



Key findings of the 2023 Report on North Macedonia

Brussels, 8 November 2023

On the **political criteria**, North Macedonia continued its efforts to strengthen democracy, while it faced significant challenges in the area of the rule of law. Overall, the legal framework remains conducive to the holding of democratic elections in North Macedonia. However, no progress was made to address and implement the outstanding recommendations by the OSCE's Office for Democratic Institutions and Human Rights and the Venice Commission. As mentioned repeatedly in previous reports, electoral legislation should be comprehensively reviewed to address inconsistencies in a timely, inclusive and transparent manner.

Parliament's work was marred by political polarisation, which deepened further, delaying the adoption of many reform laws and important appointments. The EU accession negotiation process requires broad consensus of major political parties. All parties need to start engaging in a constructive and inclusive political debate, to strengthen the role of Parliament. Parliament and government committed to launch and achieve as a matter of priority the relevant constitutional changes, with a view to including in the Constitution citizens who live within the borders of the state and who are part of other peoples, such as Bulgarians. Excessive and sometimes inappropriate use was made of fast-track procedures and of the 'EU flag' procedure, in some cases due to the lack of consultations and poor planning of the legislative calendar. The 'EU flag' should be used when directly linked to the adoption of laws whose main goal is aligning with the EU *acquis*, and not to short-cut public debate on important issues. Parliamentary oversight of the executive was regularly exercised through parliamentary questions to ministers. Parties should spare no efforts in meeting long-overdue commitments for internal reform dating from the third round of the 'Jean Monnet Dialogue' in early 2020. Work continued on establishing criminal responsibility for those who orchestrated or committed violence in the attack on Parliament on 27 April 2017. Prompt implementation of recommendations by the Group of States against Corruption is required to increase the transparency of funding for political parties. Parliament should ensure the timely review of the statutory reports sent to it by state agencies and bodies.

Overall, **civil society** organisations (CSOs) in North Macedonia continue to operate in an enabling environment. However, the government should increase its efforts to mainstream civil society engagement in priority areas and consultation activities. CSOs should play an important role in the reform process and be involved in decision-making processes. Existing legal and financial frameworks still need to be amended and implemented in practice, notably to provide consistent mechanisms for awarding public funding to CSOs. There is a need for the Council for Cooperation between the Government and Civil Society to resume its activities.

The country needs to strengthen its capacity for parliamentary oversight of the **intelligence services**.

North Macedonia remains moderately prepared in terms of **public administration reform**. Limited progress was made in the reporting period with the adoption of the new public administration reform strategy and the accompanying action plan in July 2023. Despite having started the process five years ago, the country still has not adopted the revised legislative framework for human resources management, which includes the revised Law on administrative servants, the Law on public sector employees and new legal provisions on top-level management. The new framework should improve human resource management across the administration and help ensure merit-based recruitments, promotions, and dismissals at all levels, including senior management. Legislation has not yet taken on board the State Commission for the Prevention of Corruption's recommendations on nepotism, cronyism, and political influence in the recruitment of public sector employees and in the appointment of members of supervisory and management boards. Improvements in accountability in the public administration are undermined by the failure to adopt the new Law on state organisation. There are ongoing efforts to improve delivery of services to citizens and businesses.

The **judicial system** of North Macedonia is in between some and moderate level of preparation. There was no progress on the judiciary during the reporting period. The Judicial Council should strive to protect the integrity and independence of judges and institutions and should resist any external

influence. The controversial dismissal of the President of the Judicial Council raised concerns about undue political influence. The adoption of a new judicial reform strategy aimed at improving the performance of institutions is behind schedule. Progress on implementation of the human resource strategies for the judiciary and prosecution services was limited. The lack of measures to address the impact of scheduled retirements affected efficiency. Most promotions for higher courts faced further delays. Work continued on upgrading the automated court case management information system for random distribution of cases in courts. A similar system was introduced in the Public Prosecutor's Office.

The country is in between some and moderate level of preparation in the **prevention and fight against corruption**. No progress was made. Corruption remains prevalent in many areas and is an issue of concern. Delays and reversals in trials of high-level corruption cases increased, resulting in some cases in the expiration of the statute of limitations. The Criminal Code was amended through an expedited parliamentary procedure. The maximum legal penalties for specific corruption-related criminal offences were reduced, having implications on the application of the statute of limitations and affecting, halting or even terminating a large number of high-level corruption cases, including from the former Special Public Prosecutor's Office (SPO). The amendments also hamper the authorities' ability to investigate and prosecute such offences. This is a matter of serious concern. The State Commission for the Prevention of Corruption was proactive in providing public institutions with policy guidance on preventing corruption. It opened several cases, but its recommendations need to be followed up. Efforts to improve the functioning of the SCPC should continue, especially by allocating additional funding for the recruitment of specialist staff. Additional human and financial resources should also be made available to the Public Prosecution Office, investigative centres and law enforcements units in charge of investigating corruption. The sectors most vulnerable to corruption require targeted risk assessments and dedicated actions.

North Macedonia has some level of preparation in the fight against **organised crime**. Some progress was made during the reporting period. The country continues to have a good level of operational cooperation with EU Members States, non-EU neighbouring countries, Europol and Eurojust. A new Law on money laundering and financing of terrorism entered into force in July 2022. Implementing legislation now needs to be drafted and adopted promptly. More needs to be done to improve the effectiveness of law enforcement in fighting certain forms of crime, such as money laundering and financial crimes. North Macedonia needs to adopt and implement the necessary legislation to regulate the activity of the Asset Recovery Office. The capacity of the National Coordination Centre for the Fight against Organised Crime needs to be improved. Coordination remains crucial for all stakeholders involved in fighting organised crime, including between prosecutors and police.

Some progress was made in the **fight against terrorism and violent extremism** in line with the objectives set out in the joint action plan on counterterrorism for the Western Balkans and the new bilateral implementing arrangement. The national strategies for countering terrorism (2023-2027) and countering violent extremism (2023-2027) were adopted in May 2023, with the related action plans.

North Macedonia is on one of the main transit routes for migration movements. The country continues to play an active role in the management of **mixed migration flows**. Efforts continued to ensure basic living conditions and services for all migrants in the country. There is, however, a need to enhance institutional and administrative capacities for all aspects of migration management. More staff and additional material and technical resources are required to increase capacity to a satisfactory level. Systematic registration of migrants is needed, and protection-sensitive profiling needs to be improved. The country should establish a proper system for managing irregular movement and stop the practice of returning migrants outside a legal framework. A contingency plan to manage large migratory flows needs to be finalised and adopted. The Status Agreement for operational cooperation in border management with the European Border and Coast Guard Agency (Frontex) entered into force on 1 April 2023, allowing the launch of a joint operation with the deployment of officers from EU Member States to provide support with border control and the management of irregular migration and cross-border crime.

The legal framework on the **protection of fundamental rights** is partially aligned with the EU *acquis* and standards on fundamental rights. The country continues to meet its general obligations on fundamental rights, but the legislation should be implemented in a more systematic manner. Some significant amendments to the Criminal Code were adopted in February 2023, regulating criminal acts of gender-based violence. Parliament should make appointments to independent and regulatory bodies based on merit. The functional independence of human rights bodies must be guaranteed at all times. This means, amongst other things, allocating sufficient funds. Services for victims of gender-based violence still need reinforcement and proper funding to meet the standards laid down by the Istanbul Convention. Persons with disabilities continue to face direct and indirect discrimination, social exclusion, and barriers. The Ombudsman's Office and the Commission for the

Prevention and Protection against Discrimination signed a memorandum of understanding to formalise their coordination. The situation in prisons is still dire. The recommendations made by the European Committee for the Prevention of Torture on the treatment of detained and convicted persons were not addressed, which is a matter of serious concern. Detention conditions should be improved with the utmost urgency. Special attention should be given to promoting non-discrimination, increasing effectiveness in addressing hate crime and hate speech and strengthening the capacity and independence of institutions in charge of protecting the rights of persons belonging to minorities or communities. The Agency for Community Rights Realisation needs to receive sufficient funding to further promote the protection of minorities and the implementation of the national 'One Society for All and Interculturalism' strategy. The capacity of law enforcement and criminal justice officials to effectively prevent and prosecute all instances of violence, hate crimes and hate speech needs to be enhanced. The external oversight mechanism for the police, including the prison police, is still not fully functional, with the three CSOs representatives still to be selected by the Parliament. The enacted amendments to the Law on civil registry pave the way to resolving cases of statelessness and fulfilling the country's international obligations.

North Macedonia is in between some and moderate level of preparation in the area of **freedom of expression**. Overall, it made limited progress. The general context is favourable to media freedom and allows for critical media reporting. The amended Criminal Code and Law on civil liability for defamation raised the overall level legal protection for journalists. However, a number of attacks, threats and some intimidating behaviour towards journalists were noted. Greater transparency is needed regarding media advertising by state institutions and political parties. Reform of the public service broadcaster is required to strengthen its independence, professional standards, and financial sustainability. Since December 2018, Parliament has been delaying the appointment of the public service broadcaster's programming council and media regulator's council. Working conditions for journalists remain challenging.

On the **economic criteria**, North Macedonia has made some progress and is at a good level of preparation in developing a functioning market economy. In 2022, the economy was badly hit by the fallout from Russia's war of aggression against Ukraine, which significantly slowed down its post-COVID-19 recovery. The government supported households and businesses through large-scale energy subsidies, tax reductions and targeted direct income support. Owing to an inflation-driven boost to tax income and under-execution of several expenditure categories, the general government deficit remained below the revised target. Capital expenditure was raised significantly, but still fell short of the revised plan. The public debt ratio dropped but remains significantly above pre-COVID-19 levels. The central bank tightened its policy stance further in view of still elevated inflationary pressures, which began to subside gradually towards the end of 2022 and beyond. The current account deficit rose substantially as energy import prices surged, but external financing needs were met with the help of market-based and IMF borrowing. The Organic Budget Law (OBL) adopted in September 2022 provides for the introduction of fiscal rules and a fiscal council, strengthening fiscal sustainability. However, progress has been slow in implementing wider-ranging measures to improve the management of public investment, vital for underpinning the government's plans for a sizeable increase in capital expenditure. The banking sector was resilient throughout the crises. The labour market showed some improvement, but structural problems persist, including high youth and long-term unemployment and a large gender gap. The business environment continued to be impeded by the large size of the informal economy, slow progress in streamlining parafiscal charges and an untransparent and inefficient State aid regime.

North Macedonia has made some progress and is moderately prepared to cope with **competitive pressure and market forces** within the EU. Integration with the EU in trade and investment remained at a high level in 2022. The share of high-value products in exports increased further and trade openness surged to a record high. There was further progress in improving vocational educational training, but major skills shortages persist relative to labour market needs, entailing long school-to-work transitions. These, coupled with large gaps in transport and energy infrastructure, low investment, and low innovation funding, are restricting potential growth. Digitalisation of the economy is advancing, but the competitiveness of domestic businesses could be improved through a wider offering of public e-Services.

As regards its ability to assume the obligations of membership, North Macedonia is moderately prepared in most of the areas covered by **cluster 2 on the internal market**, namely the free movement of goods, services and capital, intellectual property, competition policy, financial services and consumer and health protection. The country has achieved a good level of preparation on company law, although it is still at an early stage on freedom of movement for workers. North Macedonia made good progress on free movement of capital and some progress on financial services and consumer and health protection. Limited progress was made on the free movement of goods, rights of establishment to provide services. No progress was made on company law, intellectual property law and competition policy and freedom of movement for workers. Overall, more progress is

needed in the coming year in the areas covered by this cluster, to feed into North Macedonia's preparations to meet the requirements of the EU's internal market. Work on this cluster is highly relevant for the development of the Common Regional Market.

Overall, North Macedonia is moderately prepared in most of the areas covered by **cluster 3 on competitiveness and inclusive growth**, including digital transformation and media, taxation, social policy and employment, and enterprise and industrial policy. The country is in between a moderate and a good level of preparation in the area of economic and monetary policy. It has a good level of preparation in the areas of science and research and customs union. Some progress was made on taxation, economic and monetary policy, enterprise and industrial policy, science and research policy, social policy and employment. More efforts are needed, however, particularly in areas where limited progress was made, such as digital transformation and media, customs union, and education and culture.

On **cluster 4 on the green agenda and sustainable connectivity**, North Macedonia has a good level of preparation on trans-European networks and some level of preparation on environment and climate change. The country is moderately prepared on transport and energy policy with some progress made on energy, particularly on regional gas interconnectors and on renewables. Substantial efforts are needed in areas where limited progress was achieved, such as transport, trans-European networks, and the protection of the environment. In the upcoming period, the country needs to accelerate implementation of the Economic and Investment Plan and of the Green Agenda for the Western Balkans.

North Macedonia is moderately prepared in most areas of **cluster 5 on resources, agriculture and cohesion**. It has a good level of preparation on food safety, veterinary and phytosanitary policy and is at an early stage of preparation in financial and budgetary provisions. Over the reporting period, some progress was made on agriculture and rural development, fisheries and food safety, veterinary and phytosanitary policy. However, further efforts are needed, in particular in areas where limited or no progress was made, such as regional policy and the coordination of structural instruments and financial and budgetary provisions.

Concerning **cluster 6 on external relations**, North Macedonia is moderately prepared in the area of external relations and has reached a good level of preparation on the common foreign and security policy. The country made some progress during the reporting period on common commercial policy. It has made good progress by maintaining full alignment with EU common foreign and security policy. By doing so, North Macedonia has shown itself to be a reliable partner, including at international level.

On **regional cooperation**, the country maintained good relations with other enlargement countries and continued its engagement in regional initiatives. Existing bilateral agreements need to be implemented in good faith by all parties, including the Prespa Agreement between North Macedonia and Greece and the Treaty of Friendship, Good-Neighbourliness and Cooperation with Bulgaria.

Key dates

June 2003: The EU-Western Balkans Thessaloniki Summit confirms the EU perspective for the Western Balkans.

March 2004: North Macedonia submits its application for EU membership.

April 2004: The EU-North Macedonia Stabilisation and Association Agreement enters into force.

December 2005: The European Council grants North Macedonia candidate status for EU membership.

October 2009: The European Commission recommends for the first time the opening of accession negotiations.

December 2009: Visa-free travel to the Schengen area for citizens of the country.

March 2012: High Level Accession Dialogue with the Commission launched.

November 2015: The European Commission makes its recommendation to open EU accession negotiation conditional on the continued implementation of the Pržino agreement and substantial progress in the implementation of the "Urgent Reform Priorities".

April 2018: The European Commission recommends that the Council decides that accession negotiations be opened with the country in light of the progress achieved.

June 2018: The Council sets out the path towards opening accession negotiations with the country in June 2019, depending on progress made.

February 2019: The EU is notified officially about the entry into force of the Prespa agreement.

March 2020: The European Council decides to open accession negotiations with North Macedonia.

October 2020: The European Commission adopts an Economic & Investment Plan to support and bring the Western Balkans closer to the EU.

July 2022: First Intergovernmental Conference on accession negotiations (IGC) - the analytical examination of the acquis ("screening") starts.

July 2023: The European Commission submits to the Council the screening report on the Fundamentals cluster, including benchmarks for opening accession negotiations on this cluster.

November 2023: The Commission adopts a new Growth Plan for the Western Balkans.

For More Information

[North Macedonia Report 2023](#)

[2023 Communication on EU Enlargement Policy](#)

[North Macedonia 2023 Enlargement Package Factsheet](#)

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