 23.
** Individuals being investigated, prosecuted or convicted for several offences are counted only once.

In 2025, parallel financial investigations were carried out in 16 cases of serious and organised crime.

Law enforcement cooperation

Cooperation between Europol and North Macedonia remains overall satisfactory but should be further strengthened, particularly regarding migrant smuggling, cybercrime and counterterrorism.

North Macedonia continued its engagement in the European Multidisciplinary Platform against Criminal Threats (EMPACT): in 2025, the relevant national institutions took part in 76 operational actions (94 in 2024), with North Macedonia co-leader in one of them (6 in 2024). The country is invited to intensify its active involvement in EMPACT. In the EMPACT 2026-2027 cycle, North Macedonia participates in 77 operational actions and is a co-leader in one operational action under Cannabis, Cocaine and Heroin (CCH) operational action plan.

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.

To enhance sustainable professional development, North Macedonia is encouraged to adopt the sectoral competencies and integrate knowledge acquired through CEPOL capacity-building actions into its law enforcement training system.

Judicial cooperation in criminal matters

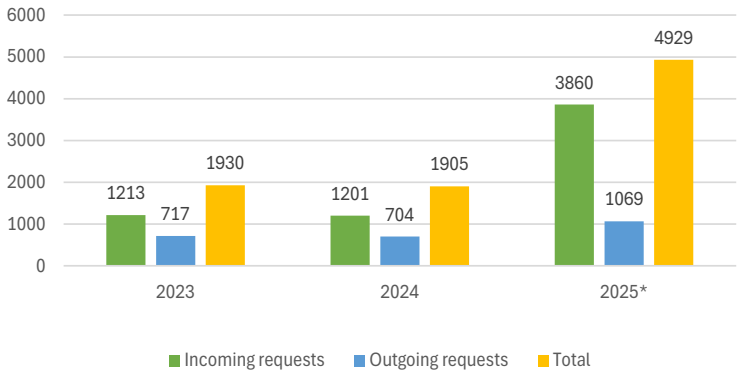
The legal framework for judicial cooperation in criminal matters is partially aligned with the EU *acquis* to the extent that alignment is already possible. There was limited progress in the area of judicial cooperation in criminal matters. Cooperation with EU Member States, the European Public Prosecutor's Office (EPPO) and Eurojust is broadly satisfactory but needs to be further strengthened and, in the case of cooperation with the EPPO, could be more proactive.

North Macedonia needs to further improve the timeliness and efficiency of its processing of requests for judicial cooperation, in particular as regards mutual legal assistance in criminal matters.

The liaison prosecutor for Eurojust resigned in April 2026 and the position is currently vacant. Between September 2025 and March 2026, North Macedonia was involved in 24 new cases at Eurojust, including 10 as requesting country. Most cases related to fraud, drug trafficking and crimes against life, limb or personal freedom. North Macedonia continued its participation in one ongoing joint investigation team.

North Macedonia maintains a working arrangement with the EPPO. In 2025, the EPPO did not send any mutual legal assistance requests to North Macedonia. It had one active case with links to North Macedonia at the end of the same year.

Graph 15: North Macedonia - Requests for mutual assistance in criminal matters



Source: Ministry of Justice

Crime areas

Investigation and criminalisation of money laundering

North Macedonia's legal framework on the criminalisation of money laundering is partially aligned with the EU *acquis*.

The new National Strategy on the Fight against Money Laundering and Terrorism Financing 2026-2029 and its action plan were adopted in March 2026.

Law enforcement agencies, including the Financial Intelligence Unit, need quick access to information on bank and payment accounts and safe deposit boxes.

Cybercrime

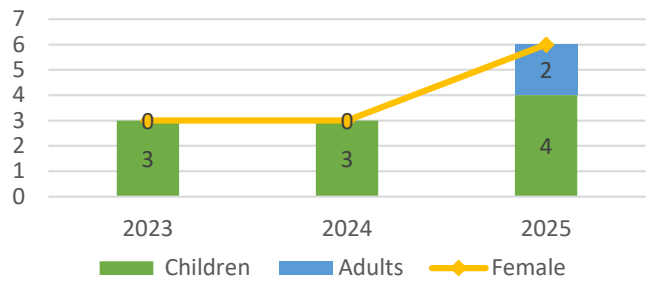
No progress was made on alignment with the EU *acquis* on cybercrime over the reporting period. North Macedonia has not ratified the Second Additional Protocol to the Cybercrime Convention on Enhanced Cooperation and the Disclosure of Electronic Evidence.

Child sexual abuse

In the reporting period, no progress was made on the alignment with the EU *acquis* on child sexual abuse and exploitation. The Action Plan for the Fight against Trafficking of Children (2021-2025), as an integral part of the National Strategy for Combating Human Trafficking and Illegal Migration (2021-2025), expired along with the strategy. A new national strategy and action plan, aligned with the Lanzarote Convention and the EU legislation on child sexual abuse and exploitation, need to be adopted.

Trafficking in human beings

Graph 16: North Macedonia - Victims of trafficking in human beings*



n/a= not available

Source: National data collected via the organised crime and corruption track record (OCCTR) e-platform

* The total of victims and potential victims identified in the year equals the number of formally recognised victims during legal proceedings.

The legal framework on trafficking in human beings is partially aligned with the EU *acquis* and should be harmonised with the EU Directive on preventing and combating trafficking in human beings and protecting its victims, as amended.

The National Strategy and Action Plan for Combating Human Trafficking and Illegal Migration and the Action Plan for Combating Child Trafficking expired in 2025. A new strategy covering 2026-2030, aligned with the latest EU strategic framework, needs to be urgently adopted.

All identified victims were domestic victims. Five mobile teams identifying victims and presumed victims of trafficking in human beings and vulnerable groups continue to operate.

Migrant smuggling

North Macedonia continue to build up its track record in the fight against migrant smuggling and made progress compared to 2024. 35 new investigations were launched in migrant smuggling cases, leading to 41 new indictments and to 88 final court decisions leading resulting in 86 final convictions for 86 individuals/legal entities in 2025. North Macedonia needs to continue to step up the fight against migrant smuggling, including through international cooperation.

North Macedonia participated in the Second International Conference of the Global Alliance to Counter Migrant Smuggling in December 2025 and signed its joint declaration. North Macedonia has endorsed the Global Alliance Joint Declaration and also participated in the second Senior Officials' Meeting of the Global Alliance in July 2026.

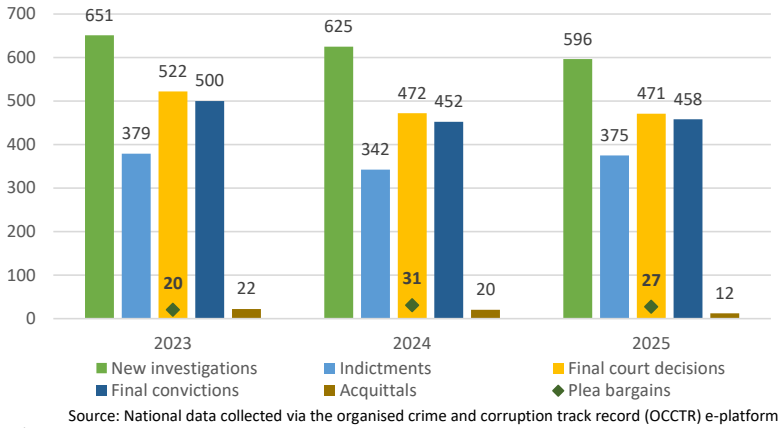
Trafficking in firearms

The regulatory framework for small arms and light weapons, including on marking and alarm and signal weapons, was aligned with the EU *acquis*. A revised law on weapons and a revised law on examination and stamping, or marking of firearms and ammunitions were adopted in June 2026, in accordance with commitments under the Reform Agenda. Regular coordination meetings were held by the National Commission on Small Arms and Light Weapons. A National Strategy on Small Arms and Light Weapons (2026-2030) needs to be urgently adopted. The firearms focal point within the Ministry of Interior is not fully operational.

Cooperation in the field of drugs

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

Graph 17.1: North Macedonia - Cases related to production and trafficking of drugs- Data on number of individuals/legal entities involved



Source: National data collected via the organised crime and corruption track record (OCCTR) e-platform
n/a: not available

The Law on the control of drugs and psychotropic substances is not fully harmonised with the EU *acquis* and international standards. The country's national strategy against drugs 2021-2025 expired. A new strategy and action plan, aligned with the new EU strategy on drugs, need to be adopted as soon as possible.

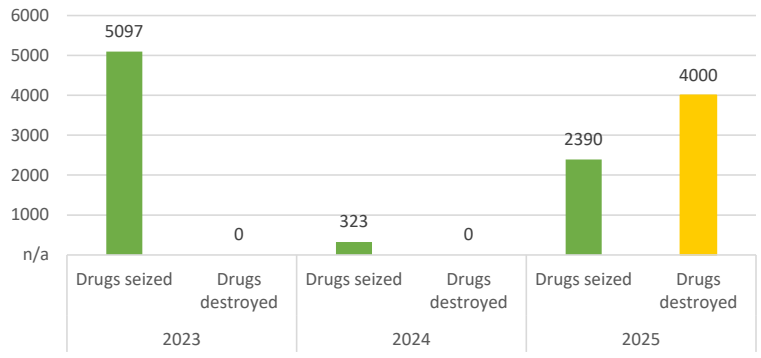
The Interministerial Commission for Narcotic Drugs, responsible for coordinating activities against illegal production, trafficking and the use of drugs, is not yet fully functional. A lack of

sufficient resources hampers the National Drugs Observatory's operational capacity and daily drug monitoring tasks.

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

A new working arrangement with the EU Drugs Agency (EUDA) needs to be signed. The exchange of data with EUDA has deteriorated. The level of cooperation with EUDA needs to be boosted, and the conclusion of the new working arrangement should be prioritised.

Graph 17.2: North Macedonia - Drugs - volumes seized and destroyed in kg



Source: National data collected via the organised crime and corruption track record (OCCTR) e-platform
n/a: not available

The procedure for destroying confiscated drugs is regulated in the Law on the control of narcotic drugs and psychotropic substances and in specific implementing legislation.

North Macedonia needs to make tangible progress on the fight against illicit drug production and trafficking. In 2025, about 2390kg of drugs was seized (184 kg in 2024) and a total of 4 000 kg of drugs (solely cannabis) was destroyed. This is the first destruction operation of this kind since 2023. The relevant authorities need to continue to perform regular destructions of confiscated drugs when the prescribed legal requirements are fulfilled.

Counterfeiting of the euro

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

Counterterrorism, prevention and resilience

Fight against terrorism and prevention of radicalisation

Legal alignment, strategic and institutional frameworks

The legal framework for the fight against terrorism and countering violent extremism is partially aligned with the EU *acquis*. Full compliance with the EU *acquis* on explosive precursors should still be ensured.

The National Committee for Countering Terrorism and Prevention of Violent Extremism of North Macedonia remains understaffed, which hampers its operational capacity. The Committee does not engage with relevant counterparts at the local level and needs to further strengthen cooperation and coordination with local authorities, particularly with municipalities.

Implementation of the national strategies countering terrorism and violent extremism is under way, covering the period from 2023 to 2027. Regular monitoring and assessment need to be ensured.

North Macedonia became a signatory to the new Joint Action Plan (JAP) on Preventing and Countering of Terrorism and Violent Extremism for the Western Balkans in October 2025. The country adopted a national roadmap to implement the JAP in July 2026.

North Macedonia continues to implement the national plan for reintegration, resocialisation and rehabilitation of foreign terrorist fighters and their family members. Individuals take part

in the plan on a voluntary basis. The country still needs to adopt a legislative framework setting out in detail the division of powers, tasks and responsibilities between central and local-level actors, including community action teams, local multidisciplinary teams and local preventative councils.

2025 saw the expiry of the strategy on the penitentiary system (2021-2025), which envisaged measures against prison radicalisation. A new strategy needs to be adopted, to address the phenomenon of prison radicalisation of regular inmates.

There is no national referral mechanism for preventing and countering violent extremism and radicalisation in the country.

Implementation and enforcement capacity

The fight against terrorism and countering of violent extremism need to be improved.

The threat level for terrorism risk remains low. Competent security services need to continue cautiously monitoring interactions between organised crime groups and foreign terrorist fighters and counteract when necessary. North Macedonia is encouraged to apply the methodology developed with the support of the Counter Terrorism Support Network (CTSN) to prepare a domestic terrorism trend and situation report.

In February 2026, the country's competent law enforcement agencies and prosecutors' offices initiated two investigations into terrorism-related offences. Law enforcement agencies need to ensure involvement in the pre- and post-release processes of individuals convicted of terrorism-related offences.

Responsible state institutions are not sufficiently equipped and trained to counteract online radicalisation, which is one of the most prevalent forms of radicalisation.

No repatriation has been planned or performed.

Critical infrastructure protection

Legal alignment, strategic and institutional frameworks

The legal framework for critical infrastructure protection is not fully aligned with the EU *acquis*.

North Macedonia has not aligned with the EU Directive on the resilience of critical entities. Interinstitutional coordination between counterterrorism, law enforcement, civil protection and cybersecurity authorities is not sufficiently regulated.

Implementation and enforcement capacity

The protection of critical infrastructure needs to be improved.

Institutions with responsibilities in the protection of critical infrastructure need to develop sufficient capacity to carry out their missions, especially given the forthcoming national regulatory framework aligned with the EU *acquis*.

Migration and asylum

Legal and irregular migration and returns

The legal framework for managing of legal and irregular migration is partially aligned with the EU *acquis.* The management of legal and irregular migration is broadly satisfactory.

Legal alignment, strategic and institutional frameworks

2025 saw the expiry of the resolution on migration policy (2021-2025) and the national strategy for integrated border management and its accompanying action plan (2022-2025). Follow-up documents have not yet been adopted; these will need to be based on evaluation of how the previous planning documents were implemented.

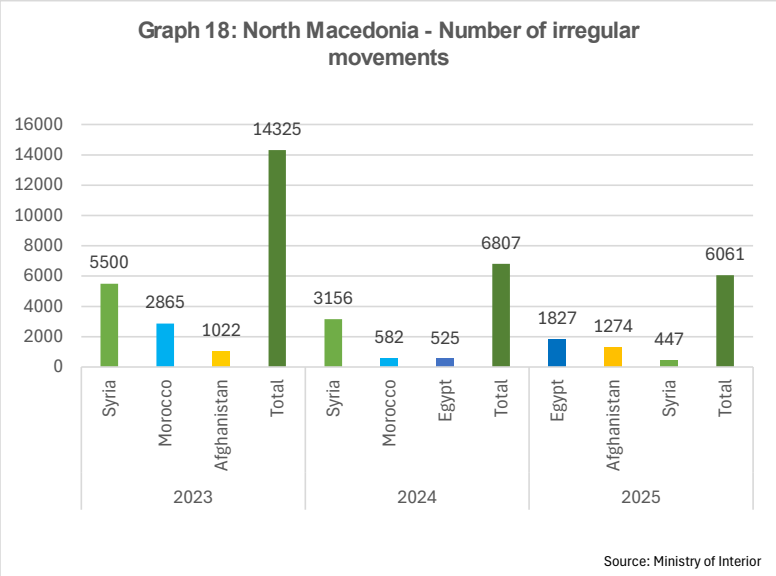
North Macedonia continued to actively manage mixed migration flows but still needs to adopt a contingency plan in case of an unforeseen increase in arrivals.

Institutional and administrative capacity for migration management should be strengthened through the provision of adequate material, technical and human resources. The Law on the work and employment of foreigners and the legislation on the right to family reunification is not fully aligned with the EU *acquis*. North Macedonia needs to ensure that legal pathways developed for third-country nationals prevent irregular secondary movements to the EU.

Implementation and enforcement capacity

For 2025, North Macedonia prevented 6 061 attempted irregular border crossings (down 10.9% on 2024), of which 4 299 attempts were prevented upon entering the country and 1 762 upon exiting the country. Most attempts at irregular border crossing (4 230) were detected at the southern border with Greece. The most prevalent nationalities among the registered migrants in 2025 were Egyptian (1 827), Afghan (1 274), Syrian (447), Moroccan (417) and Sudanese (372). The staffing of the border police should increase.

Systematic migrant registration and protection-sensitive profiling remain a priority. The responsibilities of the institutions involved, mainly the Ministry of Interior and the Ministry of Social Policies and Youth, are not always clearly defined, impacting the effectiveness of migration management.



There is a lack of effective judicial control and of legal counselling and assistance in cases of the detention of migrants.

In 2025, the total number of voluntary returns of foreigners was 970, while the total number of forced returns from the country was 343.

As concerns readmission with the EU, North Macedonia implements readmission agreements with EU countries. In 2025, 269 readmission requests were processed in accordance with agreements between North Macedonia, the European Union and EU Member States, resulting in the approval of 226 requests and rejection of 43.

Regarding returns to third countries, North Macedonia needs to make progress in establishing practical cooperation with countries of origin on returns of third-country nationals and actively step up engagement with those countries.

The registration of apprehended irregular migrants improved with support from the European Border and Coast Guard Agency (Frontex), with which operational cooperation continued smoothly.

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

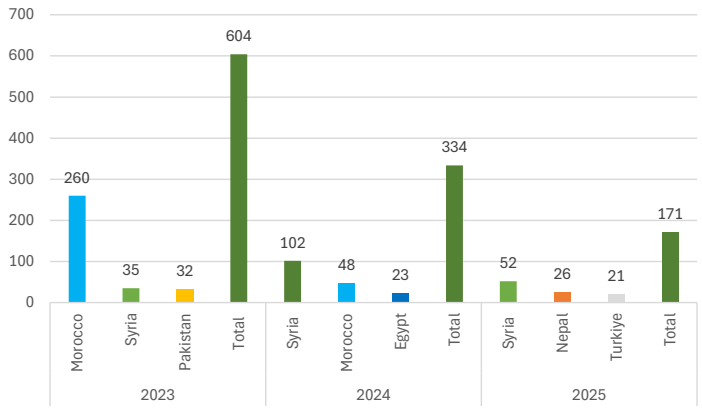
Asylum

While the legal framework on asylum is partially aligned with the EU *acquis* as it was in force until 12 June 2026, North Macedonia should focus on developing its national legal framework and operational capacities on migration and asylum to align with the Pact.

Legal alignment, strategic and institutional frameworks

In June 2026, the Law on International and Temporary Protection was amended allowing temporary protection to be extended beyond the three-year period if the Council of the European Union establishes the existence of a mass influx of persons. Subsequently, the government decision on the extension of temporary protection for persons from Ukraine in the Republic of North Macedonia was endorsed.

Graph 19.1: North Macedonia - Asylum Applications



Source: Ministry of Interior, Asylum Sector

The impossibility of acquiring personal identification numbers significantly obstructs the access of applicants for international protection to rights such as employment, opening a bank account and education. 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.

The quality of asylum procedures, which are often lengthy, remains a concern: asylum decisions are not always issued in compliance with the legally prescribed procedure and principles, and do not always contain the necessary requisites and assessments. There is a shortage of training opportunities to increase qualifications for administrative personnel.

Efforts are also needed to provide information on access to international protection procedure and counselling, but also access to legal services in detention facilities and at border crossings. Further efforts are needed to address delayed family reunification for people under subsidiary protection, particularly unaccompanied minors.

Implementation and enforcement capacity

North Macedonia remains a transit country. In 2025, 171 third-country nationals submitted an asylum application, with no positive decisions granted since 2024.

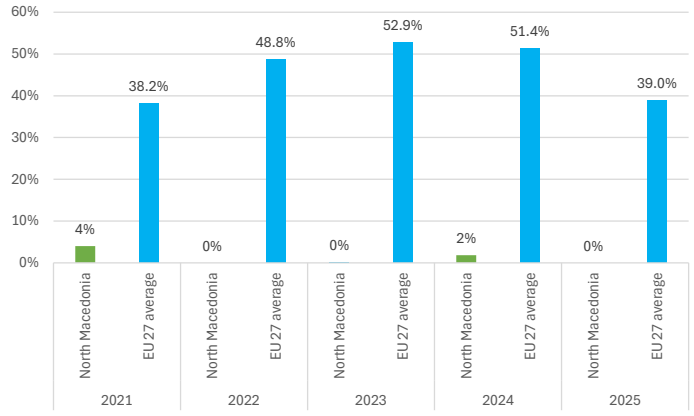
The level of cooperation with the European Union Agency for Asylum (EUAA) is satisfactory and facilitated by the third generation of the roadmap for cooperation between the EUAA and North Macedonia for 2025-2027.

Access to asylum procedures remains a challenge. Expulsion decisions should contain a quality assessment and ensure safeguards against possible persecution in the country of origin.

There is no legal framework on the integration of beneficiaries of international protection and no comprehensive approach on integration. Furthermore, there are frequent delays in the activation of social assistance and health insurance for those granted international protection.

The Law on primary education entitles children who applied for

Graph 19.2: North Macedonia - Asylum recognition rate (%)



Source:
Ministry of Interior, Aylum Sector
EU-27 average: ESTAT

n/a: not available

*EU averages reflect positive decisions at first instance for refugee status, humanitarian status and subsidiary protection status

international protection to enrol in primary education, although enrolment does not always occur in a timely manner. No equivalent provision exists for secondary education.

Living conditions for applicants for international protection remain unsatisfactory. Reception conditions, including for asylum seekers with special needs, are inadequate. The provision of interpretation services during the asylum procedure is a major challenge.

Visa policy

North Macedonia's visa policy is largely aligned with the EU's, in particular the list of countries whose nationals require an entry visa. North Macedonia's list of visa-free countries only differs from that of the EU by one country: Türkiye.

North Macedonia has taken some steps to address the Commission's recommendations from the eighth Visa Suspension Mechanism (VSM) report. Recommendations still need to be addressed concerning full visa policy alignment, the effectiveness of additional screening measures, overstays in the Schengen area and the repeal of investor citizen scheme.

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

North Macedonia has no Schengen action plan and no National Schengen Coordinator. The development and adoption of a Schengen action plan need to be prioritised.

The Status Agreement with Frontex continues to be implemented. November 2025 saw the signature of a memorandum of understanding between North Macedonia and Frontex on complaint mechanisms under the scope of the agreement.

The national strategy on integrated border management 2021-2025 expired; a new one has not yet been finalised.

The state of crisis on all borders was extended until December 2026 due to the perceived risk of an increased influx and transit of migrants. Progress towards updating the national contingency plan should be prioritised instead.

Implementation and enforcement capacity

The implementation of the Frontex Status Agreement is progressing well.

Amendments to the Law on border control, abolishing the National Coordination Centre for Border Management, were adopted in April 2026.

In June 2026, in compliance with the reorganisation of the Department for Border Affairs and Migration of the Ministry of Interior, an Integrated Border Management Unit with responsibility over inter-agency cooperation was established.

Human resources in the border police are insufficient; the intention was to compensate for this through the deployment of technical means. Border surveillance is performed in stationary and mobile forms, with the latter conducted by mobile patrols, based on risk assessments and operational risks.

Cooperation with the competent border services of Albania, Bulgaria, Kosovo and Serbia is in line with the Schengen catalogue of recommendations and best practices. For 2025, 716 meetings and contacts occurred, 441 joint border patrols were carried out, and 1 289 pieces of information exchanged with the neighbouring countries. In the absence of an operational agreement with Greece, cooperation is limited, also in the field of training. North Macedonia operates joint (one-stop) border-crossing points with Kosovo and Serbia to simplify and facilitate the movement of people, vehicles and goods.

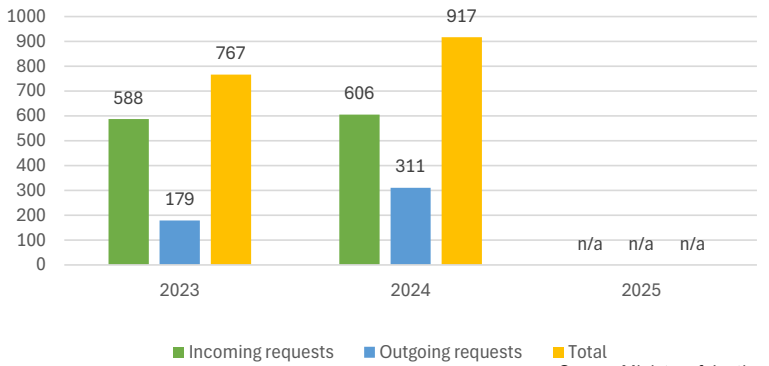
Judicial cooperation in civil and commercial matters

Judicial cooperation in civil and commercial matters needs to be improved.

Progress was limited on the legal framework for cooperation in civil and commercial matters.

North Macedonia is yet to initiate the ratification procedure for the Hague Convention on the Protection of Children (1996), and the Child Support Convention and Maintenance Protocol (2007) has not been initiated. The country has not yet ratified the Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters (2019).

Graph 20: North Macedonia - Requests for mutual assistance in civil matters



Source: Ministry of Justice

2.3. ECONOMIC CRITERIA[4]

North Macedonia - Key economic figures	2017-22 average	2023	2024	2025
GDP per capita (% of EU-27 in PPS)[1)]	41	41	42	43
Real GDP growth	1.7	2.6	3.0	3.5
Activity rate of the population aged 15-64 (%), total	65.7	65.4	66.0	66.6
female	*53.4*	*54.7*	*55.7*	*56.3*
male	*77.7*	*76.0*	*76.2*	*76.8*
Unemployment rate of the population aged 15-64 (%), total[2)]	17.9	13.2	12.5	11.7
female	*17.4*	*11.4*	*11.2*	*10.7*
male	*18.4*	*14.4*	*13.4*	*12.4*
Employment of the population aged 15-64 (annual growth %)[2)]	0.6	-0.2	0.6	1.4
Nominal wages (annual growth %)	6.4	15.3	12.9	9.6
Consumer price index (annual growth %)	3.7	9.4	3.5	4.1
Exchange rate against EUR	61.59	61.56	61.53	61.59
Current account balance (% of GDP)	-2.6	0.3	-2.2	-4.4
Net foreign direct investment, FDI (% of GDP)	3.4	3.3	6.6	1.5
General government balance (% of GDP)	-4.0	-4.6	-4.4	-4.0
General government debt (% of GDP)	45.4	49.5	53.0	51.6

Notes :
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

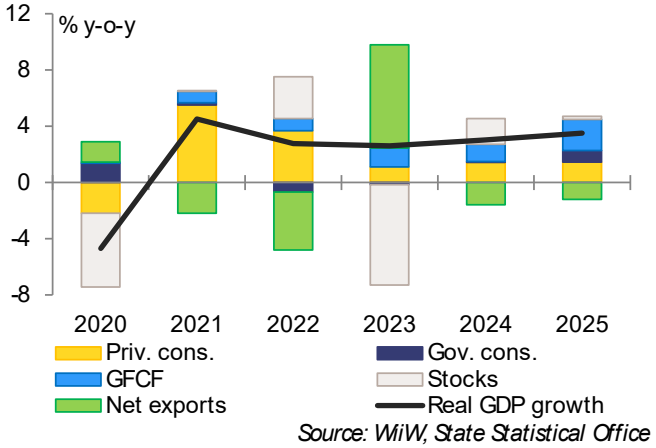
[4] Unless otherwise indicated, the data in this section are taken from the relevant national sources (the statistical office, Ministry of Finance and central bank).

Progress on key reforms remained mixed. The government adopted several bylaws to implement the 2022 Organic Budget Law (OBL) but postponed implementation of the new deficit rule (3% of GDP limit) from 2027 to 2028, and the full implementation of the OBL from 2026 to 2028[1]. The new IT platform underpinning the OBL is seriously delayed, blocking related fiscal governance reforms. The Fiscal Council remains understaffed and underfinanced. The draft law on public-private partnerships is still to be adopted. The 2025 budget was revised, shifting funds from capital to current spending. While the wage bill remained stable as a share of GDP, pension costs rose, with ad hoc increases in September 2025 and March 2026 instead of adjustments through indexation. Monetary policy remained focused on price stability. The Deposit Insurance Fund and Bank Resolution Fund are not yet operational. However, the central bank widened its toolkit for providing liquidity to the financial market and took steps to strengthen the supervisory framework. Under the October 2024 Reform Agenda, the Commission has released EUR 142.1 million as of June 2026, including the pre-financing. The country completed 22 of 136 planned steps to boost the digital transformation, improve financial control, achieve better governance of state-owned enterprises, and improve the quality of education. Implementation of the policy guidance set out in the conclusions of the May 2025 Economic and Financial Dialogue has been limited, with the level of implementation down on the previous year.

Macroeconomic stability

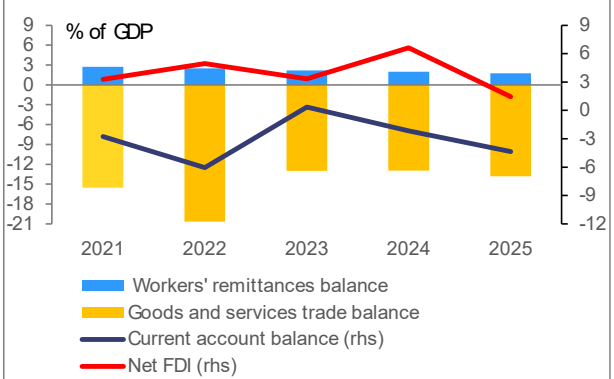
Economic growth accelerated in 2025, driven by domestic demand. Real GDP increased by 3.5% in 2025, boosted by strong investment and private consumption. The increase was above the average growth rate of 3.2% in the period 2021–2024. Performance was particularly strong in construction and in ICT services, partly reflecting the acceleration of public roadworks. Private investment benefited from government-subsidised corporate loans. Household consumption growth picked up, supported by strong pension and wage growth and robust credit expansion. Public consumption also increased, mainly reflecting strong public sector wage hikes. Net exports detracted from GDP growth as muted external demand continued to weigh on exports. In the first half of 2026, annual growth averaged 3.3%. Yet, growth is driven largely by consumption, credit expansion, and government-supported demand, rather than by productivity gains. This raises concerns about the sustainability of growth. 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 2025.

Graph 21: North Macedonia - Real GDP growth and contributions



Source: WiiW, State Statistical Office

Graph 22: North Macedonia - Current account selected components and FDI



Source: National Bank of North Macedonia, State Statistical Offi

External imbalances increased. In 2025, the current account deficit widened by 2.1 percentage points (pps) to 4.3% of GDP. This was due to a higher deficit in the merchandise trade balance, and a lower surplus in the services and secondary income balances. In the first half of 2026, a slight improvement in the trade balance was offset by lower private transfers from abroad and the current account deficit

remained unchanged. Net foreign direct investment inflows decreased from an exceptionally high level in 2024 (6.6% of GDP) to 1.5% of GDP in 2025 and only covered roughly half of the current account deficit. This was due to large outflows of intercompany lending rather than a decline in greenfield investments. Foreign reserves covered some 4.5 months of imports of goods and services at the end of August 2026. Despite some progress, the economy remains vulnerable to energy price hikes, given its high energy import dependency. Gross external debt, which poses a low risk due to its high share of long-term and fixed-rate financing, declined by 7.7 pps year-on-year to 72.1% of GDP at end-2025 and further to 71.8% of GDP at the end of the second quarter of 2026.

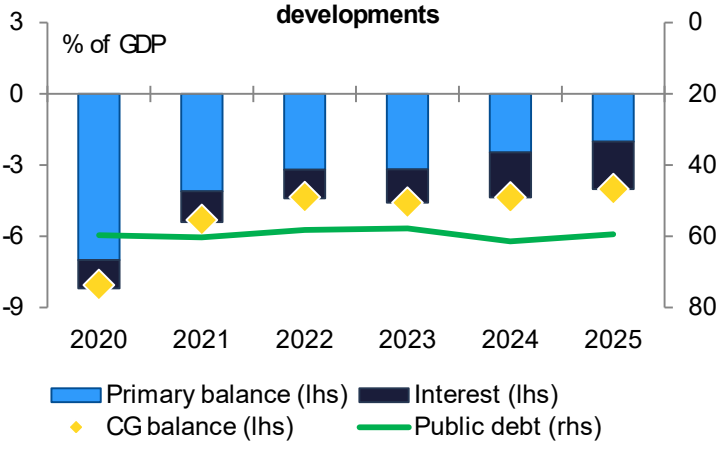
Disinflation is increasingly hampered by domestic price pressures. Average annual consumer price inflation accelerated from 3.5% in 2024 to 4.1% in 2025. After declining gradually in the second half of 2025, inflationary pressures driven by energy and food prices re-emerged as of March 2026, mainly as a result of the conflict in the Middle East. In response, the government reduced VAT rates and excise duties on petrol and diesel[5] in late March. By summer 2026, headline inflation has declined, while core inflation remained elevated, driven mainly by domestic factors, including wage growth and an increasingly expansionary fiscal stance.

The central bank tightened its macroprudential tools to contain credit growth and bolster banks' buffers. Given the fast rise in house prices and in mortgage lending, amidst ample excess liquidity in the banking system, the central bank tightened borrower-based measures in the real estate market with effect from 1 December 2025. It also raised reserve requirements applicable from November 2025. To bolster banks' ability to absorb losses, the central bank also raised the countercyclical capital buffer further. In December 2025, it adjusted its monetary policy framework to improve liquidity management and policy transmission, shifting the key policy rate's focus to shorter-term maturities of central bank bills. In June 2026, against the backdrop of lingering inflationary and geopolitical pressures, the central bank raised the key policy rate by 25 basis points (bps), to 4.25%, after having kept it unchanged throughout 2025.

Fiscal consolidation has been delayed further. The 2025 fiscal deficit stood at 4% of GDP, in line with the government's plan. Revenue fell short of the target, but this was offset by a significant under-execution of capital expenditure, which reached only 64.6% of the revised target, or 2.7% of GDP[6]. A mid-year budget revision, followed by a budget rebalancing in December, reduced planned capital expenditure by 6.6% and raised current expenditure by 3%. This reflected further linear increases in pensions, higher public sector wages, and additional municipal projects. Spending on pensions rose to 11.8% of GDP in 2025, up by 0.8 pps. year-on-year, continuing the sharp increase observed in recent years (from 9.8% of GDP in 2021). In its April 2026 Fiscal Strategy, the government postponed compliance with the 3% deficit ceiling required by the 2022 fiscal rules[7] from 2027 to 2028. In a July 2026 budget revision, it raised the fiscal deficit target for 2026 from 3.5% of GDP to 4.1%.

Progress in bolstering the fiscal framework has been uneven. The government continued implementing the 2022 Organic Budget Law by adopting several bylaws but postponed the entry into force of the revised budget classifications until January 2028. In the absence of a fully-fledged

Graph 23: North Macedonia - Fiscal developments



Source: Ministry of Finance

[5] While the government's initial VAT reduct
until end-October 2026.
[6] Including the Public Enterprise for State
accounted for under the general governmer
latest available figure).
[7] The previous government's plan was to ac

system, the Ministry of Finance's Department for Public Investment Management has developed a temporary IT solution to create a project database and monitor financial implementation. The Fiscal Council continues to lack sufficient staff and adequate capacity to conduct independent analysis. Revisions to national accounts data have become more frequent and larger in scale. Moreover, fiscal data remain incomplete, as large parts of the public sector are excluded from the government budget. In addition, the data are not compiled in line with the ESA 2010 standards.

Debt ratios declined slightly but remained well above pre-COVID levels. General government debt fell to 51.6% of GDP at the end of 2025 and remained broadly unchanged at the end of Q2-2026. The public debt ratio dropped by 2 pps year-on-year in 2025, to 59.4% of GDP, implying that the government-guaranteed debt of public enterprises dropped by 0.6 pps in 2025; it declined further to 58.8% of projected GDP in the first quarter of 2026. Still, both debt ratios remained markedly above their 2019 pre-COVID levels. The share of external debt in total public debt has been declining over the past five years, from 65.4% at the end of 2021 to 56% at the end of Q2-2026. Overall, foreign-currency-denominated debt made up 52.4% of total debt in the first quarter of 2026, of which 91% was denominated in euro. Risks stemming from exchange rate depreciation are mitigated by the de facto currency peg to the euro.

The policy mix does not sufficiently address current challenges, notably elevated inflation and fiscal consolidation needs. Monetary policy remained prudent amid strong credit growth and excess liquidity, while fiscal policy added to inflationary pressures through ad hoc increases in wages and pensions and further delays in fiscal consolidation, thereby further eroding fiscal space. As monetary policy is constrained by the peg and weakened by excess liquidity, fiscal policy has a critical role as the main stabiliser. Preserving macroeconomic stability and strengthening competitiveness will require a more credible fiscal adjustment path, faster implementation of reforms, and a stronger focus on productivity-enhancing investment and structural reforms.

Functioning of product markets

Business environment

Long-standing obstacles to doing business persist. Competition is distorted by the large informal economy, which, according to some estimates, accounts for some 38% of GDP[8]. Informal employment accounted for 14.5% of total employment in the second quarter of 2026, according to the State Statistical Office, up by 0.3 pps year-on-year and by 1 pp. on the same period five years earlier. Implementation of the Strategy and Action Plan for the Formalisation of the Informal Economy is heavily delayed, partly because of a reorganisation of responsibilities in the government. January 2026 saw the entry into force of the new Law on Employment, aimed at bringing informal workers into the formal economy through flexible contracts. Obstacles to lending to small and medium-sized businesses are the focus of several measures in the Reform Agenda, but their implementation is lagging[9].

State influence on the product market

Product markets are still distorted by sizeable State aid. State aid schemes are numerous and opaque. The Commission for Protection of Competition still lacks the authority and resources to properly regulate state subsidies. The planned update of the State Aid Registry, which requires procurement of a management information system connecting different institutions, has now been pushed back to 2027. Public procurement competition is weak, with two thirds of tenders awarded to single bidders, raising concerns

[8] 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.
[9] This includes facilitating the use of intangible assets as collateral in lending to SMEs and extending guarantees for SMEs under the State Credit Guarantee Scheme.

over favouritism and inefficiency. The government has a track record of intervening in market competition through caps on food prices to contain inflation. These measures revealed persistent enforcement failures at the Market Inspectorate and the Commission for Protection of Competition but did not have much impact on inflation.

Privatisation and restructuring

Although limited in size, the public sector has a significant stake in the economy. In 2025, the number of companies in full state ownership remained unchanged 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[10]. The total value of state ownership in enterprises has declined further in the reporting period, from 7.7% of GDP in 2024 to 5.8% in 2025. Even though relatively limited, state ownership is concentrated in critical network industries with significance for the whole economy, such as energy and transport. Against this background, there are concerns over the generally weak governance and transparency of many state-owned enterprises, which are loss-making and carry large potential fiscal risks. Of particular concern is the domestic electricity generator *Elekrani na Severna Makedonija (ESM)*, whose tariffs in the regulated market are below cost recovery and are subsidised by the government. In line with the Reform Agenda, the government initiated some reforms to address these shortcomings[11].

Functioning of the financial market

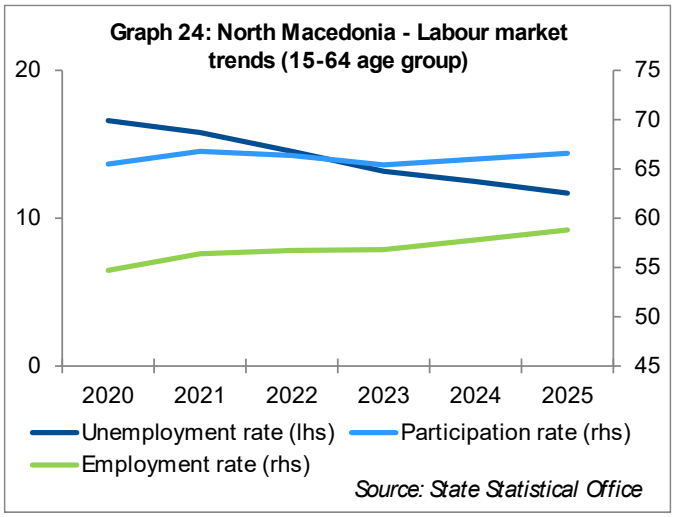
The banking sector remained resilient, but fast mortgage growth poses a challenge for monetary policy. Although still relatively low, financial intermediation has picked up in recent years, with financial sector assets at some 89.3% of GDP at the end of Q1-2026 (+3.9 pps year-on-year and +10.1 pps compared with the pre-COVID level at the end of Q4-2019). Non-bank financial institutions increased their share of total financial sector assets, from 18.6% in 2019 to 23.8% in 2024 (latest available figure). Meanwhile, banks' capital adequacy ratio increased to 19.1% at the end of Q1-2026 (+0.2 pps year-on-year and +2.9 pps compared with end-2019). The sector's profitability has remained solid, with a return on assets of around 2%. The ratio of non-performing loans in total loans to the non-financial sector dropped to a record low of 1.9% at the end of Q1-2026. Credit growth to the private sector accelerated to 12.8% year-on-year in Q4-2025 and 13.2% on average in the first seven months of 2026. Private-sector deposits also increased robustly, by 11.0% year-on-year in Q4-2025, slowing to 9.7%% on average in the first seven months of 2026. The strong increase in mortgage lending and construction loans contributed to a sharp increase in real estate prices, which, combined with a high exposure of some banks to the real estate market, remains a challenge and requires supervisory vigilance.

Functioning of the labour market

[10] The figures are based on information from the government. A 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.

[11] On 30 December 2025, the government approved the revised action plans for the Public Enterprise Railway Infrastructure (PERI) and the Railway Transport Operator (PERO). The focus of the plans is on: (i) the segmentation of operations and services; (ii) the introduction of a cost-allocation methodology; (iii) the redesign of track access charges; (iv) the revision and effective implementation of the management and infrastructure contract under a performance-based framework; (v) strengthened governance and oversight arrangements; and (vi) the depreciation and improved management of assets.

Structural weaknesses in the labour market are constraining growth. Over recent years, key labour market indicators have pointed to continuous, gradual improvements, especially with respect to employment growth and a further reduction in unemployment. The unemployment rate (age group 15-64) dropped to 11.7% in 2025, down from 16.5% five years earlier, and further to 11.5% at the end of Q2-2026. The employment rate also improved (59.3% at the end of Q2, compared with 58.8% at end-2025 and 54.7% in 2020). However, emigration of skilled workers, low participation rates and skills mismatches are leading to labour shortages, impeding economic growth.



High emigration continued in 2025, although the labour force declined by less (0.2%) than in 2024 (2%), possibly linked to increased inflows of foreign workers. Labour market participation rose slightly to 67% at the end of the second quarter of 2026 (2020: 65.5%), which is much lower than in the EU and marked by a large gender gap. Youth unemployment (age group 15-24) remained high, at about 25%. Wage growth is fuelled by public sector wage agreements and a rise in minimum wages. Average gross nominal wages rose by 9.6% in 2025, somewhat less than in the preceding year, with annual growth slowing further to an average of 7.7% in the first half of 2026. Real wage growth fell to 5.5% in 2025 (-2.2 pps year-on-year) and declined further to 3.4% in the first half of 2026.

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 and the digitalisation of schools are progressing. In 2026, North Macedonia adopted its Education Strategy (2026-2032), marking progress on vocational education and training (VET), with three of eight established regional VET centres now operational. Implementing legislation under the 2024 VET law[12] was adopted, strengthening dual education and employer partnerships. Digital transformation in schools advanced, with 160 primary schools equipped with IT infrastructure and digital/green skills integrated into secondary education curricula. However, higher education continues to be based on outdated curricula, exacerbating skills mismatches, while foundational learning outcomes remain weak (as reflected in declining PISA scores). Adult education, which for many unemployed individuals is an important pathway into the labour force, faces a slow take-up. Moreover, systems for validating non-formal learning, which can help in reducing skills mismatches by recognising competencies acquired through work experience, remain underdeveloped. The education budget increased as a share of the overall state budget, from 11.05% in 2024 to 12.2% in 2025, though with inefficient allocation prioritising wages over infrastructure. Research and innovation investment remains critically low (0.38% of GDP in 2024, latest figure), with minimal private-sector engagement.

Physical capital and quality of infrastructure

[12] Parliament adopted the new Law on vocational education and training 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.

The modernisation of critical transport infrastructure is further delayed due to weaker implementation of public infrastructure projects. Although public construction works on Trans-European Corridors VIII and X have gathered speed, they continue to face delays, with completion now expected in 2029, two years later than originally planned. Railway construction on Corridor VIII, linking Albania and Bulgaria and providing access to ports in both countries, is hindered by unresolved tender revisions and pending cross-border arrangements with Albania. These delays undermine regional connectivity and economic competitiveness. Overall, general government gross fixed capital formation, including municipal projects, amounted to 3.4% of GDP in 2025, down from 3.8% in 2024[13] and below the EU-27 average of 3.9%, although still above the five-year average. Additional investment in transport infrastructure is needed to support productivity growth.

There is marked progress on the digital transformation. In 2025, several key legislative and infrastructure advancements brought the country closer to EU standards. A new electronic communications law became fully applicable in June 2026. The law strengthens consumer protection and market competition, paving the way for 5G and next-generation network deployment. In December 2025, the government adopted amendments to the Law on construction to ensure harmonisation with several provisions of the EU Gigabit Infrastructure Act. The country also strengthened its cybersecurity framework with the adoption of the Security of Network and Information Systems (NIS2)-aligned Act, effective from January 2026[14]. While the availability of internet connections continued to increase, reaching 92% of households in late 2025[15] (2021: 83.7%), bottlenecks persist in rural areas and for small businesses.

Measures to improve energy efficiency are delayed. While amendments to the Energy Efficiency Law (aligned with the EU Clean Energy Package) were adopted in October 2025, secondary legislation is still pending, and enforcement of existing rules, such as mandatory energy performance certificates for buildings, remains weak. In October 2025, a 3% annual renovation programme for public buildings was adopted by the government, but only few municipalities are developing the required energy efficiency plans. The Energy Efficiency Fund, first established in 2023, remains non-operational due to bureaucratic delays in finalising operational documents and forming a steering board. The Law on Climate Change, which would introduce carbon pricing mechanisms, has been delayed yet again. This leaves North Macedonia without a clear framework for meeting its EU Green Deal obligations[16]. Meanwhile, in July 2026, North Macedonia notified the Energy Community Secretariat that the legal alignment of the Electricity Integration package is complete and has entered the verification stage, in which the Secretariat and the Commission confirm alignment before market integration with the EU proceeds.

The government increased renewable energy capacities. The country has made remarkable strides in renewable energy, with green power now accounting for 58.22% of installed capacity, up from 17% in 2021, and 46.37% of total electricity production, up from 22.8% in 2021. This shift is largely driven by solar and wind investments, supported by the government's 2026 Annual Plan for Energy Facilities, which envisages 67 new plants with a total capacity of 4 416 MW, primarily focused on decentralised, sustainable production. If fully realised, this plan could significantly reduce the country's historical dependence on coal, which still dominates the energy mix. At the end of June 2026, the government adopted the

[13] Eurostat data. This figure does not include investment by the Public Enterprise for State Roads.

[14] According to the OECD, about 47% of SMEs in North Macedonia report having no cybersecurity measures in place - the highest share in the entire region. Hence, translating the new legal framework into firm-level resilience will require targeted cybersecurity support for SMEs. OECD (2026), SME Policy Index for Western Balkans and Türkiye 2026 – Economy Profile for North Macedonia.

[15] DataReportal, Digital 2026 Report.

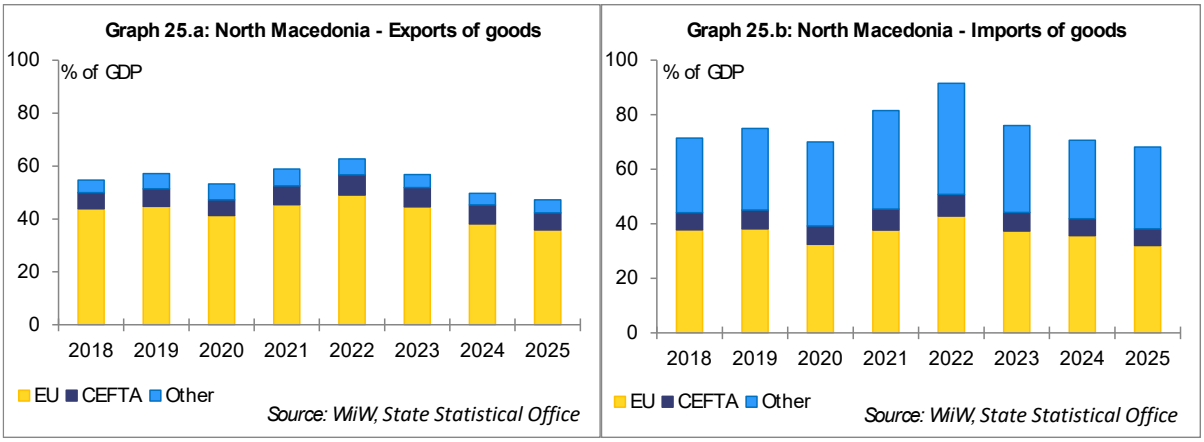
[16] The adoption of the Law on Climate Change is part of the implementation of the Monitoring, Reporting, Verification and Accreditation, which is a step in the Reform Agenda for North Macedonia. The step was supposed to have been achieved by December 2025 but it is currently in the 'grace period' until December 2026.

Renewable Energy Law, aligning the legal framework for the use of energy from renewables with the relevant EU legislation.

Sectoral and enterprise structure

Changes in the economy's structure remain slow. Over the past five years, the share of trade and services in gross value added (GVA) increased slightly, from 64.4% in 2020 to 65.4% in 2025. The share of manufacturing also rose, from 15.1% to 16.5%. Among services, information and communication technologies are becoming more important: their share in GVA increased from 4.9% in the first quarter of 2021 to 6.2% in the first quarter of 2026. Construction accounted for 7.5% of GVA, up from 6% in 2020, supported by accelerated public works. By contrast, agriculture's share fell from 8.3% in 2000 to 6.9% in 2025. Micro, small and medium-sized enterprises accounted for 99.8% of all businesses, 72.9% of employment and 67.5% of value added, all above the EU-27 average.

Economic integration with the EU and price competitiveness



Openness to trade remained at historically high levels. Exports and imports of goods amounted to around 133% of GDP in 2025, broadly unchanged from a year earlier and well above the five-year pre-COVID average of 120%. The share of higher value-added products in exports, notably manufactured goods and machinery, increased from 43.3% in 2019 to 55.7% in 2025. Most of the export value is, however, generated by a limited number of large companies, with only one in four small companies exporting at all[17]. The EU remained the country's main trading partner, accounting for 61.5% of total trade in goods in 2025. 76% of the country's total goods exports went to the EU in 2025, while 47% of its imports derived from there. CEFTA was the second biggest trading partner, accounting for 13.6% of exports and 8.9% of imports. According to the National Bank, EU-27 countries are also the biggest investors in North Macedonia, accounting for some 69,48% of total FDI stock in 2025, down from 60,65% in 2019.

External price competitiveness decreased slightly. The consumer price index-deflated real effective exchange rate (REER), a measure of external competitiveness, appreciated by 1.1% in 2025, following an average appreciation by 0.3% in 2024. Nominal unit labour costs continued to rise strongly in 2025, reflecting higher nominal wages. This was somewhat offset by a pick-up in labour productivity growth in 2025 (3.6% year-on-year in Q3), reflecting strong economic growth and slower employment growth, which helped to moderate the rise in unit labour costs. Inflation differentials with the euro area, rising unit labor costs, and persistent productivity gaps continue to weigh on competitiveness, despite high trade openness and strong integration with the EU. This points to the need for a more coherent policy mix combining fiscal consolidation, structural reforms, and productivity-

[17] OECD (2026), SME Policy Index for Western Balkans and Türkiye 2026 – Economy Profile for North Macedonia.

enhancing investment.

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

North Macedonia's **legal framework** is largely aligned with the EU *acquis*. The current exclusion framework in public procurement, based on negative references for companies due to professional misconduct, remains in force: there are concerns about its proportionality and compliance with EU public procurement directives. In 2025, 74 negative references were issued; 56 expired, and 6 were removed. By the end of 2025, 12 negative references remained active. Controls in public procurement should be further strengthened.

The current legal framework for public-private partnerships (PPP) is not aligned with the EU *acquis,* while related control systems and fiscal risks management remain very weak. The adoption of the law on PPP continues to face delays. In 2025, only one new PPP agreement was recorded in the register of awarded contracts. A comprehensive register needs to be established for PPP and for concessions.

Implementation and enforcement capacity

In 2025, the **public procurement market** amounted to 9.3% of the country's GDP, compared with 8.8% in 2024. Competition in public procurement has been limited, and reliance on the lowest-price award criterion has continued to dominate. The percentage of single bid tenders was 33.9% in 2025. The use of negotiated procedures dropped further to only 0.5% of contracts in 2025, while contract cancellations increased to 28.7%. In 2025, 647 contracts were concluded using the e-market for low value procurement, an increase from 325 contracts in 2024. The use of e-auctions decreased to 22% of the published contract notices, well below the 40% target agreed in the Reform and Growth Facility.

The use of the most economically advantageous tender (MEAT) criterion remained limited and was only applied for 6% of procurement contracts, up from 5.4% in 2024. In terms of value, only 4.8% of contracts utilised MEAT criteria.

The electronic for public procurement system operates efficiently, covering all transactions.

Capacity building for managing public procurement processes requires further strengthening, particularly at the local level.

The public procurement strategy includes **measures to combat corruption** and conflict of interest, risk management systems and reporting on potential corrupt practices or irregularities. However, the framework in this area needs to be strengthened. The Public Procurement Bureau (PPB) regularly publishes red flag reports, although follow-up actions remain insufficient.

Efficient remedy system

The legislation on the remedy system is mostly harmonised with the EU *acquis*.

In 2025, the State Appeal Commission (SAC) received 1 535 appeals, of which 1 405 cases were solved. Some 119 complaints against SAC decisions were filed before the Administrative Court. The SAC requires additional qualified staff in order to be able to process appeals in a timely manner.

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.

The **statistical infrastructure** remains largely aligned with the EU *acquis,* and the statistical law is aligned with the principles of the European statistics Code of Practice. Despite some progress in addressing the long-standing challenging human resources situation at the State Statistical Office (SSO), the SSO continues to suffer from insufficient human and financial resources. Data transmission to Eurostat has continued to improve, notably in national accounts and social statistics.

On **classifications and registers**, the national classification standard is aligned with NACE Rev. 2.1.

As regards **macroeconomic statistics**, annual and quarterly national accounts series have been updated. Gross national income (GNI) is compiled based on ESA 2010 standards, with regular transmission of GNI and GDP data to Eurostat under the ESA 2010 transmission programme. Some progress has been achieved in compiling tax and social contribution data on an accrual basis, and in the experimental development and transmission of table 11 on government expenditure by function (COFOG). However, further improvements are required, particularly regarding the updating of the GNI inventory. The SSO should also resolve the sectorisation of units for the government sector, transmit quarterly GFS data for 2025, as well as data for the ESA tables 27, 28 and 28A, and remove flags that prevent the publication of GFS data, posing broader fiscal transparency challenges. Since December 2025, the National Bank transmits financial accounts data on transactions and balance sheets to Eurostat, but improvements are needed on the completeness of sector accounts and the reconciliation of financial flows with non-financial accounts.

Business and trade statistics continue to be collected regularly, and further work is required to improve data collection and direct reporting on international trade in services and foreign direct investments.

As regards **social statistics**, accuracy increased following a revision of intercensal population estimates based on the 2021 census results, and important improvements were made in labour market, European Union statistics on income and living conditions (EU-SILC) and European System of integrated Social Protection Statistics (ESSPRO) data transmission.

Regarding **agricultural statistics**, preparatory work for the agricultural census is advancing but a slow legislative process risks leading to a postponement of the census from 2026 to 2027. The 2026 state budget includes a dedicated allocation for the census, providing a sound financial basis for its execution.

North Macedonia's **energy statistics** are highly compliant. Regarding **environmental statistics**, data are being transmitted to Eurostat for forestry and monetary and physical environmental accounts. **Transport statistics** are highly compliant, but North Macedonia has not yet transmitted passenger mobility data to Eurostat.

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 reforms are embedded in the 2025-2028 Public Finance Management Reform Programme. The 2025 Annual Report on the functioning of PIFC 2025 was produced and delivered to the Government for approval. As for the legal **framework**, the implementation of the PIFC law progressed, including through the adoption of two pieces of implementing legislation by the end of 2025, while the remaining ones are still pending. Delays in the operationalisation of the revised budget classifications are slowing down the restructuring of internal audit units and the strengthening of managerial accountability systems. The central harmonisation unit continues to provide methodological guidance and coordinates the PIFC system across the public sector. Despite its limited capacities, systems are robust.

The legal framework on **internal control** is broadly harmonised with international standards, but implementation is inconsistent, and risk management needs to be further strengthened. A new methodology to identify, report and monitor operational and strategic risks was introduced in September 2025 and 76% of central budget users developed risk management systems in line with it by the end of 2025. Development of implementing legislation for the financial inspection law progressed, while new working procedures and methodological tools are to be established in line with the Law on inspection supervision.

Institutional and **managerial accountability** remains fragile because of the very high number of first-level budget users and shortcomings in delegation of authority. Amendments to the organisational classification approved the reduction of the number of primary budget users to 35 but it has not been enforced yet.

Fragmentation, inadequate staffing levels and the lack of a national certification system for internal auditors continue to undermine the capacity and quality of **internal audit** units (IAUs). Indeed, IAUs often operate with just one auditor or none, in a system with only 126 internal auditors across the 116 IAUs established.

External audit

The lack of adoption by the government of the new state audit law prevents the legal framework from strengthening the State Audit Office's (SAO) **independence** and increasing Parliament's oversight role. The 2025 Annual Audit Report was submitted to Parliament and published in June 2026. The SAO fully implemented 2025 work plan, which included 57 regularity audits, 9 performance audits, 6 compliance audits and 4 IT audits. Although the quality of the SAI's audit work complies with INTOSAI standards and is widely recognised, **administrative capacity** remains insufficient with a workforce of only 145 out of 245 systematised posts and no additional recruitments are envisaged for 2026. Parliamentary follow-up of individual audit reports should be further strengthened.

Protection of the EU's financial interests

The **Anti-Fraud Coordination Service** (AFCOS) Network is formally established, and the government adopted in July 2026 the Anti-Fraud Strategy 2026-2030 for the Protection of the Financial Interests of the European Union. The National legislation is largely aligned with the **PIF Directive**. Cooperation with the European Anti-Fraud Office (OLAF) is robust. However, sufficient staffing for AFCOS needs to be ensured as the AFCOS unit currently has only 3 employees.

In 2025, national authorities reported 18 cases of irregularities via the Irregularity Management System, of which one classifies as fraudulent, declining from the previous reporting year by about 50%.

Protecting the euro against counterfeiting

National legislation is partially harmonised with the EU *acquis*. The system for tackling euro counterfeiting is in place, but the capacities of the central bank and Ministry of Interior must

be strengthened. The central bank conducts regular training for employees at credit institutions and private cash centres to manually verify the authenticity of circulating.

3. GOOD NEIGHBOURLY RELATIONS AND REGIONAL COOPERATION

North Macedonia maintained its active engagement 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 (RCC).**

North Macedonia participated both in the sixth annual **EU-Western Balkans Summit** in Brussels in December 2025 and the EU-Western Balkans Summit in Tivat in Montenegro in June 2026, reaffirming the EU membership perspective of the Western Balkans and explored 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 and leaders' meetings.

On the **Common Regional Market (CRM)**, the Berlin process summit took place in London in October 2025. At the summit, the leaders of the region: (i) endorsed a revised and streamlined action plan to implement the Green Agenda for the Western Balkans; (ii) adopted a Western Balkans Climate Adaptation Roadmap; and (iii) committed to making progress on the promotion of regional mobility and implementation of relevant regional agreements and CEFTA decisions.

North Macedonia adopted the **CRM action plan 2025-2028** and is contributing to its implementation**.**

North Macedonia signed and ratified the fifth **mobility agreement** on access to higher education and admission to studies in the Western Balkans; it has therefore ratified five regional mobility agreements.

The work of CEFTA gained impetus from the appointment of a new director and the commitment shown by the parties. Substantial advancements have been made in specific areas, including Green Lanes, recognition of qualified trust services, recognition of advanced electronic signatures and advanced electronic seals, the establishment of the Advisory Body for Customs Cooperation and the adoption of the Risk Management Strategy 2025-2028.

North Macedonia ratified Protocols 5 and 6 establishing a trade facilitation framework for customs cooperation and the liberalisation of trade in services. It also ratified Additional Protocol 7 establishing a regional dispute settlement mechanism.

The **roadmap for roaming** between the Western Balkans and the EU entered the first phase of implementation. In February 2026, the Commission proposed launching negotiations with Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia to integrate them into the EU's 'Roam Like at Home' regime.

Relations with ***Albania*** remained good. In February 2026, the Albanian President visited Skopje. Several bilateral agreements are in place, including on cooperation in security, defence, infrastructure, energy, education, science and culture. In April 2026, construction began on a high-voltage power line linking North Macedonia and Albania, enabling cross-border electricity trade. Albania is still critical of the treatment of the ethnic-Albanian minority by the authorities of North Macedonia, especially in view of the use of minority languages as stipulated in the Ohrid Agreement. In October 2026, the Ministers of Culture of Greece, Albania and North Macedonia signed a joint statement on cross-border cooperation for the protection of the Prespa region.

Relations with ***Bosnia and Herzegovina*** remain good, with occasional high-level bilateral visits. A number of agreements are in place, including on cooperation in EU integration and economic collaboration.

Cooperation with ***Kosovo*** continues to be constructive. In October 2025, both constitutional courts signed a memorandum of understanding on further cooperation.

Relations with ***Montenegro*** remained good, with no pending bilateral issues. In March 2026, the President of Montenegro paid an official visit to Skopje, focusing on strengthening bilateral relations, advancing EU integration and promoting regional cooperation.

Relations with ***Serbia*** remain good. In October 2025, the Prime Minister of Serbia visited Skopje, and several meetings were held at ministerial level. October 2025 also saw the signature of a five-year memorandum of cooperation to improve communications between institutions and the private sector and coordinate economic policies, including infrastructure projects. A programme on cooperation in culture (2026-2030) was signed in January 2026.

Relations between ***Türkiye*** and North Macedonia remain comprehensive and positive. In June 2026, both countries reaffirmed their close and strategic cooperation and the aim of further deepening economic cooperation, increasing trade exchanges, promoting new investments, and cooperating in infrastructure, energy, tourism, education and defence. North Macedonia and Türkiye have in place a political declaration establishing a high-level cooperation council, aimed at boosting economic and trade cooperation, including updating the existing free trade agreement. In September 2025, the countries signed a cooperation agreement to exchange information and scientific publications in formal and informal education. In December 2025, they signed a protocol on rules of origin of products, followed in February 2026 by an agreement on close cooperation in the railway sector. In March 2026, a memorandum of understanding between the Ministry of Culture and Tourism and TURKSOY was signed. A framework agreement on military cooperation is also in place.

Relations with ***Ukraine*** remain good. North Macedonia has provided humanitarian and military assistance and is fully aligned with EU restrictive measures against Russia. The two countries have agreements on trade, the protection of investments, culture, education, tourism, transport and military cooperation.

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. 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 bilateral agreements in good faith, including the Treaty of Friendship, Good Neighbourliness and Cooperation and its Protocol, remains essential. Significant further efforts are needed to promote an atmosphere of dialogue and mutual respect. The Joint Multidisciplinary Expert Commission on Historical and Educational Issues met four times between September 2025 and March 2026 but without tangible outcomes. Cooperation between the two countries on Corridor VIII resulted in the signature in November 2025 of an agreement on the preparation, construction and operation of the tunnel along the corridor at the border between the two countries. Sustained dialogue between the parties supported at the highest political level remains essential for advancing the project's implementation

Cooperation with ***Greece*** continues, particularly on economic matters, infrastructure and energy connectivity, tourism and culture. Implementing bilateral agreements in good faith, including the Prespa Agreement, remains essential. Members of the government and senior officials on occasions disregard the Agreement, including by not using the country's constitutional name, which risks affecting good neighbourly relations. In December 2025, the 10th meeting of the Joint Interdisciplinary Committee of Experts (JICE) on Archaeological, Historical and Educational Issues was held via videoconference. The most recent meeting of the Joint Interdisciplinary Committee of Experts on Historical, Archaeological and Educational Issues was held in Athens. In October 2026, the Ministers of Culture of Greece,

Albania and North Macedonia signed a joint statement on cross-border cooperation for the protection of the Prespa region's unique and exceptionally valuable cultural and natural environment. The three countries commit to cooperate in support of the inscription of the Prespa region on the UNESCO World Heritage List as Mixed World Heritage Property.

4. RESILIENCE, SECURITY, DEFENCE

North Macedonia has a clear strategic orientation anchored in the EU accession process as a candidate country. It continues to align with the EU's common foreign and security policy, including restrictive measures, and contributes significantly to EU crisis management operations and missions.

Democratic resilience

Hybrid threats remain a challenge to North Macedonia's democratic institutions, particularly foreign information manipulation and interference (FIMI), including disinformation. North Macedonia has initiated, and to a degree put into operation, strategies for countering cyber and hybrid threats. However, there is no clear legal framework on FIMI.

North Macedonia led global efforts against disinformation, being one of WB6 (and the world's) first countries to include media literacy in primary and secondary school curricula in 2018/19. Skopje hosted the second (2021) and latest (2025) edition of the EEAS-funded EU-WB Media Literacy conference.

Economic security and resilience

North Macedonia provides opportunities for investment, supporting supply chain resilience. Key vulnerabilities include considerable dependence on energy imports and products such as digital and electronic products, exposure to regional economic conditions and the need for continued reforms and infrastructure development. Energy import dependency exceeds 60%, reflecting limited domestic resources and exposure to external supply risks. The country relies on coal for much of its energy needs but is increasingly diversifying its energy mix and increasing renewable energy capacities. The country has made remarkable strides in renewable energy, with green power now accounting for 58.22% of installed capacity. This shift is largely driven by solar and wind investments.

North Macedonia's critical mineral resources, including iron, nickel, copper, and zinc, are vital for the region's industrial and manufacturing sectors. The country also produces lead and other essential minerals that support its growing mining industry.

There is marked progress on the digital transformation. In 2025, several key legislative and infrastructure advancements brought the country closer to EU standards. Main challenges include shortages of specialised skills and data infrastructure needs. The country also strengthened its cybersecurity framework with the adoption of the Security of Network and Information Systems (NIS2)-aligned Act, effective from January 2026.

The protection of critical infrastructure needs to be improved. Institutions with responsibilities in the protection of critical infrastructure need to increase capacity. North Macedonia has not aligned with the EU Directive on the resilience of critical entities.

North Macedonia still needs to align with the Critical Raw Materials Regulation (CRM) and draft and adopt the necessary legislation to integrate with the EU's CRM value chain.

Defence capacity building and defence industrial dimension

North Macedonia's military expenditure reached 2% of GDP in 2025. The defence industry is relatively small and focused on supporting national security needs, maintenance, and limited defence production.

The defence industry in North Macedonia is undergoing a significant transformation under its Army Modernisation Plan 2023-2032. The country is focused on boosting its military capabilities, aligning with NATO standards, and improving operational readiness. Key priorities include the procurement of armoured vehicles, tactical communications, air defence systems, and training infrastructure.

In terms of defence capacity building, the Army of North Macedonia has benefitted from EU support via three bilateral assistance measures under the European Peace Facility, an off-budget instrument. The EU committed a total of EUR 38 million to date, with a view to strengthening operational effectiveness and interoperability, and modernising their military equipment. As one of the framework nations of the Balkans Medical Task Force, North Macedonia also benefits from the 2022 regional EPF assistance measure (EUR 6 million) which has strengthened the medical military capabilities of the Task Force.

The country's defence sector comprises one main dedicated defence manufacturer (ATS Group) and 44 companies registered as economic operators eligible for NATO-related procurement processes.

Civil protection and disaster resilience

North Macedonia is increasingly integrated into European civil protection and disaster preparedness structures, notably through its participation in the Union Civil Protection Mechanism (UCPM). It nevertheless needs to step up efforts to improve its civil protection and disaster preparedness capacities to strengthen its resilience and ensure it can deal effectively with natural and human-induced crises.

5. 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 non-tariff barriers to trade and ensure compliance with Articles 34-36 TFEU still needs to be adopted. The capacity of the Ministry responsible for the legal alignment with the EU *acquis* in this area remains insufficient. The country is not yet aligned with the latest EU *acquis* on general product safety

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 25 230 European standards, representing over 99% of CEN/CENELEC standards.

The Institute for **Accreditation** ensures the accreditation procedures for testing, calibration and medical laboratories, conformity assessment bodies, and inspection bodies, and successfully completed its fifth peer evaluation by the European co-operation for Accreditation (EA) to maintain its status as an EA MLA signatory. There are 229 active **conformity assessment** bodies in the country. A new law on **market surveillance** designed to align with the latest EU *acquis* is yet to be adopted. The State Market Inspectorate (SMI) performed 1 933 market surveillance inspections in 2025 to mid-2026, resulting in 12 products being withdrawn from the market. The human resource capacities of the SMI have strengthened, with 20 new employees. However, the SMI's restructuring and digitalisation remains, as well as its operational independence, remains challenging.

Harmonised area: sectoral legislation

The level of alignment with the EU **'new and global approach' product** *acquis* remains low, and no progress was made in this area.

No progress was made on aligning with the latest EU **'old approach' product** *acquis,* including on vehicles, on chemicals (including on registration, evaluation, authorisation and restriction of chemicals (REACH); chemical classification, labelling and packaging (CLP), and good laboratory practice (GLP)), on detergents or on firearms. There was no progress in aligning with EU **procedural measures**. 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 yet been addressed.

Chapter 2 - Freedom of movement for workers

Nationals 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 worker nationals of that Member State.

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 2026), and family reunification is allowed.

Except for a short list of positions in healthcare and higher education, EU citizens cannot access public administration posts. Furthermore, some posts in private companies are also exclusively for citizens of North Macedonia. The Law on seasonal workers came into force as on 1 January 2026. The access of EU citizens to this market is allowed but the conditions are yet to be specified within its implementing legislation. In 2025, North Macedonia issued 8119 work permits for foreign workers.

There were no developments on preparations for the **European Employment Services (EURES)** in the reporting period.

A declaration on **coordination and mobility of social security** in the Western Balkans was adopted in October 2025. The countries expressed their commitment to strategic activities in coordination of social security systems, transferability of rights and recognition of insurance**.** The bilateral agreement between Italy and North Macedonia on social insurance, signed in 2014, came into force in December 2025. In June 2026, an Agreement on the regular exchange of Information was signed between the Pension and Disability Insurance Fund of the Republic of North Macedonia and the Austrian pension insurance authority.

There have been no developments on the **European Health Insurance Card (EHIC)**. Nine EU Member States continue to have access to medical services in public and some private healthcare institutions in North Macedonia.

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**, there has been no progress to align legislation with the EU Services Directive. The number of electronic services for citizens and businesses available on the e-services portal reached 336 and 1316 institutions. To serve as 'Single point of contact' for services, the portal needs to be further improved to increase the number of e-services and the information available.

In the area of **postal services**, the national legislation is partially aligned with EU postal *acquis*. The full postal market opening to competition was postponed until the country's accession to the EU. There is one universal state-owned service provider and 28 active private postal operators. A plan for restructuring of the state-owned company 'Post Office' was drafted but not yet adopted. The Postal Agency is the independent regulatory authority ensuring compliance with the Law on postal services and has sufficient institutional and financial capacity to monitor and enforce the new postal market rules.

On the **mutual recognition of professional qualifications**, the Ministry of Education and Science fully digitalised the procedure for nostrification of foreign educational diplomas. Since the ratification of the Agreement on the Recognition of Higher Education Qualifications in the Western Balkans and the Agreement on the Recognition of Professional Qualifications of Doctors of Medicine, Doctors of Dental Medicine and Architects, North Macedonia applies direct recognition of university degrees acquired in Serbia, Albania, Kosovo, Montenegro and Bosnia and Herzegovina. However, the country 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.

North Macedonia has achieved partial progress regarding **capital movements**. Nevertheless, as the National Land Consolidation Strategy 2025-2035 fails to provide for the liberalisation of foreign acquisition rights, the broader capital account liberalisation agenda remains stagnant, leaving the European Commission's concerns on residents' accounts abroad and the restriction of foreign acquisition of agricultural land unaddressed.

Concerning **payments**, North Macedonia became operationally ready for participation in the geographical scope of the SEPA schemes in October 2025, following the European Payments Council's (EPC) confirmation that the domestic legal and operational framework met the requirements for participation in the SEPA schemes. Further progress was made in the field of instant payments in July 2026, as the National Bank signed the agreement with the EPC on the use of the SEPA Instant Credit Transfer Scheme, establishing the prerequisites for aligning the national instant payment solution with European standards. Nevertheless, North Macedonia is yet to align with more recent EU payment services *acquis* developments, including the revised Payment Services Regulation/Payment Services Directive 3 (PSR/PSD3) package and full technical alignment of all PSD2 provisions beyond those required for adherence to the EPC scheme.

Limited progress has been achieved regarding alignment with the EU *acquis* on the **fight against money laundering and terrorist financing** (AML/CFT). In July 2026, a multidisciplinary working group was established to align national legislation with the new EU AML/CTF package, in particular Directive (EU) 2024/1640 and Regulation (EU) 2024/1624. Prepared under coordination by the Financial Intelligence Unit (FIU), the National Strategy for Combating Money Laundering and Financing of Terrorism was adopted in March 2026.

On **anti-corruption measures**, the Law on the prevention of money laundering and financing of terrorism is aligned with the *acquis* and FATF recommendations are being effectively implemented, although further alignment with the new EU Anti-Money Laundering package is needed. The new National Strategy for Combating Money Laundering and Financing of Terrorism 2026-2029 was adopted in March 2026.

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 filing of documents, – including financial documents, – can be carried out fully online. The Agency for Real Estate Cadastre provides a fully digital database easily accessible for users.

A new Law on Public Enterprises and Trade Companies in State Ownership or with the Participation of the Republic of North Macedonia, which regulates the legal framework for more efficient, transparent and accountable management of state-owned enterprises was adopted. This law sets professional criteria are set for members of the supervisory and management bodies, including higher education, and also provides controls of operations and management for internal audits.

The 2021 Corporate Governance Code is mandatory only for listed companies that meet certain criteria. Further alignment with the EU *acquis* is necessary on cross-border operations (mergers, divisions and conversions), on the use of digital tools and processes in company law, on takeover bids, as well as with the rules on encouraging long-term shareholder engagement (SRD II Directive). North Macedonia should also complete alignment with the Directive 2024/1760 on corporate sustainability due diligence (CSDDD), as amended by the Directive (EU) 2026/470 (Omnibus I). The amendments simplified some of the obligations and postponed the transposition deadline to July 2028 and the application deadline to July 2029.

On **company reporting and statutory audit**, there was no progress in adopting the long-standing draft law on accounting, aimed at further alignment with the EU *acquis,* or in adopting the amendments to the Law on audit. Further alignment is also needed on transparency requirements for listed companies and statutory audit. Further alignment with the Corporate Sustainability Reporting Directive is needed. Currently, there is no body with ultimate responsibility for statutory audit oversight, as required by the EU Audit Directive.

Chapter 7 - Intellectual property law

The EU has, to a large extent, harmonised rules for the legal protection and enforcement of copyright and related rights, as well as of industrial property rights, including trademarks, designs, patents and related supplementary protection certificates (SPCs), and geographical indications (GIs), including craft and industrial GIs.

On **copyright and related rights**, the new law on copyright aimed at aligning with the EU *acquis* on collective rights management, orphan works and the implementation of the Marrakesh Treaty still needs to be adopted. As regards the Directive on copyright and

related rights applicable to certain online transmissions of broadcasting organisations and retransmissions of television and radio programmes (SatCab II Directive) and the Copyright in the Digital Single Market Directive (DSM), national legislation is not aligned with the EU *acquis*. However, partial alignment was achieved through amendments to the law by incorporating the provisions on "journalistic work", thus aligning with Article 15 of the DSM Directive. The full alignment with Directives remains to be done. The relevant intellectual property rights unit in the Ministry of Culture is left without functional staff and its operations are frozen.

On **intellectual property rights**, North Macedonia needs to further align its legislation with the EU *acquis*, in particular in the area of patents and trade secrets. Alignment with the Directive on IPR enforcement is still pending. The State Office for Industrial Property (SOIP) fully digitalised its database for patents and trademarks. SOIP continued cooperating with the EU and international bodies, in particular with the European Union Intellectual Property Office.

In 2025, the Customs Administration in cooperation with the State Market Inspectorate identified and seized more than 145 000 goods suspected of infringing intellectual property rights across 84 cases, involving 34 different trademarks. Most of the counterfeit goods originated from Türkiye, China and the Middle East.

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.

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

On the **institutional framework on antitrust and mergers**, some progress was noted with the employment of new case handlers in the Commission for Protection of Competition (CPC). However, more efforts are needed for strengthening its enforcement and technical capacity.

On **antitrust and mergers implementation**, the number of merger decisions adopted in the reporting period (123) was close to the average recorded in previous years. The number of *ex officio* and on-site interventions remains low. The leniency instrument to improve enforcement was not used in the reporting period.

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 on State aid**, the CPC is also responsible for implementing the Law on State aid. The CPC has launched training for judges on State aid. The CPC issues non-binding opinions and binding decisions on State aid.

On **State aid implementation,** the CPC issued 22 decisions and 37 opinions on State aid in the reporting period.

On **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 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.

There were no developments on **banking and financial conglomerates,** and the country needs to work further to align with the latest versions of the Capital Requirements Regulation and the Capital Requirements Directive. The Banking Law and the Deposit Insurance Law need to harmonise them with the Bank Resolution Law, which started to be implemented in June 2026. The legal and institutional set-up for establishing the financial Ombudsperson is not yet finalised.

Some progress is noted on **insurance and occupational pensions**, especially in tackling uninsured driving. The new safe traffic system increased the number of insured vehicles by 15.82% in August 2026. The legislation allowing the Ministry of Finance to set premiums for motor vehicle insurance is still in place, as is the maximum 50% limit on investments in non-domestic securities by pension funds, both of which remain contrary to the EU *acquis*. National legislation is still not aligned with the Solvency II Directive.

There were no developments as regards **financial market infrastructure**. Further work is needed to align with the EU Directive on financial collateral, the Regulation on Securities Financing Transactions, the Central Securities Depositories (CSDR) Regulation and the Regulation on over-the-counter derivatives, central counterparties and trade repositories.

On **securities markets and investment services**, implementation of the Laws on Prospectus and Transparency of Securities Issuers and on Financial Instruments was postponed to October 2026. The country needs to further align with the EU *acquis*, including amendments regarding undertakings for collective investment in transferable securities and alternative investment fund managers under the ECITS Directive and AIFMD respectively.

On **sustainable and digital finance**, the central bank continued its activities related to supervisory monitoring primarily of climate-related risks. Efforts are 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 medicines for human and veterinary use. The EU also has rules for upholding patients' rights in cross-border healthcare and in preparing for and responding to cross-border health threats.

Consumer protection

While the country's Law on **consumer protection** was broadly aligned with most of the EU consumer *acquis* and clearly set out the responsibilities of physical and legal commercial bodies towards consumers, the EU *acquis* in this area has evolved, including by the adoption of the EU *acquis* on the sale of goods, on digital content, and the right to repair, so these also require alignment. National legislation is also still not aligned with the EU *acquis* on package travel. The consumer protection strategy (2025-2028) is still not adopted. A web platform providing information on consumer protection has not been developed. The national Law on mediation provides mediation process in consumer disputes, however access to the process remains difficult and complicated for consumers.

On **general product safety** there is a high level of alignment with the EU *acquis*, apart from some definitions. National legislation 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. In the reporting period, the SMI executed a total of 4 340 inspections based on

the Law on consumer protection and issued a total of 170 decisions based on identified violations. A total of 12 products were withdrawn from the market due to safety issues.

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

Public health

The slight increase in financing of public **healthcare** in North Macedonia continued in 2025 but remains far below the EU average. Universal health coverage is offered free of charge through primary healthcare, but patients have to pay for some hospital care, specialist outpatient visits and medicines. The scope of health services and their availability, in particular of specialist medical services, and their geographical distribution is inadequate. The ratio of nurses per 100 000 inhabitants still stands below the EU average. Medical staff continue to leave the public health sector to work in the private sector or abroad. The healthcare system is heavily reliant on private funding through out-of-pocket payments (up to 42%) and voluntary insurance. This represents a barrier to equal access to healthcare.

The national **e-health** system collects data only from the public healthcare, with missing data from private health facilities to complete patients' files. The e-health application is functional, though improvements in the appointment system are needed.

On **tobacco control,** North Macedonia should adopt a new law to further align with the EU *acquis* on Tobacco Products. Its implementation and enforcement will remain a challenge, as smoking continued to be tolerated and unsanctioned in closed areas, including public offices, some medical facilities and restaurants.

North Macedonia needs to update its legislation to align with the *acquis* on **communicable diseases**. As regards **serious cross-border threats to health,** since 2016 the country reports gonorrhoea, hepatitis A, West Nile fever, influenza, SARI, COVID-19 (epidemiological and laboratory data, immunization), and HIV/AIDS in ECDC's TESSy system, and has a system for early detection of epidemics. Large-scale use of antibiotics affects **antimicrobial resistance (AMR**). The National Action Plan on Antimicrobial Resistance (AMR) for the period 2026–2028 is yet to be adopted. There was no progress on **blood, cells and tissues, and organs.** North Macedonia is not aligned with the EU *acquis* on **patients' rights in cross-border healthcare**.

There were no developments on **medicines for human use, veterinary medical products, health technology assessment, cosmetics** and **medical devices.** Limitations in budget and medical staff have an adverse effect on the policies related to **mental health** of children and adolescents. There are ongoing **cancer screening** campaigns on colorectal and breast cancer, though HPV testing has still not been introduced for cervical cancer screening. More public awareness and the inclusion of larger part of the respective population groups in the screening process is also needed. The number of registered cancer cases and the mortality rate caused by cancer continued to grow in 2025. The country implements annual programmes for the prevention of **cardiovascular diseases** (most recently in 2025), which includes early detection based on risk factors, implementation of preventive examinations in primary healthcare, health education and promotion of healthy lifestyles, and improvement of diagnostics and treatment.

The reports on **drug abuse prevention** and **alcohol related harm reduction** indicate medium levels of abuse. Alignment with the EU *acquis* on **healthy environments** remains incomplete.

The efforts to fight **health inequalities,** in particular for Roma, and for people living in poverty and those living in remote areas, continued with donor support and limited impact. There has been gradual progress on the integration of gender perspectives in the health sector but the absence of comprehensive gender-disaggregated data continues to constrain evidence-based policymaking. Access to healthcare services is uneven, particularly for

women in rural and marginalised communities, and women continue to report being unlawful charged by primary gynaecologists for services that should be free of charge under the national Health Insurance Fund Preventive health programmes, such as screenings for cervical and breast cancer, are available but not uniformly accessed. North Macedonia is encouraged to use the new EU guidelines on improving access to healthcare for people with **disabilities.**

More efforts are needed on **prevention of corruption** with improved procurement and planning of health-related expenses, strengthened integrity, asset declarations, and digitalisation.

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 services**, North Macedonia is partially aligned with the EU *acquis*. In line with the long-term ICT Strategy and its Action Plan, the Ministry of Digital Transformation advanced interoperability by expanding institutional participation in data exchange systems and integrating Single Sign-On across service providers to streamline access to digital public services. The national e-services portal was upgraded with new services for citizens and businesses. By the end of June 2026, 44 institutions were using the new electronic archiving and document management system. North Macedonia should continue aligning with the European Interoperability Framework, and the Interoperable Europe Act. Furthermore, North Macedonia needs to strengthen the regulation of online platforms, improve consumer protection, ensure fair competition, and foster a safer and more transparent digital environment, in line with the Digital Services Act (DSA) and the Digital Markets Act (DMA). North Macedonia needs to take steps to build the societal and institutional capacity and to establish the legal basis to effectively support the enforcement of the DSA and the DMA as of EU accession, in line with the considerations and requirements outlined at the 2026 TAIEX workshops. Further efforts are needed to ensure compliance with accessibility standards and barrier-free to digital public services.

In relation to the protection of minors online, a Safer Internet Centre was established in North Macedonia with co-funding received under the Digital Europe Programme.

On **electronic communications**, the Law on electronic communications was amended in December 2025 and June 2026 to align with the European Electronic Communication Code and the Gigabit Infrastructure Act. North Macedonia has taken steps to align its legislation with the EU roaming *acquis*. It seeks to align its regulatory framework with the EU Roam Like at Home (RLAH) framework, as a step towards possible participation in the EU RLAH area and accelerated integration into the EU digital market. The 2019-2029 National Broadband Operational Plan remains valid and sets targets for 5G, broadband coverage and take-up of high-speed internet. According to the Broadband Competence Office fixed fast broadband coverage reached 75% in 2025. The public broadcasting enterprise needs to significantly strengthen its institutional capacity to fulfil its responsibilities in developing optical infrastructure for network aggregation, connecting public institutions and free Wi-Fi locations to the national network, and ensuring broadband access in areas with limited commercial investment. The Agency for Electronic Communications should further increase its institutional independence. The 112 European emergency number services should be further expanded. The country is a member of the European Emergency Number Association, maintaining active coordination.

On **digital trust and cybersecurity**, the legal and strategic cybersecurity framework contributed to alignment with the NIS2 Directives. The Ministry of Digital Transformation established MKD-GOV-CSIRT, a Computer Incident Response Team for the executive authorities, investing in a cyber incident response platform and strengthening staff capacities to improve technical expertise and operational readiness. However, further strengthening of state institutions' infrastructure and increase cybersecurity expertise is needed. The national Computer Incident Response Centre still needs a substantial increase in its staffing and operational capacities. The mobile 5G network continued to expand. In January 2026, a new telecom operator was awarded a licence to become North Macedonia's third mobile network operator. North Macedonia should continue implementing the EU 5G Cybersecurity Toolbox, including by assessing suppliers' risk profiles and applying appropriate restrictions or exclusions for high-risk suppliers. Preparations for the digital identity wallet are ongoing. In January 2026, North Macedonia applied for inclusion in the EU third countries' EU List of qualified trust service providers. Further efforts are needed to increase the use of the existing e-identification and e-signature tools by making them more user-friendly and free of charge for the public. North Macedonia should also align with the European Digital Identity Framework (eIDAS 2.0) and create digital wallet for citizens following the EUDIW model. Separately, further efforts are needed to align with the ePrivacy Directive.

On **media**, a strategy for development of the media sector and its action plan still needs to be adopted. The media regulator published several reports and analyses including on local elections, media ownership, the media market, the structure of employees in broadcasting industry, and support measures for regional and local broadcasters. The regulator needs to strengthen its capacities to effectively carry out its mandate, particularly in overseeing and registering video-sharing platform providers. Efforts to modernise the public service broadcaster and improve professional standards are ongoing. However, limited administrative autonomy and irregular financing continue to affect its effective functioning.

On **artificial intelligence**, North Macedonia should develop AI regulation, the necessary governance and enforcement structures in line with the EU AI Act. Initial work on alignment with the EU framework has started, including preparatory steps to identify the necessary governance and enforcement structures. The country established a national AI Factory Antenna connected to the European network of AI Factories.

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 VAT was amended abolishing the threshold of EUR 22 for imports of small parcels free of VAT, effectively introducing a rate of 18% on all imports. Government took several decisions temporarily reducing the VAT rate on fuels from 18% to 10%, as part of the anti-crisis measures to suppress the effects of the fuel crisis. The latest measure expires at the end of September 2026. The excise on diesel and unleaded fuels was reduced, with an effect in the period April - July 2026. Delays in the VAT refund process remain quite prominent, as only 14.3% of the refund was paid within the legal deadline. The Public Revenue Office (PRO) launched an e-invoice pilot phase, enabling all non-cash transactions to be registered in real time.

As regards **direct taxation**, a new Law on minimum global corporate profit tax is in force since 1 January 2026, introducing a profit tax rate of 15% for domestic companies which are subsidiaries of multinational companies, thus bringing it into line with OECD global minimum tax (GMT) and Directive (EU) 2022/2523. 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 OECD standard, although technical cooperation and exchange of information is ongoing. The country continued to implement the Inclusive Framework on Base Erosion and Profit Shifting (BEPS) minimum standards.

On **operational capacity and digitalisation**, the Public Revenue Office (PRO) improved its strategic planning, but still needs to improve its business processes, develop compliance risk management and further expand e-services. As regards administrative capacity, 55 employees were hired in 2026 on temporary contracts. However, additional recruitments are necessary in view of the Office's expanding tasks. The PRO still operates with a fragmented IT system. Progress with procurement of a new integrated e-PRO tax system remains 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.

On **monetary policy**, North Macedonia is partially aligned with the EU *acquis*. North Macedonia has a high level of alignment with the EU *acquis* on the prohibition of monetary financing of the public sector and the prohibition of privileged access of the public sector to financial institutions. The legislation is partly aligned with the EU *acquis* on central bank independence. As for the NBRNM's financial independence, the January 2025 amendment to the Law on the national bank concerning profit retention by the government has not been reversed. The National Bank has improved its operational monetary framework to improve liquidity management and the transmission of monetary policy signals. The reserve requirement framework was adjusted to support banks' access to longer-term external funding amid heightened uncertainty.

Concerning **economic policy**, North Macedonia is partially aligned with the EU *acquis* on medium-term budgetary frameworks, budgetary forecasts, statistics, numerical fiscal rules, and the transparency of general government finances. The new Organic Budget Law and the related fiscal rules remain postponed until 2028, while weaknesses persist in fiscal forecasting, fiscal data coverage and ESA 2010 compliance, including the continued exclusion from fiscal documentation of some state-owned enterprises classified within general government sector under ESA 2010. The Fiscal Council continued its work and issued opinions on the Fiscal Strategy 2027-2031 and the Revised Budget 2026, but challenges remain regarding its full independence and operationally effectiveness and the Integrated Financial Management Information System is not yet in place. The authorities adopted the Fiscal Strategy 2027-2031 and a revised 2026 budget. A public debt management strategy for 2027-2029, with projections for 2031, was also adopted, improved transparency.

The **Economic Reform Programme (ERP) for 2026-2028** submitted to the European Commission outlines North Macedonia's medium-term macroeconomic and fiscal framework. According to the Commission's assessment, implementation of the policy recommendations set out in the conclusions of the Economic and Financial Dialogue of May 2025 was limited and the country's implementation score has deteriorated steadily in the last two years. Key challenges continue to concern credible fiscal consolidation, stronger revenue planning and collection, better public investment management, and structural reforms linked to labour market mismatches, informality, digitalisation, innovation and the green transition. Regarding *acquis*-related developments, a major step forward was the entry into force of the Bank Resolution Law in June 2026, aligning with the EU Bank Recovery and Resolution Directive framework, and the adoption in July 2026 of a new methodology for managing interest rate risk in the banking book, further aligning banking regulation with EU standards.

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 implementation of the Law on the Engagement of Persons for Work started on 1 January 2026. The Ministry of Economy and Labour rolled out the Law as a national reform, introducing an electronic registration system, procedures, monitoring mechanisms, and support services to facilitate lawful and inclusive work engagement. In July 2026, the Law Amending the Law on the Engagement of Persons for Work was adopted, which improves the conditions for work engagement by providing greater flexibility in the engagement of seasonal and occasional workers, responding to labour market needs, and supporting efforts to reduce informal employment.

On **health and safety at work**, the adoption of a new Law on occupational safety and health, the strategy 2026-2030 and action plan 2026-2027 for safety and health at work remain pending, as does the new law on harassment at work. In 2025, 10 748 inspections in the field of occupational safety and health were carried out. Around 30% of these inspections led to decisions of deficiencies and irregularities in the field of labour relations and another 30% led to decisions in the field of occupational safety and health.

The capacities 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 remain low.

On **social dialogue,** collective agreements in the private sector remained limited. North Macedonia should strengthen social dialogue with particular attention to bipartite social dialogue in the private sector. In February 2026, the government and the representative trade unions in the public sector reached an agreement to increase public sector wages through the signing of employer level collective agreements. North Macedonia needs to strengthen the capacities of social partners.

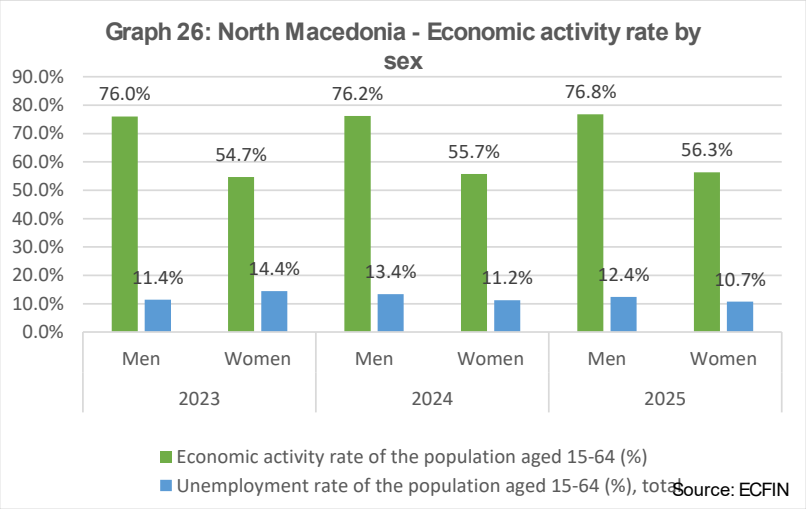
On **employment policy,** the Employment Service Agency still lacks capacity for improved delivery of active labour market measures and the Youth Guarantee. Nevertheless, North Macedonia's unemployment rate declined from 12.4% in 2024 to 11.5% in 2025. In January 2026, social and child protection benefits were increased by 4.1% in line with the cost of living, covering guaranteed minimum assistance and other key social support schemes. In 2025, the Youth Guarantee included a total of 23 314 young unemployed individuals, of whom 11 470 were women. A total of 6 856 young individuals were employed, while 1 490 participated in active employment measures to increase employability. The Youth Guarantee supported 1 410 Roma individuals.

In 2025, the Employment Service Agency provided: job search assistance services to 19 725 unemployed persons, of which 10 410 (52%) were women and 5 432 (28%) were under 29 years old; motivational training to 89 unemployed persons; preparation for employment and career counselling to 624 unemployed persons; activated 1 710 unemployed Roma and other persons at risk of social exclusion; and employment services to 5 082 unemployed Roma.

On l**abour 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)***.**

On **social protection and inclusion**, several laws were amended by Parliament, including the Law on social security for the elderly, the Law on employment of persons with disabilities, the Law on social protection, the Law on the Registry for Mandatory Social Insurance, the Law on the system of assessment of persons with disabilities and the Law on Contributions from Mandatory Social Insurance.

There was no adjustment of pensions according to the formula prescribed in the Law on pensions and disability. In line with the amendments to the Law on pensions and disability insurance, all pensioners who acquired their right until 28 February 2026, received a fixed increase of their pension of 1 000 denars, starting from 1 March 2026. As of July 2026, the minimum pension amounts to 20 228 MKD, while the average pension stands at 28 064 MKD.



Parliament adopted amendments to the Rulebook on guaranteed minimum assistance discontinuing the consideration of compensation received from work engagement as income, allowing beneficiaries of guaranteed minimum assistance to continue receiving social assistance even when at work.

As of end of August 2026, 31 187 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 recipients of this allowance increased over the years and reached 44 771 in the reporting period. The decentralisation of social assistance is still moderate. Progress continued on the implementation of the 2018-2027 National Deinstitutionalisation Strategy. As of August 2026, a total of 189 licensed social service providers have been registered in accordance with the Law on Social Protection. Further actions should take into account the Commission Guidance on independent living and inclusion.

On the European Child Guarantee, a High-Level National Committee was established, which provides strategic leadership and cross-sectoral coordination. A national coordinator was appointed and a Technical Working Group established.

With regard to **non-discrimination in employment and social policy,** relevant national legislation is still not aligned with the EU *acquis*, including the Employment Equality Directive and the Racial Equality Directive. The Law on labour relations is still not harmonised with the Law on prevention and protection against discrimination. In 2025, most of the discrimination cases reported to the Ombudsperson's Office and the Commission on Prevention and Protection against Discrimination concerned labour and employment relations.

On **equality between women and men in employment and social policy,** gender disparities in the labour market remain a structural challenge. Women's activity rate in 2025 was 56.3%, compared with 76.8% for men. This gap is driven by unpaid care work, limited childcare, and occupational segregation, with women concentrated in informal and low-paid sectors such as agriculture, textiles and retail. North Macedonia still needs to align with EU gender-equality legislation concerning work-life balance, pay transparency and women on company boards.

The gender pay gap narrowed to 12.3% (from 14.5% in 2024) following enforcement of pay transparency laws for companies with more than 50 employees and EUR 2 million in subsidies disbursed for women-led SMEs. Despite women outnumbering men in tertiary education, these gains are not translated into labour market outcomes, reflecting a persistent education-to-employment gap. While digitalisation in public services has improved access for some women, benefits remain uneven due to digital divides and barriers in social protection, particularly for rural and older women. Women in rural and informal employment

also continue to face limited access to social protection, including unemployment benefits and pensions, while social services are not consistently designed with gender-sensitive approaches.

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 continue to be scattered in several strategic documents under the competencies of different national authorities. The new Strategy for SMEs 2025-2030 was adopted and its Action Plan is under implementation.

The overlap in policy measures for financial and non-financial aid to companies managed by different ministries or public bodies persist. Measures are still not assessed against their relevance, the risk to distort market competition, or their effectiveness and impact on overall economic growth. Evidence-based planning and impact assessment seem to be mostly absent and evaluation of the impact from strategies remains limited, despite regular monitoring of policy implementation through input indicators.

The consolidation of the administrative structures in this area was partially fulfilled: only the Agency for Entrepreneurship and the Fund for Technological Development were merged. The Ministry of Economy and Labour took on implementation of measures from the Growth Plan and increased the number of employees for this purpose.

The mandates of the Agency for Entrepreneurship and the Fund for Technological Development were merged and transferred to the newly established Agency for Innovation, Scientific and Technological Development and Entrepreneurship (INOVA). INOVA is envisaged to become the main central public body for implementation of all national policies for private-sector development. A four-year strategy (2026-2029) and a 2026 work plan for INOVA were adopted. While significant budget is allocated for its operation, INOVA needs to establish internal operating procedures and strengthen its human resources.

The EUR 250 million credit line – subordinated loan from Hungary – for private companies with a fixed interest rate of 1.9% has been fully disbursed. The difference with the market interest rate was subsidised by the state budget, which amounted to around EUR 3.8 million. The policy objective remains unclear, as subsidised loans did not target specific industry.

The dialogue with the chambers of commerce and other business associations continues to not be systemic, inclusive nor regular. Besides media communication, the online platform ENER remains the main tool for systematic communication with businesses on legal acts and strategies. The practice to adopt measures, laws and implementing legal acts without previous notification and sufficient adjustment period for companies continued in the reporting period, including using expedited procedures in Parliament. The country needs to set up a regular, inclusive and systematic mechanism for dialogue that is more responsive to business needs. The Strategy for State-owned companies and new Law on Public Enterprises and Trade Companies in State Ownership or with the participation of the Republic of North Macedonia were adopted. They provide policy vision for improvement of operation of these companies as well as the necessary legal framework for universal, efficient, transparent and accountable management.

In its Audit report for the work of the Ministry of Economy for 2025, the State Audit Office (SAO) identified deficiencies that led to loss in revenues in the state budget, irretrievable loss of electronic data, disrespect of deadlines by civil servants, lack of legally binding reports, etc.

In the area of informal economy, the number of inspections for unregistered workers and businesses increased above 20% compared with 2024. The actual impact of the Law on employment on temporary and occasional activities in the informal economy remains to

show practical results. The progress in simplification and digitalisation of administrative procedures to reduce the burden of companies and tackle informality, especially the business registration and work permits, is progressing as the Government adopted the plan for simplification of 50 administrative procedures and initiated the reduction of 9 parafiscal charges.

Companies continue to report difficulties to recruit qualified workers due to significant emigration and a persisting mismatch between skills demand and supply (See Chapter 19 – *Social policy and employment*) VAT refunds continued to be delayed significantly, negatively affecting the liquidity of SMEs (See chapter 16 – *Taxation*).

On **enterprise policy and instruments**, North Macedonia continues to participate in the SME Pillar of the Single Market Programme and is part of the Enterprise Europe Network.

The Late Payment Directive is transposed in the Law on financial discipline, including a number of amendments for proper harmonisation up to September 2026. Its deadline for settling monetary liabilities for public and private entities is set at 30 days, except for entities in the healthcare sector, where a rule of 60 days applies. An evaluation of its effectiveness is advised.

In 2025, an additional 196 companies benefited from the Law on financial support of investments. As of 2026, the administrative procedure for processing the applications was transferred to the Ministry of Economy and Labour. A lack of objective and transparent award practices distorts the projected effect of the granted State aid. The measures set forth pursuant to the referenced law are subject of compatibility assessment with EU *acquis* for State aid. The Law on the termination of the Law on out-of-court settlement was adopted in January 2026, leaving a legislative gap in the area of voluntary bankruptcy and liquidation of companies. In terms of **sectoral policies**, North Macedonia still needs to draft and adopt the necessary legislations to integrate with the EU's CRM value chain. A Strategy for Geological Research and Sustainable Use and Exploitation of Mineral Resources 2025-2045 underwent public consultation. The Agency for Tourism Support was dissolved and its responsibilities were transferred to the Ministry of Culture and Tourism.

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.

The budget allocation for science and research for 2026 remained unchanged from 2025, totalling approximately EUR 11 million.

The implementation of the Smart Specialisation Strategy (S3) Action Plan 2024-2025 marked a transition from planning to delivery. By the end of 2025, 83.7% of the planned activities had been completed, with most measures implemented in line with the planned timeline. In September 2025, the Joint Research Centre's evaluation report confirmed that the S3 process was implemented in line with EU methodology, at the same time highlighting the need for further improvement particularly in governance, financial sustainability, private-sector engagement, and monitoring and evaluation systems. In June 2026 the Government adopted the Action Plan 2026–2027, comprising 21 measures and 33 activities covering governance, the Entrepreneurial Discovery Process (EDP), monitoring and evaluation, the innovation ecosystem, the green and digital transition, human capital and skills. Cooperation with the *Joint Research Centre* (JRC) continued in the areas of S3 governance, EDP and monitoring, as well as preparations for national science, technology and innovation infrastructure and a Science and Technology Parc.

Aiming to increase the integration of North Macedonia into the European Research Area, the Law on Scientific Research Activity was drafted but not yet adopted.

The European Institute of Innovation and Technology (EIT) Community RIS Hub signed three memoranda of understanding with the Economic Chamber of North Macedonia, held promotional events and supported four start-up applications. A co-funding mechanism to support companies applying to the European Innovation Council (EIC) or EIT instruments was successfully set up by the Agency for Innovation, Scientific and Technological Development and Entrepreneurship (INOVA). The 'Vezilka' national artificial intelligence factory antenna positions the country within advanced European digital and research initiatives. 'Vezilka' is coordinated by the Faculty of Information Sciences and Computer Engineering at Ss. Cyril and Methodius University in Skopje. This flagship project enables the country's formal integration into the European AI ecosystem, through a strategic partnership with the Pharos AI Factory in Greece. The grant agreement for its roll-out was signed in April 2026.

In the area of **innovation**, INOVA started to operate in September 2025. A feasibility study for setting up a technology park was commissioned. Overall investment in research and innovation in the country remains low – only 0.38% of GDP in 2024– while the participation of the private sector in research remains marginal at 0.10% of GDP.

North Macedonia is included in the European Innovation Scoreboard with a performance at 38.5% of the EU average in 2026, and the innovation gap with the EU is widening. Progress should be made on venture capital expenditures, design applications, as well as on direct and indirect government support of business R&D.

Researchers from North Macedonia participated in 94.8% of actions in the European Cooperation in Science and Technology (COST) programme.

North Macedonia is associated to the Research and Innovation Framework Programme Horizon Europe. In the reporting period, 21 grants with participation from North Macedonia were signed with a total EU net contribution for North Macedonia of EUR 6,7 million. The national technology transfer roadmap has not yet been developed. Authorities need to further strengthen integration in the European Research Area and in the European Innovation Ecosystems.

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 2026-2032 Strategy for **education**, adopted in March 2026 is the main document governing the education sector. It is accompanied by an action plan for 2026-2028. Public spending on education and training increased slightly in 2025, remaining far below the EU average. The education budget increased as a share of the overall state budget in 2025 (12.2%) compared to 2024 (11.05%). The Education Management Information System (EMIS) was upgraded to streamline public spending on education data collection for the use of new financing methodologies in primary and secondary education. All 80 municipalities have in place a plan to optimise the school network. Authorities need to ensure sufficient capacity to optimise and restructure the school network, with specific focus on addressing the surplus of teachers, in particular in primary education, and continue efforts in supporting teachers' career development.

During the reporting period, the capacity of public and private institutions providing **early childhood education and care** (ECEC) increased by 361 places. The total number of children in ECEC in 2025-2026 was 41 667 showing an increase from 40 530 one year earlier. According to Eurostat, the enrolment rate of children aged 3 to 6 in 2024 was 48.3%, showing a slight increase, but is still considerably short compared with the EU target on ECEC attendance set at 96%. In **primary education**, the number of pupils dropped by 3.1%, while in **secondary education** it increased by 0.4% on the previous year.

In line with the Law on primary education, the concept for **primary education** is gradually introduced, including green skills as well as new curricula. The removal of content on sexual and reproductive health and gender equality from primary and secondary education remains to be addressed. The new concept for **secondary education** was adopted in March 2026, and since school year 2025-2026 the new curriculum was introduced for the first year of secondary education. Career guidance provision in both primary and secondary schools is being gradually introduced.

According to the PISA 2025 data, North Macedonia continues to perform well below the OECD average in mathematics, reading, and science, showing no significant progress since the 2022 cycle. According to the results of Teaching and Learning International Survey (TALIS 2024), 94% of teachers in the country report overall job satisfaction while only 28% say that they are satisfied with their salaries.

The new concept for **vocational education and training (VET)**, replying to the quickly changing labour market, introducing practical education in working environment and focusing on inclusivity, was adopted in May 2025. Three new Regional Centres for Vocational Education and Training (RVETCs) started operating in 2025-2026 bringing the total number of centres to eight (one per region). There is a clear trend of an increasing share of students enrolled in VET (71% of all students in secondary education).

One third of students in VET attend dual classes, combining school-based learning with practical learning in a company. Between 2024-2025 and 2025-2026, the number of students enrolled in the first year of dual education has decreased slightly, from 4 171 to 4 070 whereas the number of companies involved in dual education has increased from 650 to 700 North Macedonia has been a member of the European Alliance for Apprenticeships (EAfA) since 2016, demonstrating its commitment to improving dual education and apprenticeships. However, the country should encourage more local stakeholders to join the Alliance through pledges, enabling them to exchange good practices and strengthen quality apprenticeships.

On **higher education**, in the academic year 2025-2026, a total of 55 036 students were enrolled, which represents an increase of 2.8%. Female students represent 59.9%. The majority of students (77.8%) are enrolled in public higher education institutions, while 22.2% 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 needs to work on the full implementation of key commitments from the 2024 Bologna Process Implementation Report, including academic freedom, institutional autonomy, student participation and responsibility of and for higher education. It also needs to provide adequate timeframes and ensure appropriate public consultation with all stakeholders, especially regarding automatic recognition and quality assurance. Five universities from North Macedonia participate in European Universities alliances, amongst them three with fully funded partner status.

With all implementing legislation for the Law for **adult education** adopted, the new legal framework was completed, enabling the system of validation of non-formal and informal learning to be formalised; this is being gradually implemented. Seven institutions (RVETCs) are authorised to carry out validations. Six new qualification standards were adopted, and one was revised. According to Eurostat, the participation rate in education and training of those aged between 25 and 64 increased from 2.7% in 2022 to 3.7% in 2024 but is still far from the EU average (28.4%).

On **inclusive education**, despite the progress in enrolling pupils with special educational needs into mainstream primary schools, their share has increased by only 0.2 percentage points in 2025-2026 and represents 1.5%. 33 municipalities have established at least one learning support centre for children with special needs with a mainstream primary school. In

addition, five resource centres in primary and four in secondary education host exclusively children with special needs whose total number is 459 and 288 respectively. The number of educational assistants in primary education increased from 1018 in the 2024-2025 school year to 1356 in 2025-2026. A newly-launched scheme for inclusive secondary education enabled hiring 148 educational assistants for the 2025-2026 school year.

Over the reporting period, 43 Roma mediators in primary schools were available in 24 municipalities showing a slight decrease compared to 2024-2025. In April 2026, amendments to the Law on secondary education introduced roles for Roma pupil mediators in secondary schools. As a result, 21 mediators were engaged in 16 municipalities. There are no Roma mediators in ECEC. In the 2025-2026 school year, the total number of Roma children in ECEC was 526 showing an increase of 99 children compared to the previous year. In primary and secondary education, their number was 9 515 and 1 504 respectively, showing a decline at both levels. In secondary education, 1 104 Roma pupils were granted scholarships. In higher education, the number of Roma grantees was 115 whereas the total number of Roma students dropped from 250 to 210 compared to the previous academic year.

In April 2026, North Macedonia adopted a Rulebook on the procedure for reporting and protecting pupils who are victims of any form of violence, abuse, and neglect.

The authorities need to further strengthen the development of **digital skills** throughout primary and secondary education and increase educational institutions' capacities and teachers' skills, in line with the EU Digital Education Action Plan 2021-2027. In December 2025, Parliament adopted the Law on textbooks, which promotes digital schoolbooks and innovating educational materials. Since school year 2025-2026, the new Digital Textbook Platform is being applied including for visually impaired children. In the reporting period, 5 771 teachers were trained in the use of generative artificial intelligence. 160 primary schools were equipped with IT and network equipment by December 2025.

North Macedonia continues to participate in the **Erasmus+** programme as an associated country. In 2025, organisations participated in more than 700 Erasmus+ projects, of which 400 Youth Mobility Projects. The Erasmus+ National Agency is facing increased scrutiny from the Commission due to a high number of non-compliance issues.

On **youth** policy, there are still no publicly available reports on the National Youth Strategy for 2023-2027 and its action plan for 2023-2025. The new Action Plan for 2026-2027 and the new Law on Youth Work are pending. The Law on youth participation and youth policies needs to be implemented as well as adjusted in line with the institutional changes that took place in 2024. In 2025, the number of municipalities with a local youth council reduced from 28 to 24 (out of 81 municipalities). The number of municipalities having a local youth strategy is 17 while youth centres and youth offices exist in 13 municipalities. The National Youth Council of North Macedonia is active.

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, including national strategies for the development of culture, along with an action plan, as well as for the protection and use of cultural heritage 2026-2030. The Ministry of Culture should further strengthen its institutional capacity and ensure sufficient funding to effectively protect and promote the country's diverse cultural expressions, in line with its commitments under the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions. Further efforts to improve institutional response and interinstitutional cooperation on the protection of cultural heritage are needed. The government of North Macedonia signalled its strengthened commitment to cultural heritage protection, including through closer regional cooperation, through the signing of the joint statement on the Prespa region and its nomination for inclusion on the UNESCO World Heritage List together with Greece and Albania.

North Macedonia continues its full participation in the 2021-2027 Creative Europe Programme. The City of Skopje, designated as the 2028 European Capital of Culture, accelerated preparatory activities. Several issues with the preparation of the title year remain to be addressed such as ensuring transparent governance, stable financing, timely implementation and strong cooperation with cultural partners at all levels.

On **anti-corruption** in education, North Macedonia's textbook procurement system for primary and secondary education has been marked by weak transparency, limited competition, strong market concentration, and largely uncompetitive direct negotiations rather than open procedures. At the same time, the Ministry failed to publish the legally required price lists for textbook purchases, despite this being an obligation under public procurement rules, which severely limited public scrutiny. There are also sharp and insufficiently explained price increases of textbooks, raising serious concerns about inefficient use of public funds, weak accountability and heightened risks of abuse and corruption.

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 the common computerised customs systems.

The **customs legislation** is highly aligned with the EU *acquis*. The Customs Tariff for 2026 was adopted, aligned with the EU combined nomenclature.

On **administrative and operational capacity**, the Development Strategy of the Customs Administration for the period 2025–2027 continued to be implemented. 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. A new risk management system was introduced, as well as a customs data warehouse. The percentage of physical controls-red channel increased to 13.5% (5.5% in 2024), and documentary controls accounted for 9.5% (17.4% in 2024) of all processed customs declarations in 2025. The Strategy on Integrity and Anti-Corruption for the period 2024–2027 continued to be implemented. The administrative capacities of the controls and investigations sector were significantly strengthened with financial support from EU funds. The support covered the supply of vehicles for customs mobile units and personal protection equipment for customs officers, and a new IT hardware infrastructure for the main server room. This improved the daily operations and IT security of customs operations and ensured business continuity.

Total revenues collected by the Customs Administration in 2025 were 5.2% higher compared with 2024, exceeding EUR 2.1 billion. Maintenance and further development of the Integrated Tariff Environment (ITE) system was secured, and the pilot phase of the Economic Operator Registration and Identification (EORI) and Uniform User Management and Digital Signature (UUM&DS) systems was launched. The Customs Administration has put in place regular data exchange with a number of state institutions through the interoperability platform.

The Customs Administration participated in five international operations in 2025 and continued its cooperation and exchange of intelligence with the customs agencies from the region and with international and regional organisations.

CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

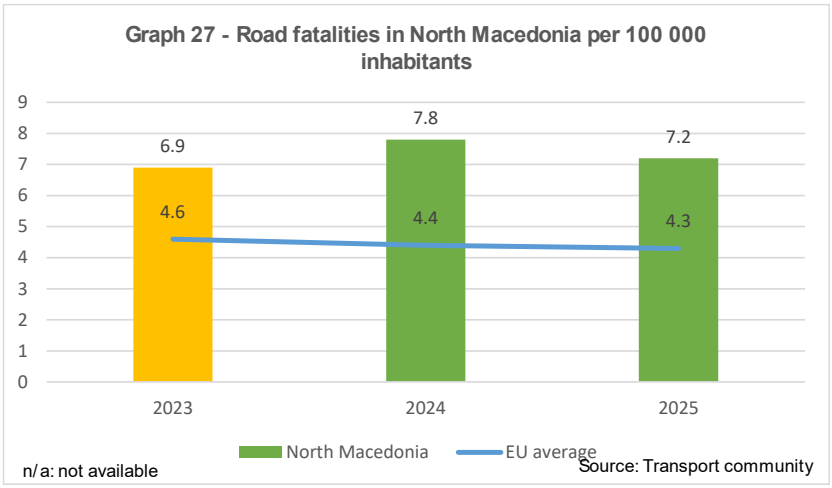
This cluster covers: transport (Chapter 14); energy (Chapter 15); trans-European networks (Chapter 21); and environment and climate change (Chapter 27).

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*, there is no particular progress made. No action plan has been developed to accompany the 2018-2030 national transport strategy. Operational and administrative capacities remain low, and implementation of the Transport Community action plans endorsed in 2025 is still limited.

On **road transport**, progress remains limited and alignment with the EU *acquis* is still only partial. Significant gaps persist in road safety, including road infrastructure safety management, tunnels safety, and implementation capacities. The Law on dangerous goods is aligned with the EU *acquis,* but there is still no legal entity appointed to assess equipment conformity. The five-year road maintenance plan is not yet published. In February 2026, Parliament adopted the Law on ratification of the additional protocol to the Convention on the Contract for the International Carriage of Goods by Road concerning the electronic consignment note (eCMR).



On **rail transport**, the Law on railways, which keeps the market closed to new entrants until EU accession, remains in force, and is not aligned with the relevant objectives of the EU legislation and the commitments made in the Transport Community Treaty. No progress has been made in alignment with railway safety and interoperability legislation. There has also been no progress in establishing an accident and investigation body, and the Railway Safety Directorate has not taken action to strengthen its operational capacity. The mutual agreement on cross-border railway cooperation with Greece is still pending.

On **maritime transport,** despite being a landlocked country, North Macedonia continues to participate in all basic transport conventions of the International Maritime Organisation. The basic alignment with the legislation has not started yet.

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 still remains active in the International Sava River Basin Commission. No progress has been made in aligning the national legislation with common rules applicable to passenger transport by inland waterway.

On **aviation**, further regulatory alignment following the 2025 European Common Aviation Area assessment visit is still needed. The IT system for certification within the Civil Aviation Agency was upgraded to comply with EU standards, and is expected to be regularly used upon the completion of the testing period. Further action is required to address the European Union Aviation Safety Agency' s findings on the safety oversight of air navigation services. Independent functioning of the air navigation service provider needs to be maintained on a regular basis.

On **multimodal transport,** some progress was made with the completion of the key technical studies, preliminary design and tendering documentation for the Trubarevo

multimodal node in November 2025. North Macedonia has not yet fully aligned with the Combined Transport Directive. In 2026, North Macedonia drafted the law transposing the EU regulation on electronic freight transport information.

On the **passenger rights** *acquis,* the relevant national legislation in the air transport sector is enacted, the national legislation has not been aligned with the passenger rights rules in rail and waterborne transport, while alignement with bus and coach passenger rights is partial.

On the **fight against corruption**, authorities are encouraged to strengthen transparency, oversight and integrity safeguards, with particular attention to procurement and contract management of high-value infrastructure projects. Priority should be given to consistent risk monitoring, clear accountability arrangements and the effective implementation of auditing and reporting measures.

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**, transposition of the Risk-preparedness Regulation and of the Regulation on Emergency and Restoration has been notified to the Energy Community Secretariat and their compliance verification has been initiated, while a risk-preparedness plan for electricity has not yet been adopted. The adoption by North Macedonia of the Regulation (EU) 2024/1366 establishing a network code on sector-specific rules for cybersecurity aspects of cross-border electricity flows is still pending. The energy law aligns with the amended Regulations on gas security of supply[18]. In addition, North Macedonia has maintained a fully aligned and EU-compliant implementing framework of Directive 2009/119/EC on oil security of supply. Implementation is progressing under the Government's newly adopted 2026–2030 Action Plan for the Establishment of Compulsory Oil Reserves, which sets out a gradual build-up to the 90-day requirement by 2030. Existing state reserves, procured and managed by the Compulsory Oil Reserves Agency (MACORA), provide around 45 days of net-import coverage, including 75 days for gasoline and 58 days for diesel. At the same time, the recent reopening of the Thessaloniki–Skopje pipeline has strengthened regional supply security.

On **internal energy markets**, North Macedonia adopted the laws and by-laws aiming to align with the Electricity Integration Package (EIP) and submitted them for formal verification in June 2026.The intra-day market is operational as of May 2026. Together with the day-ahead market, operational since May 2023, it completes the main organized short-term market segments and provides market participants with greater flexibility to manage renewable variability, reduce imbalance exposure and trade closer to delivery. Regarding regional cooperation, North Macedonia's transmission system operator made progress by signing a contract with SEleNe, which will act as a regional coordination centre. Lastly, the country has developed a methodology for measuring the level of energy poverty but has not yet adopted a legal definition of energy poverty, neither has a national target to reduce energy poverty.

On **renewable energy**, in January, the government adopted the 2026 Annual Plan for the Construction of Energy Facilities, providing for the construction of 67 power plants with a total capacity of 4 416 MW – primarily solar and wind. The revised National Energy and Climate Plan (NECP), adopted in April 2026, set a 31.6% target for the share of renewable energy sources in gross final consumption of energy in 2030, which is below the 38% Energy Community target for North Macedonia. Progress on the use of renewable energy is

[18] Regulations (EU) 2017/1938 and (EU) 2022/1032.

taking place in the power sector, but not in the transport, and heating and cooling sectors. A new law on renewable energy was adopted in July 2026 to further align national legislation with the Renewable Energy Directive (RED II), including provisions on biofuels. The electronic registry for guarantees of origin is operational, however the trading with guarantees of origin is not yet taking place. Further efforts are needed to decrease permitting time for renewables, to modernise the grid, to optimise balancing services and ensure hydropower investments comply with the relevant environmental *acquis*.

Legislation on environmental impact assessment (EIA) is still not aligned with the relevant *acquis* and continues to pose a significant risk to quality EIAs for strategic energy projects. There have also been no improvements in secondary legislation concerning the screening procedures for small hydropower projects under 2 MW.

On **hydrocarbons**, 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 from 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 plans and the advancement of the green transformation.

Amendments to the Law on **energy efficiency** have been adopted in October 2025, further aligning national legislation with the EU *acquis*. Adoption of necessary implementing legislation is still pending. Energy performance certification continues to not be implemented as stipulated in the Construction Law and Energy Efficiency Law. A Rulebook on the Preparation of Municipal Energy Efficiency Programmes has been adopted; however, only a limited number of municipalities are preparing such programmes. A three-year programme for the annual renovation of 3% of public buildings at central level has been adopted and is under implementation. The Energy Efficiency Fund is still yet to be put into operation.

The country is partially aligned with the EU *acquis* on **energy labelling.**

On **governance**, the administrative capacity for dealing with energy policy, strategic planning, and investments in the energy sector has been increased. Nevertheless, there is still lack of technical capacities for policy analysis and implementation. There is no energy data collection system within the Ministry of Energy, Mining and Mineral Resources, neither a proper policy evaluation nor performance assessment in place. Just Transition governance structures are operational and have adopted the plan for 2026. The NECP governance structures are not yet operational, and the full implementation of the National Energy Action Plan (NEAP) is still pending. Concerns about autonomy of the Energy Regulatory Commission (ERC) remain.

In the area of **nuclear energy, nuclear safety, radioactive waste management and radiation protection**, there have been no changes in the reporting period. On **nuclear safeguards**, 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**, parts of the road network were upgraded and are compliant with the TEN-T requirements along the Western Balkans-Eastern Mediterranean European Transport Corridor, which integrates parts of former Corridors X and VIII[19]. The WBEM corridor is a strategic backbone for North Macedonia's connectivity to the TEN-T network,

[19] Older Pan-European transport corridors.

significantly improving the country's regional accessibility, trade links and economic cohesion. Corridor X is currently more advanced in terms of infrastructure development and operation. Seven years after the adoption of the National Transport Strategy 2018-2030, an action plan for the implementation of the WBEM is still not prepared. The finances needed for construction of the multimodal node in Trubarevo are yet to be secured. North Macedonia should continue to ensure the efficient operation and further development of Corridors X and VIII.

Increased efforts are also needed to accelerate and reinvigorate work on the WBEM rail corridor on the part of former 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 the WBEM corridor has recently improved. In November 2025, North Macedonia and Bulgaria have signed an agreement on the preparation, construction and operation of the tunnel along the rail corridor, at the border between both countries. However, the revised tender documentation for works for the rail project linking Kriva Palanka to the border with Bulgaria is not yet published. More efforts are still needed to urgently finalise the agreement with Greece on the Kremenica-Neos Kafkasos railway border crossing, given that the operational rail infrastructure is already built. There is no progress on the publishing of the five-year road and rail maintenance plans.

On **energy networks**, the construction of a new 400 kV electricity transmission interconnector line with Albania is ongoing. Preparation of the technical documentation to strengthen the transmission network in the country's south-eastern region is ongoing, as is the implementation of the technical assistance for greening and digitalisation of the transmission network in the Southwestern and Pelagonia regions. The gas interconnector Greece-North Macedonia, which is a CESEC priority project, is under construction, planned to be completed in 2027. The gas interconnector with Serbia is planned to be completed by end of 2028. The Thessaloniki–Skopje oil pipeline is operational as of March 2026.

National legislation is still not aligned with the revised TEN-E Regulation.

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 in the reporting period. The administration continues to lack capacity and qualified staff working on environment-related matters. No reforms were introduced to improve implementation and enforcement of the environmental *acquis*. Alignment with the environmental impact assessment (EIA) and strategic environmental assessment (SEA) *acquis* remains weak, with insufficient coordination and strategic planning for environmental infrastructure investments, and no solid project pipeline or improvements in the EIA procedures. There is no progress in aligning with EU Directives on environmental liability and environmental crime and on spatial data with environmental monitoring not meeting EU standards. No progress has been made on activities and reporting related to Aarhus Convention, making the Aarhus Centre fully operational while civil society's requests and suggestions are often rejected or ignored.

On **air quality**, there are no legislative developments to be reported. Air quality management system faces several structural constraints, including weak monitoring design, incomplete pollutant coverage, insufficient background monitoring, limited integration of air quality data into planning and permitting, and institutional weaknesses. North Macedonia's air monitoring system needs to improve along with the delineation of zones and agglomerations beyond the monitoring of basic pollutants. Plans for the municipalities of Kumanovo, Kavadarci, Gostivar

and Struga have been updated and were adopted by the respective Municipal Councils in September 2025, while the one for Gevgelija was adopted by the Municipal Council in January 2026. Calibration is in place but not yet fully aligned with EU best practice. Laboratory infrastructure exists, but sample processing is limited and irregular due mainly to the lack of qualified personnel and recruitment constraints. The network has a limited ability to support the new obligations under the Directive on ambient air quality and cleaner air for Europe[20]. North Macedonia has a partially functioning system for data collection constrained by gaps in coverage and station reliability problems. Data use in decision-making remains limited and needs stronger integration into planning, permitting, enforcement, and urban development to align with EU air quality management. Emission inventories and UNECE reporting are in place, but the system is not yet fully regular.

In the area of **waste management,** some progress has been made in establishing an integrated regional waste management system across the country. The non-compliant landfills need to be closed and remediated, as frequent fires cause severe pollution. Interinstitutional cooperation and decision-making remain weak, delaying infrastructure investments and efficient operation of the future regional waste management systems. Public awareness campaigns need broader, nationwide, coverage with a sustained approach. Public communal enterprises require urgent reforms due to ongoing operational weakness. The national waste and sludge management strategies are not yet adopted by the government.

Despite a solid legislative and policy framework for the circular economy, implementation remains limited. Insufficient funding inadequate infrastructure, low recycling rates, and fragmented institutional coordination continue to hinder progress. The extended producer responsibility (EPR) scheme still suffers from structural shortcomings and requires urgent improvements in oversight and enforcement to avoid market distortion and support the achievement of national targets. Remediation activities related to the clean-up of Organic Chemical Industry Skopje (OHIS), a former organic chemicals factory, are progressing with additional government funding, but other historical pollution sites remain unaddressed, including contamination threatening Skopje' s main drinking water source.

On **water quality**, the framework Law on water to ensure further alignment with the Water Framework, Floods and Groundwater Directives is not yet adopted. The Vardar River Basin management plan is under preparation, and a draft of the Significant Water Management Issues report was completed and is under public consultation. Delineation and classification of surface and groundwater bodies is ongoing. Industrial wastewater discharges significantly affect water quality, with 55% of industrial facilities discharging wastewater without pre-treatment and 46% directly into rivers. Monitoring and information systems were improved during the reporting period. The preparatory work on the alignment with the EU flood-related legislation is advancing, including the development of flood risk management plans for all river basins. Part of the committed EU funding remains unused, hindering sector progress. Reform of public water utilities has not yet started, and a sustainable financing model based on the polluter-pays and full cost-recovery principles is not yet put in place.

On **nature protection**, the law on Nature Protection is still not adopted. The work on the Natura 2000 network continued. A strategy and programme for education for zoos in Bitola and Skopje was prepared in December 2025, to improve management, animal welfare and *ex situ* biodiversity conservation in the zoos. No progress has been made in establishing a specialised nature protection institution, despite it being one of the key targets of the National Strategy for Nature Protection.

[20] Directive (EU) 2024/2881.

Administrative capacities at central and local levels for planning, monitoring and enforcement of nature protection remain insufficient. The designation of key protected areas, including Lake Ohrid, Studenchisko Blato and Matka Canyon and the re-proclamation of Mavrovo National Park is still not finalised, leading to continued biodiversity degradation. State financial support for the four national parks continued in 2026, but nature protection financing remains fragmented, donor-dependent and insufficient. The authorities started to prepare a national biodiversity finance plan to establish priorities, mechanisms and institutional responsibilities. As regards transboundary cooperation, although regional and bilateral agreements exist, particularly for lakes Prespa, Ohrid and the Shar Mountains, implementation is limited by constrained resources and capacities. Joint monitoring and data exchange are still at an early stage and need to improve. Implementation of UNESCO recommendations for the Ohrid Region also faces significant challenges, requiring further decisive progress.

In the forestry sector, 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.

On **industrial pollution and risk management**, in September 2025, a Law on industrial emissions was adopted, but necessary implementing legislation is yet to be adopted. Monitoring data is not properly used in environmental permits for industrial installation and failure to meet air quality standards is not adequately reflected in emission limit setting**.**

There were no developments in the area of **chemicals**, including on the Biocidal Products Regulation, and of **noise pollution** in the reporting period.

On **civil protection**, North Macedonia, as a Participating State of the Union Civil Protection Mechanism (UCPM) has benefitted from the UCPM support for disaster prevention and preparedness capacity building. The country has not yet reported on its disaster risk management to the Commission for the 2023 reporting period. North Macedonia is the first country from the region to be part of the rescEU transition response in 2026 with two light airplanes. However, operationalisation of the response needs to be significantly improved.

The necessary reforms for a streamlined, coordinated and efficient disaster risk management system are lagging behind and relevant legislation is not yet in place. The new national protection and rescue strategy is still not finalised and the strengthening of the civil protection institutional set up is overdue. Mandatory training for fire, rescue and civil protection staff is only partially implemented. The national emergency communication system is not yet connected to the European Commission's Common Emergency Communication and Information System (CECIS), despite having Trans-European Services for Telematics between Administrations (TESTA) in place. In the interim, North Macedonia should establish connection to CECIS LITE to facilitate communication related to civil protection operations.

Governance and the financial framework for disaster prevention, preparedness and response need strengthening, including the capacity to absorb support under the UCPM. Some progress has been made in raising public awareness through information campaigns on preparedness for earthquakes, fires and extreme weather events.

Climate change

Limited progress was made in the area of climate change during the reporting period. North Macedonia needs to accelerate its efforts to align with the EU climate *acquis* and to significantly strengthen its administrative capacity. Awareness-raising activities should be strengthened.

The climate law consistent with the EU's 2050 climate neutrality objective is not adopted yet, with consequences for the adoption of implementing legislation necessary to achieve alignment with and implementation of, the monitoring, reporting, verification and

accreditation (MRVA) *acquis.* The latter is needed for introducing carbon pricing and aligning with the EU emissions trading system (ETS) in its full scope.

The revised national climate and energy plan (NECP) for the period 2025-2030 was adopted by the government in April 2026. The country still needs to align with EU *acquis* on fluorinated greenhouse gases, ozone-depleting substances, on emissions from the Land and Use, Land Use Change and Forestry (LULUCF) sector and climate legislation concerning road transport (CO2 performance standards, car labelling and fuel quality).

The first biennial transparency report is not yet finalised. The combined second biennial transparency report and fifth national communication on climate change under the United Nations Framework Convention on Climate Change (UNFCCC) are due on 30 December 2026. A new and ambitious nationally determined contribution (NDCS) is overdue to be submitted to the UNFCCC, in line with the efforts to limit global warming to 1.5°C.

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 contributes to ensuring 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*. Despite substantial national financial support, the share of the agricultural sector in the economy continued to decline (5.98% of GDP in 2025 compared with 7.3% in 2022). The National Strategy for Agriculture and Rural Development 2021-2027 was updated in February 2026. However, the new Law on agriculture and rural development still needs to be adopted.

Certain core components of the Integrated Administration and Control System (IACS) are in place and operational, but the update of the Land Parcel Identification System (LPIS) is delayed. The transfer of the farm register and LPIS to the paying agency remained pending, resulting in unclear mandates for IACS maintenance. Real-time interoperability with the animal identification and registration system has not improved. A geospatial aid application system continued to operate on a voluntary basis, with national roll-out hampered by gaps in digital infrastructure and insufficient human resources. The area monitoring system is not yet fully in place and satellite-based monitoring and controls ('check by monitoring') continued as a pilot. The postponement of the agricultural census to 2027 delays the update of the Farm Accountancy Data Network (FADN) sample and the preparations for the transition to the European Union's new Farm Sustainability Data Network (FSDN), which requires an updated statistical farm register.

Implementing legislation for the Law on advisory services is yet to be adopted.

On **agricultural markets – common market organisation** (CMO), the overall legislation still needs to be aligned, and institutional mandates established. In February 2026, the government adopted a decision to create a separate CMO law in alignment with the EU *acquis*. Swift adoption of the new law and implementing legislation on school schemes and producer organisations remains a priority.

On **rural development**, the implementation of the IPARD III programme continued in the reporting period, after a temporary interruption following certain irregularities. The national authorities took measures to address the situation, with an action plan being implemented to improve the IPARD III programme implementation.

On **quality policy**, the legislative framework is not yet fully aligned with the EU *acquis*.

On **organic farming**, the new Law on organic production entered into force in March 2026. North Macedonia should focus on implementing the law effectively and draw on available IPA III support to develop the sector.

On the **fight against corruption**, the authorities of North Macedonia 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 plant health, the quality of seeds, plant reproductive material, animal nutrition and the use of plant protection products.

On **general food safety**, the legal framework is advanced in terms of alignment with the General Food Law Regulation. At the same time, North Macedonia has yet to ensure the required distinction between risk assessment and risk management and has yet to improve the application of the risk-based approach and the transparency principle. A new Law on official controls has still not been adopted. The Food Safety and Veterinary Agency (FVA) performed regular audits of laboratories in the veterinary and food safety area and carried out its missions in line with quality management standards in most areas. The systems must be adequately financed to make sure they remain sustainable. The multiannual national control plan for food, veterinary medicine and plant health has not been updated since the 2019-2024 plan expired.

On **veterinary policy**, North Macedonia has to increase efforts to align its animal health legislation with the EU's animal health policy and *acquis*. A new Law on animal health has yet to be adopted. Control measures for animal diseases need to be updated in line with the EU Animal Health Law and other relevant EU legislation. The FVA implemented rabies vaccination campaigns in 2025 and spring 2026; however, efforts on the rabies surveillance programme still need to be strengthened to provide reliable data to support disease freedom.

On animal welfare, North Macedonia is advanced in aligning its national legislation with the EU *acquis*. However, the FVA lacks sufficient staff for full implementation. The 2026 national monitoring programme on residues of veterinary medicinal products and contaminants was approved by the Commission for bovine, ovine/caprine and porcine meat, poultry, aquaculture, milk, eggs, wild game and honey. Further efforts on alignment and implementing capacity are needed on zootechnical issues.

On the **placing on the market of food, feed and animal by-products,** the activities to build an animal by-products rendering plant have been cancelled. An EU-compliant system of collection, storage and processing of animal by-products is not in place.

On **food safety rules** and its **specific rules for feed**, no significant development was reported.

On **phytosanitary policy**, a new Law on plant health has yet to be adopted. The Phytosanitary Directorate has regularly updated the list of harmful organisms in line with the 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. In March 2026, the National Plan for the Sustainable Use of Pesticides was adopted and integrated pest management activities have been initiated in two pilot regions. The adoption

of implementing legislation on the sustainable use of pesticides is still pending. Significant efforts are still needed to collect reliable data on national pesticide use and its effects on human health.

On the **marketing of seed and other plant reproductive material**, the country should focus on aligning with the EU *acquis* on the rules plant and forest reproductive material (PRM and FRM), keeping in mind the need to start setting up the necessary institutional frameworks and technical capacities to implement and enforce functioning certification systems for PRM and FRM.

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

On the **fight against corruption**, North Macedonia should strengthen oversight and integrity mechanisms within the Food and Veterinary Agency and the Phytosanitary Directorate, and ensure that all inspection activities – including controls at border control posts – are conducted on a risk-based basis and subject to independent audit.

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 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.

Implementing legislation related to the Law on Fisheries remains delayed. In February 2026, the Constitutional Court annulled a provision on the cancellation of procedures for awarding fishing rights due to insufficient safeguards against arbitrary decisions. The Department for Fisheries and Aquaculture within the Ministry for Agriculture, Forestry and Water Economy remains understaffed.

On **resource management**, North Macedonia adopted a National Eel Management Plan establishing conservation and management measures for the European eel in the Crn Drim river basin, including Ohrid and Prespa Lakes, with measures to reduce human-induced mortality. Implementation of conservation measures, including restrictions on fishing for vulnerable species and restocking activities for Ohrid trout, continued. Alignment with the EU *acquis* on fisheries control, including vessel registration and licensing requirements where applicable, remains limited.

Data collection continued, although further alignment with the EU Data Collection Framework and digitalisation of data collection are needed.

In the area of **inspection and control,** enforcement activities increased during the reporting period. However, administrative capacities remain limited and further efforts are needed to strengthen traceability, environmental monitoring and interinstitutional cooperation in the fight against illegal, unreported and unregulated fishing.

Financial support for national **structural actions** remains limited. No **State aid** schemes aligned with EU rules were implemented and no progress was made on **market policy** during the reporting period.

Aquaculture in North Macedonia, primarily focused on trout and carp production, remains in an early stage of development. Relevant implementing legislation still needs to be adopted, and the Multiannual National Strategic Plan for Aquaculture still needs to be finalised.

International cooperation with Albania continued under the Ohrid and Prespa Lakes Agreement, although with limited operational follow-up – due to the failure to convene Joint Committee meetings. Cooperation with Greece continued on fisheries management measures for Lake Dojran. North Macedonia remains active in regional dialogue on inland fisheries through the European Inland Fisheries and Aquaculture Advisory Commission (EIFAAC).

On **anti-corruption measures**, transparency and oversight in the allocation of fishing rights, licensing procedures and the distribution of financial support require further strengthening. Greater use of digital systems, improved transparency of fisheries and aquaculture registers, increased traceability, and stronger control and verification mechanisms would contribute to reducing risks, enable legal certainty and improving accountability in the sector.

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 the fulfilment of other EU acquis elements such as environmental or public procurement legislation.

On **legislative framework**, the amendment to the law on inter-municipal cooperation that could facilitate transnational cooperation between the countries and local authorities within the EU territorial cooperation (EGTC) initiatives are pending adoption by parliament.

The **institutional framework** for the management of IPA III reflects the specific EU requirements, aligning with the principles of the EU cohesion policy. Nevertheless, operating structures established for the indirect management of IPA programmes continue to function under limited administrative capacity and have resulted in a significant loss of EU funding under IPA II (decommitments). The institutional setting for implementation, coordination, management, audit and control of the Reform Agenda would benefit from reinforcement. Weaknesses in the Ministry of Finance's role in costing and budgeting reforms continue to constrain the effective implementation of reforms, underscoring the need for stronger institutional capacity and processes. Still, North Macedonia made significant progress in implementing the Reform Agenda during the last three reporting periods. High-level political engagement in the process has improved significantly.

Weaknesses persist in the **administrative capacity** of key institutions managing EU funds. The absence of a comprehensive staff retention policy, shortcomings in human resources management, and high staff turnover across the IPA structures remain major challenges. Insufficient administrative capacity has contributed to significant losses of EU funding in the transport and environment sectors. Training capacity remains weak and donor-dependent, while the IPA training centre is understaffed and lacks a functional pool of trainers. The job classification and remuneration system should be strengthened to improve job security, staff retention and long-term stability of personnel working on EU-related matters.

As regards **programming,** policy dialogue supporting the strategic planning and programming of EU assistance continued through the sector working groups, with improved quality and engagement. The April 2026 meeting of the Sector Working Group on Regional and Local Development marked an important step in advancing sustainable development and decentralisation. North Macedonia further strengthened municipal financing and regional development policies through launching a call for infrastructure, energy efficiency, and renewable energy projects to reduce regional disparities and boost competitiveness. The establishment of the Resource Centre for Municipal Support in November 2025 strengthened municipal capacity by providing expertise and improving access to national

and EU funding. However, public investment programming remains insufficiently developed in view of future implementation of the cohesion and structural funds. North Macedonia continues to build experience through participation in cross-border, transnational and interregional cooperation programmes, including Interreg, and held the presidency of the EU Strategy for the Adriatic and Ionian Region until June 2026, successfully organising its annual forum. Nonetheless, shortage of qualified and experienced staff, weak coordination at national and bilateral levels, and the absence of a sustainable human resources management system continue to hamper programme implementation, jeopardise key cross-border cooperation projects and contribute to recurring ineligible expenditure under the technical assistance programme.

On **monitoring and evaluation,** North Macedonia participates in sector monitoring committees, although follow-up on their conclusions remains limited. Reform and Growth Facility and IPA III monitoring committees meet regularly. However, weak coordination, delayed institutional inputs, and inadequate reporting continues to undermine the implementation of EU assistance, underscoring the need for stronger political commitment to improve IPA fund absorption and Reform Agenda delivery.

Financial management and control systems are in place but continue to operate with limited administrative capacity, adversely affecting the implementation of IPA programmes under indirect management. Weak capacity and low absorption rates have led to significant decommitments, with a continued risk of further losses. North Macedonia has reorganised the financial and control systems for IPA III operational programmes, but further efforts are needed on staff retention, procurement and contract planning, internal audit and quality assurance. While internal and external audit functions are in place and the Audit Authority continues to perform effectively, the internal audit function requires strengthening. Audited bodies' implementation of audit findings remains very limited.

On the **fight against corruption**, the Anti-Fraud Coordination Service Network is in place and fully operational, but its capacity must 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.

There was some progress on the underlying policy areas that indirectly affect the own resources system (for progress on these areas, see Chapters 16 – Taxation, 17- Economic and monetary policy; 18 – Statistics, 29 – Customs union, and 32 – Financial control).

The **administrative infrastructure** to ensure the timely and efficient functioning of the process of calculation, collection, payment and control of own resources as well as to improve reporting and coordination mechanisms among all bodies involved remains underdeveloped. Several tasks are still pending, including the development of guidelines for the application of EU Traditional Own Resources, the establishment of an IT system for managing A and B accounts and the enabling of access to the OWNRES electronic system for reporting fraud and irregularities related to traditional own resources.

Customs legislation is well aligned with the EU *acquis*. The customs tariff for 2026 has been fully harmonised with the EU combined nomenclature. A comprehensive intelligence system has been implemented in support of investigation and enforcement, and a new risk management system was introduced, as well as a customs data warehouse. Additionally, the percentage of physical controls (red channel) was increased. Total revenues collected by

the Customs Administration in 2025 increased by 5.2% compared with 2024, exceeding EUR 2.1 billion.

On indirect taxation, the Law on **VAT** was amended abolishing the threshold of EUR 22 for imports of small parcels free of VAT, effectively introducing a rate of 18% on all imports. Persistent delays in the VAT refund process remain a concern, with only 14.3% of the refunds paid 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 Chapter 16 – Taxation for more information.)

Some progress has been achieved in strengthening **public internal financial control (PIFC**), particularly through the adoption of legislation implementing the PIFC law and the development of a new methodology to strengthen risk management. Nevertheless, internal controls require further improvement to ensure the effective safeguarding of public funds.

CLUSTER 6: EXTERNAL RELATIONS

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 WTO, and is supporting the WTO reform. The provisions of the Trade Facilitation Agreement are fully applied.

North Macedonia participated actively in CEFTA and has continued to implement the action plan for development of the Common Regional Market (CRM) of the Western Balkan countries and the three agreements related to the CRM, covering freedom of movement with ID cards, recognition of professional qualifications and recognition of academic qualifications.

The system for the export control of **dual-use goods** and technologies is functional. North Macedonia is regularly aligning with the latest EU *acquis,* as regards the list of dual-use items including with the latest updated list, which was adopted in May 2026. In 2025, 14 licences for exports of dual-use goods were issued. While the Ministry of Foreign Affairs and Foreign Trade regularly publishes and updates restrictive measures related to embargoes of goods and services in line with the UN and EU Decisions, implementation leaves room for improvement. North Macedonia has yet to align with the EU *acquis* on the screening of foreign direct investments. A new draft Law on foreign direct investments screening was prepared and has passed Government procedure. The Parliament reviewed it and agreed to proceed with its adoption in a regular procedure.

No new **bilateral agreements with third countries** were concluded in the reporting period. 39 bilateral investment treaties (BITs) are in force, of which 18 are with EU Member States covering 19 EU countries.

The regulatory framework for international cooperation in **development policy** and **humanitarian aid** remains to be developed.

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 restrictive measures.

North Macedonia actively engaged in **political dialogue** with the EU on foreign and security policy issues. In April 2026, the second session of the Security and Defence Dialogue took place in Brussels. North Macedonia participated in the EU–Western Balkans meetings of Political Directors in Sarajevo in October 2025, in Brussels in April 2026 and in Kruje in October 2026, the informal meetings of the Foreign Ministers in Brussels in November 2025 and in May 2026, as well as in the EU-Western Balkans Summit in Brussels in December 2025 and in Tivat in June 2026.

North Macedonia has an operational institutional framework to participate in the EU **common foreign and security policy (CFSP)** and in the common security and defence policy (CSDP). The country has maintained its track record of full alignment with EU CFSP (statements by the High Representative on behalf of the EU and Council decisions on restrictive measures). North Macedonia has implemented a law on **restrictive measures** to regulate the procedure for introduction, amendment and termination of restrictive measures. Following efforts taken to reduce the legal time gap between alignment and formal entry into force during 2026. North Macedonia has delivered substantial humanitarian, defence and other forms of assistance to Ukraine. In July 2026, North Macedonia formally joined the Coalition of the Willing in support of Ukraine.

On **cooperation with international organisations**, North Macedonia continued to actively contribute to all specialised agencies, programmes and funds within the United Nations system, to the Council of Europe and the OSCE. In June 2026, the country was elected to the UN Economic and Social Council (ECOSOC) for the first time in its history, for a three-year term 2027–2029. North Macedonia is a member of the Human Rights Council for the 2025–2027 term. In addition, the country has continued to regularly align with most EU positions in the UN and other international organisations. In February 2026, North Macedonia co-sponsored the UN General Assembly Resolution 'Advancing a comprehensive, just and lasting peace in Ukraine' and in December 2025 the resolution on 'Return of Ukrainian Children'. It is a member of the International Coalition for the Return of Ukrainian Children and participated in the High-Level Meeting organised in Brussels in May 2026. North Macedonia signed the Convention establishing the International Claims Commission for Ukraine regarding claims for damages, loss, or injury caused by Russia's invasion in December 2025. In July 2026, North Macedonia joined the Coalition of the Willing.

North Macedonia made progress in implementing its National Action Plan (NAP) on Women, Peace and Security 2020–2025. Women's representation in the Army increased, and women make up 48% of Ministry of Defence staff. Further efforts are needed for women's full, meaningful and equal participation in dialogue, peacebuilding and prevention and alignment with EU *acquis*.

A bilateral immunity agreement between North Macedonia and the United States is still in place, granting US nationals exemption from surrender to the **International Criminal Court**. This is not in line with Council Decision 2011/168/CFSP of 21 March 2011 or with the related EU guiding principles on bilateral immunity agreements. Alignment with the EU position is needed.

North Macedonia is committed to **conflict prevention**, aligning with EU values and strategies for peace and stability. During the reporting period, the country has actively contributed to key EU instruments and mechanisms, such as the EU's Integrated Approach to conflicts and crises, to promote conflict prevention, crisis management and post-conflict stabilisation efforts as well as contributing to EU missions.

On **non-proliferation and disarmament**, North Macedonia is a party to most international treaties and conventions, including the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and the Chemical Weapons Convention (CWC). The country has prepared and needs to adopt a new National Strategy for the Control of **Small Arms and Light Weapons** (SALW). It also has a functioning Weapons Registration and Management System. The

regulatory framework on SALW needs to be harmonised with the EU *acquis*. North Macedonia continued to align with the EU's policy on weapons of mass destruction (WMD) through the continued implementation of the 2018 WMD and CBRN National Strategy. In April 2026, the country prepared an action plan 2026-2028 for the implementation of the national strategy, which still requires formal adoption. On arms export control, North Macedonia remains generally aligned with the EU Common Position 2008/944.

On **security measures**, the country has an agreement with the EU on procedures for the exchange of classified information. Implementation of this agreement continued during the reporting period.

On the **common security and defence policy** (CSDP), North Macedonia continued to contribute significantly to EU military crisis management missions and operations, including the EUFOR ALTHEA operation in Bosnia and Herzegovina and the European Union Battlegroup HELBROC. During the reporting period, the country took part in the CPX/LIVEX exercise 'TALOS-25' as part of the HELBROC BG evaluation process. North Macedonia continues to contribute to regional cooperation in military medicine through the Balkan Medical Task Force. North Macedonia participates in training activities of the European Security and Defence College (ESDC). North Macedonia continues to benefit from EU support through the European Peace Facility (EPF).

On **hybrid threats**, implementation of the National Cyber Security Strategy 2025–2028 continued to boost cyber resilience, align with EU/NATO standards and facilitate private/public partnerships. Under the strategy, a National Cybersecurity Council has been set up, and the Ministry of Digital Transformation established a new Cybersecurity Department and a Government Computer Security Incident Response Centre. Additionally, the Law on the Security of Network and Information Systems was aligned with EU legislation and adopted. [An operational Team for Cybersecurity and **Hybrid Threats** within the Ministry of Interior provide guidance to build institutional resilience and strengthen communication with the public. North Macedonia has engaged in the first negotiations of the new UN Global Mechanism on Information and Communications Technologies in the Context of International Security.

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.

The EU is North Macedonia's main trading partner. In 2025, total EU-North Macedonia trade in goods reached EUR 12.9 billion, with North Macedonia exporting EUR 6.5 billion to the EU and importing EUR 6.4 billion, resulting in a slight trade surplus. The EU accounts for approximately 77% of North Macedonia's total exports and 49% of its imports. The country's main export products are catalytic converters, wiring sets for vehicles, car seats, iron and steel and tobacco.

North Macedonia is also a beneficiary of the EU's autonomous trade measures (ATMs) in favour of the Western Balkans.

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 eighth report under the visa suspension mechanism[21] 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 (CFSP)** 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, with a second edition held in Brussels in May 2026.

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.

Under the **Instrument for Pre-accession Assistance 2021-2027 (IPA III)**, EUR 706.5 million were allocated for the period 2021-2027, supporting key areas such as rule of law, good governance, education and the EU integration facility. This includes annual and multiannual action plans, the IPARD programme for 2021-27, the 2024-27 operational programmes, allocations from the Civil Society Facility and media programmes in the period 2021-27, measures supporting communication, support for participation in Union programmes (including indicative 2025-2027 amounts), and individual measures to strengthen migration management.

Under the **Reform and Growth Facility for the Western Balkans**, North Macedonia's indicative maximum allocation amounts to EUR 750.4 million. The allocation covers key

[21] COM(2025) 792 final and SWD(2025) 429 final.

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 general conditions, and delivery on reforms as set out in the Reform Agenda. As of June 2026, EUR 142.1 million (including pre-financing) have been released to North Macedonia, under the first three reporting periods; the release of the funding has been based on the achievement of 22 out of 53 reform steps.

As of April 2026, the **Western Balkans Investment Framework (WBIF)** has supported North Macedonia to the amount of approximately EUR 502 million**.** On transport, construction of the eastern section of the WBEM corridor ('Corridor VIII') railway linking Kriva Palanka to the Bulgarian border is advancing under the Global Gateway initiative with European Investment Bank (EIB) financing. The European Bank for Reconstruction and Development (EBRD) provided EUR 20.9 million for the procurement of five new electric locomotives for North Macedonia's rail freight operator, reducing emissions and boosting freight capacity. The EBRD also signed a EUR 110 million loan for Road Corridor VIII Phase I – the Kičevo–Bukoičani motorway segment on the western section towards Albania. WBIF also financed projects in the areas of clean energy, the environment and climate. Construction of the Skopje wastewater treatment plant, a Team Europe initiative combining KfW, EIB and EBRD financing, continued during the reporting period.

The EU provides support via IPA and the Foreign Policy Instrument to strengthen the resilience of Western Balkans partners when facing hybrid threats including cyber threats and foreign information manipulation and interference.

ANNEX II – STATISTICAL ANNEX

STATISTICAL DATA (as of 14/09/2026)

North Macedonia

Basic data	Note	2013	2021	2022	2023	2024	2025
Population (thousand)		2 062 i	2 069 i	1 837 i	1 830 i	1 826 i	1 823 i
Total area of the country (km²)		25 435	25 435	25 435	25 435	25 437	25 437

National accounts	Note	2013	2021	2022	2023	2024	2025
Gross domestic product (GDP) (million national currency)		501 891	729 445	816 084	902 905	964 087 p	1 043 881 e
Gross domestic product (GDP) (million euro)		8 150	11 835	13 243	14 667	15 672 p	16 949 e
GDP per capita (euro)		4 240 e	6 440 e	7 230 e	8 020 e	8 590 e	9 310 e
GDP per capita (in purchasing power standards (PPS)		9 862 e	14 125 e	14 947 e	15 837 e	16 932 e	17 843 e
GDP per capita (in PPS), relative to the EU average (EU-27 = 100)		37.6 e	42.5 e	41.4 e	41.3 e	42.3 e	42.8 e
Real GDP growth rate: change on previous year of GDP volume (%)		2.9	4.5	2.8	2.6	3.0 p	3.5 e
Employment growth (national accounts data), relative to the previous year (%)		6	3	- 6	- 1	:	:
Labour productivity growth: growth in GDP (in volume) per person employed, relative to the previous year (%)		- 3	2	10	3	:	:
Unit labour cost growth, relative to the previous year (%)		:	:	:	:	:	:
Nominal unit labour cost index based on persons (3 year % change)		:	:	:	:	:	:
Labour productivity per person employed: GDP (in PPS) per person employed relative to EU average (EU-27 = 100)		43	47	49	49	:	:
Gross value added by main sectors							
Agriculture, forestry and fisheries (%)		11.5	8.3	8.4	7.1	7.0 p	6.9 e
Industry (%)		17.3	19.7	19.7	20.6	20.6 p	20.2 e
Construction (%)		8.2	6.4	6.9	7.0	7.2 p	7.5 e
Services (%)		63.1 i	65.5 i	64.9 i	65.4 i	65.1 pi	65.5 i
Final consumption expenditure, as a share of GDP (%)		89.3	83.6	84.6	83.4	82.4 p	82.0 e
Gross fixed capital formation, as a share of GDP (%)		23.7	23.5	24.0	24.7	23.5 p	24.0 e
Exports of goods and services, relative to GDP (%)		43.4	65.4	72.8	67.4	61.7 p	59.6 e
Imports of goods and services, relative to GDP (%)		61.5	81.3	93.4	80.4	74.6 p	73.4 e
Gross fixed capital formation by the general government sector, as a percentage of GDP (%)		:	:	:	:	:	:

Business	Note	2013	2021	2022	2023	2024	2025
Industrial production volume index (2015 = 100)		87.6	100.0	99.8	100.4	96.8	98.6
Number of active enterprises (number)		:	65 735	66 577	67 482	68 934	:
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	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	6.3 i	6.2 i	15.0 i	:
People employed in SMEs as a share of all persons employed (within the non-financial business economy) (%)		:	94.0	96.0	96.0	96.0	:
Value added by SMEs (in the non-financial business economy) (EUR million)		:	3 967	4 537	5 132	5 633	:
Total value added (in the non-financial business economy) (EUR million)		:	6 253	7 026	8 019	8 967	:

Inflation rate and house prices	Note	2013	2021	2022	2023	2024	2025
Consumer price index (CPI), change relative to the previous year (%)		2.7 d	3.4 d	14.0 d	9.0 d	4.2 d	4.3 d

Balance of payments	Note	2013	2021	2022	2023	2024	2025
Balance of payments: current account total (million euro)		- 134.2	- 329.0	- 801.3	49.9	- 338.4	- 737.8
Balance of payments current account: trade balance (million euro)		- 1 863.3	- 2 336.9	- 3 481.6	- 2 635.0	- 3 088.0	- 3 364.2
Balance of payments current account: net services (million euro)		375.0	497.9	748.5	730.7	1 056.6	1 019.9
Balance of payments current account: net balance for primary income (million euro)		- 193.1	- 519.5	- 568.4	- 742.4	- 803.0	- 813.3
Balance of payments current account: net balance for secondary income (million euro)		1 547.3	2 029.4	2 500.2	2 696.6	2 496.0	2 419.8
Net balance for primary and secondary income: of which government transfers (million euro)		74.3	138.5	59.1	131.6	64.5	108.2
*3 year backward moving average of the current account balance relative to GDP (%)		- 2.4	- 2.9	- 3.9	- 2.8	- 2.6	- 2.1
*Five year change in share of world exports of goods and services (%)		:	25.8	18.3	13.4	2.5	2.9
Net balance (inward - outward) of foreign direct investment (FDI) (million euro)		229.4 w	387.5 w	654.2 w	488.1 w	1 036.8 w	247.3 w
Foreign direct investment (FDI) abroad (million euro)		22.8 w	83.0 w	90.8 w	89.7 w	159.7 w	220.2 w
of which FDI of the reporting economy in the EU-27 countries (million euro)		:	59.7	67.3	84.7	106.0	:
Foreign direct investment (FDI) in the reporting economy (million euro)		252.2 w	470.5 w	745.0 w	577.7 w	1 196.5 w	467.5 w
of which FDI of the EU-27 countries in the reporting economy (million euro)		:	449.7	519.6	486.9	748.0	:
*Net international investment position, relative to GDP (%)		- 55.9	- 61.2	- 61.4	- 56.7	- 55.3	- 51.6
Year on year rate of change in gross inflow of remittances (in national currency) from migrant workers (%)		2.3 iw	:	:	:	:	:

Public finance	Note	2013	2021	2022	2023	2024	2025
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 (%)		:	:	:	:	:	:

Financial indicators	Note	2013	2021	2022	2023	2024	2025
Gross external debt of the whole economy, relative to GDP (%)		64.0 i	80.9 i	81.5 i	77.4 i	77.9 i	72.0 i
Gross external debt of the whole economy, relative to total exports (%)		147.9 w	123.0 w	112.0 w	114.9 w	126.4 w	120.8 w
Money supply: M1 (banknotes, coins, overnight deposits, million euro)		1 172.3 w	3 605.5 w	3 830.2 w	4 250.8 w	4 753.1 w	5 391.2 w

Total credit by monetary financial institutions to residents (consolidated) (million euro)		:	8 169.1	8 763.5	9 472.4	:	:
*Annual change in financial sector liabilities (%)		:	10.5	8.2	5.7	:	:
*Private debt, consolidated, relative to GDP (%)		:	C	C	C	C	:
Interest rates: day-to-day money rate, per annum (%)		1.86 w	0.94 w	1.08 w	3.88 w	2.16 w	4.08 w
Euro exchange rates: average of period (1 euro = … national currency)		61.585	61.636	61.623	61.559	61.517	61.589
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)		:	304.7	271.6	603.1	318.7	- 368.7

External trade in goods	Note	2013	2021	2022	2023	2024	2025
Value of imports: all goods, all partners (million euro)		4 983	9 647	12 126	11 149	11 066	11 545
Value of exports: all goods, all partners (million euro)		3 235	6 969	8 300	8 323	7 784	8 008
Trade balance: all goods, all partners (million euro)		- 1 748	- 2 678	- 3 826	- 2 826	- 3 282	- 3 537
Terms of trade (export price index / import price index * 100) (number)	1)	98.2 iw	100.0 iw	99.0 iw	:	:	:
Share of exports to EU-27 countries in value of total exports (%)		70.8 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	46.2 iw	46.8 iw	49.2 iw	50.5 iw	:

Demography	Note	2013	2021	2022	2023	2024	2025
Crude rate of natural change of population (natural growth rate): number of births minus deaths (per thousand inhabitants)		1.9 e	- 5.1	- 2.4	- 1.9	- 2.3	- 2.4
Infant mortality rate deaths of children under one year of age (per thousand live births)		10.2	4.6	:	1.9	:	:
Life expectancy at birth: male (years)		73.4	71.1 b	:	:	:	:
Life expectancy at birth: female (years)		77.5	75.5 b	:	:	:	:

Labour market	Note	2013	2021	2022	2023	2024	2025
Economic activity rate for persons aged 20–64: proportion of the population aged 20–64 that is economically active (%)		70.4	72.3 b	72.1	71.0	71.3	71.9
Employment rate for persons aged 20–64: proportion of the population aged 20–64 that are in employment (%)		50.3	61.2 b	61.8	61.7	62.7	63.7
Male employment rate for persons aged 20–64 (%)		59.7	70.8 b	71.8	70.7	71.7	73.1
Female employment rate for persons aged 20–64 (%)		40.7	51.6 b	51.7	52.7	53.7	54.4
Employment rate for persons aged 55–64: proportion of the population aged 55–64 that are in employment (%)		37.9	48.5 b	49.1	50.1	50.6	50.2
Employment by main sectors							
Agriculture, forestry and fisheries (%)		18.7 i	11.8 bi	10.0 i	7.8 i	9.0 i	10.0 i
Industry (%)		23.5 i	23.0 bi	23.8 i	23.7 i	23.9 i	22.2 i
Construction (%)		6.9 i	6.5 bi	6.5 i	7.3 i	6.7 i	6.7 i
Services (%)		50.9 i	58.7 bi	59.7 i	61.2 i	60.4 i	61.2 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 (%)		29.0	15.5 b	14.4	13.1	12.3	11.5
Male unemployment rate (%)		29.0	16.7 b	15.7	14.3	13.3	12.2
Female unemployment rate (%)		29.0	13.7 b	12.5	11.4	11.0	10.6
Youth unemployment rate: proportion of the labour force aged 15–24 that is unemployed (%)		51.9	36.1 b	32.7	29.4	28.9	29.4
Long-term unemployment rate: proportion of the labour force that has been unemployed for 12 months or more (%)		23.9	13.1 b	12.0	9.4	8.0	7.8
Unemployment rate for persons (aged 25–64) having completed at most lower secondary education (ISCED levels 0-2) (%)		33.2	23.1 b	21.4	18.4	18.1	15.6
Unemployment rate for persons (aged 25–64) having completed tertiary education (ISCED levels 5-8) (%)		20.1	9.8 b	9.0	8.1	6.8	7.3

Social cohesion	Note	2013	2021	2022	2023	2024	2025
Average nominal monthly wages and salaries (national currency)		21 145 w	28 718 w	31 859 w	36 614 w	41 239 w	45 198 w
Index of real wages and salaries (index of nominal wages and salaries divided by the inflation index) (2016 = 100)		78 w	106 w	117 w	135 w	152 w	166 w
Gini coefficient		:	30 b	30	30	29	:
Poverty gap		39.0	35.9 b	31.8	35.0	31.3	:

Standard of living	Note	2013	2021	2022	2023	2024	2025
Number of passenger cars relative to population size (number per thousand population)		168.0 e	260.0	264.0	303.0	318.0	338.0

Infrastructure	Note	2013	2021	2022	2023	2024	2025
Density of railway network (lines in operation per thousand km²)		27.5 i	26.9 i	26.9 i	26.9 i	26.9 i	:
Length of motorways (kilometres)		259	335	335	335	335	:

Education, Innovation and Research	Note	2013	2021	2022	2023	2024	2025
Percentage of persons aged 30-34 with a tertiary education level (ISCED 2011 levels 5 to 8)		23.1	35.0 b	35.7	35.5	39.3	38.8
Percentage of persons aged 30-34 with a tertiary education level (ISCED 2011 levels 5 to 8), males		20.7	30.8 b	30.6	31.4	32.5	34.1
Percentage of persons aged 30-34 with a tertiary education level (ISCED 2011 levels 5 to 8), females		25.6	39.4 b	41.0	39.8	46.3	43.6
Participation in early childhood education (children aged 3 and over)		29.7	35.1	42.4 b	46.1	48.3	:
Participation in early childhood education (children aged 3 and over), males		29.4	35.2	41.4 b	46.2	47.3	:
Participation in early childhood education (children aged 3 and over), females		30.0	35.0	43.4 b	46.1	49.4	:
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		11.4	6.1 b	6.2	8.4	8.0	9.5
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		9.1	5.4 b	5.5	8.6	8.9	10.4
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		13.9	6.9 b	6.9	8.2	7.0	8.5
Proportion of persons aged 25-64 having participated in education and training (last 4 weeks)		3.7	2.2 b	2.7	2.5	2.8	2.6
Proportion of persons aged 25-64 having participated in education and training (last 4 weeks), men		3.9	2.2 b	2.5	2.7	2.4	2.3
Proportion of persons aged 25-64 having participated in education and training (last 4 weeks), women		3.6	2.3 b	2.8	2.4	3.1	3.0
Exposure of vocational education and training (VET) graduates to work-based learning (% of population aged 20-34)		:	:	:	4.4	:	:
Share of individuals having at least basic digital skills (% of population aged 16-74)		:	34.6	:	:	:	28.5
Share of individuals having at least basic digital skills (% of population aged 16-74), males		:	38.1	:	:	:	27.6
Share of individuals having at least basic digital skills (% of population aged 16-74), females		:	31.1	:	:	:	29.7
Public expenditure on education relative to GDP (%)		:	:	:	:	:	:
Gross domestic expenditure on R&D relative to GDP (%)		:	:	0.37	0.37	:	:
Government budget appropriations or outlays on R&D (GBAORD), as a percentage of GDP (%)		0.02	:	:	:	:	:
Percentage of households who have internet access at home (%)		65.1	83.7	:	:	90.8	91.2

Environment	Note	2013	2021	2022	2023	2024	2025
Index of greenhouse gas emissions, CO_2 equivalent (1990 = 100)		90.6 w	81.7 w	87.3 w	:	:	:
Energy intensity of the economy (kg of oil equivalent per 1 000 euro GDP at 2015 constant prices)		330.1	266.5	265.1	257.7	235.7	:
Electricity generated from renewable sources relative to gross electricity consumption (%)		18.2	22.8	25.9	32.3	40.1	:
Road share of inland freight transport (based on tonne-km) (%)		92.4 w	96.8 w	98.1 w	98.8 w	98.8 w	:

Energy	Note	2013	2021	2022	2023	2024	2025
Primary production of all energy products (thousand TOE)		1 425	886	1 040	961	861	:
Primary production of crude oil (thousand TOE)		0	0	0	0	0	:
Primary production of solid fuels (thousand TOE)		1 053	552	710	573	453	:
Primary production of gas (thousand TOE)		0	0	0	0	0	:
Net imports of all energy products (thousand TOE)		1 300 i	1 822 i	1 733 i	1 713 i	1 664 i	:
Gross inland energy consumption (thousand TOE)		2 783	2 676	2 736	2 728	2 569	:

Gross electricity generation (GWh)		6 094	5 532	5 942	6 890	6 305	:

Agriculture	Note	2013	2021	2022	2023	2024	2025
Agricultural output volume index (at producer prices) (2015 = 100)		92.7 w	92.2 w	101.9 w	87.8 w	:	:
Utilised agricultural area (thousand hectares)		1 260.3	1 268.8	1 265.1	1 258.6	1 249.2	:
Livestock numbers: live bovine animals (thousand heads, end of period)		238.0	178.0	165.0	149.0	144.0	142.7
Livestock numbers: live swine (thousand heads, end of period)		167.0	186.0	182.0	193.0	180.0	212.8
Livestock numbers: live sheep and live goats (thousand heads, end of period)		807.0 i	709.0 i	726.0 i	673.0 i	615.0 i	:
Raw milk available on farms (thousand tonnes)		:	389.2	388.0	291.7	:	:
Harvested crop production: cereals (including rice) (thousand tonnes)		568.4	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)		686.8	798.0 p	803.1	742.6	790.3	748.7

Source: Eurostat and/or the statistical authorities in North Macedonia

: = not available
b = break in time series
C = confidential value
d = definition differs
e = estimated
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) Laspeyres unit value index. 2021 = 100.