



An Roinn Gnóthaí Eachtracha agus Trádála  
Department of Foreign Affairs and Trade



# **THE REFORM AGENDA UNDER SCRUTINY:**

## **MONITORING THE IMPLEMENTATION**

### **First *Ex Ante* Policy Brief**

December 2025

THE REFORM AGENDA UNDER SCRUTINY: MONITORING THE IMPLEMENTATION  
First *Ex Ante* Policy Brief – December 2025

Policy Brief

What lies ahead in December 2025? Which are the responsible institutions? How much funding depends on the success of the reforms?

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About the publisher: Andreja Stojkovski, Executive Director

Editor: Andreja Stojkovski, PRESPA Institute - Skopje

Authors:

**Kristina Doda**, Institute for Human Rights;

**Andrijana Ristovska Kostovska** and **Liljana Dinev**, Institute for Good Governance and Policies on Environment and Climate Change;

**Maria Baseska**, Institute for Economic Research and Policies "Finance Think";

**Mila Josifovska- Danilovska** and **Marijana Janceska-Ugarkovikj**,  
Metamorphosis Foundation;

**Andrea Stojkovski**, PRESPA Institute

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## I. EXECUTIVE SUMMARY

This first **ex ante policy brief** puts the Reform Agenda 2024–2027 of the Government of North Macedonia under analytical scrutiny at a crucial moment: just before the deadline for a new significant set of reform steps related to the Government's Reform Agenda, the European Union Growth Plan and the Reform and Growth Facility, December 2025. This policy brief has a clear **early warning function**, with a focus on the readiness of institutions to implement the reform steps on which the disbursement of European funds directly depends.

Methodologically, the report is based on **a uniform monitoring matrix** developed within the framework of the Civic Alliance for Reform and Growth (CARGrow), using official government sources, documents, and European Commission assessments, as well as independent expert analysis for cross-checking. All assessments are time-bound and directly linked to the relevant disbursement conditions.

The ex-ante approach means that the report **does not assess the final success of the reforms**, but rather alerts of *the imminent deadline*: for the necessary legislative, institutional and administrative actions needed for the full implementation of the reform steps; reminds of where there are delays; and analyses the existence of structural risks, i.e. which reforms show increased vulnerability due to the complexity of implementation or insufficient inter-institutional coordination. Thus, this report does not represent a final assessment, but **a call for timely institutional action**.

The report covers all reform steps with a deadline for **December 2025**, as well as those for which an additional, or **grace period**, was given, whereby the grace period is not treated as a postponement of the obligation until the last day of the said period, but as a timeframe for the full operationalization of the measures already taken. The analysis is organized by thematic policy areas, in full compliance with the structure of the Reform Agenda and the disbursement conditions under the Growth Plan.

The report covers a total of **40 reform steps**, of which **16 steps are subject to an additional, or grace period**, set by the Commission in previous phases. The total **expected disbursement** related to the full and timely implementation of these steps amounts to **approximately 183 MEUROs**, with each individual step representing a clearly defined legislative, institutional or administrative action necessary for activating the disbursement of funds foreseen under the Growth Plan and the Reform and Growth Facility of the European Union.

The implementation of these steps depends on **coordinated and timely actions by several key institutions**, among which the *Ministry of Finance, Ministry of Justice, Ministry of Public Administration, Ministry of Economy and Labor, Ministry of Environment and Physical Planning, Ministry of Digital Transformation* play a central role, while the Judicial Council, Council of Public Prosecutors, and a large number of regulatory bodies and other administrative authorities and constituent bodies take part. Their inter-institutional coordination, political readiness and administrative capacity are key factors for the timely fulfillment of the payment conditions and for avoiding the prolongation of reform obligations beyond the established timeframes.

## II. OBJECTIVE AND METHODOLOGY

These ex-ante policy briefs are published twice a year – at the end of May/beginning of June and at the end of November/beginning of December – in order to meet the deadlines, set for the implementation of the reform steps. They function as early warning mechanisms, identifying upcoming commitments, possible delays and risks to their timely fulfilment, as well as providing a short-term insight into the institutional readiness.

The primary function of these policy briefs is to encourage timely action, strengthen institutional accountability, and engage the public **before the deadlines expire**, when corrective interventions are still possible.

This ex-ante policy brief report has been prepared within the methodological framework developed by the Civic Alliance for Reforms and Growth (CARGrow), in order to ensure timely, structured and data-based monitoring of the implementation of the Reform Agenda 2024–2027 of the Government of North Macedonia.

### 1. PURPOSE

The purpose of the ex-ante monitoring is to assess **the readiness to implement the reform steps with a set deadline for December 2025**, as defined in Annex 1 of the Reform Agenda. The report has an early warning function, whereby:

- It identifies the reform steps that are due within the specified deadline;
- It points to their current state of implementation;
- It highlights the risks, delays and institutional bottlenecks that may affect their timely implementation.

The report **does not constitute an ex-post evaluation**. It does not assess the final results of the reforms, and does not formulate long-term policies or recommendations. Its role is to provide **a factual, verifiable and time-relevant basis** for the state of the reforms **before the expiry of the set deadline**.

The analysis is prepared using an ex-ante methodology and covers exclusively reform steps with a set deadline of December 2025, with the focus on **the conditions that need to be met for the activation of the corresponding payments within the Growth Plan**, without providing an ex-post assessment of their actual implementation.

Those measures for which a grace period is provided are also included, whereby the grace period is not treated as a postponement of the obligation, but as a **time frame for full implementation of the conditions set out in the Reform Agenda**.

## **2. METHODOLOGY**

The methodology is based on a unified monitoring matrix, developed through a participatory process of co-creation between multiple civil society organizations, and is fully aligned with the structure, benchmarks and indicators of the Reform Agenda and the Growth Plan of the European Union.

The monitoring is organized by policy area, with each area monitored by an agreed thematic leader with relevant expertise. The analysis is based on:

- official government data and reports related to the implementation of reforms;
- European Commission documents and assessments, including bilateral screening and assessments of compliance with payment conditions;
- independent sources, citizen monitoring and expert analysis, used to cross-check information.

Within the ex-ante phase, the methodology focuses on **the level of preparation for full implementation**, i.e. on recalling that taking legislative, institutional, and administrative action to timely meet the set benchmarks is required for disbursement under the Reform and Growth Facility. All estimates are time-limited to the period end of December 2025, i.e. to those measures for which a grace period has been set.

This approach allows for comparability across policy areas, transparency of findings, and a clear distinction between the ex-ante visit and the subsequent ex-post analytical report, which will assess the actual implementation of reforms after the set deadline.



**ANALYTICAL ASSESSMENT OF THE CURRENT  
STATE OF AFFAIRS**

# I. GOVERNANCE, PUBLIC ADMINISTRATION REFORM AND PUBLIC FINANCE MANAGEMENT

## 1. PUBLIC FINANCE MANAGEMENT

The measures in the sub-area of **Public Finance Management** represent a horizontal prerequisite for the implementation of the overall Reform Agenda. They are aimed at strengthening control, transparency and accountability in the use of public finances, improving the quality of public procurement and fully implementing the new Law on Budgets and the Public Investment Management System.

Several measures and steps are foreseen for the reporting period – December 2025, and in the meantime, for one of the measures reported in December 2024, a grace period has been set for its full implementation until December 2026. For clarification, the specified grace period does not mean that the measure should be fulfilled on the last day of the deadline, but rather during the specified period.

The implementation of the measures is the responsibility of two institutions:

- **Ministry of Finance** – as the bearer of reforms in public internal financial control, the budget system and public investment management;
- **Public Procurement Bureau** – as the competent body for implementing and monitoring reforms in the public procurement system.

The expected payment for the implementation of the reform steps in the area of public finance management by December 2025, **including steps with a grace period**, is estimated at around **23.5 million euros**.

Name of the reform	Measure	Competent institution	Budget (EUR)	Rock
Strengthening public internal financial control	At least 80% of central and 75% of local budget users submit internal audit reports (FY 2024)	Ministry of Finance	4,281,623.70	December 2025
	At least 70% of the main budget users have a risk management document	Ministry of Finance	4,281,623.70	December 2025
Strengthening the public procurement system	The use of auctions is reduced to a maximum of 40%	Public Procurement Bureau	8,563,247.40	December 2025
Full implementation of the Budget Law	Adoption of at least 17 by-laws and rationalization of budget users	Ministry of Finance	4,281,623.70	Grace period until

Name of the reform	Measure	Competent institution	Budget (EUR)	Rock
				December 2026
	Temporary IT solution (Excel) for public investment management	Ministry of Finance	2,140,811.85	December 2025

**Reform Step: At least 80% of budget users at the central level and 75% at the local level submit a report on the internal audits performed (in relation to the fiscal year 2024) (by December 2025)**

As of September 2025, 117 internal audit units at the central level and 85 units at the local level had been established (Ministry of Finance, 2025). By the end of 2025, at least 80% of central and 75% of local budget users are expected to submit reports on internal audits conducted for the fiscal year 2024. These reports are key to improving transparency, control mechanisms and integrity in public institutions.

**Reform Step: At least 70% of the main budget users at the central level have a risk management document, including anti-corruption risks, and record the identified risks in mitigation plans (by December 2025).**

In parallel, it is necessary to strengthen the risk management system by developing documents for identifying and managing risks, including the risk of corruption. In 2025, the Ministry of Finance has created a *Methodology for Risk Management in Public Entities*<sup>1</sup>, through which a minimum of 70% of the main budget users should integrate the identified risks into mitigation plans.

**Reform Step: The use of auctions for procurement in fiscal year 2025 is reduced to a maximum of 40% of procurement (by December 2025).**

In the area of public procurement, the need to reduce the excessive use of electronic auctions, which often lead to the selection of the lowest price at the expense of quality in the so-called "race to the bottom", remains crucial. By the end of 2025, the use of auctions should be reduced to a maximum of 40% of all public procurement procedures. This limitation will contribute to higher-quality public procurement procedures and a stronger application of European standards for the most economically advantageous tender.

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<sup>1</sup>Methodology for risk management in public entities - <https://portal.mdt.gov.mk/post-body-files/centralna-edinica-za-xarmonizacija-na-sistemot-na-jvfk-file-HXen.pdf>

**Reform Step: Adoption of at least 17 by-laws provided for in the Law on Budgets, including the establishment of a register of public entities (Article 4), revision of the budget classification (Article 5) and reduction of the number of primary ("parent") budget users by at least 40% in the administrative classification and the Regulation on Public Investment Management (Article 20) (by December 2024).**

The implementation of the 2022 Budget Law is progressing. More than 17 by-laws have been adopted, including the rulebooks on budget classifications (organizational, economic, functional, programmatic and by funding sources), assessment of medium-term fiscal implications and gender-responsive budgeting, the implementation of which is scheduled to begin in January 2026.

Also, in April 2025, the *Public Investment Management Regulation*<sup>2</sup> was adopted, accompanied by a *Manual on the Public Investment Management Process*<sup>3</sup> and a *Guide for the Preparation of Feasibility Studies*<sup>4</sup>, creating a more efficient framework for the preparation and appraisal of capital projects. The Regulation is a key prerequisite for establishing a Single Project List (SPL) and for strengthening the role of the Public Investment Management Sector within the Ministry of Finance.

However, according to the Assessment of Payment Conditions (July 2025), it is necessary to completely revise the program budget structure and finalize the organizational classification of the budget by including secondary budget users.<sup>5</sup> **The grace period for full implementation is December 2026.**

**Reform Step: Developed interim IT solution at an appropriate level (based on Excel) that will provide the Ministry of Finance with a project database from which budget candidates will be selected and the financial implementation of projects will be monitored (by December 2025).**

With the adoption of the Public Investment Management Regulation, institutions are required to prepare and submit project concept notes to the Ministry of Finance, which will also

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<sup>2</sup>The Decree on Public Investment Management - <https://portal.mdt.gov.mk/post-body-files/upravuvanje-so-javni-investicii-file-xKDE.pdf>

<sup>3</sup>Manual on the Public Investment Management Process - <https://portal.mdt.gov.mk/post-body-files/upravuvanje-so-javni-investicii-file-HR2V.pdf>

<sup>4</sup>Guide for preparing a feasibility study - <https://portal.mdt.gov.mk/post-body-files/upravuvanje-so-javni-investicii-file-jNh0.pdf>

<sup>5</sup> European Commission, Directorate-General for Enlargement and Eastern Neighbourhood. (July 2025). Annex – Assessment of the conditions for payments – North Macedonia, p.8. Retrieved from: [https://enlargement.ec.europa.eu/document/download/27df830b-33ea-45c1-baf7-4fd3194326cc\\_en?filename=ANNEX%20%E2%80%93%20Assessment%20of%20the%20Conditions%20for%20Payments%20%E2%80%93%20North%20Macedonia.pdf](https://enlargement.ec.europa.eu/document/download/27df830b-33ea-45c1-baf7-4fd3194326cc_en?filename=ANNEX%20%E2%80%93%20Assessment%20of%20the%20Conditions%20for%20Payments%20%E2%80%93%20North%20Macedonia.pdf)

be reviewed by the newly established *Public Investment Committee*<sup>6</sup>. Based on these submissions, a Single List of Projects would be established and published, covering all capital investments that have been assessed and accepted according to the established procedures. The Ministry of Finance is required to develop a temporary Excel-based IT solution that will provide a centralized database for capital projects. Such a tool will enable timely monitoring of implementation and better preparation of the future integrated public investment system.

## 2. PUBLIC ADMINISTRATION REFORM

Public administration reform is a prerequisite for functional governance, institutional stability and efficient implementation of the overall Reform Agenda, having a direct impact on the capacity of institutions to implement policies, manage public resources and provide quality services to citizens and businesses.<sup>7</sup>

For the reporting period – **December 2025 – three reform steps** are foreseen in this area. For their implementation, the state can expect a payment of **approximately 10.7 million euros**, while the responsibility for implementation is shared among several institutions:

- **Ministry of Public Administration** – as the lead institution for the development and implementation of public service and human resources management policies;
- **Ministry of Finance** – as an institution related to the fiscal implications of the reform;
- **Agency for Administration** – as a body responsible for implementing and monitoring employment and promotion procedures in the public service.

Name of the reform	Measure	Competent institution	Budget (EUR)	Rock
Reorganization reform	Adoption of the Law on Organization and Work of State Administration Bodies	Ministry of Public Administration	4,281,623.70	December 2025
Civil service reform	Adoption of laws and bylaws to improve motivation, career and working conditions in the public service	Ministry of Finance	4,281,623.70	December 2025
	Filling at least 90% of vacant management positions through a	Ministry of Public Administration	2,140,811.85	December 2025

<sup>6</sup>Public Investment Committee - <https://finance.gov.mk/mk-MK/odnosi-so-javnost/soopstenija/mf-formiran-komitet-za-javni-investigii-za-poefikasno-i-transparentno-upravuvanje-so-kapitalnite-proekti>

<sup>7</sup>Public Administration Reform Strategy 2023-2030; SIGMA/OECD, Monitoring Report on PAR 2024- [https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/01/public-administration-in-the-republic-of-north-macedonia-2024\\_03a4d4f2/071bad9d-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/01/public-administration-in-the-republic-of-north-macedonia-2024_03a4d4f2/071bad9d-en.pdf)

Name of the reform	Measure	Competent institution	Budget (EUR)	Rock
	competitive and transparent procedure			

### **Reform Step: Adoption of the Law on Organization and Work of State Administration Bodies (deadline: December 2025)**

The adoption of the Law on the Organization and Work of State Administration Bodies<sup>8</sup> is a fundamental step towards the systematic regulation of the institutional structure and human resources management in the public sector. The Law should establish a clear framework for the competencies, organization and functioning of state administration bodies, as well as prerequisites for the professionalization and depoliticization of the administration.

### **Reform Step: Adoption of laws and bylaws to improve human resource management (deadline: December 2025)**

The long-term identified structural weaknesses of the public administration in the country are related to low employee motivation, staff turnover, limited opportunities for merit-based career advancement and insufficiently flexible working conditions. In this context, the second step is aimed at adopting regulations that should improve the career system and working conditions, by introducing flexible working arrangements, promoting mobility and enabling teleworking.

### **Reform Step: Filling management positions through meritocratic and transparent procedures (deadline: December 2025)**

The third step aims to ensure that at least 90% of vacant management positions (directors and secretaries) are filled through a competitive and transparent recruitment procedure, with at least three eligible candidates for each position. This step is directly linked to strengthening the merit system and reducing political influence in the management of public administration, in line with European standards of good governance.

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<sup>8</sup>Ministry of Public Administration – Announcements – Law on the Organization and Work of State Administration Bodies - <https://mja.gov.mk/mk-MK/odnosi-so-javnost/soopstenija/ministerot-mincev-zakonotot-za-organizacija-i-rabota-na-drzavnata-uprava-kje-bide-klucna-alka-vo-reformata-na-javnata-administracija>

## II. GREEN AND ENERGY TRANSITION

The green and energy transitions are crucial for North Macedonia's progress towards the European Union, especially in the context of alignment with the *EU Green Deal*<sup>9</sup> and climate goals. That is why they are set as priority components in the Reform Agenda, with the aim of ensuring **sustainable development, energy efficiency, and innovation in renewable energy sources.**

As part of the thematic area, and in accordance with the Reform Agenda, the state has committed to implementing reforms aimed at modernizing the energy infrastructure, accelerating the integration of renewable energy sources and improving energy efficiency. Key activities include improving the transmission and distribution network, establishing mechanisms to support renewable energy sources, implementing the new Energy Law with the mass introduction of smart meters, as well as programs for the renovation of public buildings and reducing emissions. In parallel, the state should develop systems for monitoring and reporting on emissions and integrate climate and energy policies through the preparation of strategic national documents.

For the reporting period – December 2025 – seven steps are planned, grouped into three reforms, or measures. Moreover, for almost all steps that should have already been completed, an additional, or grace period for implementation has been set until December 2026.

In this thematic area, the implementation of measures depends on several institutions, among which the key ones are:

- **Ministry of Energy, Mining and Mineral Resources** – as a creator of the policies and lead on the reforms in the areas of energy transition.
- **Ministry of Environment and Spatial Planning** – as a creator of the policies and lead on the reforms in the area of green transition and meeting the climate goals.
- **Ministry of Finance** – as a lead on the policies and reforms relating to public investments and use of public funds.
- **Energy and Water Services Regulatory Commission** – as a competent body for implementation of the policies in the areas of energy and water services.

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<sup>9</sup>The EU Green Deal - [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en)

- **Local self-government units** – as competent bodies at the local level.

The expected payment for the implementation of the reform steps in the area of green and energy transition by December 2025, **including the steps for which a grace period was set**, is estimated at around **40.7 million euros** .

Name of the reform	Measure	Competent institution	Budget (EUR)	Rock
Energy market liberalization and integration with the EU	Adoption of a new Energy Law that transposes the rules from the Electricity Market Integration Package	Ministry of Energy, Mining and Mineral Resources Energy and Water Resources Regulatory Commission	8,563,247.40	December 2025
	Harmonization of electricity prices with market rules, with measures to protect vulnerable consumers	Ministry of Energy, Mining and Mineral Resources Ministry of Finance	8,563,247.40	Grace period until December 2026
Implementation of climate and energy policies in accordance with the NECP	Adoption of a Three-Year Plan for Renovation of Central Government Buildings (3% annual renovation)	Ministry of Energy, Mining and Mineral Resources Ministry of Environment and Physical Planning	2,140,811.85	Grace period until December 2026
	Adoption of the Law on Energy Efficiency ("Energy Efficiency First")	Assembly Ministry of Energy, Mining and Mineral Resources	2,140,811.85	Grace period until December 2026
	Formalizing the National Energy Efficiency Model by including ESCO mechanisms	Ministry of Energy, Mining and Mineral Resources Ministry of Finance	2,140,811.85	Grace period until December 2026
Deployment of renewable energy sources	Intensifying the use of renewable energy sources	Ministry of Energy, Mining and Mineral Resources Energy and Water Resources Regulatory Commission	8,563,247.40	Grace period until December 2026
	Transparent and competitive procedures for deploying renewable energy sources and developing energy communities	Ministry of Energy, Mining and Mineral Resources Energy and Water Resources	8,563,247.40	Grace period until December 2026

Name of the reform	Measure	Competent institution	Budget (EUR)	Rock
		Regulatory Commission		

## 1. MARKET REFORMS

### **Reform Step: Adoption of a new Energy Law that transposes the rules from the Electricity Market Integration Package (deadline by June 2025)**

The step represents a basic precondition for further liberalization of the electricity market and integration with the regional and European electricity market. Within the framework of the reform agenda, the timeframe for the adoption of the new *Energy Law*<sup>10</sup> by June 2025 was defined as achievable, taking into account the clearly established institutional competence and legislative procedure.

*The Energy Law*<sup>11</sup> was adopted and published in the Official Gazette No. 101/2025, establishing the basis for transposing the rules of **the Electricity Market Integration Package**, including *prerequisites for day-ahead and intraday market coupling*<sup>12</sup>, as well as a framework for increased use of renewable energy sources, energy efficiency, and protection of vulnerable consumer categories. However, a key factor for meeting the reform objective by December 2025 was the timely adoption and entry into force of the relevant bylaws (**market rules and grid codes**). Therefore, this measure is already in a grace period. If their preparation and adoption are further delayed, there is a risk that the reform will remain limited to formal legal harmonisation, without full operationalisation within the envisaged deadline. The timely adoption and entry into force of the relevant bylaws, including market rules and grid codes, remains crucial for the full fulfilment of the reform objective. Considering the complexity of the bylaws and the technical operationalization of the market mechanisms, the applicable grace period until December 2026 will allow sufficient time for full implementation.

### **Reform Step: Align electricity prices with market rules, with measures to protect vulnerable consumers (by December 2025)**

<sup>10</sup>The Energy Law has been adopted - <https://energy.gov.mk/mk-MK/odnosi-so-javnost/soopstenija/noviot-zakon-za-energetika-objaven-vo-sluzben-vesnik-zapocnuva-oficijalnata-primena>

<sup>11</sup>Energy Law - <https://portal.mdt.gov.mk/post-documents/zakoni-document-goag.pdf>

<sup>12</sup>Prerequisites for day-ahead and intraday market coupling - <https://www.energy-community.org/news/Energy-Community-News/2025/05/16a.html>

As one of the more complex measures of the reform, this step has a direct temporal connection with the December 2025 deadline. Although a framework for gradual price deregulation has been established, price interventions and pricing policy, including subsidizing part of the electricity price, are planned to continue until the end of 2025. In this context, the measure carries an increased risk of full market alignment within the envisaged deadline. Timely implementation will depend on coordinated action between the competent institutions, as well as on the political and social acceptability of the process of abolishing the intervention measures. In parallel, the development and implementation of instruments for addressing energy poverty, including targeted support for vulnerable households, is envisaged, which are a necessary prerequisite for managing transition risks and ensuring a just energy transition.

Given the **social sensitivity** of the measure, the reform framework allows a *grace period until December 2026 for full compliance with market rules*, with it being crucial that a functional system for the protection of vulnerable categories is established by the end of 2025.

## 2. DECARBONIZATION

### **Reform Step: Adoption of a Three-Year Plan for Renovation of Central Government Buildings (3% annual renovation) (until December 2025)**

In line with the commitments to reduce emissions and improve energy efficiency, the Ministry of Energy, Mining and Mineral Resources is finalizing *the government program for energy renovation of public buildings*<sup>13</sup>, which establishes an obligation to renovate at least 3% of the surface area of public buildings annually, in accordance with *the National Energy and Climate Plan*<sup>14</sup> and *the EU Energy Efficiency Directive*<sup>15</sup>. The plan adopted by the Government includes **the renovation of 14 priority public buildings** with thermal insulation measures, modern heating and cooling systems, efficient lighting and the integration of renewable technologies. The aim is to reduce energy costs, increase efficiency and reduce CO<sub>2</sub> emissions. This step has a direct temporal connection with the commitments to improve energy efficiency in the public sector and is a key instrument for the implementation of the National Energy and Climate Plan, while the fulfilment by December 2025 will depend on the timely adoption and

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<sup>13</sup>The Government's program for energy renovation of public buildings - <https://energy.gov.mk/mk-MK/odnosi-so-javnost/soopstenija/zapocnuva-na-jogolemata-energetska-obnova-na-drzavnite-institucii-trigodisen-plan-za-modernizacija-na-14-javni-zgradi>

<sup>14</sup>NPEK - <https://portal.mdt.gov.mk/post-body-files/nacrt-izvestaj-za-strategiska-ocena-na-vlijanieto-vrz-zivotnata-file-XeiB.pdf>

<sup>15</sup>EU Energy Efficiency Directive - [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficiency-targets-directive-and-rules/energy-efficiency-directive\\_en](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficiency-targets-directive-and-rules/energy-efficiency-directive_en)

operationalization of the three-year plan, as well as on ensuring administrative and financial capacity to launch the planned activities.

A potential time risk arises from the complexity of coordination between competent institutions and the need for parallel preparation of technical documentation for priority facilities, which may affect the pace of implementation within the planned deadline.

Given the investment nature of the measure and the phased implementation, a grace period until December 2026 is applicable, with a key indicator for timely fulfilment being the start of real activities on the ground by the end of 2025.

### **Reform Step: Adoption of an Energy Efficiency Law that implements the "Energy Efficiency First" principle (by December 2025)**

The Parliament of the Republic of North Macedonia adopted *the Law on Energy Efficiency*<sup>16</sup>, which introduces an obligation to renovate at least 3% of public buildings annually, as well as the mandatory installation of solar systems in new or reconstructed public and educational facilities. The law represents a significant step towards increasing energy efficiency, integrating renewable sources and reducing greenhouse gas emissions, in accordance with European standards and the National Energy and Climate Plan. This step represents a normative basis for the systematic implementation of energy efficiency measures in accordance with European standards and the national plan. Although the legislative process is linked to the December 2025 deadline, a key factor for the full implementation of the reform step is the timely entry into force and implementation of the legal provisions.

Therefore, there is a potential risk that without timely defined and applicable bylaws, as well as mechanisms for implementing the law, it will not be fully implemented by the scheduled deadline. Therefore, the full implementation of the law has been extended through a grace period until December 2026, which concerns the preparation and implementation of bylaws and the establishment of institutional mechanisms for implementation.

### **Reform Step: Formalize the National Energy Efficiency Model by including ESCO mechanisms (by December 2025)**

The establishment of a functional framework for the application of ESCO mechanisms and the mobilization of the private sector in financing energy efficiency measures depends on the timely adoption and entry into force of appropriate bylaws, as well as on the establishment of operational instruments for monitoring implementation. Key to the implementation within

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<sup>16</sup>Law on Energy Efficiency - <https://portal.mdt.gov.mk/post-documents/zakoni-document-7KxJ.pdf>

the foreseen deadline is the establishment of a monitoring system and a registry of ESCO contracts, which allows for transparent monitoring and evaluation of implementation.

There is a high risk that without fully defined bylaws and institutional mechanisms, the ESCO model will remain limited to the normative level, and due to the high institutional and market complexity, a grace period is foreseen until December 2026. In addition, it is expected that the basic normative prerequisites will be established by the end of this year, and full operationalization will be ensured during the grace period.

### **3. RENEWABLE SOURCES**

#### **Reform Step: Intensifying the use of renewable energy sources**

The basis for this step is *the EU Renewable Energy Directive*<sup>17</sup> and the targets set in the National Plan. On the other hand, the implementation depends on the timely implementation of measures to simplify and accelerate permit issuance procedures, establish and expand the system of guarantees of origin and create conditions for the development of energy communities in accordance with European standards. An additional factor is the establishment and continuous implementation of transparent and competitive auction procedures for granting support for renewable energy projects.

Given the investment dynamics and the duration of project cycles, a grace period until December 2026 applies to this measure, whereby the assessment of reform progress will be based on the established mechanisms and initiated investments, and not exclusively on the achieved share in final consumption.

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<sup>17</sup>EU Renewable Energy Directive - [https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive\\_en](https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive_en)

### III. DIGITAL TRANSITION

Digitalization is of strategic importance in the EU accession process and further integration. For this reason, it has been set as a priority component of the Reform Agenda. The two sub-areas, cybersecurity and digitalization, set a horizontal policy for the digital transformation of the entire state apparatus. Approaching the EU in terms of digital transformation requires institutional maturity, normative compliance and operational functionality, not only in the public, but also in the private sector.

Therefore, the implementation of the digital component is a complex process that requires coordination between multiple institutions, where a key role will be played **by the Ministry of Digital Transformation** - as the competent institution for policy development and implementation of laws in the area, while the Ministries of Finance, Justice, Interior, Public Administration and European Affairs, as well as the Civil Registry Office and others are responsible for managing services in the relevant areas.

Within the framework of digitalization, the emphasis is placed on the development of digital infrastructure, digital identity and the improvement of public electronic services. In this context, North Macedonia is implementing a series of activities: *harmonization with the European Electronic Communications Code through a new Law on Electronic Communications; adoption of legal solutions related to digital identity, electronic documents and trusted services in accordance with eIDAS2; development of SuperApp ELI – electronic personal identity and digital wallet; expansion of the government e-platform to increase the number and availability of e-services; and regulation of the National DMS (DMS) and archival operations.*

However, the challenges in implementation are significant. Digital literacy in public administration remains low, creating resistance to full digital transformation, and some institutions continue to require parallel submission of documents in paper form, further reducing the efficiency of the process.

According to the assessment of payment terms, the Republic of North Macedonia has fulfilled three of the four planned measures in the area of digital transition so far. For this reporting period – December 2025, one reform step is foreseen, and additionally one reform step that was supposed to be fulfilled by June 2025 has entered a grace period. The planned deadline for its final implementation is December 2026.

The expected payment for the fulfilment of the reform steps in the area of digital transition by December 2025, **including the step for which a grace period is foreseen**, is estimated at **approximately 6.5 million euros** .

Name of the reform	Measure	Competent institution	Budget in euros	Rock
Digitalization of public services	Joining the EU list of trusted third countries for the validation of electronic signatures as advanced electronics in the EU as a first step towards pursuing mutual recognition of qualified trust services; Accessible trust services and starting to issue qualified certificates; Ensuring the implementation of e-identity and e-signature services for citizens and businesses	Ministry of Digital Transformation	€2,140,811.85	December 2025
Introducing secure digital infrastructures	Adoption of a new Law on Electronic Communications; harmonization of national legislation with EU law; and the Law on Gigabit Infrastructure, after its entry into force in the EU	Ministry of Digital Transformation	€4,281,623.7	Grace period until December 2026

## 1. DIGITALIZATION OF PUBLIC SERVICES

### Reform Step: Joining the EU framework for digital identity and trust services (eIDAS2)

This measure represents a key step in the digital transition and has a direct time link to the December 2025 deadline, with its fulfilment being a condition for the disbursement of the funds foreseen under the Reform Agenda. The measure includes **joining the list of trusted third countries** of the European Union for the validation of electronic signatures, establishing accessible trust services and starting to issue qualified certificates, as well as providing functional e-identity and e-signature services for citizens and businesses. These steps are a prerequisite for mutual recognition of qualified trust services with the EU and integration into the European digital market.

From an ex-ante perspective, the achievement of the measure by December 2025 depends on the institutional and normative readiness for the implementation of the new **European Digital Identity (eID) Framework**, adopted by the Council of the European Union. The Framework establishes a *unified, secure and trusted system for electronic identification and*

*authentication*, with high standards for privacy protection and minimization of the sharing of personal data.

In a **regional context**, the envisaged establishment of a *Balkan Digital Identity Wallet*<sup>18</sup> further increases the relevance of the measure, given that the interoperability of national digital wallets is a prerequisite for cross-border use and gradual integration with the European digital market. At the national level, **the Law on Electronic Documents, Electronic Identification and Trust Services** defines the role of the digital wallet as a means of managing identity data, authorizations and attributes, as well as for creating qualified electronic signatures and seals. However, the ex-ante key factor remains the practical operationalization of these solutions within the December 2025 deadline.

An additional indicator of progress regarding the measure is the development of the government mobile application Super App ELI<sup>19</sup>, which is intended to provide integrated access to digital identity and administrative services<sup>20</sup>. The announced promotion of the test version in October 2025 positions the application as a relevant element for assessing the timeliness of the implementation.

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<sup>18</sup>Balkan Digital Identity Wallet - [https://www.merc.org.mk/Files/Write/Documents/04949/mk/MK-Reform-Agenda\\_MK.pdf](https://www.merc.org.mk/Files/Write/Documents/04949/mk/MK-Reform-Agenda_MK.pdf)

<sup>19</sup><https://www.kajgana.com/andonovski-ja-najavi-privata-mobilna-aplikacija-za-licni-dokumenti-i-uslugi>

<sup>20</sup><https://republika.mk/vesti/makedonija/andonovski-ke-ima-elektronska-verzija-na-lichna-karta-i-vozachka-dozvola-digitalen-popis-vo-2026-godina-ako-bideme-podgotveni/>

## IV. HUMAN CAPITAL

Human capital is one of the key pillars of the Reform Agenda 2024–2027, with a direct impact on the long-term competitiveness, social cohesion and the ability of North Macedonia to integrate into the EU Single Market. Within this area, the focus is on improving the quality, efficiency and equity of primary education, as a prerequisite for developing relevant skills, reducing educational inequalities and strengthening the digital readiness of young generations.

Unlike other thematic areas, in the Human Capital section **there are no steps inherited from previous periods that are in a grace period**. For the reporting period until **December 2025**, the Reform Agenda provides for **two clearly defined steps within one reform**, the timely fulfilment of which is directly related to the payment conditions.

The expected payment for the fulfilment of the reform steps in the area of Human Capital by **December 2025** is estimated at **a total of 10,704,059.25 euros**, with each of the two steps representing a separate payment condition in accordance with the Reform Agenda.

The implementation of measures in this area depends on the coordinated action of the following institutions:

- **Ministry of Education and Science** – as the leading institution for the creation and implementation of educational policies;
- **Ministry of Finance** – as the institution responsible for budget planning and implementation of the new financial methodology;
- **Local self-government units and primary schools** – as institutions at the implementation level.

Name of the reform	Measure	Competent institution	Budget (EUR)	Rock
Increasing efficiency through rationalization of the primary school network and establishment of "smart" primary schools	Preparation and adoption of a new methodology for financing primary education for 2026	Ministry of Education and Science Ministry of Finance	6,422,435.55	December 2025
	Continuous improvement of the learning environment through digitalization and equipping of "smart" classrooms	Ministry of Education and Science Ministry of Finance	4,281,623.70	December 2025

### **Reform Step: Preparation and adoption of a new methodology for financing primary education (*deadline: December 2025*)**

This step represents a structural and systemic intervention aimed at improving the efficiency, equity and transparency of primary education financing. *The new methodology*<sup>21</sup> aims to introduce a funding formula based on real needs, demographic trends and educational outcomes, thus overcoming the weaknesses of the existing model.

A key indicator for fulfilling the measure is **the application of the new methodology in the preparation of the National Budget for 2026**. Therefore, legislative activity and the adoption of the new methodology will not be sufficient, and the risk associated with interdepartmental coordination and the capacity for timely preparation of by-laws and fiscal projections remains.

### **Reform Step: Improving the learning environment through digitalization and "smart" classrooms (*deadline: December 2025*)**

The second step is aimed at improving the quality of the teaching process through digital transformation of primary schools, in accordance with the Action Plan for Digital Education (2021–2027). The measure includes equipping **at least 160 primary schools**, or about **44% of the total number**, with IT tools, internet access and digital infrastructure, including for students from vulnerable groups.

The indicators of success are clearly defined through the number of schools, students and teachers covered, which allows for relatively precise monitoring of progress. Unlike other infrastructure measures in other areas, this intervention is designed to be **operational and measurable within the reporting period itself**, without the need for an extension. The main risk remains the administrative capacity and the speed of public procurement.

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<sup>21</sup>Methodology for financing primary education - <https://mon.gov.mk/mk-MK/odnosi-so-javnost/novosti/nova-metodologija-za-finansiranje-na-osnovno-i-sredno-obrazovanje-kje-stimulira-podobar-kvalitet-na-vospitno-obrazovniot-proces>

## V. BUSINESS ENVIRONMENT

The measures in the thematic area **Business Environment** are aimed at improving the conditions for doing business, reducing administrative barriers, formalizing economic activities and strengthening support for small and medium-sized enterprises. Within the framework of the Reform Agenda, this area encompasses several interrelated reforms that have a direct impact on the competitiveness, transparency and efficiency of the economy.

The implementation of measures within the **Business Environment sub-area** is distributed among several institutions with clearly defined responsibilities, whose coordination is key for the timely implementation of reform steps and for providing the envisaged financial support:

- **Ministry of Economy and Labor** – as the leading institution for creating and implementing reforms in the area of the business environment and support for small and medium-sized enterprises;
- **Ministry of Finance** – as the institution responsible for the fiscal and legislative aspects of the reforms and for the budgetary implementation of the measures;
- **Commission for Protection of Competition** – as the competent institution for the implementation and monitoring of state aid rules;
- **Agency for Innovation, Scientific and Technological Development and Entrepreneurship – INOVA** – as an institution responsible for implementing measures for the development of the innovation ecosystem;
- **State Statistical Office** – as the institution responsible for providing official data for monitoring relevant indicators.

For this reporting period – December 2025, five reform steps are foreseen, and an additional three that should have been fulfilled earlier have entered a grace period. The planned deadline for their final implementation is June 2026.

The expected payment for the implementation of the reform steps by December 2025, **including steps with a grace period**, in the area of the business environment is **approximately 31 million euros**.

Name of the reform	Measure	Competent institution	Budget (in euros)	Deadlines
Tackling the informal economy in support of the recently adopted Strategy for Formalizing the Informal Economy	100 administrative procedures have been mapped, selected according to the principle of frequency and relevance, in relation to the operation of SMEs, and at least 50% of the measures have reduced the steps, duration of the procedure and the required documentation by half.	Ministry of Economy and Labor	4,281,623.70	December 2025
	The number of informally employed people in the total number of employees has decreased, according to the State Statistical Office, by 20%.	Ministry of Economy and Labor	6,422,435.55	December 2025
A more transparent and efficient state aid regime	According to training needs, a sufficient number of judges are specialized through training modules in the CPC (Criminal Procedure Code) and EU law in order to increase state aid expertise in the courts. A comprehensive training module on EU state aid rules covering essentially EU law, including key case law, provided by a trainer with significant experience and expertise in this area	Commission for Protection of Competition	1,070,405.92	December 2025
Encouraging SME development through the adoption and implementation of the new SME strategy	Based on the previous mapping of 377 charges and recommendations from the related EU-funded technical assistance project, 28 such charges have been optimized.	Ministry of Economy and Labor	4,281,623.70	Grace period until June 2026
	Facilitating access to loans for SMEs by amending relevant legislation to allow the use of intangible assets as collateral in lending to SMEs	Ministry of Finance	4,281,623.70	Grace period until June 2026
Supporting the development of the innovation ecosystem through the implementation of the Smart Specialization Strategy	Introducing a matching system between SMEs and EIC/EIT funding with co-financing from FITD in the priority areas of the Smart Specialization Strategy (SSS), including smart agriculture and higher value-added food, Electro-mechanical industry - Industry 4.0, ICT.	Agency for Innovation, Scientific and Technological Development and Entrepreneurship - INOVA	2,140,811.85	December 2025

Name of the reform	Measure	Competent institution	Budget (in euros)	Deadlines
Reform of the management of state-owned enterprises with a focus on railway and postal services	publicly accessible register of SOEs and companies with state participation	Ministry of Finance	4,281,623.70	Grace period until June 2026
	Adoption of a State Ownership Strategy and a new Law on State-Owned Companies	Ministry of Economy and Labor	4,281,623.70	December 2025

## 1. INFORMAL ECONOMY

**Reform Step: 100 administrative procedures have been mapped, selected according to the principle of frequency and relevance, in relation to the operation of SMEs, and at least 50% of the measures have reduced the steps, duration of the procedure and the required documentation by half (December 2025)**

By December 2025, 100 administrative procedures relevant to SMEs need to be mapped and at least 50% of the measures need to reduce the number of steps, duration and required documentation. The new procedures will be tested in a pilot phase with a limited number of SMEs to determine their functionality and results.<sup>22</sup> After processing the feedback and finalizing the process, their full introduction is planned for the second half of 2025.<sup>23</sup>

**Reform Step: The number of informally employed in the total number of employees, according to the State Statistical Office, has been reduced by 20% (December 2025)**

Data from the State Statistical Office for the third quarter of 2025 (100,619 people) show an increase in informal employment by approximately 10,000 people compared to the previous quarter and more than 12,000 people compared to the same period last year. As of December 2025, it is necessary to reduce informal employment by 20%, compared to 2022, when the number of informally employed people was 84,319 people.

<sup>22</sup>Government of the Republic of North Macedonia (2024) Reform Agenda of North Macedonia 2024–2027, pp. 88-89. Available at: <https://portal.mdt.gov.mk/post-body-files/reformska-agenda-na-severna-makedonija-2024-2027-godina-file-Nhp6.pdf> (Accessed: 5 December 2025).

<sup>23</sup> Ibid , p.89

## 2. STATE AID

**Reform Step: According to training needs, a sufficient number of judges are specialized through training modules in the CPC (Criminal Procedure Code) procedure and EU law in order to increase state aid expertise in the courts. A comprehensive training module on EU state aid rules covering essentially EU law, including key case law provided by a trainer with significant experience and expertise in this area (December 2025).**

In the context of harmonization with European regulations, it is necessary to increase the capacities of the judiciary through specialized training on state aid rules and the application of the Criminal Procedure Code. The training should cover essential aspects of EU law, relevant case law and practical cases, in order to ensure consistent and professional application of state aid rules.

## 3. ENCOURAGING SME DEVELOPMENT

**Reform Step: Based on the previous mapping of 377 charges and recommendations from the related EU-funded technical assistance project, 28 such charges have been optimized (June 2025).**

To fully implement this reform step, it is necessary to finalize and officially adopt the proposed list of tax optimization. Additionally, the Assessment of Payment Terms (October 2025) notes that the application of the Standard Cost Model and reporting by institutions on administrative relief is necessary.<sup>24</sup> The deadline for implementing this reform step is with a grace period until June 30, 2026.

**Reform Step: Facilitate access to loans for SMEs by amending relevant legislation to allow the use of intangible assets as collateral in lending to SMEs (June 2025).**

The second step within the same reform, which concerns the creation of conditions for the use of intangible assets as collateral for loans, according to the Assessment of Payment

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<sup>24</sup>European Commission, Directorate-General for Enlargement and Eastern Neighbourhood. (October 2025). Annex – Assessment of Payment Conditions – North Macedonia, pp.16-17. Retrieved from: [https://enlargement.ec.europa.eu/document/download/a60b8a0f-c66f-4fe0-9d57-4099063426f4\\_en?filename=RGF%20Payment%20Annex%20North%20Macedonia.pdf](https://enlargement.ec.europa.eu/document/download/a60b8a0f-c66f-4fe0-9d57-4099063426f4_en?filename=RGF%20Payment%20Annex%20North%20Macedonia.pdf)

Conditions (October 2025), has also not been fulfilled.<sup>25</sup> Although the Ministry of Finance assessed that the existing legislation already regulates the possibility of using intangible assets as a form of collateral, in order to fully fulfill this step, it is necessary to propose changes that would encourage this practice. The grace period for fulfilling this reform step is until June 30, 2026.

#### **4. THE SMART SPECIALIZATION STRATEGY**

**Reform Step: Introduce a matching system between SMEs and EIC/EIT funding with co-financing from FITD in the priority areas of the Smart Specialization Strategy (SSS), including smart agriculture and higher value-added food, Electro-mechanical industry - Industry 4.0, ICT. (December 2025)**

With the adoption of the new *Law on Innovation Activity, Scientific and Technological Development and Entrepreneurship*<sup>26</sup>, the Innovation and Technological Development Fund ceased to exist as a legal entity, and its functions were taken over by the newly established Agency for Innovation, Scientific and Technological Development and Entrepreneurship – INOVA. Within the framework of this reform, it is necessary to establish a system for matching small and medium-sized enterprises with the financing instruments of the European Innovation Council and the European Institute of Innovation and Technology, with co-financing support from the domestic innovation agency.

#### **5. THE MANAGEMENT OF STATE-OWNED ENTERPRISES**

**Reform Step: Create a publicly accessible register of SOEs and companies with state participation (June 2025)**

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<sup>25</sup>European Commission, Directorate-General for Enlargement and Eastern Neighbourhood. (October 2025). Annex – Assessment of Payment Conditions – North Macedonia, pp.17-18. Retrieved from: [https://enlargement.ec.europa.eu/document/download/a60b8a0f-cf6f-4fe0-9d57-4099063426f4\\_en?filename=RGF%20Payment%20Annex%20North%20Macedonia.pdf](https://enlargement.ec.europa.eu/document/download/a60b8a0f-cf6f-4fe0-9d57-4099063426f4_en?filename=RGF%20Payment%20Annex%20North%20Macedonia.pdf)

<sup>26</sup>Law on Innovation Activity, Scientific and Technological Development and Entrepreneurship - <https://www.sobranie.mk/preview?id=c79bbb1d-a068-4425-ada1-a4134d9aacc9&url=https://sp.sobranie.mk/sites/2023/materials/638883972882188353/Documents/638905909971619396.doc&method=GetDocumentContent>

Although a Register of Public Entities was established and made public, it does not meet the objectives set by this reform step.<sup>27</sup> The Register of State-Owned Enterprises needs to provide a systematized insight into the financial and operational performance, state subsidies to these enterprises, as well as the state's participation in the ownership of companies. The grace period for fulfilling this reform step is 30 June 2026.

### **Reform Step: Adoption of a State-Owned Enterprises Strategy and a new Law on State-Owned Enterprises (December 2025)**

By the end of 2025, two key activities remain to be completed: the adoption of the State Property Strategy and the adoption of a new Law on State-Owned Companies. These documents should establish a framework for corporate governance, transparency, accountability and better control over public enterprises. The implementation of such acts is expected to contribute to better organization of state-owned companies, higher efficiency, as well as harmonization with good European practices in the management of public enterprises.

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<sup>27</sup>European Commission, Directorate-General for Enlargement and Eastern Neighbourhood. (October 2025). Annex – Assessment of Payment Conditions – North Macedonia, p. 19. Retrieved from: [https://enlargement.ec.europa.eu/document/download/a60b8a0f-cf6f-4fe0-9d57-4099063426f4\\_en?filename=RGF%20Payment%20Annex%20North%20Macedonia.pdf](https://enlargement.ec.europa.eu/document/download/a60b8a0f-cf6f-4fe0-9d57-4099063426f4_en?filename=RGF%20Payment%20Annex%20North%20Macedonia.pdf)

## VI. FUNDAMENTAL RIGHTS AND THE RULE OF LAW

The area of **Fundamental Rights and the Rule of Law** is one of the key pillars of the Reform Agenda and the Growth Plan, as it directly conditions trust in institutions, the functioning of democracy and the capacity of the state to implement effective reforms in all other areas. Measures in this area are aimed at strengthening electoral integrity, the independence and efficiency of the judiciary, as well as advancing the fight against corruption and organized crime.

For the reporting period – **December 2025** – 13 reform steps have been identified, of which only eight are from this reporting period, while the remaining five are steps that have entered a grace period for implementation. Their implementation is the responsibility of several institutions, whose coordination is essential for the timely fulfilment of obligations:

- **Ministry of Justice** – as the leading institution for the preparation and coordination of reforms in the judiciary, criminal legislation and the institutional framework for the rule of law;
- **Judicial Council and Public Prosecutors' Council** – as bodies responsible for managing the careers, integrity and functioning of the judiciary and prosecution;
- **Public Prosecutor's Office** – as an institution responsible for prosecuting corruption, financial and organized crime;
- **State Election Commission** – as the body responsible for the implementation of electoral processes and the application of electoral legislation;
- **Other competent state administration bodies** – including bodies for digitalization, statistics and inter-institutional coordination.

Fulfilling the reform steps will require the timely adoption and entry into force of the relevant legislative solutions, as well as the functional establishment of the envisaged institutional mechanisms and the observance of procedural rules that will guarantee that the reforms have been substantially implemented, and the European Commission will need them to activate the payment mechanism. The expected payment for the implementation of the reform steps by December 2025, **including the steps for which a grace period is foreseen**, in the area of *Fundamental Rights and the Rule of Law* is estimated at **approximately EUR 59.9 million**.

Name of the reform	Step	Competent institution	Budget (EUR)	Rock
Improving the legal framework for elections	The Electoral Code has been amended in accordance with OSCE/ODIHR observations for the 2024 elections.	Ministry of Justice Assembly	4,281,623.70	June 2025 (grace period until December 2026)
Strengthening the independence, integrity and quality of the judiciary	Vacant positions for judges and public prosecutors are filled regularly based on the human resources strategy in the judiciary.	Ministry of Justice	2,140,811.85	June 2025 (grace period until December 2026)
	Amendments to the laws on salaries of judges and public prosecutors adopted	Ministry of Justice Assembly	2,140,811.85	June 2025 (grace period until December 2026)
	At least 90% of vacant positions are filled in the year they appear	Ministry of Justice	2,140,811.85	December 2025
Regulation of salaries and status of the judiciary and prosecution	Amendments to the Law on Public Prosecutors and the Law on the Council of Public Prosecutors adopted in accordance with the recommendations	Ministry of Justice Assembly	6,422,435.55	December 2025
Financial independence of the judiciary	Achieving 0.8% of GDP for the judiciary and 0.4% of GDP for the prosecution	Ministry of Justice	6,422,435.55	December 2025
Consolidation of the functioning of the Judicial Council	New members of the Judicial Council elected in accordance with the amended law	Judicial council	2,140,811.85	December 2025
	Judges and prosecutors in disciplinary proceedings have full guarantees for a fair trial	Judicial Council / Public Prosecutor's Office Council	6,422,435.55	December 2025
	New Law on the Judicial Council adopted in accordance with TAIEX and the Venice Commission	Ministry of Justice Assembly	6,422,435.55	June 2025 (grace period until December 2026)
Harmonization of criminal legislation	New Criminal Code harmonized with EU law adopted	Ministry of Justice Assembly	6,422,435.55	December 2025
	New Criminal Procedure Law harmonized with EU law adopted	Ministry of Justice Assembly	6,422,435.55	December 2025
Fight against serious and organized crime	Amendments to the Law on Weapons harmonized with the EU classification adopted	Ministry of Interior Assembly	4,281,623.70	December 2025

Return and management of confiscated property	All open positions in the Agency for the Management of Seized Property have been filled	Agency for the Management of Seized Property	4,281,623.70	June 2025 (grace period until December 2026)
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## 1. DEMOCRACY AND ELECTORAL REFORMS

Reforms in the sub-area **of elections and democracy** are focused on improving the legal framework for elections by harmonizing the Electoral Code with the recommendations of the OSCE/ODIHR and the Venice Commission. Although this is a formal step, its weight is significant, as it affects the entire electoral process and citizens' trust in democratic institutions.

In doing so, the expectations are that the amendments to the Electoral Code will address key systemic weaknesses, in particular in relation to the voter register, media coverage, campaign financing and mechanisms for complaints and oversight. In addition, the manner in which the amendments are prepared and adopted is important – through an inclusive, transparent and constitutionally sound procedure, which ensures legal certainty and long-term stability of the electoral framework. Also, important for the European Commission will not only be the adoption of legal amendments, but also the degree of compliance with the recommendations, their systematicity and readiness for their application in the next electoral processes.

## 2. INDEPENDENT JUDICIARY: CAREER SYSTEM, STATUS AND FINANCIAL AUTONOMY

Reforms aimed at **judicial independence** encompass multiple interconnected steps, the common goal of which is to create a stable, professional, and resilient judicial and prosecutorial system.

The first segment concerns the **career system** in the judiciary and **the integrity** of judges and public prosecutors. This includes the continuous filling of vacant positions, strengthening of recruitment and promotion criteria, and the establishment of a functional system for evaluation and disciplinary accountability. An indicator of progress will be the ability of institutions to implement these procedures without delays and with a clear application of the principles of merit and career.

The second segment concerns the **regulation of salaries and the status** of judges and prosecutors. This issue is essential for ensuring the independence and professional integrity of the judiciary. The expectation is to establish a clear and sustainable legal framework, accompanied by appropriate budgetary solutions, which will enable stability and predictability

of the salary system. A particularly important measure is **ensuring the financial independence of the judiciary**, by increasing and stabilizing the judicial and prosecutorial budgets. For the European Commission, progress in this area is assessed through actual budget allocations and their compliance with the set objectives, and not just through formal declarations.

### **3. JUDICIAL COUNCIL: GOVERNANCE, SELECTION AND DISCIPLINARY FRAMEWORK**

The reforms related to **the Judicial Council** are central to the functioning of the entire judicial system. They include improving the legal framework for its operation, the selection of members and the regulation of disciplinary and appeal procedures. A key step will be the adoption of a new regulatory framework that addresses the observations of international evaluation missions and the recommendations of the Venice Commission. This includes clearer rules on the composition, competences, transparency and accountability of the Council. Furthermore, **the selection of new members** of the Judicial Council according to improved criteria is of particular importance, which is a test of the practical implementation of the reforms. The method of selection and the degree of transparency are key indicators of trust in the institution.

The last aspect concerns **disciplinary and appeal procedures**, where a framework is expected to be established that ensures fair procedure, effective legal protection and clear application of disciplinary measures.

### **4. FIGHT AGAINST CORRUPTION: LEGISLATIVE FRAMEWORK AND PRACTICAL IMPLEMENTATION**

In the **fight against corruption**, reforms are focused on improving criminal legislation and strengthening results in practice. In addition, the adoption of a new **Criminal Code** and a new **Criminal Procedure Law** aim at full alignment with EU law and European standards, especially with regard to the definition of corruption-related crimes, statutes of limitations and the system of sanctions. The quality of legal solutions, the degree of consultation with stakeholders and their applicability are key elements for assessing progress. In parallel, a **visible improvement in results is expected**, measured through the number and quality of investigations, indictments, convictions and confiscations of illegally acquired assets, which will show how functional and capable the system being built is of applying the laws in practice.

### **5. FIGHT AGAINST ORGANIZED CRIME**

Reforms in the sub-area **of organized crime** are aimed at establishing a strategic and coordinated approach. Central to this is the adoption and implementation of the national

strategy and action plan, which should ensure a clear division of responsibilities, improved inter-institutional cooperation and strengthened capacities for investigation and prosecution. Progress in this area will be assessed through the degree of institutional readiness and the existence of functional mechanisms for the implementation of strategic objectives.

## **6. PROPERTY RECOVERY AND MANAGEMENT OF CONFISCATED ASSETS**

Finally, reforms related to **asset recovery** focus on strengthening institutional capacities for the management of confiscated assets. Human resource management and the provision of adequate equipment and training to the Agency are prerequisites for a more efficient use of confiscated assets and for increasing the financial effects of confiscation. For the European Commission, progress in this area will be measured by the functionality of the institution and its ability to manage assets in a transparent and efficient manner.