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THE REFORM AGENDA UNDER SCRUTINY: **MONITORING THE IMPLEMENTATION** **Second *Ex Ante* Policy Brief** June 2026

THE REFORM AGENDA UNDER SCRUTINY: MONITORING THE IMPLEMENTATION
Second *ex ante* policy brief – June 2026

Policy Brief

What must be implemented by 30 June 2026? Which institutions are most exposed? How much funding depends on timely implementation?

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I. EXECUTIVE SUMMARY

This second *ex-ante* policy brief analyses and recalls the need to fulfil the reform steps linked to the 30 June 2026 deadline within the framework of the Reform Agenda 2024-2027 and the Growth Plan of the European Union. The report focuses on the reform steps that pose an immediate risk to the successful implementation of the Reform Agenda, with a particular emphasis on measures that are already in a grace period and on new commitments that fall due in the course of 2026.

A total of 39 reform steps are monitored within this monitoring cycle. Of these, **10 measures are in a grace period until 30 June 2026**, with a total financial exposure of approximately **51.38 million euros**. This risk within the Reform Agenda is the most immediate, as these are measures that have already missed the originally set deadline and whose failure to comply could lead to an irreversible loss of funds. In addition, **17 measures are in a grace period until 31 December 2026**, with a financial exposure of approximately **78.14 million euros**, which indicates the existence of deeper structural and institutional challenges in their implementation. Finally, **12 measures are new reform steps with a deadline of 30 June 2026**, with an associated financial exposure of approximately **65.29 million euros**.

The most immediate risk is concentrated in the reform steps that have already missed the originally set deadline and are in a grace period until 30 June 2026. They represent a test of the institutions' ability not only to adopt the necessary policies and legal acts, but also to demonstrate that the reforms are actually implemented and operational. Hence, the June deadline represents not only an administrative milestone, but also a moment in which the institutions' ability to deliver concrete results will be assessed.

The highest concentration of risk is identified in the area of **Fundamental Rights and the Rule of Law**. *Four reform steps* with a total financial exposure of EUR 17.12 million remain in a grace period until 30 June 2026. These are measures related to electoral integrity, the independence of the judiciary and the institutional capacity to fight corruption and organised crime. *Their importance goes beyond the financial dimension, as they directly correspond to the Copenhagen political criteria and the requirements of Chapter 23 – Judiciary and Fundamental Rights.*

Significant risks are also present in the area of Business Environment, where a large number of grace period measures and new reform commitments are concentrated. In addition, the Green and Energy Transitions remain exposed to risks related to the complex processes of institutional coordination, the liberalization of the energy market and the practical

implementation of already adopted policies. In these areas, the challenge is no longer the adoption of legislation, but its effective implementation.

On the other hand, in the area of Human Capital, no measures are recorded in the grace period, while the Digital Transition shows a more moderate level of risk and continuity in the implementation of reforms. In the area of Public Finance Management, no reform steps have been identified that remain subject to monitoring within the period.

Overall, the analysis shows that most of the risks no longer stem from the lack of strategies, action plans or legal solutions. The main challenge is their full operationalization, institutional coordination and the ability of the competent authorities to demonstrate measurable results. That is why the period until 30 June 2026 will be an important test not only for the fulfillment of individual reform steps, but also for the credibility of the reform process as a whole.

Overall, this *ex-ante* report tracks **39 reform steps**, with a total financial exposure of approximately **194.81 million euros**, making the 30 June 2026 deadline not only an administrative, but also a serious financial and political test for reform delivery.

II. PURPOSE 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 institutional readiness.

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

This *ex-ante* brief report has been prepared within the methodological framework developed by the Citizens' Alliance for Reform 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 of June 2026**, as defined in Annex 1 of the Reform Agenda. The report has an early warning function, whereby:

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

The report **does not constitute an ex-post evaluation**, 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 established deadline.

The analysis is prepared using *an ex-ante* methodology and covers exclusively reform steps with a set deadline of June 2026, with the focus on **the conditions that need to be met for the activation of the corresponding payments under the Growth Plan**, without providing *an ex-post* assessment of their actual implementation.

Those measures for which a grace period is foreseen are also included, whereby the grace period is not treated as a postponement of the obligation, but as a time frame for full fulfilment 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 appointed 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 steps to timely meet the established benchmarks is required for disbursement under the Reform and Growth Mechanism. All estimates are time-limited to the period until June 2026, i.e. to those measures for which a grace period has been established.

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 STATE OF
AFFAIRS**

I. GOVERNANCE, PUBLIC ADMINISTRATION REFORM AND PUBLIC FINANCE MANAGEMENT

Public Finance Management and Public Administration Reform are the basis for the implementation of the overall Reform Agenda. These reforms aim to strengthen the transparency, accountability and efficiency of the public sector, by improving budget management, public procurement, the public investment system and the professionalisation of public administration. In the previous monitoring cycle, the European Commission assessed most of the reform steps in this area as completed. Within the timeframe monitored by this *ex-ante* short report, no new reform steps have been recorded. Hence, the focus of the monitoring is on the reform step that remains in a grace period until 31 December 2026.

1. STATUS OF IMPLEMENTATION

Unlike other policy areas covered by the Reform Agenda, in the area of governance, public administration reform and Public Finance Management, monitoring in this cycle is not aimed at the implementation of new reform steps. Instead, the focus is on the sustainability and full implementation of reforms that have already been assessed by the European Commission.

In the area of Public Finance Management, no reform steps have been identified that remain subject to additional monitoring within the grace period. This indicates that most of the obligations in this area were assessed as fulfilled in the previous monitoring cycle.

In the area of Public Administration Reform, however, one reform step remains open related to filling management positions through competitive and transparent procedures based on a merit system. Hence, the attention in this monitoring cycle is focused on the ability of institutions to ensure consistent application of the established rules and principles of professional public administration.

2. MEASURES UNDER GRACE PERIOD UNTIL 31 DECEMBER 2026

Reform step	Competent institution	Financial exposure
At least 90% of vacant management positions are filled through a competitive and transparent procedure based on a merit system	Ministry of Public Administration	€ 2,140,811.85

The reform step aims to ensure consistent application of the principles of professionalism, competence and equal access in the selection of holders of managerial

positions in public administration. Although some progress has been made in establishing the normative framework and implementing individual procedures, the European Commission assessed that the measure has not been fully implemented and approved an additional deadline for its implementation until 31 December 2026.

3. RISK ASSESSMENT

No new reform steps have been recorded in this area with a deadline of 30 June 2026. Additionally, in the area of Public Finance Management, no reform steps have been identified that remain subject to monitoring within the grace period.

The risk is concentrated exclusively in the area of Public Administration Reform and is related to the ability of institutions to ensure transparent and merit -based filling of management positions. Although this is the only remaining reform step in this area, its timely completion will be an important indicator of progress in the professionalization of public administration and the application of the merit principle in the public sector.

II. GREEN AND ENERGY TRANSITION

The green and energy transition is one of the most important areas within the Reform Agenda 2024-2027 and the Growth Plan of the European Union. Reforms in this area are aimed at integrating the national energy market into the single European Energy Market, gradually liberalizing electricity prices, strengthening measures to protect vulnerable consumers, and implementing the National Energy and Climate Plan (NECP) and the Just Transition Roadmap.

Unlike other policy areas where legislative activities dominate, reform steps in this area are focused on practical implementation, institutional coordination and achieving measurable results. For the most part, these are reforms whose success will depend on the ability of institutions to ensure a functioning electricity market, socially acceptable price liberalization and effective management of the decarbonization process.

Within the framework of this monitoring cycle, reform steps related to the deadline of 30 June 2026 are monitored. The two reform steps with a direct deadline relate to further integration of the electricity market and price liberalization, while progress in the implementation of energy poverty and just transition measures is reviewed in the context of long-term reform commitments.

The expected financial support related to the reform steps relevant for the deadline of 30 June 2026 amounts to approximately EUR 17.1 million.

1. STATUS OF IMPLEMENTATION

In the previous monitoring cycle, significant activities were noted for harmonizing national legislation with the electricity integration package and for further market liberalization. At the same time, preparations for joining the mechanisms for coupling electricity markets with the European day-ahead market continued.

In parallel, the institutions continued with the preparation and implementation of the measures envisaged in the National Energy and Climate Plan and the Just Transition Roadmap, especially in the area of managing the transition of coal regions and supporting the affected workforce.

Ahead of the 30 June 2026 deadline, a key challenge remains to demonstrate concrete results in liberalizing electricity prices and ensuring functional mechanisms to protect vulnerable consumers. At the same time, it will be important for institutions to demonstrate that

market reforms are being implemented without jeopardizing the social sustainability of the process.

Special attention will be needed in the area of energy poverty, as the success of liberalization will also depend on the ability of institutions to provide timely and effective support to households that are most exposed to price shocks.

2. MEASURES UNDER GRACE PERIOD UNTIL 30 JUNE 2026

Reform step	Competent institution	Financial exposure
Continuation of the implementation of the electricity integration package and joining the day-ahead market coupling with the European market	Ministry of Energy, Mining and Mineral Resources	€ 8,563,247.40
Reducing public intervention in electricity price setting to 50%	Ministry of Energy, Mining and Mineral Resources	€ 8,563,247.40

Electricity market integration

The reform step aims to continue the process of harmonization with the electricity integration package and practical connection of the national market to the European day-ahead market coupling mechanisms. This process represents one of the key prerequisites for the integration of North Macedonia into the regional and European energy market.

The implementation of the reform step will depend on the coordination between the Ministry of Energy, Mining and Mineral Resources, MEMO, MEPSO and the relevant European market operators. Although the legislative part is largely completed, the challenge remains to demonstrate the practical functionality of the market coupling mechanisms.

Liberalization of electricity prices

The reform step envisages a reduction of public intervention in the determination of electricity prices to 50%, in line with the commitments undertaken within the Energy Community and the integration process into the single European energy market.

This reform step aims to gradually transmit price signals to the market, improve competitiveness and reduce the fiscal burden of price interventions. At the same time, the reform requires the establishment of appropriate mechanisms for the protection of vulnerable consumers in order to avoid negative social consequences of liberalization.

Ahead of the 30 June 2026 deadline, a key challenge will be to ensure a balance between market liberalization and social protection. Progress will depend on regulatory decisions, the willingness of market participants, and the capacity of institutions to provide effective support mechanisms for households exposed to energy poverty.

3. REFORM STEPS WITH A LONGER-TERM HORIZON

Although not directly related to the June deadline, some of the reform activities in the area of decarbonization are significant for assessing institutional readiness and the long-term sustainability of the reforms.

Reform step	Competent institution	Financial exposure
Implementation of the National Energy and Climate Plan and the Just Transition Roadmap	Ministry of Energy, Mining and Mineral Resources	€ 19,267,306.64

Within the framework of the Reform Agenda, the implementation of the National Energy and Climate Plan and the Just Transition Roadmap represents a long-term reform whose implementation is monitored through a series of consecutive indicators related to decarbonization, the development of renewable energy sources, and support for regions affected by the energy transition.

The next phase of the reform is aimed at implementing just transition measures in the Bitola and Oslomej/Kichevo regions, including retraining activities, increasing employment and creating alternative economic opportunities for the affected communities. Specific indicators for the number of retrained and reemployed people are foreseen by December 2026, making this measure one of the most important tests of the success of the just transition in the country.

4. RISK ASSESSMENT

In the area of green and energy transition, the risk is assessed as moderate, with higher exposure in reforms related to the liberalization of electricity prices and the integration of the electricity market.

The greatest exposure arises from the reforms related to the liberalization of electricity prices. Although the reform step is clearly defined, its implementation takes place in conditions of high social sensitivity and requires a careful balancing between market principles and the protection of vulnerable consumers.

An additional risk is the integration of the national electricity market into European market coupling mechanisms. The success of the reform will depend on institutional

coordination and the ability of the relevant operators to meet the technical and regulatory prerequisites in line with the requirements of the Energy Community.

In terms of decarbonization, the risks are more related to the long-term implementation than to the immediate June deadline. Particular attention will be needed to measures for retraining and re-employment of workers from coal regions, as they will be a key indicator of the success of the just transition and the social sustainability of the process.

Hence, the period until 30 June 2026 will be an important test of the institutions' ability to implement market reforms in energy, while ensuring social protection, market stability, and credible progress towards decarbonization.

III. DIGITAL TRANSITION

The digital transition is one of the areas in which reform progress is most easily measured through adopted laws, strategies and technical solutions, but most difficult to verify through their practical application. Although the number of reform steps in this area is relatively limited, they are directly related to the country's ability to become part of the European digital space, to provide secure electronic communications, trusted digital services and resilient cybersecurity systems.

Progress has been made in aligning national legislation with European regulations in the past period, particularly in the area of electronic communications and trusted services. However, a significant part of the reforms are entering a phase in which success will not depend on the adoption of new regulations, but on the ability of institutions to establish functional systems, ensure operational capacities and demonstrate practical application of the adopted solutions.

Five reform steps are being monitored within this monitoring cycle. One reform step remains in a grace period until 30 June 2026, one reform step is in a grace period until 31 December 2026, while three new reform steps have a deadline for completion by 30 June 2026. What they all have in common is that they represent a prerequisite for further integration into the European digital market and for strengthening the digital resilience of institutions.

1. STATUS OF IMPLEMENTATION

In the area of digital transition, two measures are being pursued that remain in a grace period, as well as two reform obligations with a deadline of 30 June 2026.

Compared to previous monitoring cycles, progress has been noticeable in the area of cybersecurity, with some of the planned activities assessed as completed ahead of schedule. This allows attention in this cycle to be focused on the remaining legislative and institutional obligations related to alignment with European Union law, digital identity and the establishment of the necessary digital infrastructure.

Although the number of reform steps in this area is relatively limited, their importance remains high as they represent a prerequisite for further integration into the European digital space and for the development of secure, reliable and interoperable digital services.

2. MEASURES UNDER GRACE PERIOD UNTIL 30 JUNE 2026

The only measure that remains in a grace period until 30 June 2026, concerns the adoption of a new Law on Electronic Communications, harmonized with the relevant European Union legislation and the Law on Gigabit Infrastructure.

Reform step	Competent institution	Financial exposure
Adoption of a new Law on Electronic Communications; harmonization of national legislation with EU law and the Law on Gigabit Infrastructure	Ministry of Digital Transformation	€ 4,281,623.70

The Law on Electronic Communications was adopted in 2025, but the European Commission assessed that certain gaps remained in full alignment with the European regulatory framework. Therefore, the reform step was assessed as partially fulfilled and transferred to a grace period until 30 June 2026.

According to the information presented by the Ministry of Digital Transformation, additional alignment with the observations submitted by the European Commission is underway. Although the level of implementation is high, the successful closure of the measure will depend on the timely finalization of the remaining alignments and their acceptance by the European Commission.

3. MEASURES UNDER GRACE PERIOD UNTIL 31 DECEMBER 2026

In addition to the measures directly related to the 30 June 2026 deadline, there is one remaining reform step in the area of digital transition that has already been placed in a grace period until 31 December 2026.

Reform step	Competent institution	Financial exposure
Joining the EU list of trusted third countries; available trust services; issuing qualified certificates; providing e-identity and e-signature services	Ministry of Digital Transformation	€ 2,140,811.85

This reform step includes joining the European framework for trust services and digital identity, establishing functional trust services, issuing qualified certificates, and providing electronic identification and electronic signature services.

In the analyzed period, a legal framework aligned with the requirements of eIDAS2 was established, and the institutional prerequisites for providing trusted services were significantly

improved. However, the full implementation of the reform step remains linked to European verification and ensuring full cross-border interoperability.

Although it does not pose an immediate risk to the payment related to the 30 June 2026 deadline, this measure remains an important indicator of the country's ability to integrate into the European digital ecosystem.

4. NEW REFORM STEPS WITH A DEADLINE OF 30 JUNE 2026

In addition to the measure remaining in a grace period, additional reform commitments aimed at strengthening cybersecurity, digital infrastructure, and the interoperability of public services are being pursued during the first half of 2026.

Some of the activities in the area of cybersecurity have already been assessed as completed ahead of schedule, which is a positive signal for institutional readiness in this area. However, obligations remain related to the operational implementation of the new framework and the further development of digital services and infrastructure.

Reform step	Competent institution	Financial exposure
The competent authority under the NIS2 Directive is operational, sufficiently equipped and carries out supervisory checks.	Ministry of Digital Transformation	€6,422,435.55
The national and government CERT are fully operational and compliant with NIS2 and SIM3 requirements.	Ministry of Digital Transformation	€4,281,623.70
Establishing a data storage infrastructure and an e-platform for record keeping and archival operations	Ministry of Digital Transformation	€2,140,811.85

Cybersecurity and NIS2 compliance

During the past period, activities were undertaken to establish the institutional framework required for the implementation of the NIS2 Directive. The list of institutions and entities that will be covered by the new framework has been finalized, and the preparation of by-laws and the establishment of supervisory mechanisms are underway.

The next period will be crucial for demonstrating the operational functionality of the competent authority and its ability to conduct effective supervision in accordance with European standards.

Strengthening national cybersecurity capacities

The establishment of functional computer incident response teams is one of the key prerequisites for strengthening national cyber resilience. According to available information, organizational and technical prerequisites for the functioning of the national and government CERT have been provided, and the finalization of the normative framework and the establishment of additional operational procedures are underway.

The assessment of the fulfilment of the reform step will depend on the ability of these structures to demonstrate full operability and compliance with European standards.

Digital interoperability and data management

This reform step aims to support the further digitalization of public services by establishing a secure infrastructure for data management and digital archiving. In addition to the technical component, the measure is also important for improving the efficiency, transparency and interoperability of public administration.

Progress in implementation will depend on the timely establishment of the technical infrastructure and its integration into existing administrative processes.

5. RISK ASSESSMENT

The risk in the area of digital transition can be assessed as moderate.

Unlike previous cycles, some of the commitments in the area of cybersecurity have already been implemented, which indicates progress in institutional readiness and reduces the risk of delays in this segment of reforms.

The main challenge remains the full alignment of the legal framework for electronic communications with the European Union acquis and the closing of the remaining observations noted by the European Commission. In addition, the successful implementation of reforms related to digital identity, trust services and digital infrastructure will require continued institutional coordination and technical capacity.

Although there are no indications of a serious lag in the implementation of reforms, the period until 30 June 2026 will be an important test of the institutions' ability to turn legal and strategic commitments into fully functional and European-compliant digital solutions.

IV. HUMAN CAPITAL

Investments in human capital are an essential prerequisite for sustainable economic development, a successful green and digital transition and improving the competitiveness of the country. Within the framework of the Reform Agenda, measures in this area are aimed at strengthening the education system, improving the match between the supply and demand of skills in the labour market and creating the prerequisites for long-term knowledge-based economic growth.

Reforms in this area have horizontal significance because their successful implementation directly affects the state's ability to implement other reform priorities, especially those related to digital transformation, green transition, and private sector development.

The reform activities are carried out by the institutions responsible for education, training and employment, in coordination with other institutions involved in the implementation of the Reform Agenda.

1. STATUS OF IMPLEMENTATION

In the previous monitoring cycle, two reform measures in the area of human capital were monitored, related to the introduction of a new methodology for financing primary education and improving learning conditions by providing IT equipment and internet infrastructure in primary schools. According to the available information, both measures were assessed as fulfilled.

Hence, in the area of human capital, no reform steps have been recorded that remain in the grace period until 30 June 2026 or in the grace period until 31 December 2026. This monitoring cycle is aimed exclusively at monitoring the new reform step with a deadline for completion by 30 June 2026.

2. REFORM STEP WITH A DEADLINE OF 30 JUNE 2026

Reform step	Competent institution	Financial exposure
Introducing a career counsellor in every high school who will assist students in their process of professional orientation and career choice, as well as providing advanced	Ministry of Education and Science; Bureau for Educational Development; Centre for Vocational Education and Training	€ 8,563,247.40

training for professional associates who provide career development counselling to students		
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The reform step aims to strengthen the career guidance system in secondary education and provide better support for students in choosing further education and professional development.

The implementation of the measure will be assessed through two indicators:

- 96% of primary and secondary schools to have at least one career counsellor;
- 50% of professional associates to be trained in career development counselling.

3. RISK ASSESSMENT

In the area of human capital, there are no outstanding reform steps that could affect the disbursement of funds related to previous deadlines from the Reform Agenda. Therefore, the focus in the coming period should be on timely fulfilment of the new reform step and ensuring conditions for its effective implementation.

Although there is no immediate risk of losing funds due to failure to meet previous obligations, the timely implementation of the measure will be important for further improving career counselling and strengthening the link between education and labour market needs.

V. BUSINESS ENVIRONMENT

The development of the private sector and the improvement of the business environment are key prerequisites for sustainable economic growth, job creation and strengthening the competitiveness of the Macedonian economy. Within the framework of the Reform Agenda, reforms in this area are aimed at reducing the administrative burden for companies, formalizing the economy, improving access to finance for small and medium-sized enterprises, establishing a more efficient state aid system and improving the management of state-owned enterprises.

Unlike some other policy areas, the business environment remains one of the areas with the largest number of backward reform steps. Most reforms no longer depend on the preparation of strategies or legal solutions, but on their practical implementation, establishing functional mechanisms and ensuring measurable results for companies and the market.

The bearers of the reform activities are the Ministry of Economy and Labor, the Ministry of Finance, the Commission for Protection of Competition and other institutions involved in the implementation of the Reform Agenda.

1. STATUS OF IMPLEMENTATION

A total of twelve reform steps are being pursued in the area of the business environment. Of these, three reform steps remain in a grace period until 30 June 2026, three reform steps are in a grace period until 31 December 2026, while six new reform steps have a deadline for implementation until 30 June 2026.

The expected disbursement related to the reform steps in this area amounts to approximately EUR 58.8 million. Of this, approximately EUR 12.8 million is related to the reform steps in the grace period until 30 June 2026, approximately EUR 15 million to the reform steps in the grace period until 31 December 2026, while the remaining funds are related to the new reform steps with a deadline of 30 June 2026.

Compared to other policy areas, the business environment remains one of the areas with the largest number of reform steps that have received additional deadlines. In most cases, the challenge is no longer about preparing legal or strategic documents, but about their practical implementation, establishing functional mechanisms and ensuring measurable effects on companies and the market.

2. MEASURES UNDER GRACE PERIOD UNTIL 30 JUNE 2026

The measures that remain in a grace period until 30 June 2026 represent the most immediate challenge in the area of the business environment. Their implementation is a prerequisite for the activation of approximately EUR 12.8 million in financial support under the Growth Plan.

Reform step	Competent institution	Financial exposure
28 duties have been optimized based on the previous mapping of 377 duties and the recommendations from the EU technical assistance project.	Ministry of Economy and Labor	€4,281,623.70
Facilitating access to loans for SMEs by using intangible assets as collateral	Ministry of Finance	€4,281,623.70
Establishing a publicly accessible register of enterprises and companies with state participation	Ministry of Finance	€4,281,623.70

Tax optimization for SMEs

To fully implement the reform step, it is necessary to finalize and officially adopt the proposed list of tax optimization, based on the previous mapping of 377 taxes and the recommendations of the EU technical assistance project. The measure aims to reduce the administrative and financial burden on companies by rationalizing existing taxes that affect the operations of small and medium-sized enterprises.

Although some progress has been made, the European Commission assesses that the formal adoption and full operationalization of the measures remain necessary. The implementation of the reform step will depend on institutional coordination, the readiness to implement the recommended changes and the establishment of mechanisms to measure administrative savings for companies.

Using intangible assets as collateral

Although the existing legislation recognizes the possibility of using intangible assets as a form of collateral, the European Commission assessed that additional measures are needed for their practical application in lending to small and medium-sized enterprises.

By the end of the grace period, it is necessary to identify the reasons for the limited use of intellectual property, patents and other intangible assets as collateral, as well as to propose

concrete institutional solutions to encourage their wider use. Progress will also depend on the willingness of the financial sector to accept these instruments as a form of collateral.

Register of state-owned enterprises

Although a Register of Public Entities has been established and made public, the European Commission assesses that further improvement of the system is necessary to establish a separate and functional register of enterprises and companies with state participation.

By the end of the grace period, the register should provide a systematized insight into the financial and operational performance of enterprises, state support and ownership structure, including companies in which the state has a minority stake. The implementation of the measure will depend on the establishment of a clearer institutional framework for the collection and regular publication of relevant data.

3. MEASURES UNDER GRACE PERIOD UNTIL 31 DECEMBER 2026

Although these measures do not have an immediate deadline in June 2026, their previous prolongation indicates the existence of deeper structural challenges in their implementation.

Reform step	Competent institution	Financial exposure
100 administrative procedures have been mapped, and at least 50% of them have been simplified	Ministry of Economy and Labor	€4,281,623.70
Reduction in the number of informally employed people by 20% compared to the base year	Ministry of Economy and Labor	€6,422,435.55
Adoption of a State Ownership Strategy and a new Law on State-Owned Companies	Ministry of Economy and Labor	€4,281,623.70

Simplification of administrative procedures

The reform step envisages mapping and simplifying administrative procedures relevant to the operation of SMEs by reducing the number of steps, duration and required documentation. The reform is aimed at reducing the administrative burden and supporting the formalization of the economy.

Due to delays in implementation, the reform step has been moved to a grace period until December 2026. Its fulfilment will depend on institutional coordination and the establishment of a clear methodology for measuring the effects on the administrative burden for companies.

Reducing informal employment

Data from the State Statistical Office for the fourth quarter of 2025 show an increase in informal employment compared to the same period the previous year, indicating limited progress in fulfilling the reform step.

By December 2026, it is necessary to achieve a reduction in the number of informal workers by 20% compared to the base year 2022. Fulfilment will depend on the effective implementation of the new legal framework, the capacity of inspection services and the results of formalization measures in the sectors with the highest risk, especially construction, tourism and agriculture.

State ownership strategy

Two key activities remain to be completed by the end of 2026: adoption of a State Ownership Strategy and adoption of a new Law on State-Owned Companies. These documents should establish a framework for corporate governance, transparency and accountability in public enterprises.

Although a working basis for the reform has been established, the European Commission assesses that the finalization and formal adoption of the documents, as well as their alignment with the OECD principles of corporate governance, is necessary.

4. NEW REFORM STEPS WITH A DEADLINE OF 30 JUNE 2026

In addition to the grace period measures, six new reform steps are being pursued during this cycle with a deadline of 30 June 2026. They are aimed at strengthening institutional support for businesses, improving the state aid system, improving access to finance for small and medium-sized enterprises, and modernizing the management of state-owned enterprises.

Reform step	Competent institution	Financial exposure
Introducing an early warning system to identify possible difficulties for companies	Ministry of Economy and Labor	€ 2,140,811.85

Methodology for ex officio investigations in the area of state aid	Commission for Protection of Competition	€ 1,070,405.92
Full operationalization of the SAMIS system and revision of state aid programs	Commission for Protection of Competition	€ 8,563,247.40
Expansion of credit guarantee schemes for SMEs	Ministry of Finance	€ 8,563,247.40
Analysis and promotion of leasing as an instrument for financing SMEs	Ministry of Finance	€ 4,281,623.70
Establishing a system for corporate governance and risk management in state-owned enterprises	Ministry of Economy and Labor	€ 6,422,435.55

Early warning system for financial difficulties

The reform step envisages the establishment of an early warning system that will enable timely recognition of financial difficulties in companies and taking measures before insolvency or bankruptcy occurs. The aim is to provide timely support to companies and reduce the risk of closure of viable business entities.

The key challenge will be establishing a functional mechanism for risk identification and coordination between the institutions responsible for its implementation.

Methodology for ex officio investigations

The reform step is aimed at strengthening the capacities of the Commission for Protection of Competition to proactively monitor the granting of state aid and conduct ex officio investigations.

The adoption of the methodology is a prerequisite for more efficient state aid control and for harmonisation with European rules in this area. Establishing clear criteria for case selection and ensuring institutional capacities for their implementation will be particularly important.

Operationalization of SAMIS and revision of state aid programs

This reform step aims to establish a fully functional State Aid Management and Monitoring System (SAMIS), as well as a revision of existing state aid programs in order to align them with European rules.

The implementation of the measure will be important for ensuring transparency, monitoring and efficiency of the state aid system. At the same time, this is one of the most financially significant measures within the area.

Expansion of credit guarantee schemes for SMEs

The reform step aims to improve small and medium-sized enterprises' access to finance by expanding existing credit guarantee instruments.

However, according to the latest Assessment of Payment Conditions, the European Commission has already noted significant progress and assesses the measure as fulfilled. In the coming period, it remains important to ensure sustainability and wider application of the established instruments.

Leasing as an instrument for financing SMEs

The reform step envisages an analysis of the legal and institutional framework for leasing and the preparation of recommendations for its more efficient use as an alternative instrument for financing small and medium-sized enterprises.

The goal is to expand the range of financial instruments available to companies and reduce dependence on traditional bank lending.

Corporate governance in state-owned enterprises

This reform step is directly related to the state property management reforms and aims to establish a system of corporate governance and risk management in state-owned enterprises.

The success of the measure will depend on compliance with the State Property Strategy and the new legal framework, as well as on the ability of institutions to establish clear mechanisms for accountability, transparency, and risk management.

5. RISK ASSESSMENT

The business environment remains one of the areas with the highest concentration of reform risk ahead of the 30 June 2026 deadline. Unlike most other areas, it simultaneously tracks reform steps in a grace period until 30 June 2026, reform steps in a grace period until 31 December 2026, and a significant number of new reform commitments.

The reforms related to the formalization of the economy, the simplification of administrative procedures, and the management of state-owned enterprises remain most at risk. These reform steps require coordination between multiple institutions, changing established practices, and establishing mechanisms that have yet to show concrete results.

An additional challenge is the need for effective implementation of state aid instruments and access to finance for SMEs. Although some of the measures show significant progress, their success will depend on whether the established mechanisms become functional and create measurable benefits for companies.

Hence, the period until 30 June 2026 will be an important test not only for the fulfilment of individual reform steps, but also for the ability of institutions to turn reform commitments into real improvements in the business environment and the competitiveness of the economy.

VI. FUNDAMENTAL RIGHTS AND RULE OF LAW

Fundamental rights and the rule of law constitute one of the key pillars of the Reform Agenda and the Growth Plan, with a direct impact on citizens' trust in institutions, the stability of democratic processes and the capacity of the state to implement sustainable reforms in all other thematic areas. Progress in this area is a prerequisite for the credible implementation of reforms related to the independence and efficiency of the judiciary, electoral integrity, as well as the fight against corruption and organized crime.

Reforms in the area of fundamental rights and the rule of law are an essential part of the Reform Agenda as they are directly linked to the functioning of democratic institutions, the independence of the judiciary, electoral integrity and the fight against corruption. At the same time, this is the area that most directly corresponds to the Copenhagen political criteria and the reform requirements contained in Chapters 23 and 24 of the acquis of the European Union.

The implementation of measures in this area is the responsibility of multiple institutions, with effective coordination between them remaining a key prerequisite for timely and substantial fulfilment of reform obligations.

1. STATUS OF IMPLEMENTATION

Significant legislative and institutional activities have been undertaken over the past period. However, most of the reform steps that are the subject of this monitoring cycle remain in the phase of legislative preparation, institutional establishment or partial implementation.

Within the framework of this *ex-ante* monitoring cycle, three categories of reform steps are monitored, and special attention is paid to the measures that remain in a grace period until 30 June 2026. These are reform steps that have not been fulfilled within the originally planned deadline and whose possible failure to fulfil them may result in the irreversible loss of part of the funds related to the Reform Agenda. At the same time, these measures relate to areas that the European Union traditionally treats as key indicators of the rule of law and institutional readiness for membership.

2. MEASURES UNDER GRACE PERIOD UNTIL 30 JUNE 2026

Reform step	Competent institution	Financial exposure
Amendment of the Electoral Code in accordance with OSCE/ODIHR recommendations	Ministry of Justice, SEC, Parliament	€ 4.281.623,70

Amendments to the laws on salaries of judges and public prosecutors and of the judicial and prosecutorial service	Ministry of Justice, Ministry of Finance	€ 2,140,811.85
Adoption of a new Law on the Judicial Council	Ministry of Justice, Parliament	€ 6,422,435.55
Filling all systematized job positions in the Agency for the Management of Seized Property	Agency for the Management of Confiscated Property, Ministry of Finance	€ 4,281,623.70

Amendment of the Electoral Code in accordance with OSCE/ODIHR recommendations

A working group is operational within the Ministry of Justice to amend the Electoral Code to address OSCE/ODIHR recommendations regarding the misuse of state resources, transparency of campaign financing, and media coverage of electoral processes. However, the legislative amendments have not yet been adopted by the Parliament.

Amendments to the laws on salaries of judges and public prosecutors and of the judicial and prosecutorial service

This reform step aims to provide a stable, predictable and depoliticized framework for determining salaries, thereby strengthening the institutional independence and financial security of judges and public prosecutors. The issue of salaries is intrinsically linked to guarantees of independence and integrity of judicial functions.

The monitoring determined that amendments to the relevant laws have been prepared and proposed, which represents a normative step forward. However, they have not been approved by the Ministry of Finance and have not been adopted in a legislative procedure. Hence, the reform remains in a preparatory phase, without the creation of a binding legal framework and without concrete financial effects.

Adoption of a new Law on the Judicial Council

The new Law on the Judicial Council was adopted in December 2025. However, despite its formal adoption, the reform step was not assessed as fully implemented as the adopted legal solution does not ensure full compliance with the key recommendations of the TAIEX evaluation mission and the Venice Commission. As a result, additional amendments to the law were re-adopted by the Parliament in June 2026.

Filling all systematized job positions in the Agency for the Management of Seized Property

The reform step is aimed at strengthening the staff of the institution responsible for managing confiscated assets and improving its capacity to effectively conduct financial investigations and confiscation proceedings. Although some progress has been noted in filling some of the open positions, the reform step remains subject to monitoring within the grace period until 30 June 2026.

3. NEW REFORM STEPS WITH A DEADLINE OF 30 JUNE 2026

Unlike the measures in the grace period, the following reform steps do not represent backlogs, but new reform requirements whose implementation is expected by 30 June 2026.

Reform step	Competent institution	Financial exposure
Increasing the number of investigations, confirmed indictments and convictions	Public Prosecutor's Office, Judicial Council and Courts	€ 8,563,247.40
The research centres are fully operational in accordance with the recommendations of TAEX Twinning. Review	Public Prosecutor's Office, Ministry of Finance	€ 4,281,623.70

These reform steps are aimed at improving institutional capacities to combat corruption and organized crime, increasing the effectiveness of criminal prosecution, and strengthening the capacities of investigative centres within the public prosecution system.

In terms of investigative centres and results in the fight against corruption and organized crime, a key challenge remains the provision of measurable results that will demonstrate that institutional mechanisms are not only established, but also function effectively in practice.

4. MEASURES UNDER GRACE PERIOD UNTIL 31 DECEMBER 2026

The following reform steps should have already been completed, but the European Commission has approved an additional period for their implementation until the end of 2026.

Reform step	Competent institution	Financial exposure
New Law on Public Prosecution and New Law on the Council of Public Prosecutors	Ministry of Justice	€ 6,422,435.55

Ensuring the financial independence of the judicial system	Ministry of Finance	€ 6,422,435.55
Adoption of the Action Plan for the Prevention of Corruption in the Judiciary 2026–2029	Judicial council	€ 1,070,405.92
New members of the Judicial Council are elected in accordance with the new Law	Judicial council	€ 2,140,811.85
Judges and public prosecutors who are subject to disciplinary proceedings have all guarantees for a fair trial.	Judicial council	€ 6,422,435.55
The Public Prosecutor's Office for Organized Crime and Corruption is fully and appropriately staffed.	Public Prosecutor's Office, Ministry of Finance	€ 2,140,811.85
Adoption of a new Criminal Code	Ministry of Justice, Parliament	€ 6,422,435.55
Adoption of a new Criminal Procedure Code	Ministry of Justice, Parliament	€ 6,422,435.55
Amended Law on Weapons harmonized with EU weapons classification	Ministry of Interior	€ 4,281,623.70
Vacancies for judges and public prosecutors are filled on a regular basis.	Academy of Judges and Public Prosecutors, Judicial Council and Council of Public Prosecutors	€ 2,140,811.85
Monitoring mechanism for full use of ACCMIS	Ministry of Justice, Judicial Council	€ 8,563,247.40
A functional early warning system is linked to the EU system	Customs Administration and Ministry of Interior	€ 6,422,435.55

A new Law on the Council of Public Prosecutors has been adopted, but the Law on the Public Prosecution Service, although drafted, has not yet been adopted.

In the area of criminal legislation, some of the amendments to the Criminal Code were adopted in a shortened procedure, while the drafting of a completely new Criminal Code is still in the preparation phase. Also, the drafting of the new Criminal Procedure Code is underway, which involves key systemic reforms that have not yet been finalized.

The system for filling judges and public prosecutors remains critical and uncertain in terms of its full implementation, considering the abolition of the generation in the Academy for

Judges and Public Prosecutors, which significantly reduces predictability and continuity in personnel filling.

The ACCMIS system is established and operational, but its application and monitoring are not yet fully consistent and effective across all courts, indicating the need to further strengthen its uniform use and oversight.

Ensuring the financial independence of the judiciary through stable and predictable financing of courts and prosecutors' offices remains a particularly important measure. Progress in this area will not be assessed on the basis of formal commitments, but rather through actual budget allocations and their alignment with the strategic goals of the reform.

5. RISK ASSESSMENT

Fundamental rights and the rule of law remain the area with the highest concentration of reform risks within the Reform Agenda.

However, the risk is not equally distributed among all reform steps. The highest risk is concentrated in the four reform steps that remain in a grace period until 30 June 2026: amendments to the Electoral Code in line with OSCE/ODIHR recommendations, amendments to the laws on salaries of judges and public prosecutors, adoption of a new Law on the Judicial Council, and filling all systematized positions in the Agency for the Management of Seized Property.

These four measures represent a critical group of reform commitments for three reasons. Together, they carry a financial exposure of EUR 17.12 million. *First*, they have already missed the originally set deadline and are in an additional grace period. *Second*, their eventual non-fulfilment could result in the irreversible loss of part of the financial support related to the Reform Agenda. *Third*, they are directly linked to electoral integrity, the independence of the judiciary and the functioning of the rule of law – areas that the European Union has traditionally treated as essential elements of the Copenhagen political criteria and Chapter 23.

Reform steps with a deadline of 31 December 2026 represent a significant structural challenge, but their risk is primarily related to the medium-term sustainability of the reforms. In contrast, reform steps with a grace period of 30 June 2026 represent an immediate test of the institutions' ability to fulfil the most sensitive obligations of the Reform Agenda.

Hence, this area is not only the most financially exposed, but also the most politically significant. Its outcome will have an impact far beyond the specific reform steps, as it will be perceived as an indicator of the credibility of the reform process and the readiness of the state

to implement obligations related to the rule of law and European integration. In other words, the outcome of these four reform steps will have a significance that goes beyond their financial value and will represent one of the most visible indicators of reform delivery during 2026.