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ANNEX III

of the Commission Implementing Decision on the Annual action plan in favour of the Republic of North Macedonia for 2022

Action Document for EU Integration Facility

ANNUAL ACTION PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and annual and multiannual action plans and measures in the sense of Article 9 of IPA III Regulation and Article 23 of NDICI - Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

Title	EU Integration Facility Annual action plan in favour of North Macedonia for 2022			
OPSYS	ACT-60781			
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)			
Team Europe Initiative	No			
Zone benefiting from the action	The action shall be carried out in North Macedonia			
Programming document	IPA III Programming Framework			
PRIORITY AREAS AND SECTOR INFORMATION				
Window and thematic priority	Window 2: Good governance, <i>acquis</i> alignment, good neighbourly relations and strategic communication Thematic Priority 2: Administrative capacity and <i>EU acquis</i> alignment Thematic Priority 4. Strategic communication, monitoring, evaluation and communication activities			
Sustainable Development Goals (SDGs)	Main SDG: 17 - Partnership for the Goals Other significant SDG: 16 - Peace, Justice and Strong Institutions			
DAC code(s)	Main 15110 Code - Public sector policy and administrative management – 100%			
Main Delivery Channel	12000 - Recipient government			
Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective

	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal markers	Policy objectives	Not targeted	Significant objective	Principal objective
	Connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Migration	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
Amounts concerned	Budget line: 15.020101.01 Total estimated cost: EUR 7 000 000 Total amount of EU budget contribution EUR 7 000 000			
MANAGEMENT AND IMPLEMENTATION				
Implementation modalities (type of financing and management mode)	Project Modality Direct management through: - Grants - Twinning grants - Procurement			
Relevant priorities and flagships from Economic and Investment Plan for the Western Balkans	Priorities: "IV Renewable Energy", "V Coal Transition", "VI Renovation Wave", "VII Waste and Waste Water "VIII Digital Infrastructure", "IX Support Competitiveness", "X Youth Guarantee"			

Final Date for conclusion of Financing Agreement	At the latest by 31 December 2023
Final date for concluding contribution / delegation agreements, procurement and grant contracts	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation
Indicative operational implementation period	72 months following the conclusion of the Financing Agreement
Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement

1.2. Summary of the Action

The EU Integration Facility (EUIF) is a flexible mechanism for financing smaller-scale projects of democratic institutions and public administration in North Macedonia focused on aligning the legislation, standards, methodologies and practices to those of the EU and building a solid implementation capacity in the country. The objectives of the EUIF are:

1. To back-up the accession process in its entirety, to enhance the alignment with the *EU acquis* and EU/International standards, to ensure the implementation of the legal framework in practice, and to increase the public support for the EU accession process;
2. To improve the effectiveness and visibility of the EU funds invested in the country, to upscale the sector approach, and to ensure that EU funding and policy create a sustainable and visible development change.

The EU Integration Facility will result in strengthened coordination, management, visibility and transparency of the EU accession process, and in a higher level of national legislation alignment with the *EU acquis*. The EU investments will improve the enforcement capacity in the country, will support the national efforts to manage EU funds and to deliver on reforms. This is expected to raise the public support for the reforms and for the EU accession path of the country.

The EUIF finances capacity building interventions complementing the regular annual and multi-annual programmes, thus bringing the needed element of flexibility in the management of the EU funds in support of the country's reforms and the EU accession. It allows the European Commission to provide fast-track, specific and targeted financial support to North Macedonia for emerging, short-term needs within the EU accession negotiation process or in a crisis situation.

2. RATIONALE

2.1. Context

The first Intergovernmental Conference on accession negotiations with North Macedonia took place on 19 July 2022, following the approval by the Council of the Negotiating Framework. The Commission started immediately the screening exercise, which is the first step in the negotiating process. North Macedonia is carrying out fundamental reforms in crucial areas such as judiciary, fight against corruption and organised

crime, public administration, public finance, security, social support system, health care, education and labour market. The country is committed to advancing democracy and the rule of law, implementing the human rights agenda in practice, strengthening the principles of good governance, and ensuring macro-economic stability and a favourable and level playing field for businesses. This ambitious reform plan is complemented by a gradual shift to greening the economy and life, decreasing pollution and human impact on the environment, and ensuring the connections of the regional transport and energy systems with the ones of the European Union. The strategic sector-based policy making and coordination is improving and gradually turns into an evidence-based and inclusive process.

In addition, the country prepares for an intensive accession negotiation process. This process is led by the Secretariat for European Affairs, which needs to develop the needed capacity to steer and coordinate the accession negotiations.

The EU is the leading donor in supporting North Macedonia to achieve progress on these priorities. The EU funding involves considerable in size and scope actions, which are expected to significantly impact all systems of the country. This systemic and strategically targeted support needs to be coupled with a more flexible funding tool able to quickly mobilise resources addressing particular issues in particular circumstances, and often as a matter of urgency. This need was also outlined by the European Court of Auditors (ECA) in the Special Report on strengthening administrative capacity in North Macedonia¹.

To address this need, the EU Integration Facility was established under IPA II and reached an envelope of EUR 30.25 million for 2014-2020². The EU Delegation manages the Facility in close coordination with the Secretariat for European Affairs and it is a recognised funding instrument across the administration. The EUIF is designed to provide continuous support during the whole financial perspective 2021-2027. It keeps the same objectives and it is replenished through different annual programmes, depending on the implementation dynamics.

2.2. Problem Analysis

Area of support #1: EU accession process

In March 2020, the EU Member States decided to open accession negotiations with North Macedonia. The European Commission presented to the Council a proposal for the Negotiation Framework in July 2020, laying out the guidelines and principles for the accession negotiations, reflecting the revised enlargement methodology. The first Intergovernmental Conference with North Macedonia took place on 19 July 2022, following the approval by the Council of the Negotiating Framework. The Commission started immediately the screening exercise, which is proceeding smoothly.

The bilateral dialogue between the EU and the country encompasses both the alignment with the EU *acquis* and implementation and the progress on the fundamental reforms. The capacities of the institutions to push these reforms forward needs to be further strengthened to allow the country to be able to assume the EU membership obligations. North Macedonia should also make further progress in good governance principles and an inclusive and evidence-based approach in strategic planning, policy-making, and legislative processes.

The accession negotiations require the country to establish appropriate negotiation structures and ensure the capacity to lead effectively and efficiently the policy dialogue with the EU. This also implies the need to strengthen the capacities of the Secretariat for European Affairs as the key pillar of the accession process. The focus will be primarily on the 'Fundamentals' Cluster' and will gradually expand to cover all areas of the EU *acquis*. The extension of the scope of the bilateral dialogue and the inclusion of more actors in it will increase the need for a flexible and ad hoc support. This ad hoc support will provide concrete high

¹ http://www.eca.europa.eu/Lists/ECADocuments/SR16_11/SR16_11_EN.pdf

² By the end of 2020, 60% of the allocated envelope was contracted and 26%-paid. The EUIF supported in total 55 projects involving 41 beneficiaries.

value outputs necessary for the alignment and implementation of different pieces of legislation that are necessary for the accession process.

In addition, the citizens do not easily grasp the complexity and scope of the undertaken reforms on the EU accession path. To obtain citizens' support, the reforms must be clearly explained and communicated. The information must be credible and should feed the media and the other information channels systemically. This is even more important on the background of the global, regional and national strategies for curbing the negative influence of disinformation.

Finally, promoting the EU policies and the Team Europe approach in North Macedonia needs substantial support. The capacities and tools of the authorities need to be improved to make strategic communication on the accession process more targeted and effective.

Addressing these needs is at the heart of the EU Integration Facility.

The *management of crisis situations is a part of the country's readiness to join EU*. In the previous financial framework (2014-2020), the EU Integration Facility proved to be very efficient in delivering ad-hoc, urgent, and much-needed help for the country, especially during the COVID-19 pandemic. EUR 4 million were mobilised in a record time to ensure emergency medical supplies, such as respirators, spare parts, masks, disinfectants, etc. This allowed the authorities of North Macedonia to implement the recommendations of the World Health Organisation (WHO) related to the medical protocols to be used. The pandemic showed the fragility of the health system to cope with the high pressure caused by a pandemic outbreak of this nature and magnitude. The assessment in May-June 2020 demonstrated that the health care system is not only missing essential medical and protection supplies but needs a serious upgrade of the protection and prevention procedures and of the capacities for monitoring, early warning and response to health threats. This included a revision of the national policy on antimicrobial resistance, vaccination, joint procurement of medical countermeasures to health threats, such as vaccines and anti-toxins, and better coordination with the EU systems. To address these needs, a second package of EUR 5 million, again in the scope of the EU Integration Facility, was allocated to support the alignment with the EU standards and legislation on communicable diseases, in line with the weaknesses identified by the European Centre for Communicable Diseases during their peer review in 2018, and enshrined further in the two national action plans for strengthening the communicable diseases surveillance, prevention and control system and for the secondary and tertiary health care system. Even if prepared in an emergency, this package supports the country in the EU accession process. It ensures the approximation to the EU standards under Chapter 28, which had not been a subject of enhanced EU financial support previously. In the absence of a defined health sector approach under IPA II, the EU Integration Facility turned into a key tool to address the health risks of COVID-19 and possible future outbreaks.

This role of the EUIF as an emergency funding tool should be extended in future to allow the Commission to be flexible in its partnership approach and react quickly to emerging needs that could not have been previewed through the regular programming exercises. Moreover, in addition to migration, climate change, the economic consequences of Russia's aggression against Ukraine and the energy crisis, other critical situations may arise, demanding swift and targeted actions by the EU in support of North Macedonia.

Area of support #2: Management of the EU funds

The new Instrument for Pre-accession (IPA III) promotes some important novelties in the use of EU funds. Notably, there is a greater focus on the maturity of projects and a more robust competition based on quality and results among enlargement countries. This would require more upfront investments for project preparation and the establishment of solid sector project pipelines.

North Macedonia was successful in establishing a strong policy dialogue based on sector working groups, chaired by the relevant Ministers, coordinated by the Secretariat for European Affairs, and involving authorities, donors and civil society, in discussing the sector policy priorities. Significant progress was made on building a sector performance framework based on indicators and targets and centring the country's assessment of the outcomes and impacts of sector policies and reforms. This dynamic needs to be maintained. Along with strengthening strategic planning capacities and promoting results-oriented culture across the public administration, North Macedonia has to improve sector financing and budgeting.

In parallel, the opportunities created by the EU funds and the achievements need to be communicated to the citizens; this approach builds social support and commitment to the reforms and familiarises the general public with the EU efforts to contribute to the country's advancement. This is even more important on the background of a significant regional envelope focused on connectivity and economic growth. The government has to develop the capacities and tools to make citizens of North Macedonia aware of the region's unprecedented EU investment drive, which is expected to create a development perspective and improve living conditions.

The EU Integration Facility is the right instrument to address these needs.

This Action will further replenish the EU Integration Facility, established under IPA 2021 and covering the whole IPA III (2021-2027). This flexible funding tool will allow the European Commission to mobilise resources at short notice to support urgent policy priorities or provide emergency response to critical situations, which, although in line with the objectives of IPA III and the accession process, are not covered by the annual and multi-annual sector support programmes.

The Action will involve various stakeholders:

- The **Secretariat for European Affairs (SEA)** acts as National IPA Coordinator (NIPAC) Office, responsible for the programming and overall monitoring and evaluation of the EU funds. It is also the main counterpart for all other donors in the country. It develops and facilitates the implementation of the National Programme for the Adoption of the *Acquis* and has the overall responsibility for the organisation of the accession process.
- The **Sector Working Groups** are the sector policy dialogue structures that bring together relevant national institutions, donors, and civil society actors. They are co-chaired by the corresponding ministers and the NIPAC, methodologically guided by the NIPAC office and supported technically by the IPA Structures in each line ministry. The SWGs have been working effectively since 2015 and are a good channel for the EU to deliver solid and streamlined messages to guide the sectoral policy dialogue. They have a broad mandate from identifying priorities to coordinating and reviewing the progress of sector reform. The EU Delegation, the donors and the foreign partners support SWGs through advice, knowledge sharing and information. This is the platform that also incorporates donor coordination.
- The **national operational structures responsible for the implementation of the EU funds** across the national public administration, i.e. the National Authorising Officer (NAO), the NAO support office and Management structure, the Central Contract and Finance Unit, future Managing authorities and implementing bodies, IPA structures in line ministries, Audit authority, AFCOS and other related bodies.
- **Line ministries** which are responsible for the sector policy-making as well as **agencies and bodies** established to implement and report on the sector policies.
- The **negotiation teams**.

3. DESCRIPTION OF THE ACTION

3.1. Intervention Logic

The Action will impact the country's progress in addressing the accession criteria by 2027.

The **Overall Objective (Impact)** of this Action is *to enhance the EU accession process of North Macedonia*.

The **Specific Objectives (Outcomes)** of this Action are:

1. *Accession process backed-up in its entirety (enhanced alignment with the EU acquis and EU/International standards, improved implementation of the legal framework in practice, and increased public support for the EU accession process).*

2. *Improved effectiveness and visibility of the EU funds invested in the country (sector approach up scaled, EU funding and policy created a sustainable and visible development change).*

These outcomes will be achieved through the delivery of the following outputs.

Outputs linked to the Outcome 1

- Output 1.1 Strengthened management of the EU accession process;
- Output 1.2 Increased level of alignment of the national legislation with the EU *acquis*;
- Output 1.3 Improved capacity of the national institutions to implement the legislation aligned with the EU *acquis* and progress on the fundamental and structural reforms in support of the country's accession;
- Output 1.4 Increased support of the citizens of North Macedonia for the country's accession to the EU.

Output linked to Outcome 2

- Output 2.1 Strengthened national capacity for management of the EU funds;
- Output 2.2 Improved awareness of the citizens of North Macedonia on the EU funds invested in the country.

The following assumptions should hold true to guarantee the success of the intervention:

- Strong support for the accession to the European Union on behalf of the public administration, authorities, civil society, media and business, and general population;
- The fundamental reforms (such as Public Finance Management, Public Administration Reform, Judiciary, anti-corruption) are well progressing and create a favourable environment for the alignment with the EU *acquis* and the implementation in practice of the new legislation; and
- Macroeconomic and political stability is maintained.

3.2. Indicative Activities

The EUIF provides ad hoc financing to smaller-scale projects supporting fundamental reforms and priorities that are not part of the regular annual and multi-annual programming.

Various beneficiaries can propose projects by submitting a project concept to the EU Delegation and the Secretariat for European Affairs. The EUIF can provide funding to democratic and judicial institutions (Parliament, Ombudsman, Judicial council, etc.), public administration at the central and local level, local authorities, and other bodies serving the public interests. Proposals are approved based on available funds under the EUIF.

All funded projects must address precise and well-identified needs, correspond to the priorities identified in the relevant strategic documents³ and support the achievement of the EUIF outcomes and outputs:

- **Outcome 1: Accession process backed-up in its entirety** (enhanced alignment with the EU *acquis* and EU/International standards, improved implementation of the legal framework in practice, and increased public support for the EU accession process), which is to be achieved through:
 - ❖ **Output 1.1: Strengthened management of the EU accession process**
 - Technical assistance supporting the accession negotiation process, including the preparation of key documents and action plans to align and implement the EU *acquis*,

³ Strategic Response to IPA III Programming, Programme of the Government of North Macedonia, Economic Reform Programme, Employment and Social Reform Programme, national strategic documents, National programme for the adoption of the *acquis*, Annual Report of the Commission, Single Sector Project Pipeline, etc.

drafting of guidelines, instructions, rules of procedure and methodological tools for effective coordination and negotiation;

- Research, analysis and assessment of particular needs, challenges or processes linked to the EU accession process and the relations with the EU;
- Capacity building measures including training, mentoring and coaching of the participants in the negotiation structures;
- Preparation for the digitalisation of the negotiation process and for the launch of the e-Accession, encompassing documents and process management tools, EU *acquis* translation software, e-learning software on various EU topics;
- Measures to ensure an inclusive accession process and involving various stakeholders such as civil society and private sector;
- Measures to ensure transparency and to raise the awareness of the citizens of North Macedonia on the benefits and obligations stemming from the EU accession process.

❖ **Output 1.2:** Increased level of alignment of the national legislation with the *EU acquis*:

- Technical assistance for preparation of primary and secondary legislation in support of the harmonisation with the *EU acquis* including, *inter alia*, analysis, benchmarking, legal drafting, organisation of consultation process and communication measures.

❖ **Output 1.3:** Improved capacity of the national institutions to implement the legislation aligned with the *EU acquis* and progress on the fundamental and structural reforms in support of the country's accession:

- Technical assistance to strengthen the national capacities for political and policy analysis, responsible political participation, representation, transparency and accountability, strengthening of the electoral process, and raising the awareness of the political elites on key democracy-related concepts;
- Measures to improve the general legislative processes and legislative transparency, based on the *Better Regulation* approach, and encompassing drafting capabilities, implementation of the national legislation in practice, monitoring and analysis of the legal implementation;
- Research, analysis and assessment of particular needs, challenges or processes, designing and putting in implementation effective solutions linked to the democratic system and its functioning, the accession process and the relations with the EU;
- Support measures to improve the effectiveness and transparency of governance encompassing development, budgeting, and monitoring of sector policies, strategies, programmes and measures;
- Measures to increase the effectiveness of sector coordination;
- Support measures to enhance the systematic use of Environmental Impact assessment, Strategic Environmental Assessment, and Climate Risk and Vulnerability Assessment;
- Assessment of ad hoc needs, designing and putting in implementation effective solutions to particular challenges, threats and crisis situations of national, regional, European or global importance;
- Upgrading the national information and IT systems to the operating standards of the EU allowing for interoperability of the information and solid decision-making routine;
- Enhancing the participation of women, minorities and non-majority communities, and vulnerable groups in democratic processes and policy dialogue;

- Effective management of crisis situations, including but not limiting to health and socio-economic crisis;
 - Emergency response to threats such as COVID-19 and other communicable diseases, challenges arising from irregular migration, environmental threats, gender-based violence, fight against organised crime, etc.
- ❖ **Output 1.4:** Increased support of the citizens of North Macedonia for the country's accession to the EU
- Preparation, adoption and implementation of a comprehensive Communications Strategy for EU accession;
 - Support measures for training of spokespersons in national institutions on various EU-related matters;
 - Capacity building measures including training and mentoring of journalists on EU affairs;
 - Communication and visibility measures and events on various topics related to the promotion of EU policies, EU accession and the use of the EU funds.
- **Outcome 2: Improved effectiveness and visibility of the EU funds invested in the country** (sector approach up scaled, EU funding and policy created a sustainable and visible development change), which is to be achieved through:
- ❖ **Output 2.1:** Strengthened national capacity for management of the EU funds
- Technical support for preparing project pipelines, maturing projects, handling procurement processes, managing contracts, ensuring on-going monitoring, audits and evaluations;
 - Technical support for capacity building on EIA, SEA, Climate Risk and Vulnerability Assessment
 - Technical assistance for (re)organisation and strengthening of the institutional set-up, the operational capacities and the financial management and control systems of North Macedonia for the sound management of the EU funds;
 - Measures to strengthen the evidence-based and results-oriented approach including enhanced use of data, improved information exchange between institutions, stronger national monitoring, evaluation and reporting systems at sector, policy and programme level;
- ❖ **Output 2.2:** Improved awareness of the citizens of North Macedonia on the EU funds invested in the country
- Communication and visibility measures and events on various topics related to the use of the EU funds.

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

The EU Integration Facility reflects the European Union's longstanding commitment to address environmental and climate change concerns and enhance sustainable development by supporting the harmonisation with the EU *acquis* and implementation of the new legislation under Chapter 27, as well as the alignment with the *acquis* in other linked chapters, which in the context of the European Green

Deal⁴, will require mainstreaming of the EU green agenda. Some examples include Chapter 5 on public procurement introducing quality criteria such as respect to the environment in the public purchase; Chapter 11, under which the greening of the agriculture will need to be addressed through the national policy on subsidies; Chapter 8 on competition and state aid, encouraging state aid for green investments, and Chapter 20 on enterprise and industrial policy, supporting a major shift to renewable energy, less polluting technologies, etc.

Overall, the EU Integration Facility, by promoting strategic and responsible governance which addresses the global challenges of today, and by supporting the fundamental reforms of the public administration/digitalisation, public finance and judiciary system, will contribute to an administrative, cultural and policy shift that puts the protection of the environment and a responsible attitude towards the natural resources in the heart of governance. The focus of EUIF on legal enforcement will contribute to changing practices, building capacities and applying corrective measures when necessary.

By promoting the sector policy dialogues, the sector approach and the inclusiveness, EUIF is expected to enhance environmental democracy. It will contribute to policy coordination and interaction between decision-makers and civil society, which will support the mainstreaming of the environment topic across all sectors and the better response of the authorities to the environmental requirements of the civil society.

Finally, the EU Integration Facility will also invest in the preparation of mature projects in all sectors, which includes an analysis of the environmental and climate impact of each project, ensuring that all EU investments in the country will support the achievement of the European green targets.

Gender equality and empowerment of women and girls

Gender equality constitutes a fundamental principle of international human rights instruments that the country has signed and ratified. The action will promote equal opportunities for men and women through all projects supported under EUIF. This implies an analysis of the gender impact of the major projects as well as inclusion, where possible, of sex-disaggregated data and gender-sensitive indicators for measuring the success of projects, i.e. number of women and number of men benefiting from the action (absolute number and percentage of all final beneficiaries). EUIF supports a legislative and political process that is inclusive and supports the participation of women in political decision-making. In addition, projects promoting gender equality are selected with preference. In principle, EUIF will not support gender blind projects.

Human Rights

The country has a well-developed legislative framework compliant with the EU and international standards on equal opportunities. EUIF will support projects that will ensure law enforcement and the implementation of established rules. The activities under EUIF will help shape a well-functioning, efficient, all-inclusive and impartial civil service. The expected EUIF investments in better harmonisation with the EU standards, in more efficient public administration and justice system, and well-functioning democratic structure will only positively affect the internalisation of the equal opportunity concept in legislative documents and in administrative culture. EUIF will support state bodies and democratic institutions to be more effective in implementing the international commitments and the national legislation harmonised with EU *acquis*. The improved rule of law will impact on the way the rights of minorities and vulnerable groups are addressed in the country.

The selection of EUIF projects implies an analysis of the impact of any project on vulnerable groups. No funding is possible for projects with a negative impact on vulnerable groups without the necessary mitigation measures being agreed. The EU Delegation will ensure that EUIF project beneficiaries will

⁴ COM(2019) 640 final of 11.12.2019

observe the principles of equal opportunities and non-discrimination. In case of a breach, the necessary measures will be taken, including project suspension or cancellation.

Disability

The Action will enhance democratic governance and the rule of law, which will impact the implementation of the rights of all people with disabilities and vulnerable people. It will also support North Macedonia in case of crisis and enhance the country’s resilience to challenging developments. This will also contribute to the protection of vulnerable groups who disproportionately suffer in crisis.

Civil Society

North Macedonia, with the strong support from the EU Delegation, established intense and regular consultation and communication lines with the civil society organisations, channelled through the Sector Working Groups (involving authorities, donors and civil society and discussing sector priorities), the IPA Monitoring Committee (the highest bilateral EU-North Macedonia platform for dialogue on EU financial assistance), the Sector Monitoring Committees and the EU consultation platform (involving EU Delegation and civil society organisations in discussions on the use of the EU funds). The national system for consultation on strategic and legislative documents (ENER) needs to operate more effectively, allowing civil society to express an opinion on crucial reforms, especially when reforms may directly affect civil society organisations. The Government is committed to pursuing inclusive and participatory dialogue with civil society organisations under established cooperation mechanisms, such as the Council for Cooperation with and Development of Civil Society and is willing to include civil society representatives in the accession negotiation process. The overall coordination framework is well established to allow effective and intensive consultation with civil society. Civil society organisations should be encouraged to increase their participation in taking part in decision making and monitoring of the reforms at sector level. To address this issue, EU funds – Civil Society Facility, EIDHR, targeted grant schemes - are allocated to strengthen the Council for cooperation with civil society, to improve the capacity of the civil society organisations to collect feedback from their constituencies, analyse the problems, voice concerns, defend their rights, propose solutions, and provide services in support of the reforms. The EU Integration Facility will encourage this process further; it will upscale the sector policy dialogue, promote the good governance approach, which forcefully takes into account the voice of the citizens, stimulate the transparency of the public administration and ensure the access of citizens to quality and updated information on the reforms and the accession process of North Macedonia.

3.4. Risks and Lessons Learned

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
Planning, process and system	<i>Risk 1: State of public administration</i> EUIF primarily focuses on the public bodies, which makes the challenges in the functioning of the public administration a vector of risk. While North Macedonia has achieved some progress on the public administration reform (PAR),	H	H	The main mitigating factors are the ongoing public administration reform (PAR), public finance management reform, and the investments of the EU and other donors in up scaling the administrative capacity. Policy dialogue takes place regularly, yet it needs to yield results. PAR is

	there are still significant challenges ahead. The responsibilities and mandate of the public bodies need to be streamlined, the coordination among public institutions - significantly enhanced, the motivation and capacity of the public servants – improved, along with the efficiency.			among the most challenging and long-term reform in the country. By itself, the EU Integration Facility is a tool to support PAR in addition to the flagship EU initiatives funded under the annual IPA programmes.
People and the organisation	Risk 2: Political process The political context is marked by the launch of accession negotiation process. There are debates on specific issues between the government and the opposition, including on the next steps in the EU accession process.	M	M	The launch of the screening process has significantly mitigated this risk. Other essential tools involve an enhanced high-level political dialogue between decision-makers and the EU, enlarging the spectrum of institutions supported by the EU, reinforcing the public administration and civil society and strengthening their role in the reform process and in the negotiation process.
Planning, process and system	Risk 3: Crisis and Force majeure The path of the COVID-19 outbreak is still unknown. New waves and new variants can still be expected in the years to come, depending on the efficiency of the vaccines and vaccination coverage in the country. The fiscal, economic and social impact of COVID-19 is considerable, covers all spheres of life, and requires the full attention of the Government, which needs to put in place the mechanisms needed to restore the economy and decrease the burden on the most vulnerable people. COVID-19 induced challenges shrink the state resources for the reforms while demanding more ambitious governmental engagement. Addressing this dichotomy will require new working methods and approaches to problems, new processes and routines, new	H	H	The EU and the international partners will continue to guide the country in overcoming the fiscal and macroeconomic weaknesses, restoring the viability of the economic life and labour market and turning the challenge into an opportunity. The Commission recommendations on the Economic Reform Programme and the ad hoc support (migration challenges, COVID-19, floods) decrease the pressure of the crisis on the state systems and allow the country to continue delivering. By offering the flexibility of an <i>ad hoc</i> support, the EUIF is a mitigation measure and a tool to deploy quick aid in emergency cases.

	<p>forms of social and economic solidarity.</p> <p>At the same time, the country is facing global challenges, i.e. Russia's aggression against Ukraine and the energy crisis, increased migration pressure, which has been an issue since 2015, and climate change impacts such as floods, which badly affected the country's infrastructure in 2015.</p>			
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Lessons Learned

The alignment with the EU *acquis*, and European and international standards is a resource- and time intensive process. The next integration stage requires that the country significantly steps up its efforts to ensure the legal alignment with the EU *acquis* and its practical implementation. The EU Integration Facility will complement and support the smooth performance of the principal EU investments. The experience so far shows that small-targeted assistance, covering a large spectrum of beneficiaries and the general public, is very efficient to enhance legal compliance and support implementation. This approach is also in line with the European Court of Auditors recommendations⁵ on the EU support to North Macedonia. At the same time, this assistance must be well integrated into the overall policy framework, support the performance of the 'Better Regulation' approach, and ensure that capacities are being improved across the public administration.

⁵ <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=36423>

3.5. Indicative Logical Framework Matrix

Results	Results chain: Main expected results	Indicators	Baselines [values and years]	Target [values and years]	Sources of data	Assumptions
Impact	To enhance the EU accession process of North Macedonia	Progress made in the EU accession process	Decision to open accession negotiations (2020)	Further progress in the EU accession path (2027)	Commission Reports ⁶ ; decisions by the Member States;	
Outcome 1	Accession process backed-up in its entirety (enhanced alignment with the EU <i>acquis</i> and EU/International standards, improved implementation of the legal framework in practice, and increased public support for the EU accession process)	Number of open/closed chapters/clusters	0 (2020)	Higher number (2027)	Commission Reports; decision by Member States	EU integration remains a government priority, which entails a continuous high-level political commitment to EU accession, support for the reforms and active participation in the sector policy dialogue
		Societal support for the accession process/ Eurobarometer / Positive attitude	52% (11/2019)	> 80% (2027)	Eurobarometer	
Outcome 2	Improved effectiveness and visibility of the EU funds invested in the country (sector approach up scaled, EU funding and policy created a sustainable and visible development change)	Level of absorption of EU funds: IPA II - Programming rate / value - Contracting rate - Disbursement rate	IPA II - 104% (MEUR 633) - 26% (end 2019) - 12% (end 2019)	No change 95% (2026) 85% (2026)	Commission report on implementation of IPA	
		Level of absorption of EU funds: IPA III - Value of programmed funds - Contracting rate - Disbursement rate	IPA III (2020) MEUR 200 0% 0%	IPA III (2027) > MEUR 600 100% 90%	Annual IPA Report Financing agreement	
Output 1.1 related to Outcome 1	Strengthened management of the EU accession process;	Number of adopted key documents	0 (2020)	>15	Government legislative agenda reports	Strong support for the accession to the European Union on behalf of the public administration, authorities, civil society, media and business.

⁶ https://ec.europa.eu/neighbourhood-enlargement/enlargement-policy/strategy-and-reports_en

		Number of prepared guidelines, instructions, rules of procedure and unified methodology tools for effective coordination	0 (2020)	>50	Project report	The fundamental reforms (such as Public Finance Management, Public Administration Reform, Judiciary) are well progressing and create a favourable environment for the alignment with the EU <i>acquis</i> and the implementation in practice of the new legislation. Macroeconomic and political stability is maintained.
		Number of civil servants and other participants in negotiation structures trained	0 (2020)	> 5000 (2027)	Project report	
		E-Accession IT tools developed and operational: - Software for translated national and translated EU <i>acquis</i> ; - E-learning software on various EU topics) – number of logs	0 (2020) 0 (2020)	1 >10,000/year	e-Accession on-line	
Output 1.2 related to Outcome 1	Increased level of alignment of the national legislation with the EU <i>acquis</i>	Number of adopted laws ensuring the harmonisation with the EU <i>acquis</i>	0 (2020)	> 180 laws (2027)	NPAA monitoring reports	
Output 1.3 related to Outcome 1	Improved capacity of the national institutions to implement the legislation aligned with the EU <i>acquis</i> and progress on the fundamental and structural reforms in support of the country's accession	Number of people trained on the new laws	0 (2020)	20 000 (2027)	NPAA monitoring reports	
		Number of institutions with enhanced administrative capacity to implement the harmonised legislation	0 (2020)	> 300 (2027)	NPAA monitoring reports	
Output 1.4 related to Outcome 1	Increased support of the citizens of North Macedonia for the country's accession to the EU	Number of stakeholders reached through the implementation of the communication strategy	0 (2020)	>300,000/year	Project report Media	
		Number of EU-specific spokespersons in national institutions trained	0 (2020)	50 (2027)		
		Number of journalists on EU affairs trained	0 (2020)	> 100 (2027)		
		Number of outreach events and communication products produced	5 (2020)	> 500 (2027)		

		Number of entities involved in communication activities on EU accession	TBD	>200 (2027)	
Output 2.1 related to Outcome 2	Strengthened national capacity for management of the EU funds	IPA III - Value of funds under indirect management	0% (2020)	>50% (2027)	Financing Agreement
		Financial management and control systems operate smoothly (number of critical audit findings)	AA: 10 EC: 5	Max AA: 5 EC: 1	Audit authority report Commission report
Output 2.2 related to Outcome 2	Improved awareness of the citizens of North Macedonia on the EU funds invested in the country	Number of stakeholders reached through the visibility measures and events on various topics related to the use of EU funds	0 (2020)	>300,000/year	Project reports
		Number of outreach events and communication products produced	5 (2020)	>500 (2027)	Media

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with North Macedonia.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3. Methods of implementation

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁷.

4.3.1. Direct Management (Grants)

(a) Purpose of the grant(s)

To support the implementation of the two outcomes of the EUIF:

- 1) to back-up the accession process in its entirety, enhance the alignment with the *EU acquis* and EU/International standards and the implementation of the legal framework in practice, and increase the public support for the EU accession process; and
- 2) to improve the effectiveness and visibility of the EU funds invested in the country, to upscale the sector approach, and ensure that EU funding and policy creates a sustainable and visible development change.

(b) Type of applicants targeted

For twinning contracts, the applicants must be EU Member State administrations or mandated bodies.

For grant contracts the applicants must be 1) EU and EU Member State organisations or mandated bodies or national agencies; or 2) legal entities, local authorities, public bodies, economic actors, non-profit organisations.

4.3.2. Direct Management (Procurement)

Procurement may be used for achieving all outcomes and outputs identified in section 3.

⁷ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Indicative third party contribution, (EUR)
Methods of implementation, cf section 4.3		
Outcome 1: Accession process backed-up in its entirety (enhanced alignment with the EU acquis and EU/International standards, improved implementation of the legal framework in practice, and increased public support for the EU accession process), and Outcome 2: Improved effectiveness and visibility of the EU funds invested in the country (sector approach up scaled, EU funding and policy created a sustainable and visible development change)	7 000 000	0
Grants (direct management) – cf. section 4.3.1	N/A	N/A
Procurement (direct management) – cf. section 4.3.2	N/A	N/A
Grants – total envelope as per section 4.3.1	2 000 000	0
Procurement – total envelope as per section 4.3.2	5 000 000	0
Evaluation (cf. section 5.2)	Will be covered by another decision	N/A
Audit/Expenditure verification (cf. section 5.3)	Will be covered by another decision	N/A
Communication and visibility (cf. section 6)	Will be covered by another decision	N/A
Contingencies	0	N/A

Indicative Budget components	EU contribution (amount in EUR)	Indicative third party contribution, (EUR)
TOTAL	7 000 000	0

4.6. Organisational Set-up and Responsibilities

The EU Delegation to North Macedonia will manage the EU Integration Facility in close coordination with the National IPA Coordinator (NIPAC) and the NIPAC office, and in line with the EU principles of sound financial management, transparency and accountability.

The following general procedure will apply:

Any public body or state institution may submit a proposal under the EUIF. Proposals are sent to either National IPA Coordinator (NIPAC) office or the EU Delegation, ad hoc, depending on the needs of the potential beneficiaries. The EU Delegation and the NIPAC office can also launch calls for expressions of interest to invite potential beneficiaries to prepare project proposals to address a specific identified challenge, meeting the EUIF objectives. Proposals should describe the objectives, activities and expected results; define the necessary budget and preferred type of contract.

The proposals will be assessed based on their relevance to the objectives of the EUIF, maturity, compliance with the existing EU assistance in the sector, existence of other donor funding. The selection of projects is the responsibility of the EU Delegation acting in close cooperation with the NIPAC office. The EU Delegation may conduct further discussions with the potential beneficiaries to clarify the scope of the projects or the implementation arrangements.

Once the projects are selected for funding, the EU Delegation will be responsible for (1) organisation of the necessary procurement procedures (in case of service, supply or works contracts), call for proposals or direct awards (in case of twinning and grants) and, for (2) signing and managing the respective contracts. The final beneficiaries of the projects are involved in preparing the necessary contracting documentation (terms of reference, technical specifications, guidelines for applicants, additional technical documents). They participate in the project implementation, work together with the relevant contractors/grantees. Whenever and wherever possible, a project steering committee is established (for example, for twinning and TA) to ensure proper monitoring of the EUIF projects. They benefit directly from the project outputs and are also the entities ensuring the sustainability of the results.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support). The Commission may undertake additional project monitoring visits both through its own

staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

The relevant data will be collected, processed and analysed by the EU Delegation, working closely with the NIPAC office/Secretariat for European Affairs. The beneficiaries and contractors will have the obligation to collect, organise, process and submit the relevant data to the EU Delegation and the NIPAC office.

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the action.

5.2. Evaluation

Having regard to the nature of the action, a final (or ex post) evaluation will be carried out for the whole IPA III EU Integration Facility (2021-2027)⁸ via independent consultants. It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the EU Integration Facility is a complementary, flexible tool for funding ad hoc needs related to the accession process or crisis situations.

The Commission shall inform the implementing partners at least 2 months in advance of the dates foreseen for the evaluation missions. The implementing partners shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partners and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

In addition, the EUIF itself can fund sector or thematic evaluations, at ad hoc basis, provided that the focus of the evaluations falls within the thematic scope of the EUIF.

5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6. COMMUNICATION AND VISIBILITY

Visibility of EU funding and communication about objectives and impact of Actions are a legal obligation for all Actions funded by the EU, as set out in the EU communication and visibility requirements in force.

In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by:

⁸ The budget for this evaluation will be secured through the EU Integration Facility, but with a follow-up action, either with the financing agreement for 2026 or 2027.

- providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and
- promoting the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media.

Visibility and communication measures shall be implemented, as relevant, by the national administrations (for instance, concerning the reforms linked to EU budget support), entrusted entities, contractors and grant beneficiaries. Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement and grant contracts.

The measures shall be based on a specific Communication and Visibility Plan, established and implemented in line with the EU communication and visibility requirements in force. The plan shall include, inter alia, a communication narrative and master messages for the Action, customised for the various target audiences (stakeholders, civil society, general public, etc.)

Visibility and communication measures specific to this Action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegation. The European Commission and the EU Delegation should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.

At contract level, all contractors and grantees shall develop communication and visibility activities in line with the EU communication and visibility requirements in force. The communication and visibility plans of contractors and grantees will be approved by the EU Delegation. Contractors are expected to show a good communication reflex and the ability to exploit unexpected opportunities to promote the activities and the EU support. Focus should be put on "out-of-the-box" communication solution having the potential to attract the attention of media and citizens and allow passing important messages. The opportunities provided by the digital communication and social media shall be used at large. It is the responsibility of the contractors and beneficiaries to keep the EU Delegation and the Commission fully informed of the planning and implementation of the specific visibility and communication activities. The beneficiary shall also report on the visibility and communication actions in the relevant reports. The implementation of the communication activities shall be funded from the budgets of the individual contracts.

Visibility and communication actions shall focus on results and changes achieved and shall demonstrate how the EU support brings the country closer to the EU standards. The objective is to improve the awareness on the EU funding of the general public and not only of target specific audiences. The communication policy applied must ensure that the added value and impact of the EU's interventions are understood by the citizens and that EU funds are managed and used in a transparent, efficient and effective way for the benefit of the country as a whole.

7. SUSTAINABILITY

The EU Integration Facility invests in a new legislative framework, which will allow easier integration of North Macedonia in the political, economic and social systems of the European Union when accession will be achieved. Ensuring the compatibility of the legal systems is at the heart of the accession process and is the main vector of sustainability in this action.

Other factors of sustainability are the targeted improvement in the decision-making process and the management capacity across the public administration and the democratic institutions. By improving the legislative framework, and aligning it with the EU *acquis*, streamlining the strategic planning and budgeting, the Action will enhance key processes in the administrative environment and will strengthen the ability of the public administration to address challenges in an efficient and effective way. Upgraded administrative capacity along with mainstreaming of the "Better

Regulation" approach will improve the quality of decisions made as well as the decision-making process itself, and this in a longer-term perspective will affect all sectors and country systems. Finally, the improved transparency and inclusiveness of the decision-making, is a long-term asset of every administrative system, which guarantees higher societal support and decreases the risks for the reform process.