## ANNEX I –IPA III Action Fiche

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|  | Indicative title of the Action | **EU FOR ECONOMIC COHESION**  |
|  | Programming year | **2023** |
| CRITERIA FOR RELEVANCE ASSESSMENT | IPA III Window and thematic priorit(y)/(ies) | **WINDOW 4-COMPETITIVENESS AND INCLUSIVE GROWTH*****Thematic Priority 2: Private sector development, trade, research and innovation******Thematic Priority 3: Agriculture and Rural Development******Thematic Priority 4: Fisheries*** |
| Links with specific policy instruments of the enlargement process | **Description of the Action**The overall objective of the Action is to unleash the economic potential of North Macedonia and promote economic cohesion, through synergy between the economic, agriculture and innovation policies in line with the EU objectives on climate change and protection of the biodiversity. The Action encompasses the following 3 components:***Component 1: Improving the legal and administrative framework for business operations and strengthening the innovation ecosystem in North Macedonia*****Activity 1.1: Improving the right of establishment and freedom to provide services,** through: * *Harmonising the national legislation with the EU Directive on Services* 2006/123/EC. In 2019 North Macedonia adopted a horizontal law on services, which was followed by developing of an Action plan for the harmonisation of the remaining sectorial legislation. The activity will support the implementation of this Action Plan
* *Upgrade of the Point of Single Contact (PSC)* and ensure its full functionality to allow service providers obtain the needed information and complete all administrative services online.

**Activity 1.2: Improving the market surveillance and consumer protection** encompassing:* *Strengthening of the capacities of the State Market Inspectorate* (SMI)to exercise the legally prescribed competencies according to the Law on Consumer Protection and the Law on General Product Safety. The Action will:
	+ Reinforce the market surveillance methodology, and upgrade the skills of the market inspectors to perform quality controls;
	+ Digitalise the business processes in the Market inspectorate and put in place application for electronic processing of consumer complaints, providing for increased transparency of the operations of the market inspectorate;
	+ Improve the visibility of the Market inspectorate through targeted campaigns and raise the awareness on consumers rights.
* *Establishing an Alternative Dispute Resolution System on consumers’ matters involving* development of the Alternative Dispute Resolution (ADR) mechanism (legislation) and building the skills of the ADR experts to understand and pursue the implementation of the legislation protecting the consumers.

**Activity 1.3: Strengthening the Intellectual Rights policy and implementation** in line with the international agreements with EPO, EUIPO & WIPO to conduct digital procedures for IPR registration in North Macedonia. This activity involves full digitalisation of the IPR Office and ensuring the electronic data exchange in the IPR-protection network to boost the fight against counterfeiting and piracy and protect better the interests of rights-holders. This will facilitate the creation of a credible enforcement record and gather reliable statistics on the institutional handling of IPR infringements. The activity will also support the IPR office of North Macedonia in building a vison and implementing measures for modernising the industrial **design protection and** the protection of **agricultural** **geographical indications (GIs)** taking account of the Green Deal targets and in line with the EU 2020 Action Plan on Intellectual Property. **Activity 1.4.: Improving the national capacities for policy-making and implementation in the area of innovation, research and development** This activity entailspolicy advice and technical assistance for:* Improving the governance structure, coordination, monitoring, and evaluation of the innovation policy of North Macedonia and stimulate continuous stakeholders dialogue with the objective to foster the synergies between standardisation, trade designs, competition policy, and policy-making necessary to underpin green innovation across business sectors.
* Develop IT solution for coordination, M&E, for improving the governance of the innovation policy (IT solution is necessary due to complex governance structure to enable the above).
* Analysis of the ecosystem of finance for innovative start-ups (including angel investors, equity crowdfunding platforms, and venture capital fund) and recommendations to future-proof the financial markets to allow lenders properly assess the risks when financing innovative companies, increase diversity in the access to finance system and unlock alternative sources of capital.
* Improving the design of support programmes for businesses aimed at boosting innovations and streamline the information on public funding to ease the firms seeking finance to innovate.
* Promoting the opportunities for funding under the relevant Union Programmes and for partnership with EU-based industries and support establishing partnership with EU-based programs/industries/entities.
* Powering the connection between business and academia through piloting a mobility scheme between academia and industry improving the brain circulation and allowing highly qualified young professionals to transfer know-how in production environment.
* Supporting the implementation of the SMART specialisation strategy (SSS - to be adopted end 2022—first half 2023) by developing measures[[1]](#footnote-1) for implementation of selected priorities of the SSS. This may include: support setting of partnership for R&I development, measures for support of digital and green transition of small and medium sized companies, assistance for set up of R&I centres (such as: Centres of excellence, technology transfer offices, technology parks, etc), promotion of circular economy, and assistance in implementation of pilot measures.
* Upgrading the capacities of the Agency for Promotion of Entrepreneurship (APERM) and local innovative/technological consulting companies to guide and support SMEs in embracing innovations and boosting their competitiveness.

***Component 2: Reinforcing the Agricultural and Fisheries Policy*****Activity 2.1: Improving the quality of food and the supply chains,** through:* *Promoting environmentally friendly and organic farming practices*

The National Strategy for Agriculture and Rural Development emphasises organic production and agri-environmental practices as pillars for the development of the agricultural sector. It foresees a greater alignment of the sector with the EU *acquis* and the expansion of the adoption of organic principles among farmers to increase their competitiveness. With the support of the EU, the legal framework has been adopted, and good institutional capacity has been established. However, the system lacks systematic monitoring and control of the certification procedures and the products' certification. Domestic consumption is further limited due to a lack of consumer information and limited production quantities. The labelling of organic products exists in legal terms, but it is hardly distinguished on the market or falsely used. On the supply side, farmers are reluctant to expand despite the growth potential due to a lack of domestic market opportunities and higher unit production costs. To export organic products to the EU, North Macedonia needs further to align to the EU’s new organic legislation and strengthen the traceability and control systems along the value chain of organic products. For exporting organic products to the EU market, it must conform to equivalent standards to those applying to goods produced in the European Union. The control authorities and control bodies that assess and inspect and certify organic production or distributors must be recognised as control bodies. EU recognised control bodies would scale up the export opportunities and potentially extend the variety of organic products.The activity builds upon the previous experiences and achievements and involves:* + Alignment of the national regulations with the EU *acquis* on organic production.
	+ Establishment of a network of certification and organic control bodies that assess and inspect organic producers for exports to the regional and EU market.
	+ Putting in place IT solutions for monitoring and controlling policies, advisory services, and market information.
	+ Raising the awareness of farmers and agricultural communities on environmentally friendly agriculture.
* *Strengthening of the GI/PGI System*

The legal framework for the Geographical indication (GI/PGI) is established in North Macedonia, but the implementation is lagging behind. Since the adoption of the Law on Quality and Marketing of Agriculture Products, only the Ohrid cherry was registered. Although there is a national support scheme for establishing a GI or supporting the farmer's groups to maintain and expand the GI/PGI, the results are insignificant. There is also limited awareness among farmers on how the GI/PGI system works and what the benefits of registering are. GI/PGI is a way forward to create opportunities for agri-food, wine, and spirit drinks producers to register their products as GI/PGI and further export on the EU markets.This activity involves:* + Further alignment of the national legislation with the EU *acquis* on geographical indication.
	+ Identification of potential GI/PGI products and developing product specifications for the selected GI/PGI products.
	+ Support to the association of producers for the registration process of the GI/PGI, including training of the producers to standardise the products subject to GI/PGI.

**Activity 2.2: Enhancing the Veterinary and Phytosanitary system** through**:*** *Improving the capacities of the Food and Veterinary Agency (FVA) and the Competent Phytosanitary Authorities*

On Veterinary, the country achieved a good level of preparation in the area of food safety and veterinary policy but still needs to ensure the alignment with the new EU *acquis* on animal health, which entered into force in the EU in April 2021, and which covers more than 80 animal diseases.The most recent audits carried out by the European Commission to evaluate the level of animal health preparedness in the context of the EU pre-accession, as well as the control systems established in the country, has identified the need for improvement of the official food and veterinary controls in the country. A draft law on official controls in line with the regulation 2017/625 has been prepared and is expected to be adopted by 2023. The effective implementation of the Law requires an upgrade of the methodological documentation and practice on epidemiological investigations; on passive and active surveillance plans of animal diseases, on early detection and emergency preparedness, and on preparing eradication programmes for category B and C listed diseases. Improvements are needed also in the FVA IT systems to enable the full traceability of animals and the measures for disease prevention, control and eradication, in line with the Official control regulation 2017/625, which provides an obligation for data collection, information exchange and report notification. On Phytosanitary, North Macedonia needs to further strengthen and implement the plant protection policy and pursue alignment with the new EU Farm to Fork strategy, and recently adopted legislative package on plant health. In line with the adopted Law on Phyto-pharmacy was adopted and secondary legislation, a National Action Plan including Integrated Pest Management (IPM) has been prepared and will be adopted by the end of 2022, to guide the measures on reducing the use of pesticides to a level that is ecologically and technically justified. Technical assistance is needed for the implementation of the Plan, and for promoting Integrated Pest Management (IPM) at field level, with a focus on prevention and/or suppression of organisms harmful to plants. The Phytosanitary Directorate is currently developing a New Plant Health Law but need support for development and implementation of the corresponding implementing legislation in particular related to plant health survey of priority quarantine pests, plant health status and improvement of official controls and other official activities. The implementation of the legislative framework has to be supported by an extension of the Phytosanitary Information system (Plant health and plant protection products) and of the integrated pest management system (within the whole territory of the country), and by the preparation of technical dossier for export to EU of seedlings.*This activity involves:** Further aligning the national legislation with the EU *acquis* on veterinary, plant health and plant protection products.
* Introduction and enforcement of new EU animal health package and official control legislation
* Ensure national perspectives on a sustainable food safety system, focusing on health and environmental approach in line with the new EU food safety strategy - Farm to Fork strategy, for environmentally friendly food IT solutions; and for improving the information system on animal health and food safety, including official controls and regulations in official controls.
* Extending the integrated pest management system within the whole territory.
* Preparation of dossiers for the export to the EU of seedlings.
* Capacity-building activities to increase the efficient implementation of legislation and phytosanitary information system, including the plant protection official control and state phytosanitary laboratory.

**Activity 2.3: Prevent the illegal, unreported and unregulated fishing** The National Strategy for Agriculture and Rural Development 2021-2027 prioritises the harmonisation of the legal framework with the Union *acquis* in Agriculture and Rural Development. However, specific development objectives and actions for fisheries and aquaculture development are mapped in the Programme for fisheries and aquaculture development for 2013-2024. The legal and institutional alignment of the sector follows the National Plan for the Adoption of the Acquis (NPAA). At present, large part of the EU *acquis* on fisheries is not applicable and the national legal framework is not keeping pace with changes to the EU’s Common Fisheries Policy. In this context, the country needs to increase substantially the alignment with the EU legislation and improve its administrative capacities for the management of resources and fleets, and the inspections and control of the fishing policy. The capacities to control illegal, unreported, and unregulated (IUU) fishing need to be improved and aligned with the EU requirements.*This Activity will involve:* * strengthening the national legislation and programmes on aquaculture and fisheries and align them with the EU regulation to prevent, deter, and eliminate illegal, unreported, and unregulated fishing (IUU Regulation).
* Putting in place IT solutions for the national catch certification, including training activities of the national authorities to implement the catch certification scheme.

**Relevance of the Action**The proposed Action will contribute to addressing specific issues recognised in the **2021 EC Country annual Report, (SDW(2021) 294 final)****Chapter 3: Right of establishment and freedom to provide services,** where is noted that is necessary to continue aligning national legislation with the EU *acquis*, notably on services and mutual recognition of professional qualifications; and to establish a Point of Single Contact, including for company registration, in line with the Services Directive.**Chapter 1: Free movement of goods** in relation to the alignment with the EU General Products Safety Directive. **Chapter 28: Consumer and health protection** mainly in relation to the need of aligning national product safety rules with the EU *acquis*, **Chapter 20: Enterprise and industrial policy** establishes the need to develop measures to increase the capacity of domestic companies to integrate in global value chains. In **Chapter 25: Science and research,** the report recommends the need to ensure a higher level of investment in research and innovation and intensify efforts to increase participation in Horizon Europe and other EU-financed instrumentsin the area; as well as to complete the Smart Specialisation Strategy and ensure synergy with other national research and innovation policies. **Chapter 11: Agriculture and rural development,** mentions the need for quality policy to improve the administrative capacities and ensure the protection of geographical indications in line with the EU *acquis*. In **Chapter 12: Food safety, veterinary and phytosanitary policy,** the report establishes the need to strengthen the capacities for data collection, verification and analysis of the Food and Veterinary Agency. On the phytosanitary policy, there is a need to achieve sustainable use of pesticides, use reliable data on pesticide use in the country, and analyse the risks and impact of pesticide use on human health and the environment. In **Chapter 13: Fisheries**, the report considers that the country should align the law on fisheries and aquaculture with the EU acquis in market policy, structural measures, and state aid; improve the data collection system and reporting and establish multi-annual programming of structural measures. The capacities to control illegal, unreported, and unregulated fishing in line with the EU requirements need to improve. In **Chapter 15: Energy**, the Commission recognises that the renewable energy action plan is in line with the revised binding target of 23% of energy coming from renewable energy sources by 2020 and 24% by 2025, although in 2019, the country achieved only a 17,36% share.The Action is also in line with the Conclusions and Recommendations of the following **Stabilisation and Association Sub-Committees:** (i) **Internal Market and Competition** held in February 2022 with regard to the implementation of the Action Plan for harmonisation with the Services Directive/Law on Services and the Law on Consumer Protection, and strengthening the operational structures serving consumer protection; (ii) **Trade, Industry, Customs and Taxation** held on December 2021 as concern the enforcement of the general product safety; (iii) **Innovation, Information Society and Social Policy** -April 2022-. (iv) **Agriculture and Fisheries** held in May 2021, in the organic farming and geographical indications, food safety, veterinary and phytosanitary policy and fisheries; and (v) **Transport, Environment, Energy, and Regional Development** -March 2021- on the renewable energy recommendations.The Action follows the **Economic Reform Programme (ERP) 2022-2024** and represents a significant contribution to overcoming the country's challenges. The programme recognises that the country still faces challenges about the necessary reforms in the private sector development and its competitiveness to increase the quality of products and internationalisation of businesses. In the agriculture sector, the ERP also expresses the need to boost the export of Macedonia agriculture products, conquer new markets and achieve greater efficiency in using the agricultural subsidies. On green transition, the Action is also in line with the ERP measures related to energy: measure 5. Promotion of renewable energy sources, where the greater use of renewable energy resources (RES) and the improvement of energy efficiency is one of the main strategic objectives in the energy sector; and measure 6. Improvement of Energy Efficiency.Regarding the Commission **Communication "A credible enlargement perspective for and enhanced EU engagement with the Western Balkans"** (COM(2018)65), this Action supports its strategic purpose to strengthen, modernise and increase the competitiveness of the economy to have a capacity to cope with the market pressure and market forces in the Union and also increase the level of economic integration with the EU. The Action is equally in line with the objectives of the Communication in the energy field when it establishes that energy security, market integration and energy transition, including energy efficiency and renewable energies, are dimensions of the EU’s Energy Union that should be expanded to the Western Balkans.The proposed Action will contribute as well to achieving the objectives of the **Economic and Investment Plan (EIP) for the Western Balkans** (COM (2020) 641 final). To build a Common Regional Market, the EIP recommends to the Western Balkans, as part of their preparation for the deepened Regional Economic Area, to focus on key deliverables that will bring tangible results to companies and citizens of the regions, such as increased investments in the private sector to boost competitiveness and innovation, in particular of small and medium sized companies; mutual recognition of certificates for fruits and vegetables and other agricultural goods and facilitate trade in farm products (including processed agricultural products) in line with the EU sanitary and phytosanitary requirements. Assist integration into the relevant EU systems and cooperate in the fight against animal diseases and antimicrobial resistance. The Action is within the Flagship 9-Investing in the competitiveness of the private sector (mobilise assistance for sustainable transformation of agri-food systems and rural development in the region. Finally, the EIP will strongly support energy market integration, decarbonisation, clean energy, just transition, further digitisation of the system and smart grids, energy efficiency and energy security. |
| Contribution to the IPA III Programming Framework objectives | The Action is designed to contribute to the achievement of the specific objective of the IPA III Programming Framework **Window 4 Competitiveness and Inclusive Growth,**  **thematic priority 2: Private sector development, trade, research and innovation;** where the aim is to converge towards EU policy standards, to fulfil the economic criteria, and to improve economic governance; **thematic priority 3: Agriculture and Rural Development**, which is concretised in the gradual construction of an agricultural sector capable of competing with market forces while progressively aligning with the EU legal framework in the field of agriculture and rural development and the relevant veterinary, food safety and phytosanitary standards; and **thematic priority 4: Fisheries** that aims at increasing the ability to cope with competitive pressure and market forces, as well as to align with the Union rules and standards progressively. It is also relevant to remark that in the medium-long term component 4 of the AF will directly address the thematic priorities of Window 3 dealing with Environment and Energy by promoting the decarbonisation of Agriculture as well as the use of renewable energy in Agriculture.The Action is also in line with the **areas of intervention and objectives of the Strategic Response** of the country regarding thematic priorities 2, 3 and 4.The country has put in place the legal framework to ensure gender equality by adopting the Law on Equal Opportunities for Women and Men and the Law on Prevention of and Protection from Discrimination. The Action will take into consideration this legislation and proposes specific measures in favour of young and women entrepreneurs, scientists, farmers, and women farmers. The activities to be implemented under this Action will have a direct or indirect positive impact on environment, biodiversity, and climate change mitigation. Even, some of them will have a very remarkable positive effect on the environment. |
| Links with national, regional and global strategies | The proposed Action is in line with the following global, regional and national strategies in the field of health reforms:* The objectives of **United Nation’s 2030 Agenda for Sustainable Development**, more specifically, the Action contributes to the **Goal 9**. Industry, innovation, and infrastructures; **Goal 16.** Develop effective, accountable and transparent institutions at all levels; **Goal** **2.** End hunger achieved food security and improved nutrition and promote sustainable agriculture; **Goal 12.** Ensure sustainable consumption and production patterns; **Goal 14.** Conserve and sustainable use of the oceans, seas, and marine resources for sustainable development; and **Goal 7.** Ensure access to affordable, reliable, sustainable, and modern energy for all.
* The Action is in line with the **Western Balkans Common Regional Market,** which represents a stepping-stone to integrate the region more closely with the EU Single Market already before accession. The Common Regional Market is structured around the four freedoms (free movement of goods, services, capital and people) while also covering aspects of digital, investment, innovation and industry policy.
* The Action also contributes to the objectives of the **Paris Agreement,** the **European Green Deal** and the **Green Agenda for the Western Balkan** related to initiatives to improve consumer information and promote safety of goods placed on the market; sustainable food systems and rural areas and protection and restoration of ecosystems, which have to do with the alignment of the agri-food primary production sector with EU standards; the sanitary controls along the entire food chain and traceability and labelling of food products; the promotion of environmentally friendly and organic farming, and the development of renewable energy sources, etc.

In the field of economic cohesion, the Action will contribute to the implementation of the following national strategies:* **Strategy for Consumer Protection 2022-2025.** The Strategy will focus on the further development of consumer protection standards, which implies that consumer protection is complementary to all sectoral policies and provides high standards for consumer protection in a way that protects the economic interests of consumers, enables information and education of consumers, and establishes simple procedures for resolving consumer complaints. An appropriate Action Plan has been prepared with a time frame and an estimated budget.
* **Strategy for Operation of State Market Inspectorate**
* **National ICT Strategy 2021-2025.** It focuses on the identified priority areas in the ICT sector and aims to prepare MK for a manifold and agile digital future. It focuses on meeting the challenges of society’s growing connectivity needs, boosting competitiveness and making the daily life of citizens and businesses more intelligent. Digital technologies as enablers for transformation will provide the community with a better quality of life. The Strategy consists of six pillars: 1. Connectivity and government infrastructure; 2. Centralisation and rationalisation of ICT and e-government services; 3. Improving the digital skills of citizens, workforce and experts; 4. Research, development and innovation; 5. Data protection; and 6. Digital services (inspired by environmental protection).
* **Industrial Strategy with focus on manufacturing industry 2018-2027** with AP.The vision of the strategy is to promote industrialisation by stimulating the growth and development of the manufacturing sector to boost productivity, create good jobs, raise incomes and strengthen human capital, while addressing the challenges of the circular economy. This strategy is focused on the manufacturing sector. However, over time, it is important to develop more discrete targeting of activities to focus on the higher value-adding sectors and activities to allow the country to build on the unique capabilities and comparative advantages that exist in the country.
* **Smart Specialisation Strategy (S3), to be developed and adopted.** North Macedonia is committed to creating a favourable business climate conducive to growth based on knowledge and innovation. Currently, there is an advanced process of S3 development, in close collaboration and continuous consultancy with JRC, following a standard EU methodology and being ex-post approved by JRC in its final EDP phase. Building on the EDP outcomes, the S3 will complement the forthcoming National Development Strategy, replace the outdated Innovation Strategy and Competitiveness Strategy, and build on the priorities of the Industrial Strategy, the Education Strategy and the Economic Reform Programme.
* **National Strategy for Small and Medium Enterprises 2018-2023**. The vision of the Strategy is for SMEs to be competitive and an engine of inclusive economic growth in Macedonia and the creation of more productive and decent employment. The strategic objectives are O1 – Enabling Business Environment; O2 - Strengthen and improve growth opportunities for SMEs; O3 - Dynamic Ecosystem of Entrepreneurship and Innovation. The SME Strategy will create vibrant entrepreneurship and an ecosystem that encourages and supports innovative start-ups. This will strengthen links between industry, education and academia, and the scientific research community. Macedonian companies rarely have close ties with educational and scientific institutions and research centres. The creation, strengthening and maintenance of these links will foster the internationalisation of research activities and help promote partnerships with European companies and research institutes. Special attention is devoted to supporting women's entrepreneurship.
* **Strategy of Women Entrepreneurship Development with AP 2019-2023**. The Strategy aims to empower women by creating a favourable business climate and providing support for the development of their entrepreneurial potential, which will contribute to the development of existing and opening new enterprises, creating new jobs and thus strengthening the overall economy.
* **Education Strategy 2018-2025 and Action Plan**. The relevant priority of the Strategy is strengthening the research infrastructure (centres of excellence, accelerators, technology transfer centres) in selected universities to achieve a level of scientific research that is in line with modern needs for technology development.
* **Research Infrastructure Roadmap of North Macedonia** recommend the following: Establish a link between the research potential identified in the RI Roadmap and future activities in designing the Smart Specialization Strategy -If North Macedonia wishes to ensure successful implementation of the S3 and to use the existing opportunities, it should provide the upgrade or construction of new research infrastructures and further develop the research-innovation potential. Regarding the investments in projects of national importance, it is also reasonable to invest in RI projects to reduce the development gap among developed EU Member States.

North Macedonia has demonstrated a significant progress in the field of agriculture and rural development. The importance of this sector in socio-economic aspect as well as for the accession process pushed the country to develop the necessary strategic and legal framework and establish good institutional capacity, mainly with the support of the EU. The **strategic framework for Agriculture and Rural Development** covers and defines several strategic priorities, among others the followings: * To improve market organization (e.g., cooperatives and farmers’ associations), vertical integration and quality improvements.
* To promote territorially balanced and sustainable development in rural areas,
* To enhance farm viability and competitiveness of all types of agriculture and primary food-processing,
* To develop human and physical capital (irrigation and mechanisation),
* To reduce the fragmentation of the farms and to increase the size of the small land holdings,
* To improve plant health,
* To increase the international competitiveness of North Macedonia’s agricultural production and agri-food industry.

The Action will support the implementation of the following **national strategies**: * The **National Strategy for Agriculture and Rural Development (NARDS) 2021-2027**, which aims to increase the international competitiveness of North Macedonian’s agricultural production and agri-food industry and securing sustainable development of rural areas. The Strategy has specific objectives related to the market regulation, organisation of the food chain and improving the quality of agricultural product, and the modernisation of the agri-food sector.
* The **IPARD Rural Development Programme 2021-2027**, which aims to enhance farm viability and competitiveness of all type of agriculture and primary food-processing, while progressively aligning with the Union standards/developing human and physical capital; restoring, preserving, and enhancing ecosystems dependent on agriculture, fishery, and forestry; promoting balanced territorial development in rural areas; and transfer of knowledge and innovation in agriculture, forestry, and rural areas.
* The **Food Safety Strategy 2021-2025** that ensures the consistency of the national food safety policy and the strategy with the requirements of the EU, and the international organisation standards (WTO, OIE and Codex Alimentarius). The Strategy establishes sustainable and self-sufficient system for food safety, food security and food defence, and it is based on the following principles: 1. Coverage of the complete food chain from primary production to the final consumer, “from field to table”; 2. Effective implementation of EU acts regulating the food safety; 3. Application of the principles of risk analysis and risk management; 4. The priority of the greatest health risks; and 6. Establishment of a system to ensure safety security of food.
* The **Programme for Improvement of Fisheries and Aquaculture 2012-2024**, which most of activities are in relation with EU aquaculture requirements and criteria for high-quality, sustainability and consumer protection standards as well as environmental protection standards.
* The **Strategy for Energy Development of North Macedonia until 2040.** The Strategy provides the directions for development of the energy sector in the country, considering the energy policy trends at global and European level, and particularly in the framework of the Energy Community. Energy trends are emphasizing more ambitious transition towards low-carbon economy, with renewable energy sources (RES) and energy efficiency (EE) among the most important enablers transition.
* The **National Energy and Climate Plan 2021-2030**. The NECP takes a holistic approach and address the five main dimensions of the Energy Union in an integrated wate recognising the interactions between the different dimensions: decarbonisation (addressing two segments: greenhouse gas emissions and renewable energy sources), energy efficiency, security of energy supply, internal energy market, and research, innovation, and competitiveness.
* The Action considers the priorities established in the **National Programme for the Adoption of the Acquis (NPAA)**, about the promotion of organic agriculture and the development of organic agricultural production, capacity building activities, and the harmonisation of the laws and regulations of organic production. The priority is to prepare a new Organic Production Law in the medium term, among other priorities. Regarding the quality policy, the focus is to strengthen the brand of agricultural products with protected designation of origin, geographical designation and guaranteed traditional speciality. In terms of food, veterinary and phytosanitary safety, the Action is consistent with the priorities of the NPAA regarding the harmonisation of national legislation with the EU acquis and the need to increase the capacities of the FVA. The priorities focus on amending existing acts or adopting new ones in line with European requirements in terms of fisheries. Finally, in terms of energy, the NPAA highlights as its main strategic objectives a greater use of renewable energy sources, which is relevant for the security of clean energy, the creation of conditions for sustainable energy development and compliance with the obligations derived from the Treaty establishing the Energy Community.
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| Coherence with the Sector Approach | The **sector strategic frameworks** are well established and credible, although complex. The new generation of strategies to cover the next mid-and long-term period is under preparation. The strategic planning process is based on analysis of the implementation of the still ongoing system, and rich statistical data exists to back up the planning process. The follow-up on the performance of the priorities, objectives, and measures, defined by the various strategies, is based on the established standard monitoring system for each adopted plan. However, to ease the sector monitoring, the national authorities, with the EU support, in 2021 the Government adopted the **Performance Assessment Framework (PAF)** based on a set of impact and outcome indicators, targets, and baseline data. The selected indicators cover very well the entire sector and are available under [PAF (pafnorthmacedonia.mk)](https://pafnorthmacedonia.mk/PAF/).The sector policy dialogue is channelled through **the Sector Working Group (SWG)** **Competitiveness and Innovation** and **SWG Agriculture and Rural Development**, which focus on the national sector priorities and their implementation in an inclusive and participatory manner. The SWGs embed the IPA programming but go far beyond the debates on EU funds: this is the platform also to voice the opinion of the various donors, relevant state institutions and civil society on how the sector develops, how effective are the current policies and how the multiple donors contribute to the national sector priorities. The SWGs meet in different formats: decision-making (at least twice per year) and technical (at least once per month). In the negotiation phase with the EU, it will assume new functions primarily by becoming the public channel for informing stakeholders about the progress of the negotiations and providing feedback to decision-makers on how the new legislation is implemented in practice. In addressing these new obligations, the SWGs will complement the negotiating structure established in 2019, which will technically handle discussions with the European Commission. The proposed intervention was discussed at the plenary session of the SWG held on the 21 March 2022.The **institutional set-up** comprises several institutions with relatively well-established administrative capacity:* Cabinet of the Deputy Prime Minister in charge of economic affairs, coordination of economic sectors and investments
* Ministry of Economy
* Prime Minister Office
* State Market Inspectorate
* Ministry of Finance
* Ministry of Education and Science
* Ministry of Information Society and Administration
* State Statistical Office
* Various Agencies and entities (FITD, CRM, DBRSM, DTIDZ, Cadastre, etc.)
* Private Sector representatives
* Donor Community
* The Ministry of Agriculture, Forestry and Water Economy is responsible for the sector policymaking and policy implementation. More precisely: Department for EU, Department for Agriculture, Department for Marketing and Quality of Agricultural Products, Department for Viticulture, wine and orchards, Unit for agricultural cooperatives, in charge of the activities related to the promotion of farm cooperatives and any other Departments deems necessary
* The National Extension Agency
* The State Agriculture Inspectorate
* The Agency for Financial Support to Agriculture and Rural Development (AFSARD), responsible for procurement, contracting and payments to farmers
* The Administration for Water Economy is responsible for irrigation and drainage of the country's whole territory through Joint Stock Company Water Management
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| Regional dimension | Not applicable |
| Indicative budget (in EUR) | Total: EUR 11,3 millionEU funding: EUR 11,2 million National co-financing: EUR 100,000 |
| Implementation Modality | Direct Management |
| Budget Support Readiness (only in the action is implemented through Budget Support) | Not applicable |

**LOGICAL FRAMEWORK MATRIX**

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| **OVERALL OBJECTIVE(S) / (IMPACT(S))** | **OBJECTIVELY VERIFIABLE INDICATORS** | **BASELINES (VALUE AND YEAR[[2]](#footnote-2))** | **MILESTONES (OPTIONAL)** | **TARGETS** | **SOURCES & MEANS OF VERIFICATION** |
| To unleash the economic potential of North Macedonia and promote economic cohesion, through synergy between the economic, agriculture and innovation policies in line with the EU objectives on climate change and protection of biodiversity  | Distance to frontier-the ease of doing business | Rank: 17 (2020)Score: 80.7 (2020) |  | Rank ≤ 20 | WB[[3]](#footnote-3) |
| Research and Development expenditure per inhabitants (Euro/inhabitants) | 19,9 Eur/inhab. |  | ≥ 50 Eur/inhab. | SSO |
| Value of export of agriculture products[[4]](#footnote-4) | 624,503,315 Euro (2019) |  | ≥835,000,000 Euro (2027) | WTO |
| Value of the export of organic farming and GI products | 0 (2022) |  | ≥15,000,000 Euro (2027) | MAFWE |
| Hazard of food contamination (bacteria and pesticides) [[5]](#footnote-5) | 2% (2017). |  | ≤ 1% (2027) | FVA Annual report |
| Number of status “pest free country” recognised by EU (surveys for selected pests, plant hosts, pathways or commodities)[[6]](#footnote-6). | 5 quarantine harmful organisms (2020) |  | ≥15 status for quarantine harmful organisms (2027) | FVA Annual report |
| Number of free status diseases recognised by the OIE[[7]](#footnote-7). | 0 (2019). |  | ≥5 animal diseases (Classical swine fever, Pest de petit ruminants, Rabies, Sheep and Goat pox) (2027) | FVA Annual report |
| Number of registered professional operators based on Directive 2000/29/EC[[8]](#footnote-8) | 0 (2020) |  | ≥785 (2027) | MAFWE, Phytosanitary Dpt. |
| Number of issued ID for trained professional users[[9]](#footnote-9)  | 0 (2020) |  | ≥70,000 (2027) | MAFWE, Phytosanitary Dpt. |
| Number of new accredited phytosanitary laboratory methods (pest diagnostic, agro-chemistry and seed and seedling sector - cumulative)[[10]](#footnote-10). | 149 (2020). |  | ≥194 (2027) | MAFWE, Phytosanitary Dpt. |
| Number of countries with plant goods market access due to phytosanitary requirements[[11]](#footnote-11). | Open market access:EU-27CEFTA-6Third countries-(Ukraine, Belorussia, Egypt, Norway, SCH, Russia, Turkey) (2020) |  | ≥ 44 (2027) | MAFWE |
| System for prevention and control of IUU[[12]](#footnote-12). | 0 (2020) |  | Fully operative system for prevention and control of IUU (2027) | EU Annual Progress Report |
| Annual Aquaculture production in tonnes[[13]](#footnote-13). | 1 650 t aquaculture production in MK (2019). |  | ≥ 2 000 (2027) | EU Annual Progress Report |
| Number of employees in the fisheries sector[[14]](#footnote-14) | 434(2019) |  | ≥ 500 (2027) | SSO |
| Share of renewable energy in the gross final energy consumption[[15]](#footnote-15) | 19.02% (2020) |  | ≥ 31% (2027) | SSO |
| **SPECIFIC OBJECTIVE(S) / OUTCOME(S)** | **OBJECTIVELY VERIFIABLE INDICATORS** | **BASELINE** | **MILESTONES** | **TARGETS** | **SOURCES OF VERIFICATION** | **ASSUMPTIONS** |
| 1. To improve the legal and administrative framework for business operations in North Macedonia | Level of alignment with the EU *acquis* on right of establishment and freedom to provide services | Moderately prepared (2021) |  | Fully aligned (2027) | EU Annual Progress Report |  |
| Level of alignment with the EU *acquis* free movement of goods  | Moderately prepared (2021) |  | Fully aligned (2027) | EU Annual Progress Report |
| Level of alignment with the EU *acquis* on consumer protection  | Moderately prepared (2021) |  | Fully aligned (2027) | EU Annual Progress Report |
| 2. To reinforce the Agricultural and Fisheries Policy | Agricultural area under organic farming (without pastures) [[16]](#footnote-16) | 2,716 Ha (2018) |  | ≥ 3,100 Ha (2027) | SSO | North Macedonia remains a dynamic participant in the EU enlargement process.Sustained political will with the MAFWE to support the implementation of the Action.Private stakeholders cooperate and adapt to ongoing reforms. |
| Level of the monitoring andcontrol of organic certification system and product certification | Not yet systematic |  | Systematic | EU Annual Progress Report |
| Level of adoption of the EU legislative framework to ensure protection of geographical indication | Additional efforts needed (2021) |  | Fully transposed (2027) | EU Annual Progress Report |
| Level of alignment of the EU Veterinary, Food Safety and Phytosanitary legislation into the national legislation | Good level of preparation (2021) |  | Fully aligned (2027) | EU Annual Progress Report |
| Level of alignment of the EU fisheries (IUU regulation) legislation in the national legislation | Moderately transposed (2021) |  | Fully transposed (2027) | EU Annual Progress Report |
| **OUTPUTS** | **OBJECTIVELY VERIFIABLE INDICATORS** | **BASELINE** | **MILESTONES** | **TARGETS** | **SOURCES OF VERIFICATION** | **ASSUMPTIONS** |
| 1.1 The right of establishment and freedom to provide services improved | Number of legal acts adopted within the Action Plan for harmonisation with the Law on Services | xx |  | TBD | Project progress report |  |
| Number of new services fully functional in the Point of Single Contact (PSC)  | 0 (2022) |  | TBD | Project progress report |  |
| 1.2 The market surveillance and consumer protection improved | Number of market inspectors trained on quality controls | 0 (2022) |  | TBD | Project progress report |  |
| Number of IT solutions (software and applications) to digitalise the business processes in the State Market Inspectorate (SMI) and electronic processing of consumer complaints | 0 (2022) |  | 1 (2027) | Project progress report |  |
| Number of events to raise awareness of consumer rights  | 0 (2022) |  | TBD | Project progress report |  |
| Number of Alternative Dispute Resolution (ADR) mechanisms developed | 0 (2022) |  | 1 (2027) | Project progress report |  |
| Number of trained people on the Alternative Dispute Resolution (ADR) mechanism | 0 (2022) |  | TBD | Project progress report |  |
| 1.3 The Intellectual Rights policy and implementation strengthened | Number of Intellectual Property Rights Office staff trained on relevant topics, including industrial design protection and protection of agricultural geographical indications (GIs) | Xx (2022) |  | TBD | Project progress report |  |
| Number of IT solutions (software) for full digitalisation of the Intellectual Property Rights (IPR) Office | 0 (2022) |  | 1 (2027) | Project progress report |  |
| 1.4 The national capacities for policymaking and implementation in the area of innovation, research and development improved | Number of financial ecosystem studies for innovative start-ups realised | 0 (2022) |  | 1 (2027) | Project progress report |  |
| Number of promoting events for participation in relevant UE programmes and partnership with EU-based industries performed | 0 (2022) |  | (TBD) | Project progress report |  |
| Number of Mobility Pilot Scheme between business and academia prepared and in operation | 0 (2022) |  | 1 (2027) | Project progress report |
| Number of Centre of Excellences in place | 0 (2022) |  | 1 (2027) | Project progress report |
| 2.1 The quality of food and the supply chains improved | Number of organic control bodies whose certification is valid in the EU | 0 (2022) |  | ≥ 2 (2027) | Register of the certification bodies |
| Number of IT solutions (software) adopted for monitoring and controlling policies, advisory services and market information | 0 (2022) |  | 1 (2027) | Project progress report |
| Number of farmers taking part to awareness events on organic farming | 0 (2022) |  | ≥ 1,500 (2027) | Project progress report |
| Number of product specifications for selected GI/PGI products developed | 0 (2022) |  | ≥ 15 (2027) | Project progress report |
| Number of producers trained on relevant topics for GI/PGI | 0 (2022) |  | ≥ 1,000 (2027) | Project progress report |
| 2.2 The Veterinary and Phytosanitary system enhanced | Number of IT solutions (software) for animal health and food safety (FVA) | 0 (2022) |  | 1 (2027) | Project progress report |
| Number of dossiers for export to EU of seedlings from high-risk plants | 0 (2022) |  |  (2027) | Project progress report |
| Number of trainees on phytosanitary information system | 0 (2022) |  | ≥ 30 (2027) | Project progress report |
| Provision of the relevant equipment for the State Phytosanitary Laboratory (SPL) and phytosanitary inspectors (to be determined during the preparation of the AD) | 0 (2022) |  | (TBD) | Provisional Acceptance certificates |
| 2.3 The illegal, unreported and unregulated fishing prevented | Number of technical reports on the necessary amendments to strengthen the national legislation and programmes on aquaculture and fisheries according to the EU regulation and to prevent, deter, and eliminate illegal, unreported, and unregulated fishing (IUU Regulation). | 0 (2022) |  | 1 (2027) | Project progress report |  |
| Number of IT solutions (software) for catch registration certification database | 0 (2022) |  | 1 (2027) | Project progress report |  |
| **BROAD ARRANGEMENTS FOR IMPLEMENTATION (IF AVAILABLE)** | It should be flagged out if it is proposed to implement this action through the WBIFAlso specify the management modes (direct, indirect with implementing partner or IMBC) |

1. The measures will be implemented through the national channels for supporting the business [↑](#footnote-ref-1)
2. The baseline value may be “0” (i.e. no reference values are available as the Action represents a novelty for the beneficiary) but cannot be left empty or include references such as “N/A” or “will be determined later”. [↑](#footnote-ref-2)
3. https://openknowledge.worldbank.org/bitstream/handle/10986/32436/9781464814402.pdf [↑](#footnote-ref-3)
4. Trade Data is according to WTO classification of Agricultural products ANNEX I – Agreement on Agriculture + fish and fish products – Calculation of the MAFWE, Tab 16 Uvoz, t24\_u [↑](#footnote-ref-4)
5. Source: FVA, (Food and Veterinary Agency), Annual Agriculture Report [↑](#footnote-ref-5)
6. Plant Health Status, Phytosanitary Directorate, MAFWE [↑](#footnote-ref-6)
7. Source: FVA, (Food and Veterinary Agency), Annual Agriculture Report [↑](#footnote-ref-7)
8. Register of producers, traders exporter, of plant and plants products and Phytosanitary Information System, Phytosanitary Directorate,

 MAFWE [↑](#footnote-ref-8)
9. Annual Report and Phytosanitary Information System, Phytosanitary Directorate, MAFWE [↑](#footnote-ref-9)
10. <http://www.iarm.gov.mk/index.php?option=com_content&view=article&id=388%3Alt-001&catid=69%3Aaccr-lab-test-cat&Itemid=119&lang=mk> [↑](#footnote-ref-10)
11. Source: Phytosanitary Directorate, MAFWE [↑](#footnote-ref-11)
12. Source: Council Regulation (EC) No 1005/2008 of 29 September 2008 establishing a community system to prevent, deter and

 eliminate illegal, unreported and unregulated fishing (IUU Regulation); Commission Regulation (EC) No 1010/2009 of 22 October

 2009 laying down detailed rules for the implementation of Council Regulation (EC) No 1005/2008 [↑](#footnote-ref-12)
13. Source: MAFWE [↑](#footnote-ref-13)
14. Source: State Statistical Office [↑](#footnote-ref-14)
15. State Statistical Office, table T-01: Total energy balance (<http://www.stat.gov.mk/pdf/2020/6.1.20.59_mk.pdf> ) [↑](#footnote-ref-15)
16. Source: <http://makstat.stat.gov.mk/PXWeb/pxweb/en/MakStat/MakStat__Zemjodelstvo__OrganskoProizvodstvo/125_Zem_Mk_oRast_ml.px/?rxid=9f696609-f18f-414f-9297-ecf5a21c8a47> (Select and sum up the values of the following categories: cereals total; industrial crops total; fodder crops total; vegetables total; fruits total; vineyard) [↑](#footnote-ref-16)