

ANNEX III

to Commission Implementing Decision on the financing of the annual action plan in favour of the Republic of North Macedonia for 2021

Action Document for “EU Integration Facility”**1. SYNOPSIS****1.1. Action Summary Table**

Title	Action 03 - EU Integration Facility			
	Annual Action Plan in favour of North Macedonia for 2021			
CRIS/OPSYS number	043-662/3			
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)			
Team Europe Initiative	No			
Zone benefiting from the action/location	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, EU <i>acquis</i> alignment, Good neighbourly relations and Strategic communication Thematic Priority 2: Administrative capacity and EU <i>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 SDGs: 16: Peace, Justice and Strong Institutions			
DAC code(s)	15110 - Public sector policy and administrative management – 100%			
Main Delivery Channel¹	12000 - Recipient government			
Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/g	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

¹ <http://www.oecd.org/dac/stats/annex2.htm>.

	ood governance			
	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 checked="" type="checkbox"/>	<input 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Internal markers	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Migration	<input checked="" type="checkbox"/>	<input 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 5 500 000.00 EU Budget Contribution EUR 5 500 000.00			
MANAGEMENT AND IMPLEMENTATION				
Type of financing and method(s) of implementation	Project Modality Direct management through: <ul style="list-style-type: none"> - Grants - Twinning grants - Procurement 			

Relevant priorities and flagships from Economic and Investment Plan for the Western Balkans	Priorities: “Green Agenda”, “Digital Transition”, “Human Capital Development”, “Common Regional Market and Economic Integration”, “Governance, Rule of Law, PAR”
Final date for conclusion of Financing Agreement	At the latest by 31 December 2022
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 strong implementation capacity in the country. The objectives of the EUIF are:

- 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;
- 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.

The EU Integration Facility will result into a strengthened coordination and management, visibility and transparency of the accession process and higher level of alignment of the national legislation with the EU *acquis*. The EU investments will improve enforcement capacity of the national institutions to deliver on reforms, accession and the management of the EU funds. This is expected to raise the public support for the reforms and 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 reforms and the EU accession of the country. It allows the Commission to provide fast-track, specific and targeted financial support to North Macedonia for emerging, short-term needs as part of the EU accession process or in case of a crisis situation.

2. RATIONALE

2.1. Context Analysis

In its North Macedonia 2021 Report², the Commission assessed that the country has maintained a steady and determined pace in implementing EU reforms, particularly in key areas such as the rule of law, including in the fight against corruption and organised crime. The country continues to meet the conditions for holding the first intergovernmental conference. North Macedonia is committed to advancing the EU related reforms, with a focus on the fundamentals. This reform agenda is complemented by gradual shift to greening the economy and life, decreasing pollution

² SWD(2021) 294 final

and human impact on environment as well as ensuring the connections of the regional transport and energy systems with the European ones. Also, the country builds its capacity to prepare and to steer the coordination of the negotiations process and the work of Sector Working Groups (SWGs), a process overseen by the Secretariat for European Affairs.

The EU is the main donor supporting North Macedonia in achieving progress on these priorities. The EU funding involves actions of considerable size and scope, which are expected to deliver considerable impact on all country's systems. This systemic and strategically targeted support needs to be coupled with a more flexible funding tool able to mobilise resources quickly for 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 its Special Report on strengthening the administrative capacity in the country³. The report underlines that the EU assistance was not sufficiently responsive, flexible and targeted.

In order to address this need, the EU Integration Facility was established under IPA II and reached an envelope of EUR 30,25 million for the period 2014-2020⁴. The Facility is managed by the EU Delegation in close coordination with the Secretariat for European Affairs and is a recognised funding instrument across the administration. EUIF is designed to provide continuous support during the whole financial perspective 2021-2027 keeping the same objectives and being replenished through different annual programmes, depending on the implementation dynamics.

2.2. Problem analysis by areas of support

Area of support #1: EU accession process

Based on the progress achieved and the conditions having been met, the European Council endorsed the Council's decision to open accession negotiations with North Macedonia in March 2020.⁵ The draft Negotiating Framework was presented by the Commission to the Council in July 2020. In line with the Council Conclusions, the Commission has continued the necessary preparatory work and looks forward to the first intergovernmental conference, as soon as possible after the adoption of the negotiating framework by the Council and before the end of this year.

The bilateral dialogue between the EU and North Macedonia encompasses the alignment with the EU *acquis* as well as the progress on the fundamental reforms launched by the country. The capacities of the institutions to push these reforms forward need to be further strengthened to enable the country to assume the EU membership obligations. North Macedonia shall also integrate good governance principles and inclusive and evidence-based approach in the strategic planning, policy-making and legislative process.

The opening of accession negotiations requires the establishment of horizontal negotiation structures and to ensure the capacity to lead effectively and efficiently the policy dialogue with EU. This implies to strengthen also 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 will increase the need of a flexible and ad hoc support for alignment and implementation of different pieces of legislation. These are not necessarily part of major EU support, might have shorter-term duration, pursue the delivery of concrete outputs and provide an added value to the EU accession process.

In addition, the complexity and scope of the undertaken reforms on the EU accession path are not easily grasped by the citizens. In order to ensure citizens' support, these reforms need to be

³ http://www.eca.europa.eu/Lists/ECADocuments/SR16_11/SR16_11_EN.pdf

⁴ 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.

⁵ <https://www.consilium.europa.eu/media/43076/26-vc-euco-statement-en.pdf>

clearly explained and communicated. This is even more important in the context of the fight against disinformation.

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

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

Area of support #2: Management of Crisis situations

In the previous financial framework (2014-2020), the EU Integration Facility proved to be very efficient in delivering ad-hoc, urgent and very much needed help for the country, especially during the COVID-19 pandemic. North Macedonia has been seriously affected by the COVID-19 pandemic. The third wave of the pandemic stretched the capacity of the health system to its limits with up to 90% of hospital beds occupied. COVID-19 vaccinations started in February 2021. The authorities have taken measures to protect public health and mitigate the socio-economic impact of the COVID-19 crisis. The EU has provided substantial support to North Macedonia since the pandemic began and mobilised a package of EUR 66 million of non-repayable financial aid for immediate needs, emergency medical equipment and socio-economic response to the pandemic. Out of which, EUR 4 million were mobilised within the scope of the EU Integration Facility in 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) in the medical protocols.

This EU support was complemented by EUR 160 million in macro-financial assistance for North Macedonia. The EU, as Team Europe has also supported the country's vaccination campaign by providing almost 350,000 doses by early October as either donations or re-sales covered by an EU grant.

The pandemic showed the fragility of the health system to cope with high pressure caused by the pandemic outbreak of this nature and magnitude. A serious upgrade of the health protection and prevention measures and of the capacities for monitoring, early warning and response to health threats are needed. This includes a revision of the national policy on antimicrobial resistance, vaccination, better procurement of medical countermeasures to health threats, such as vaccines and anti-toxins, as well as better coordination with the EU systems.

To address these needs, EUR 5 million within 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 findings of the Commission reports⁶ and the weaknesses identified by the European Centre for Communicable Diseases during their peer review in 2018. These are enshrined in two national action plans for strengthening communicable diseases surveillance, prevention and control system and for the secondary and tertiary health care system. This package, although prepared in an emergency situation, is also supposed to support the country on its EU path, since it ensures the approximation to the EU *acquis* under Chapter 28. 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 which could have not been previewed through the regular programming exercises.

Area of support #3: Management of the EU funds

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

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 stronger competition based on quality and results among enlargement countries. This would require more upfront investments for project preparation and 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 the strengthening of the strategic planning capacities and the promotion of results-oriented culture across the public administration, North Macedonia has to improve the 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 also familiarises the general public with the EU efforts. This is even more important on the background of a significant regional envelope focused on connectivity and economic growth. The capacities and tools need to be developed to inform the citizens of North Macedonia about the unprecedented EU investments drive in the region which is expected to create a development perspective and to improve the living conditions.

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

This Action will establish the EU Integration Facility under IPA III (2021-2027). This flexible funding tool will allow the 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.

2.3. Relevance and complementarity with strategies supported by key national stakeholders

The EU accession has been the primary objective and the strategic goal of North Macedonia since its independence. In the 2020-2024 Work Programme, the government commits to ambitious structural reforms in support of this objective, allocating the needed funds and leading engaged and intense policy dialogue with the EU and the Commission.

The EU Integration Facility will support these efforts by channelling funds to improve the effectiveness and the credibility of the overall accession process, to enhance the alignment with the EU *acquis* and ensure the implementation of the legal framework in practice. Thus, it supports also the implementation of the European Commission's Western Balkans Strategy⁷ and the recommendations of the North Macedonia 2021 Report⁸. Further on, the EUIF will upscale the national capacities for negotiations in line with the revised methodology⁹, which includes the clustering of chapters of the EU *acquis*, with a focus on the cluster of the 'fundamentals'. The Action is designed to advance the implementation of the National Programme for adoption of the Acquis (NPAA), which has been recently restructured in line with the revised methodology, and will have a positive impact on the implementation of the Stabilisation and Association Agreement (SAA). The revised methodology further underlines the importance of the SAA and its bodies for stronger monitoring of progress and addressing aspects of accelerated integration in respective clusters.

⁷ COM(2018) 65 final

⁸ SWD(2021) 294 final

⁹ COM(2020) 57 final

The EU Integration Facility is in a position to provide ad hoc and complementary support for the ongoing reforms and the fulfilment of the economic criteria for accession and the relevant reforms. In this context, it will support the implementation of the Economic Reform Programme (ERP) and the related recommendations of the European Commission¹⁰ on the national measures for boosting the growth and competitiveness of the economy. The country has achieved 61,1% implementation of the jointly adopted country-specific policy guidance at the Economic and Financial Dialogue in May 2020, and has best performance in comparison to other candidate and potential candidate countries in the Western Balkans. The EUIF by investing in the administrative and institutional capacities, in the harmonisation with the EU *acquis*, and in the establishments of standards, in addition to the major EU programmes, will contribute to the improvement of the business environment.

The EU Integration Facility will invest in preparation of mature projects, thus supporting the implementation of EU assistance in the country in general, and in particular – of the Economic and Investment Plan for the Western Balkans¹¹.

The EU Integration Facility will further support the sector approach through strengthening the sector policy dialogue and the transparency of sector policy making, enhancing the credibility of the sector monitoring and reporting, and improving sector budgeting and financing.

2.4. Relevance and complementarity with EU policy and EU and other donors' assistance

The EU Integration Facility is entirely dedicated to support the EU accession of North Macedonia, promote the Team Europe approach, and ensure sound management and visibility of the EU assistance in country. It will provide systematic, targeted and streamlined assistance to the negotiation structure and process, address ad-hoc needs related to the negotiation process, and support the streamlining of the EU policies in the national policy set.

2.5. Lessons learned and links with previous financial assistance

The alignment with the EU *acquis*, European and international standards is a resource and time intensive process. The next stage of integration requires that the country doubles its efforts to ensure the legal alignment with the EU *acquis* along with its effective implementation. The EU Integration Facility will complement and support the smooth implementation of the main EU investments. The experience so far shows that small-targeted assistance, covering large spectrum of beneficiaries and the general public, is very efficient to enhance legal compliance and support implementation. At the same time, this assistance must be well integrated in the overall policy framework, has to support the implementation of the 'Better Regulation' approach and has to ensure that capacities are being improved across the public administration.

3. DESCRIPTION OF THE ACTION

3.1. Planned results and intervention logic

The **overall objective** of the EU Integration Facility is to enhance the EU accession of North Macedonia. The Action will **impact the country's progress in addressing the accession criteria**.

This impact will be achieved through **two outcomes**:

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)

¹⁰ https://ec.europa.eu/neighbourhood-enlargement/enlargement-policy/policy-highlights/economic-governance_en

¹¹ COM(2020) 641 final

Outcome 2: Improved effectiveness and visibility of the EU funds invested in the country (sector approach upscaled, EU funding and policy created a sustainable and visible development change)

Achieving these outcomes links to the following assumption:

- EU integration remains a government priority, which entails a continuous high-level political commitment to the EU accession process, support for the reforms and active participation in the sector policy dialogue.

The Action is expected to produce the following **outputs**:

➤ Outputs linked to Outcome 1

- Output 1.1. Strengthened management of the accession process;
- Output 1.2. High level of alignment of the national legislation with the EU *acquis*;
- Output 1.3. Improved capacity of the national institutions to implement the aligned legislation 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 to the country's EU accession process.

➤ Outputs 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.

Achieving these outputs links to the following assumptions:

- strong support for the accession to the European Union on behalf of the public administration, authorities, civil society, media and business, and population at large;
- the fundamental reforms (including in the areas of the judiciary, fight against corruption and organised crime, Public Administration Reform and Public Finance Management) 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 type of activities

The EU Integration Facility (EUIF) provides financing to smaller-scale projects in support of the reforms and the priorities, which are not part of the approved annual or multi-annual planning. All funded projects must address clear and well identified needs corresponding to the priorities identified in the relevant strategic documents¹². The projects may come from a large spectrum of

¹² IPA III Programming Framework, 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*, Commission Reports, Single Sector Project Pipeline, etc.

beneficiaries, who can apply by submitting a simple project description to the EU Delegation and the Secretariat for European Affairs.

The EU Delegation, in consultation with the National IPA Coordinator, will approve the projects to be funded and will act as a Contracting authority, managing the necessary procurement procedure (for service, supply or works contracts), a call for proposals or direct awards (for twinning or grant contracts), signing and managing the contracts.

The intended end beneficiaries of EUIF are the democratic and judicial institutions (Parliament, Ombudsman, Judicial Council, etc.), public administration at central and local level, local authorities, and other bodies serving the public interests. Proposals are approved based on available funds under the EUIF.

The EUIF can fund ad hoc projects, encompassing various activities, which support the achievement of the EUIF outcomes:

- **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)

This outcome will be achieved through delivering the following outputs and indicative activities:

- ❖ **Output 1.1: Strengthened management of the accession process**

- Technical assistance in support of the preparation for the negotiation process including preparation of Roadmaps and Action Plans for aligning with and implementation of the EU *acquis*, drafting of guidelines instructions, rules of procedure and unified methodological tools for effective coordination and negotiation;
- Research, analysis and assessment of particular needs, challenges or processes linked to the accession process and the relations with the EU;
- Capacity building measures including training, mentoring, coaching of the participants in the negotiation structures;
- Digitalisation of the negotiation process and launching of e-Accession encompassing document and process management tools, EU *acquis* translation software, e-learning software on various EU topics;
- Measures for ensuring an inclusive accession process and involving various stakeholders such as civil society and private sector;
- Measures to ensure transparency of the negotiation process and raise the awareness of the citizens of North Macedonia on the benefits and obligations stemming from the accession process.

- ❖ **Output 1.2: High 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 aligned legislation and progress on the fundamental and structural reforms in support of the country's accession

- Technical assistance for strengthening the national capacities for political analysis, responsible political participation, representation, transparency and accountability, strengthening the electoral process, and raising the awareness of the political elites on key democracy-related concepts;
- Measures improving the general legislative processes and legislative transparency, based on *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 linked to the democratic system and its functioning, the accession process and the relations with the EU as well as to particular ad hoc challenges and threats with 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;
- Support measures for improving the effectiveness and transparency of governance encompassing development, budgeting, and monitoring of sector policies, strategies, programmes and measures and increasing the effectiveness of sector coordination;
- Enhancing participation of women, minorities and non-majority communities, and vulnerable groups in democratic processes and policy dialogue.

❖ **Output 1.4:** Increased support of the citizens of North Macedonia to the country's EU accession process

- Preparation and adoption of a comprehensive Communications Strategy for EU accession
- Support measures for training of EU-specific spokespersons in national institutions
- Capacity building measures including through 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 upscaled, EU funding and policy created a sustainable and visible development change)

This outcome will be achieved through delivering the following outputs and indicative activities:

❖ **Output 2.1:** Strengthened national capacity for management of the EU funds

- Technical support for preparing project pipelines, handling procurement processes, managing contracts, ensuring on-going monitoring, audits and evaluations as well as support for strengthening the established financial management and control systems of North Macedonia for the management of the EU funds;
- Technical assistance for strengthening the operational capacities for indirect management, for streamlining the financial management and control systems and ensuring sound management of the EU funds;
- Evaluation of the effectiveness, sustainability and impact of the EU assistance;
- Measures for strengthening of 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;
- Effective management of crisis situations, including but not limiting to health and socio-economic aspects of the crisis;
- Emergency response to threats such as COVID-19 and other viral diseases, migration, environmental threats, gender-based violence, fight against organised crime, etc.

❖ **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. Risks and assumptions

Risks	Risk level	Mitigating measures
<p><i>Risk 1: State of public administration</i></p> <p>EUIF primarily targets the public bodies which makes the challenges in the functioning of the public administration a vector of risk. While North Macedonia has made some progress on the public administration reform (PAR), there are still important challenges ahead. The responsibilities and mandate of the public bodies needs to be streamlined, the coordination among public institutions - significantly enhanced, the motivation and capacity of the public servants – improved along with the efficiency.</p>	<p>High</p>	<p>The main mitigation factors are the ongoing public administration reform (PAR) and the investments of the EU and other donors in upscaling the administrative capacity. Policy dialogue takes place regularly; yet it needs to yield results. In all cases, the PAR is among the most difficult and long-term reforms the country has started. The EU Integration facility, by itself, is a tool to support PAR in addition to the flagship EU initiatives funded under the annual IPA.</p>
<p><i>Risk 2: Political process</i></p> <p>North Macedonia has continued its efforts to strengthen democracy and the rule of law, including by activating existing checks and balances and through an outreach on key</p>	<p>High</p>	<p>The official launch of accession negotiations with the country is the key mitigation measure for this risk. Other important tools involve an enhanced high-level political</p>

<p>policy and legislative issues. Opposition parties remain actively engaged in Parliament and on some occasions supported key EU related laws. The delays in the official launch of accession negotiations are having a negative impact on the credibility of the EU. The citizens are disappointed by the delay to move to the next step of the accession process. These are important risks for the EUIF, which affect the accession process of the country and speeding up of the reforms.</p>		<p>dialogue between decision-makers and 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.</p>
<p>Risk 3: Crisis and Force majeure</p> <p>The COVID-19 outbreak is still ongoing. New waves as well as new variants may still be expected, and resistance levels depend on the efficiency of the vaccines and vaccination coverage in the country, which is currently significantly below the EU average.</p> <p>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 continue to put in place the needed mechanisms to restore the economy and decrease the burden on the most vulnerable people. COVID-19 induced challenges to the economy will shrink the state resources for the reforms while demanding more active governmental engagement. Addressing this dichotomy will require new working methods and approaches to problems, new processes and routines, new forms of social and economic solidarity.</p> <p>At the same time, the country is not spared from other global challenges, i.e. increased migration pressure or floods, which badly affected the country's infrastructure in 2015.</p>	<p>High</p>	<p>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, along with the ad hoc support (migration, COVID-19, floods) decrease the pressure of the crisis on the state systems and allows the country to continue delivering. By offering the flexibility of an ad hoc support, the EUIF is by itself a mitigation measure and a tool to deploy quick aid in emergency cases.</p>
<p>Assumptions</p> <p>Assumptions underlining the achievement of the Outcomes 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.</p> <p>Assumptions underlining the achievement of the Outputs Strong support for the accession to the European Union on behalf of the public administration, authorities, civil society, media and business, and population at large.</p>		

The fundamental reforms are well progressing and create a favourable environment for the alignment with the EU *acquis* and the implementation in practice of the new legislation.

Macroeconomic and political stability is maintained.

3.4. Mainstreaming

How does this Action contribute to Gender Equality and Women's and Girls' Empowerment (in line with the EU gender equality strategy 2020-2025)?

Gender equality constitutes a basic 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 each single project under EUIF 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.

How does this Action address Environment and Climate change?

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 chapters¹³, which in the context of the European Green Deal¹⁴, will require mainstreaming of the EU green agenda. Some examples include chapter 5 on public procurement introducing quality criteria such as respect to environment in public purchase, chapter 11, under which the greening of the agriculture will need to be addressed through the national policy on subsidies, or chapter 8 on competition and state aid, encouraging state aid for green investments, 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, 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 approach and inclusiveness of the sector policy dialogue, EUIF is expected to enhance the 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 a 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 impact of each project, ensuring that all EU investments in the country will support the achievement of the European green targets.

How does this Action address the Rights Based Approach?

¹³ https://ec.europa.eu/neighbourhood-enlargement/enlargement-policy/strategy-and-reports_en

¹⁴ COM/2019/640 final

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 implementation of established rules. The expected EUIF investments in better harmonisation with the EU standards, in more efficient public administration and justice system and in well-functioning democratic structure will only have positive effect on the internalisation of the equal opportunity concept in the society. Equal opportunities will also be mainstreamed in EUIF-related promotion, project preparation, training participation and publicity materials.

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*. Improved rule of law will have an impact on the way the rights of minorities and vulnerable groups are addressed in the country. In addition, activities under EUIF would help shaping a well-functioning and stable public administration built on an efficient, all-inclusive and impartial civil service.

The selection of EUIF projects implies an analysis of the impact of any project on the vulnerable groups. No funding is possible for projects with negative impact on vulnerable groups without the necessary mitigation measures being agreed. The EU Delegation will ensure that EUIF project beneficiaries will observe the principles of equal opportunities and non-discrimination and in case of a breach, the necessary measures will be taken, including project suspension or cancellation.

How does this Action promote the systematic engagement with Civil Society?

North Macedonia, with the strong support from the EU Delegation, established intense and regular consultation and communication lines with civil society organisations, channelled through the Sector working groups (involving authorities, donors and civil society and discussing sector priorities), the IPA monitoring committee and the Sector monitoring committees (the highest bilateral EU-North Macedonia platform for dialogue on IPA aid), and the EU consultation platform (involving EU Delegation and civil society organisations in discussions on the use of the EU funds and on the North Macedonia 2021 Report). ENER – the national system for consultation on strategic and legislative documents – also operates effectively providing the opportunity to civil society to express opinion on key reforms. 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, as well as willingness to include civil society representatives in the negotiation process. The overall coordination framework is well established to allow effective and intensive consultation with civil society. However, the civil society organisations are encouraged to further take 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.

Others (such as Resilience and Conflict Sensitivity, Roma, people with disabilities and other vulnerable groups)

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

3.5. Conditions for implementation

The implementation of this Action is subject to the following conditions:

- Governmental commitment to the EU accession process translated into allocation of sufficient resources for sector reforms, high-level support for the reforms and active participation in sector policy dialogue;
- Governmental commitment on the reforms of the public administration, public finances and judiciary. This is necessary to build the administration capacity at horizontal level, i.e. for policy and legislative development and implementation as well as to ensure the functioning of the system of checks and balances; and
- Governmental commitment to enhanced sector policy dialogue, projected into strengthened operation of the sector working groups, which are the platforms for defining sector priorities, sector indicators and targets with all stakeholders, as well as for monitoring and reporting on the achievement of the defined indicators and targets.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

3.6. Logical Framework for PROJECT MODALITY

Results/Result Chain	Indicators	Baseline (Year)	Targets (Year)	Sources of Data	Assumptions
Impact To enhance the EU accession process of North Macedonia	Progress made in the EU accession process	Some progress (2020)	A higher level of alignment with the EU <i>acquis</i> (2027)	Commission Reports ¹⁵ ; decisions by the Member States.	The methodology of the enlargement package remains unchanged.
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 chapters for which the level of progress and/or preparedness is higher than in 2020 Societal support for the accession process/ Eurobarometer / Positive attitude	0 (2020) 52% (11/2019)	> 10 (2027) > 80% (2027)	Commission Reports; Eurobarometer	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.
Outcome 2: Improved effectiveness and visibility of the EU funds invested in the country (sector approach upscaled, 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 III - Value of programmed funds - contracting rate - disbursement rate	IPA II 104% (633 MEUR) 26% (end 2019) 12% (end 2019) IPA III (2020) 200 MEUR 0% 0%	IPA II No change 95% (2026) 85% (2026) IPA III (2027) >600 MEUR 100% 90%	Commission report on implementation of IPA Annual IPA Report Financing agreement	

¹⁵ https://ec.europa.eu/neighbourhood-enlargement/enlargement-policy/strategy-and-reports_en

Results/Result Chain	Indicators	Baseline (Year)	Targets (Year)	Sources of Data	Assumptions
Output 1.1: Strengthened management of the accession process;	Number of prepared guidelines, instructions, rules of procedure and unified methodology tools for effective coordination	0 (2020)	>50	Government legislative agenda reports Project report	Strong support for the accession to the European Union on behalf of the public administration, authorities, civil society, media and business and population at large. The fundamental reforms 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.
	Number of civil servants and other participants in negotiation structures trained	0 (2020)	> 5000 (2027)	e-Accession on-line	
	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		
Output 1.2: High 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: Improved capacity of the national institutions to implement the aligned legislation 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	Macroeconomic and political stability is maintained.
	Number of institutions with enhanced administrative capacity to implement the harmonised legislation	0(2020)	> 300 (2027)		

Results/Result Chain	Indicators	Baseline (Year)	Targets (Year)	Sources of Data	Assumptions
Output 1.4: Increased support of the citizens of North Macedonia to the country's EU accession process	Number of stakeholders reached through the implementation of the communication strategy	0 (2020)	>300,000/year	Project reports 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: 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: 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 Media	
	Number of outreach events and communication products produced	5 (2020)	>500 (2027)		

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing agreement

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

4.2. For budget support only: NA

4.3. Implementation modalities

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 measures¹⁶.

4.3.1 Direct Management (Grants)

a) *Purpose of the grants:* To support the implementation of the two outcomes of the EUIF:

1) Outcome 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, through achieving the following outputs:

- Output 1.1. Strengthened management of the accession process;
- Output 1.2. High level of alignment of the national legislation with the EU *acquis*;
- Output 1.3. Improved capacity of the national institutions to implement the aligned legislation 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 to the country's EU accession process.

and

2) Outcome 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, which relates to the achievement of the following outputs:

- 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.

b) *Type of applicants targeted:*

¹⁶ 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.

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 (Prizes) – NA

4.3.3 Direct Management (Procurement)

Procurement may be used for achieving all outcomes and outputs.

Subject	Indicative type (works, supplies, services)	Indicative trimester of launch of the procedure
Procurement may be used for achieving all outputs and objectives.	All type of contracts may be used depending on the supported project	Q4 2021 – Q2 2024

4.3.4 Indirect management with [an] entrusted entity[ies] (i.e. Member State Organisation, third donor country, EU specialised (traditional/regulatory) agency, international organisation) - NA

4.3.5 Indirect management with an IPA III beneficiary - NA

4.3.6 Contribution to a relevant Regional Blending Facility/Platform - NA

4.3.7 EFSD+ operations covered by budgetary guarantees - NA

4.3.8 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option - NA

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.

4.4. Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in EUR
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 upscaled, EU funding and policy created a sustainable and visible development change), composed of	5 500 000	0
Direct management (Grants) – total envelope as per section 4.3.1	1 000 000	0

	EU contribution (amount in EUR)	Indicative third party contribution, in EUR
Direct management (Procurement) – total envelope as per section 4.3.3	4 500 000	N.A.
Evaluation (cf. section 5.3)	will be covered by another decision	N.A
Audit/Expenditure verification (cf. section 6)	will be covered by another decision	N.A
Communication and visibility (cf. section 7)	will be covered by another decision	N.A
Contingencies	0	0
TOTAL	5 500 000	0

4.5. 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 interests to invite potential beneficiaries to prepare project proposals for addressing 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 selection of projects is the responsibility of the EU Delegation acting in close cooperation with the NIPAC office. 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 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, e.g. various ministries, agencies and other institutions, are involved in the preparation of 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 twinings 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.

5. PERFORMANCE/RESULTS MONITORING AND REPORTING

5.1. Internal monitoring

The internal monitoring of the implementation of the Action, and the related projects and contracts, will be conducted by the EU Delegation to North Macedonia, which will act in line with the adopted Manual for Monitoring. On behalf of the beneficiary country, the implementation of the selected projects and signed contracts under the EU Integration Facility, will be monitored by the NIPAC office. The EU Delegation and the NIPAC office, through the established mechanisms (weekly meetings, IPA Master Plan and Annual IPA Report) will exchange all information needed to ensure that any risks are identified and addressed in time, that the deliverables are put in use and that the EU investments yield the planned changes.

The monitoring process will involve review of the progress on the grounds of established objectives, indicators, targets, and timeline, and where necessary (for example, in case of grants) will also involve a review of the financial management. The monitoring will use a large spectrum of instruments, such as on-the-spot monitoring, regular or ad hoc data exchange, participation in Steering committee meetings as well as specific project meetings, etc.

5.2. Roles & responsibilities for data collection, analysis & reporting

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.

5.3. 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)¹⁷ 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 partner at least 2 months in advance of the dates foreseen for the evaluation missions. The implementing partner 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. The implementing partner 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.

¹⁷ 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.

6. AUDIT

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.

7. 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:

- 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 communication and visibility measures on this Action will be integrated in the EU Delegation 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.

8. SUSTAINABILITY

The EU Integration Facility invests in a new legislative framework, which would 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 in 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.