



**DEVELOPMENT FRAMEWORK  
of the  
REPUBLIC OF NORTH MACEDONIA  
MKD 2030**



Skopje 2022



## Greetings,

In front of you is the Development Framework MKD 2030, a document I announced at the beginning of my mandate, taking into account the specifics of the geopolitical context we found ourselves in, then and today, as a NATO member and a candidate country for membership in the European Union.

Unfortunately, the Covid-19 pandemic, which slowed down the planning process, both globally and nationally, caused the initial idea this document to be available to the Macedonian public by the end of 2020, not to be realized.

However, although later than planned, I am particularly pleased that all activities are finally finalized and that, as a country, we have prepared a document, supported by the institution President of Republic of North Macedonia, that defines the priorities for how and with which strategies by the end of this decade we can encourage the overall economic and social development, increase the trust in institutions and reduce the emigration of young people.

The framework has been developed through a process of extensive consultation, uniting the expert potential and experience of some of the best minds in our society. From chambers of commerce, to small artisans, local government, political entities, government officials, university professors, international economic experts originating from this country, civil society organizations, individuals of different generations possessing the knowledge and experience, former ministers. In short, all those who think well of their own country were involved in the various stages of the preparation of this document.

Through MKD 2030, we tried to offer a platform around which we will unite as a society, since we need the identified priorities we will focus on in the coming period to be supported by the broad social consensus. I expect that this first “Development Framework MKD 2030”, which covers the period until the end of this decade, will constitute an integral part of the National Development Strategy 2022-2042 and the sectoral policies of the current Government, as well as the program of each subsequent government, regardless of which political option will be in power.

In terms of the parts and the entirety of the document, I expect reasoned criticism and I welcome in advance the views that will encourage debate on the offered ideas and proposals. Only that way we will influence the public discourse and we will direct the general public to support the future particular operational steps that need to be taken for positive changes in the lives of all citizens.

As a country, with the Development Framework MKD 2030 we receive a document supported by the Macedonian expert community and a roadmap that, if fully implemented, can contribute Republic of North Macedonia to become a better place to live, where citizens will have a chance to realize their potential.

I express my sincere gratitude to all the individuals who have worked selflessly in the past period and who have contributed to the creation of this document.

Stevo Pendarovski

# SUMMARY

The 2030 MKD Development Framework defines the priority areas in which the Republic of North Macedonia should invest in the medium term for the country to become a better place to live, work, and for social activities. The goal is to incorporate the priorities set in MKD 2030 in the development policy of the country and such goals to be respected by each ruling party, regardless of the political changes in the governance of the country.

MKD 2030 is a non-partisan platform whose core consists of the citizens and the public interest. The framework has been developed with a broad application of the stakeholder consultative approach, as well as with extensive consulting of relevant strategic documents of government institutions and analytical reports of international and domestic organizations. Moreover, the current international developments have been taken into account, which are reflected as external shocks on the Macedonian economy.

The Development Framework MKD 2030 is based on the premise that political entities will work diligently and continuously to ensure the most important preconditions for development – the rule of law, accompanied by stable and accountable institutions with a strong punitive nature of corrupt practices; macroeconomic stability and a functioning market economy; political culture based on the premise of public interest and public administration in which quality, knowledge, work ability and responsibility are the only criteria for employment and advancement. The continuous activities of the relevant institutions to fulfil these preconditions are exceptionally important in order for the development priorities MKD 2030 to be fully realized.

The MKD 2030 Development Framework identifies four priorities:

1. Accelerated economic growth
2. Higher environmental protection and reformed energy policy
3. Digitalization
4. Education, youth and inclusive development

The priorities are complex and interconnected, and therefore require parallel action in all areas to make real progress by 2030. Priorities should be considered as a whole without ranking them because they all have their role in the development of the Republic of North Macedonia. In addition to these, there are many other issues that deserve attention; however, the diagnostics of the situation and the information from the stakeholders indicate that these four areas are crucial for the progress till 2030.

Acceleration of the economic growth is most important for creating new jobs and improving the living standards of the population. The current situation indicates the need to increase the overall factor productivity and labor productivity; raise the competitiveness of the national economy through struc-

tural transformation of the economy in favor of sectors that produce higher value added and greater involvement of Macedonian companies in value chains and supply chains; encourage innovations and introduce modern technological solutions in the production and service activities; encourage new investments; reduce the shadow economy and ensure a flexible and dynamic labor market.

Improvement of the environmental protection has been imposed a priority due to the numerous challenges the country is facing in this field, especially in terms of ambient air quality, industrial pollution, waste management, water management, and the protection of nature, soil, and biodiversity. In addition, addressing the effects of climate change is a global process that requires action at the national level. Ensuring an appropriate legal and strategic framework in all of these areas, as well as institutional systems for consistent implementation of legislation and policies, is essential to achieving visible progress by 2030. Ensuring the so-called sustainable economic development constitutes a high priority for global economic development, thus the economic policies and regulations have to take environment into consideration.

An area that is essentially related to the environment through a two-way connection is the energy policy. Furthermore, energy transition and tackling climate change will have a significant effect on economic development.

International efforts to reduce greenhouse gas emissions, increase the use of renewable energy sources, as well as amplitude movements in the energy market, shape the need to redefine Macedonia's energy policy in order to better meet domestic demands and build a satisfactory resistance to external shocks.

Digitalization is an area that essentially determines the future of any country. It can be considered as a special priority or strategic development goal, and also as means to achieve other development priorities. Given the challenges of modern digital development in the world, it is necessary to accelerate the digital transformation in the Republic of North Macedonia by upgrading the infrastructure and technologies for digitalization, as well as the level of digital literacy in the country by monitoring the dynamics of change in worldwide terms; promoting the digital economy; development of the IT sector as a propulsive service activity in the Republic of North Macedonia, and providing full digitalization of public services.

Education, youth and inclusive development have been identified as interrelated priorities, given that education is at the core of all segments of development, and providing access to education for all citizens is the basis of inclusive development. Macedonian education has been almost continuously subject to reforms since the country's independence; however, the situation indicates concerning results in terms of functional literacy and students' knowledge of mathematics and natural sciences. In addition, schools and faculties are not flexible in terms of adapting the curricula to the needs of the real sector, resulting in low(er) employability of young people. The problems in this area are complex, and the allocations for education and science from the budget of the Republic of North Macedonia are low. That needs to change, whereas education needs to be modernized to meet global trends and labor market needs.

Inclusive development is a rather comprehensive category, and an important premise for society to be directed towards inclusive development is to reduce poverty, given that 21.8% of the Macedonian population in 2020 lived below the poverty threshold. Furthermore, the policy for reducing social exclusion should be comprehensive, i.e. focused on providing adequate housing for all, as well as access to education, primary health care, and socio-cultural activities for all citizens, and should also address the problems of all vulnerable groups of citizens and persons with disabilities. A key element in building social cohesion and inclusive development is the respect for human rights and protection against discrimination on any grounds.

The youth is a particularly important part of inclusive development. Young people are an essential part of the human capital in the country, and their characteristics dictate the development. Emigration of young people from the country is a long-term problem with rather harmful consequences in terms of human capital. In this regard, it is necessary to continuously improve the legal framework and strategic documents that address issues related to youth; establishing effective mechanisms for youth participation in policy-making and decision-making processes at local and national level, as well as promoting youth entrepreneurship and increasing youth employability by acquiring appropriate skills in the education process.

Contemporary cultural policies and media literacy have been set as important segments in the inclusive development priority. Cultural policies should respond to the needs for preservation of the rich cultural heritage of the country, ensure the promotion of heterogeneous, dynamic, social, and cultural identities in the Republic of North Macedonia, and at the same time, encourage the wider cultural upliftment of the citizens. Media literacy is key to building an informed society, both in terms of service providers (media) which need to offer accurate, timely and quality content, and in terms of media users who need to learn to recognize the right information.

The indicated priorities in the MKD 2030 framework have been identified in order for the development to be primarily designed according to the specific needs of the country. However, the Agenda 2030 is also addressed, i.e. the priorities of MKD 2030 correspond to the goals for sustainable development.

The Development Framework MKD 2030 lists the priorities together with recommendations for the necessary interventions by areas. The detailed design of measures through which the recommendations by areas would be realized is the task of the sectoral policy makers, i.e. the government institutions. The goal is MKD 2030 to serve as a basis for the strategic development planning in order to achieve coherence of planning documents in various areas as well as to overcome the problem of discontinuity of sectoral policies in the political realignment in the country. In that context, the Development Framework MKD 2030 is part of a broader process of planning the development of the country, which includes the preparation of the National Development Strategy (NDS) 2022-2042. The strategy is prepared in a process led by the Government of the Republic of North Macedonia and should be harmonized with the priorities defined in the MKD 2030 Development Framework. The implementation of the NDS and other sectorial strategic documents will provide insight into the achievement of the priorities determined in MKD 2030.



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# Methodology for development of the MKD 2030 Development Framework

The MKD 2030 Development Framework has been prepared by applying the consultative approach. A wide range of stakeholders was consulted - organizations and individuals, chambers of commerce, civic associations, academia, youth organizations, media organizations and representatives of vulnerable groups of citizens. In this manner, input information was collected on their views on the burning issues that need to be addressed as a matter of priority in order to achieve progress in the country. In parallel, the process of preparing the Development Framework MKD 2030 has included extensive consulting of existing national strategic documents in various fields, international reports containing a review of the situation and an assessment of the country's progress, analyzes prepared by civil society organizations, and other relevant materials.

The stakeholder consultation process was conducted transparently through meetings, debates and other formal and informal methods aimed at encouraging their active participation in the debate for a better future of the Republic of North Macedonia. The consultations carried out for several months were organized and realized by the Cabinet of the President of the Republic of North Macedonia, Stevo Pendarovski. As a result of the consultations, some of the stakeholders submitted in writing their views on the national priorities until 2030, which is a particularly important contribution to the shaping of MKD 2030.

All information gathered in the stakeholder consultation process were carefully processed and cross-referenced with the findings identified in the review of national strategic documents and other relevant materials. The aim was to prioritize the areas in which the country should focus its efforts and resources in the medium term. The main criteria in establishing the priority areas were the depth of the problems in the respective area, the degree of their impact on society and the argumentation of the views of consulted parties on the development discourse (in full or by area) by 2030.

The Development Framework MKD 2030 provides the priorities, together with recommendations for the necessary interventions. Detailed design of measures and operational plans for the implementation of area recommendations is the task of sectoral policy-makers. The MKD 2030 Development Framework has been prepared in order to contribute to higher coherence between strategic planning at the national level of all instances and all institutions, having in mind that it should be characterized by continuity and should not be a collateral of the political realignment in the country. MKD 2030 is part of a wide-ranging process of strategic planning that also includes the National Development Strategy 2022-2042, structured as a broadly accepted detailed document that should also profoundly address the priorities of the Framework MKD 2030.



# Objective of MKD 2030 and Development Pre-Conditions

The MKD 2030 Development Framework identifies the priority areas in which the Republic of North Macedonia should invest in the medium term to ensure growth along an accelerated trajectory and achieve progress in order for the country to be a better place to live, work, and for social activities.

MKD 2030 has been prepared in order to define the priorities that will be incorporated in the development documents from narrower or wider (intersecting) areas through which, among others, the specific goals for sustainable development should be realized.

The Development Framework MKD 2030 is a non-partisan platform whose core consists of the citizens and the public interest. There are many definitions and interpretations of the term *public interest*,<sup>1</sup> and the theoretical views are harmonized indicating that the state defines the public interest and defines its scope, as well as the instruments through which it is implemented and protected.<sup>2</sup> One of the goals stated in the preamble of the Macedonian constitution is that the state is constituted in order to “provide social justice, economic wellbeing and prosperity in the life of the individual and the community”.<sup>3</sup> In the context of MKD 2030, this is the primary public interest postulate.

The systematic diagnostics of the country entitled “Seizing a brighter future for all”, prepared by the World Bank in 2018, emphasizes the following: “The country must rethink its development approach which so far has delivered only modest results in terms of GDP growth, poverty reduction, and the consolidation of the middle class. Instead, the approach since independence has eroded the fiscal space for government delivery of quality public goods and services; it has diminished the trust of citizens in the state; and environmental threats are becoming increasingly acute”.<sup>4</sup>

The World Bank Systematic Diagnostics is an in-depth and comprehensive document on the development of the country in which conclusions are drawn based on sound analysis. The period covered by this document is following the independence (1991) to 2018, i.e. it provides a long-term picture of the situation and the roots of the problems. Making such a diagnostics is a rather difficult and extensive process that requires a lot of resources due to which these documents are not made or updated often. Data and information provided by national institutions are used in their preparation. Considering that there is no newer document of this type in the Republic of North Macedonia, and these diagnostics provide an overview of the situation until 2018, the findings given in it are used as an approximation of long-term trends. However, the formation of the complete picture of the situation in the country in

1 Deconstructing the concept of public interest in the Republic of Macedonia: (Mis)use on behalf of the citizens, Institute for Communication Studies, 2015

2 Ibid, pg 23

3 <https://www.sobranie.mk/content/Odluki%20USTAV/UstavSRSM.pdf>

4 Systematic Diagnostic of the Republic of Macedonia: Seizing a Brighter Future for All, World Bank, 2018, pp 0-2

the process of preparation of MKD 2030 is done through a wide process of consulting relevant documents and stakeholders.

The purpose of MKD 2030 is for the set priorities to be respected by each ruling party, regardless of the political changes in the governance of the country, because they represent the needs of the citizens for a better life. In this context, development in any area is conditioned by already established preconditions that are crucial in order to be able to move forward.

The prerequisites for development in the Republic of North Macedonia are as follows:

1. Rule of law, stable and accountable institutions with strong punishment for corrupt practices;
2. Macroeconomic stability and a functioning market economy;
3. Political culture based on the premise of public interest and
4. Public administration in which quality, knowledge, ability to work and responsibility are the only criteria for employment and advancement.

These preconditions, with the exception of macroeconomic stability, have been noted in many reports by the EU and other international organizations as critical to the functioning of the state as a democratic entity. Therefore, they are not treated as special priorities within the framework of MKD 2030, instead they indicate the exceptional importance of continuous and dedicated work of the relevant institutions in order to improve the conditions and implement the relevant strategic documents and the already established reform steps in these areas.

The rule of law is an area in which progress is very slow, and special criticism is given to the judicial system, which has been in a process of collapse for almost two decades. The European Commission's 2021 Progress Report indicates some progress in this area<sup>5</sup>; however, it takes a lot of effort and strong commitment to reform, as well as political unity for this process to succeed. In April 2021, the Assembly adopted the National Strategy for Prevention of Corruption and Conflict of Interest 2021-2025<sup>6</sup> (with an action plan), and its implementation is planned to involve many institutions. This strategy envisages activities for raising awareness about the methods to fight corruption and points out the available instruments, whereas its implementation is more than essential.

There are many analyzes and recommendations given by relevant institutions to improve the situation regarding the rule of law, certain reform efforts have been made. However, the key is in the implementation of laws, actions taken by institutions according to their mandate and absolutely equal treatment of all violators of laws. One of the consequences of the long-term poor situation in this area is the emigration of many Macedonian citizens, which negatively affects the human capital which is one of the key factors for development.

According to the European Commission country progress reports, only the precondition related to macroeconomic stability and a functioning market economy has been relatively met in the past 15 years. However, the Covid-19 pandemic, external price shocks in global markets, particularly food products, as well as the crisis in the energy sector in 2020/2021 have put pressure on macroeconomic variables and led to deepening of the budget deficit, growth of public debt, and rising inflation in the Republic of North Macedo-

5 Progress Report for Republic of North Macedonia 2021, European Commission, October 2021, pp. 17

6 <https://dksk.mk/wp-content/uploads/2021/01/Nacionalna-strategija-DK-SK-KONECNA.pdf>

nia. The mentioned external factors, along with the consequences of Russian military operations in Ukraine commenced in February 2022, will continue to shape the external macroeconomic environment for the Republic of North Macedonia, i.e. the conditions in which macroeconomic stability will have to be maintained. In this context, the competent institutions will have to fully commit to good risk management of external shocks to ensure the maintenance of macroeconomic stability.

Regarding the existence of a functioning market economy, business regulation has been established which is relatively favorable for investors, as well as regulatory bodies that should ensure the existence of loyal competition in the market as a whole and in individual sectors. There are many aspects related to a functioning market economy that need to be addressed further; however, the most important thing for development policy makers is to establish the rule of law that can remove market deviations when they arise.

Political culture based on the premise of public interest is a precondition that means that political parties are to work for the good of the citizens, be transparent and accountable, not to discriminate (positive or negative) regarding membership in a political party and strongly condemn and punish any action for and in the personal benefit of members of political parties. On the other hand, this means that the citizens should play an active role in the post-election periods in the society by pressuring for responsibility of the governing and political structures in general. In the context of the MKD 2030 Development Framework, it is important to note that if political parties agree on issues of public interest and work and contribute constructively to the implementation of key strategic documents and policies, whether in power or in opposition, they will send a signal to the citizens that the state is functioning. This precondition also includes the position of the country in relation to the process of accession to the European Union, i.e. political parties should show unity in resolving key issues for the country. The stagnation in the Macedonian process of EU integration is reflected in the planning of the future of the country, especially in terms of strategic documents that contain a more detailed range of measures, instruments and mechanisms through which the strategic objectives would be met. Considering the fact that the framework MKD 2030 sets the priorities for development on a more general level, they are equally important for the country regardless of how relations with the EU will be shaped. However, strategic planning at a more operational level through the National Development Strategy 2022-2042, as well as the sectoral strategic documents is much more determined by the process of integration of the Republic of North Macedonia into the EU, especially in the context of possible EU commitments and available assistance from the Union that depends on the status of the country.

Public administration in which quality, knowledge, work ability and responsibility are the only criteria for employment and advancement is an essential prerequisite for creating and implementing good public policies. The ruling political structures are often criticized for using public administration as a testing ground for the realization of their intra-party employment promises. Several public administration reform efforts have already been implemented, resulting in a detailed formal regulation of the criteria for employment and career development; however, consistent implementation of laws is necessary in order to employ the best personnel and advance according to professional merit. Otherwise, no intensified development can be expected in the country.

These four preconditions are the basis of the development framework MKD 2030 because they are in themselves a top priority. If there is no continuous progress in these areas, the opportunity to create and implement successful reforms in other areas would be reduced. The political discourse of the country is at the core of these preconditions, i.e. they are an expression of political skill and action that should be an example of good practices for the country to be able to move forward.

## **MKD 2030 Development Framework Priorities**

The priorities of the MKD 2030 Development Framework have been identified through an extensive stakeholder consultation process, consulting of relevant strategic documents of government institutions, as well as analytical reports from international and domestic organizations.

Priorities of the MKD 2030 Development Framework:

1. Accelerated economic growth
2. Higher environmental protection and reforming the energy policy
3. Digitalization
4. Education, youth and inclusive development

Each of these priorities is rather complex and the progress depends on addressing a multitude of challenges. Priorities should be considered as a whole without ranking them because they all have their role in the development of the Republic of North Macedonia. In addition to these, there are many other issues that deserve attention; however, diagnostics of the situation through relevant data and information collected from the stakeholders indicate that these four areas are the key to progress by 2030.



# 1. Accelerated economic growth

**Diagnostics of the situation.** The GDP growth trajectory of the Republic of North Macedonia from 2000 to 2019<sup>7</sup> was characterized by an average annual growth rate of about 2.8%.<sup>8</sup> During the same period, the GDP per capita<sup>9</sup> increased from US \$ 6151 to US \$ 17565<sup>10</sup>. By comparison, the average GDP per capita in the EU-28 was US \$ 33,000 in 2019.<sup>11</sup> The reduction of the gap<sup>12</sup> in the purchasing power parity per capita between the Republic of North Macedonia and the EU directly depends on the acceleration of economic growth by raising competitiveness.

In the Global Competitiveness Report 2019,<sup>13</sup> the Republic of North Macedonia was ranked 82nd out of 141 countries. The competitiveness of the economy is mainly determined by the structure of the economy, innovations, and technological development. In 2019, the wholesale and retail trade sector (20.3%) had the largest share in the Macedonian GDP, while the processing industry participated with 18.1%.<sup>14</sup> About 82% of the Macedonian companies were small enterprises with 1–9 employees.<sup>15</sup> Increasing the competitiveness of small companies and encouraging their growth requires a special strategic approach to economic planning.

The main Macedonian industries are metal, textile, and food processing industries. The latter two are highly labor-intensive industries and produce low(er) value added. The influx of foreign investments in the industrial structure resulted into including products from the automotive industry with higher added value. They are intended for export; however, the net foreign exchange effect is small because most of the entry inputs for these products are imported. Although FDIs receive(d) significant state aid,<sup>16</sup> linking local companies in supply chains and value chains with FDI was not particularly encouraged. Therefore, efforts need to be exerted in order to change this situation.

The state investments in research and development are at a very low level (0.4% of GDP in 2019), while the share of the private sector in the total investments in research and development was only 0.1% of GDP in 2019.<sup>17</sup> In December 2013, the Fund for Innovation and Technological Development (FITD) was established through which, by 2021, 43 million euros have been invested in about 600 companies<sup>18</sup> to stimulate innovation and the adoption of new technologies. Technological development requires time to deliver results, and also requires strategic guiding of assistance.

As a result of the long-term low investments in research and development, the overall factor productivity of the economy based on technological innovation and advanced labor skills continuously declined in the periods 1993–2001 and 2009–2017.<sup>19</sup> In addition, labor productivity measured by value

7 Data was taken before the Covid-19 pandemics, as 2020 and 2021 are considered as deviations in statistical terms

8 <https://www.stat.gov.mk/OblastOpsto.aspx?id=7>

9 GDP per capita measured according to Purchasing power parity (PPP)

10 <https://data.worldbank.org/indicator/NY.GDP.PCAP.KD?locations=MK>

11 <https://data.worldbank.org/indicator/NY.GDP.PCAP.KD?locations=EU>

12 According to the data from the census of the Republic of North Macedonia from 2021, the population decreased to 1.8 million compared to 2 million in 2002. Consequently, the Macedonian GDP per capita in real terms had a higher value in the analyzed period, however, still far below the EU average.

13 The Global Competitiveness Report 2019, World Economic Forum, 2019

14 [https://www.stat.gov.mk/pdf/2020/3.1.20.16\\_mk.pdf](https://www.stat.gov.mk/pdf/2020/3.1.20.16_mk.pdf)

15 State Statistics Office, Number of Active Business Entities, 2019

16 <https://prizma.mk/dogovorite-za-drzhavna-pomosh-ot-krivaat-shto-dobivale-investitorite/>

17 Progress Report for the Republic of North Macedonia 2021, European Commission, October 2021, pp. 86

18 Ibidem

19 Systematic Diagnostic of the Republic of Macedonia: Seizing a Brighter Future for All, World Bank, 2018, pp. 44

added per worker in the Republic of North Macedonia in 2017 was 80% of the average in the Western Balkans and 40% of the average of EU countries that joined the Union from 2004 onwards.<sup>20</sup>

Productivity is key to both GDP growth and growth of salaries and for improving the living standards. Due to the challenges in this area, the Republic of North Macedonia is facing strong migration of the working-age population. According to the projections from the World Bank systematic diagnostics of the country, the contingent of labor force in the Republic of North Macedonia is expected to decrease by 20% percent by 2050 (from 1.47 million in 2015 to 1.15 million in 2050).<sup>21</sup>

The labor market is characterized by a declining unemployment rate in the last decade (15.9% in 2021). The decrease in the number of unemployed is partly due to the creation of new jobs, and partly due to the natural and migratory movements of the population. Regarding the youth, the activity rate of persons aged 15–24 is 26.9%, and the unemployment rate of this age group on the labor market is 35.4%.<sup>22</sup> This indicates that young people are particularly at risk of unemployment and inactivity despite the implementation of the youth guarantee scheme<sup>23</sup> by the state. The education structure of the unemployed, as well as long-term unemployment are important aspects of the issue of high unemployment rate, both for young people and other citizens of the country.

The shadow economy is a serious problem in the Republic of North Macedonia, not only because of the damage it causes to the state in terms of lost tax revenues and other duties, but also because of the unfair competition it creates, and the deviations it causes in the labor market. According to estimates of the International Labor Organization,<sup>24</sup> based on the 2019 Labor Force Survey of the State Statistical Office, informal employment accounted for 13.8% of the total employment in the country. There are no estimates of the size of the shadow economy as a percentage of GDP; however, this problem was repeatedly highlighted as very serious by the business sector during the consultation process for MKD 2030.

The stated economic conditions and trends indicate the urgency for strategic (re)thinking of the approach to economic growth and development in the country. The priority “accelerated economic growth” is also closely linked to the sustainable development goals: gender equality (5), decent jobs and economic growth (8); industry, innovation, and infrastructure (9) and reducing inequality (10),<sup>25</sup> so that progress in this area will be positively reflected in the country’s contribution to achieving the global agenda for sustainable development.

<sup>20</sup> Ibidem

<sup>21</sup> Systematic Diagnostic of the Republic of Macedonia: Seizing a Brighter Future for All, World Bank, 2018, pp. O–8

<sup>22</sup> [https://www.stat.gov.mk/pdf/2021/2.1.21.33\\_mk.pdf](https://www.stat.gov.mk/pdf/2021/2.1.21.33_mk.pdf)

<sup>23</sup> <https://av.gov.mk/garancija-za-mladi.nspX>

<sup>24</sup> Overview of the Informal Economy in North Macedonia, International Labour Organisation, May 2020

<sup>25</sup> <https://sdgs.un.org/goals>

**Required interventions.** In order to accelerate the real economic growth in the Republic of North Macedonia, interventions are needed in the following areas:

### **1. Building a strategic approach to boosting the economic growth**

- Continuous improvement of the business climate in the country;
- Application of national legislation in the field of economy based on the principle of non-selectivity;
- Ensuring consistency and stability of economic policies;
- Modeling the tax policy to encourage economic growth;
- Development and application of instruments to support fast-growing companies;
- Identifying production sectors with the highest growth potential and creating a strategic approach for its utilization;
- Building long-term security in terms of providing food;
- Building long-term security in terms of providing energy sources;
- Identifying the potential of service activities and crafts to accelerate economic growth;
- Providing support by the state for better utilization of the development potential of the planning regions;
- Improving the transport connection and functional connections with other countries, as well as within the country between cities and inhabited areas;
- Providing state support for identifying and expanding to new markets for propulsive industries and service industries;
- Maximal utilization of the opportunities offered by the country's free trade and regional integration agreements.

### **2. Productivity increase in the country**

- Encouraging investments in technological development in production companies and service industries;
- Encouraging programs for education, upskilling and new skills in the private sector;
- Implementation of dual education programs focused on work skills according to the real needs of the economy;
- Building a social culture of valorization of labor and achieved results;
- Modernizing the agricultural sector in order to increase productivity;
- Promoting the concept of sustainable working life with an employer in order to increase productivity;
- Support for mentoring and training programs in companies to increase labor productivity.

### **3. Raising the competitiveness of the national economy**

- Structural transformation of the economy in favor of sectors that produce higher value added;
- Increased involvement of Macedonian companies in value added chains and supply chains;
- Providing and developing a stable environment to support companies in meeting the requirements for quality, standardization, accreditation, and metrology in order to be more competitive;
- Regular monitoring and evaluation of competitiveness factors, as well as the competition policy and its updating in order to achieve higher results;
- Support in identifying and expanding to markets appropriate to the competitiveness of companies.

### **4. Increase in the rate of innovations and technological development in the country**

- Increasing the state allocations for research and development;
- Encouraging the private sector to make greater investments in research and development;
- Support for various forms of technology transfer in the manufacturing and service sectors;
- Support for academic institutions and other relevant organizations in order to contribute to the technological progress of companies;
- Regular monitoring and evaluation of the existing programs for innovation and technological development in order to improve them;
- Application of a scientific approach to encourage innovation to create harm reduction policies in all segments of social life.

### **5. Encouraging new investments - domestic and foreign**

- Creating market mechanisms in order to increase the availability of finances for small and medium enterprises;
- Establishment of an effective and efficient system for encouraging entrepreneurship and crafts;
- Encouraging domestic investments and attracting FDIs in activities that have or that may develop competitive advantages.

### **6. Reducing the shadow economy**

- Consistent and non-selective implementation of the tax and other relevant legislation in the Republic of North Macedonia;
- Improving the business climate by introducing a system that would enable the reduction / elimination of parafiscal levies and control of the introduction of new levies;

- Promoting electronic payment in the internal trade of goods and services;
- Implementation of effective active measures on the labor market to reduce informal employment;
- Increasing the capacity of relevant institutions to identify and act in cases of shadow economy.

## **7. Ensuring a flexible and dynamic labor market**

- Measures to encourage natural increase in order to maintain / increase the labor force contingent;
- Measures to reduce the emigration of young people from the country;
- Monitoring the implementation and evaluation of the results of the existing active and passive measures on the labor market;
- Bridging the gap in terms of specific skills for which there is a demand in the labor market through closer cooperation between educational institutions and companies;
- Promoting the creation of jobs that create greater added value, which are environmentally responsible and provide adequate pay and quality working environment;
- Establishment of a system for more efficient adjustment of jobs and work organization to demographic change, technology, and climate change;
- Establishment of a system for greater penetration in the labor market of young people, vulnerable categories and other groups of underrepresented citizens;
- Promoting women entrepreneurship and gender equality in employment.





## 2. Higher Environmental Protection and Reformed Energy Policy

**Diagnostics of the situation.** The environment is one of the most important factors that determine the quality of life of the citizens in the Republic of North Macedonia. The country has a number of challenges in this area, especially in terms of ambient air quality, industrial pollution, waste management, water management, as well as protection of nature, soil, and biodiversity. In addition, climate change is a global phenomenon with consequences that require to be addressed nationally.

The Republic of North Macedonia is a signatory to a number of international conventions in the field of environment and climate change,<sup>26</sup> which oblige the country to take action to improve the situation. In this regard, detailed regulations have been adopted for many segments in the field of environment<sup>27</sup> and a number of strategies and programs<sup>28</sup> have been prepared in which problems are diagnosed and areas for intervention and appropriate activities are listed. However, with most strategies, the time period to which they relate has already expired, so they need to be updated or new ones need to be developed. The legal framework is defined, but the main challenge is the implementation of the regulation and planning documents. When adopting legal acts in the country, an appropriate impact assessment is rarely made, which is essential for proper understanding and implementation of the regulation. On the other hand, the implementation of the policy and regulations for environmental protection requires a high level of coordination between the central and local level of government, which is an additional challenge in the Republic of North Macedonia.

The European Commission's 2021 Country Progress Report on environmental protection notes that administrative capacity at all levels is poor and faces insufficient financial resources to implement and enforce existing regulations.<sup>29</sup> In the context of financing the protection of the environment, it is very important to emphasize that the national budget collects funds on the basis of various environmental fees, but there is no dedicated program for their spending or a Fund for the Protection of the Environment. From a systemic point of view, environmental protection is not integrated into public finances management policy.

The State Statistical Office publishes annual environmental statistics.<sup>30</sup> The statistical picture, together with the analysis of the situation contained in the relevant documents and the information gathered in the consultation process of the stakeholders point to the problems that urgently need to be ad-

26 <https://www.moerrp.gov.mk/регулатива/ратификувани-конвенции>

27 <https://www.moerrp.gov.mk/регулатива/национално-законодавство>

28 <https://www.moerrp.gov.mk/документи/стратегии>

29 Progress Report for the Republic of North Macedonia 2021, European Commission, October 2021, pp. 94

30 [https://www.stat.gov.mk/publikacii/2021/ZivotnaSredina2021\\_web.pdf](https://www.stat.gov.mk/publikacii/2021/ZivotnaSredina2021_web.pdf)

dressed in the Republic of North Macedonia. They mainly refer to improving air quality, waste and water management systems, as well as issues related to climate change and integrated nature protection.

In addition, an area that is essentially related to the environment through a two-way connection is the energy policy. International efforts to reduce greenhouse gas emissions, increase the use of renewable energy sources, as well as amplitude movements in the international energy market, shape the need to redefine Macedonia's energy policy in order to better meet domestic demands and create higher resilience to external shocks. The energy crisis that followed the Russian invasion of Ukraine, as well as the fluctuations in the oil market prices indicate the need to take strategic steps in the country in terms of increasing the security of energy supply, especially through domestic electricity production.

On multiple occasions, the policy makers in the Republic of North Macedonia undertook activities to (re)define the energy strategy, while the political programs were presented that envisaged construction of hydropower plants Strezhevo, Galishte, Chebren, gasification of TPP Negotino, as well as construction of the project Vardar valley, however, none of these projects has entered the implementation phase. There is awareness of the necessary energy transition from fossil fuels to other energy sources, but concrete solutions are lacking. The current energy crisis at the international level imposes great pressure on all countries to change the inert attitude towards domestic energy policies, and, in that context, the Republic of North Macedonia should start building and applying a proactive approach.

31 The period 2018–2028 was declared as Water Action Decade in accordance with the UN Resolution 71/222 from 2018

32 <https://sdgs.un.org/goals>

The priority for higher environmental protection and energy policy reform is important in the context of several sustainable development goals - clean drinking water and sanitation (6),<sup>31</sup> clean energy (7), sustainable production and consumption (12), addressing climate change (14) and soil protection (15)<sup>32</sup>. Therefore, the progress in this area will be positively reflected in the country's contribution to achieving the global agenda for sustainable development.

**Required interventions.** In order to ensure higher environmental protection and to reform the energy policy in the Republic of North Macedonia, interventions are needed in the following areas:

### **1. Providing quality air throughout the country**

- Continuous improvement of the legislation on ambient air quality in cooperation with the stakeholders;
- Consistent and non-selective implementation of the legislation on ambient air quality and other related acts;
- Adoption of regulations on industrial pollution in accordance with the EU legislation;
- Adoption and implementation of relevant strategic documents in this area;
- Reduction of greenhouse gas emissions in accordance with the expressed intentions and/or obligations undertaken at the international level;
- Strengthening the inspection services in the field of environment with personnel and appropriate equipment;
- Capacity building in the competent institutions for inclusion in the European scheme for trading with greenhouse gas emissions;
- Full coverage of the problem zones with monitoring systems for measuring the air quality;
- Providing state support for households to transition to (more) environmentally and energy-efficient heating and cooling;
- Transition of the public sector to the so-called non-polluting heating and cooling systems;
- Updating the list of so-called “hot” industrial points with high potential for pollution, regular monitoring of the level of pollution, and sanctioning of polluters;
- Ensuring transparency of the procedures for issuing environmental permits and reports;
- Increasing the percentage of greenery in urban areas.

### **2. Developing an efficient and effective waste management system**

- Continuous improvement of the waste management legislation in cooperation with the stakeholders;
- Consistent and non-selective implementation of the waste management legislation;
- Adoption and implementation of a waste management strategy;
- Strengthening the inspection services in the field of environment with personnel and appropriate equipment;
- Establishment of an integrated municipal solid waste management system and management systems for special types of waste, including hazardous waste throughout the country;

- Provision of collection points and other infrastructure for composting, sorting, and recycling of waste throughout the country;
- Raising the awareness of citizens and legal entities for proper disposal of waste and its recycling;
- Supporting innovations and investments in the processing of waste plastics, glass, and paper.

### **3. Improvement of integrated water management**

- Continuous improvement of the water management legislation in cooperation with the stakeholders;
- Consistent and non-selective implementation of water management legislation;
- Adoption and implementation of a water strategy;
- Strengthening the inspection services in the field of environment with personnel and appropriate equipment;
- Promotion of integrated surface and groundwater management;
- Complete digitalization of all information needed for water management, including groundwater;
- Increasing the coverage of settlements with functional water supply systems and wastewater collection and treatment systems (especially for agglomerations with more than 10,000 inhabitants);
- Improving the integrated river basin management in the Republic of North Macedonia;
- Development and implementation of effective instruments for assessing the impact of concessions and water rights permits on the quality and quantity of water in the country;
- Established efficient water monitoring system;
- Developing of mechanisms to reduce risks and achieve higher results from the link between water surfaces and climate change.

### **4. Improved addressing of climate change**

- Establishment of an appropriate system of legal regulations and strategic framework for addressing climate change, in accordance with the expressed intentions and/or commitments undertaken internationally;
- Reduction of greenhouse gas emissions in accordance with the expressed intentions and/or obligations undertaken internationally;
- Capacity building in the competent institutions for inclusion in the European scheme for trading with greenhouse gas emissions;
- Ensuring interdisciplinarity in the strategic planning of climate change and other areas related to environmental protection (air, water, waste, nature).

## 5. Protection of nature and biodiversity

- Continuous improvement of the legislation and the strategic framework for protection of nature and biodiversity in cooperation with the stakeholders;
- Preparation of national red lists in accordance with international rules;
- Consistent and non-selective implementation of the legislation and the strategic framework for protection of nature and biodiversity; Implementation of the management plan of the Ohrid region according to the UNESCO standards;
- Implementation of the plan for protection of the Balkan lynx (*Lynx balcanicus*);
- Establishment of appropriate institutional and other relevant systems for the management of protected areas and conservation of biodiversity;
- Strengthening the inspection services in the field of environment with personnel and appropriate equipment;
- Establishing a network of refugiums to mitigate the effects of climate change.

## 6. Reformed energy policy

- Improving the legislation for energy in cooperation with the stakeholders;
- Applying a proactive approach in building strategic energy solutions aimed at long-term results;
- Increasing the security of energy supply in the country by increasing the domestic production of electric power and creating preconditions for uninterrupted supply of energy to the country;
- Providing state support for “green” investments;
- Subsidizing photovoltaic systems for individual households and collective housing facilities;
- Encouraging the use of renewable energy sources.



### 3. Digitalization

**Diagnostics of the situation.** Digitalization can be simultaneously understood as a separate priority and as means to achieve other priorities within the framework MKD 2030. Digitalization as a priority means achieving a high degree of modernization of the country through the use of information technologies both in the private and public sector. Digital tools, on the other hand, are means for modernizing the economy and its better networking in the world economy, transition to a knowledge-based society in terms of managing problems in the field of environment, education, culture and other social policies, as well as creating innovative industries that produce high added value.

As a concept, digitalization implies a focus on four points:<sup>35</sup>

- Skills (number of ICT experts in the country, especially women and percentage of digitally literate population);
- Government (digitalization of public services, e-health and digital identity);
- Businesses (percentage of companies that use advanced information technologies in their operations; growth rate of companies-innovators and percentage of SMEs that use the basic level of digital technologies);
- Infrastructure (internet connection according to quality and speed and number of secure communication nodes).

When assessing the level of digitalization that the country has achieved, there are data available on the infrastructure and the provided access to the Internet for households and businesses are important, and their use depends on several factors on the part of potential users. According to the State Statistical Office,<sup>34</sup> more than 83% of the households in 2020 had access to the Internet from their homes, with the majority using broadband Internet. In terms of business entities,<sup>35</sup> 91% of companies with more than 10 employees use computer technology and broadband Internet. Of the total number of companies with 10 or more employees, 54.5% had a website, and in terms of e-commerce, 6.2% use electronic sales platforms. The last two indicators indicate a very low prevalence of formal electronic sales of business entities; however, it should be borne in mind that there are unrecorded sales with direct use of social networks.

Regarding the representation of companies that employ IT experts as a share of the total number of companies with more than 10 employees in the country, this indicator for the Republic of North Macedonia for 2020 was 12%. The same value (12%) has the indicator of companies that provide training to

<sup>33</sup> [https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age/europes-digital-decade-digital-targets-2030\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age/europes-digital-decade-digital-targets-2030_en)

<sup>34</sup> [https://www.stat.gov.mk/pdf/2021/8.1.21.38\\_mk.pdf](https://www.stat.gov.mk/pdf/2021/8.1.21.38_mk.pdf)

<sup>35</sup> State Statistical Office, Use of Information Communication Technologies in Business Entities, 2020

their employees in IT skills as a percentage of the total number of companies in 2020, compared to the European average of 20%<sup>36</sup>.

A special segment in terms of digitalization and information society is the segment of public services, i.e. their full digitalization. The basis for the e-services system has been laid<sup>37</sup>; however, a complete e-services system (with the digitalization of all aspects of the service) is not yet available. In that respect, the provision of e-services is a priority in order to facilitate the life of the citizens, and at the same time to increase the efficiency and effectiveness of public institutions in the delivery of services. Furthermore, it is expected that the digitalization of public services is expected to have great effect on reducing the level of corruption in the country.

Digitalization is also a key element in terms of connecting the country with the region and beyond. In that context, the Republic of North Macedonia is part of the EU initiative called “Digital Agenda for the Western Balkans”<sup>38</sup> launched in 2018. The idea of the digital agenda is to improve the broadband connection between the six countries of the Western Balkans (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia), raise the digital security, strengthen the digital economy and society, as well as to encourage research and innovation.

The priority of digitalization is significant in the context of several goals for sustainable development – high-quality education (4), gender equality (5), industry, innovation and infrastructure (9) and peace, justice and strong institutions (16)<sup>39</sup>. Therefore, the progress in this area will be positively reflected in the country’s contribution to achieving the global agenda for sustainable development.

**Required interventions.** In order to improve the situation regarding digitalization in the Republic of North Macedonia, interventions are needed in the following areas:

### 1. Accelerating the digital transformation in the country

- Improving the infrastructure and technologies for digitalization by monitoring the dynamics of change in worldwide terms (5G);
- Trainings for raising the digital literacy of the population and the labor force;
- Digitalization of all levels of education focused on providing infrastructure and promoting advanced digital skills among pupils, students and the teaching personnel;
- Introducing various means of electronic identity;
- Application of public-private partnership models as a form for accelerating digital transformation.

36 Draft National ICT Strategy 2021-2025, Ministry of Information Society and Administration

### 2. Promoting the digital economy

- Providing easy access to information for business entities regarding the available digital technologies in the country and the business opportunities they offer;
- Promoting formal electronic sales in the domestic and international trade of goods and services;

37 <https://uslugi.gov.mk/>

38 <https://wbc-rti.info/theme/57>

39 <https://sdgs.un.org/goals>

- Realization of the Digital Agenda for the Western Balkans;
- Raising the level of digital skills of the workforce.

### **3. Development of the Macedonian IT Sector**

- Encouraging the education of ICT experts;
- Boosting the development of the IT sector as a propulsive service activity in the Republic of North Macedonia;
- Targeted attracting of investments in the IT sector in the country;
- Strategic approach to retaining IT personnel in the country.

### **4. Full digitalization of public services**

- Completing the e-services system as a complete system;
- Increasing the capacity of public institutions for delivery of a complete e-services;
- Raising the digital literacy of citizens and businesses for using e-services.



## 4. Education, Youth and Inclusive Development

**Diagnostics of the situation.** Inclusive development is possible when all citizens have equal opportunities in the society in terms of education, housing, and access to basic infrastructure, social services, access to the labor market, work and career development based on their abilities, as well as opportunities for cultural advancement, and the social system will be able to fully respond to the needs of persons with disabilities. At the same time, an important premise for society to be directed towards inclusive development is to reduce poverty.

About 21.8% of the population of the Republic of North Macedonia,<sup>40</sup> i.e. 452,000 people lived below the poverty threshold in 2020.<sup>41</sup> This is almost double the EU27 average. Without social assistance, the number of people living below the poverty threshold would be 42.1%. The Gini coefficient measuring inequality in income distribution was 31.4%.<sup>42</sup> Households with two adults and three or more dependent children and single parents with dependent children have the highest poverty rates. Furthermore, most of the poor are unemployed or are part of the inactive population in the labor market (including children). Even if we take into account that the shadow economy somewhat mitigates the data, still, the number of citizens in this category is very serious.

Most often, poverty is closely related to social exclusion, given that material resources are a prerequisite for providing better living conditions for citizens. Social exclusion takes many forms and it is difficult to provide a statistical illustration. The most severe form of social exclusion is the lack of access to adequate housing and access to basic infrastructure (water, electricity, sanitation); however, limited access to cultural events is also a form of social exclusion. It is characteristic that the majority of the poor and socially excluded persons are without education or are with primary education, which indicates the consequences of exclusion (forced or voluntary) of the individual from the educational process.

Macedonian education in all phases – preschool, primary, secondary, and higher is almost continuously subject to reforms since the country's independence until today; however, the allocations for education and training from the budget of the Republic of North Macedonia are rather low (3.3% of GDP in 2020). In addition, as mentioned above, research and development allocations are minimal (0.4% of GDP) which is reflected in unfavorable conditions in higher education institutions visible through the low ranking of Macedonian universities on the relevant international lists.<sup>43</sup> Having in mind that the development of each country heavily depends on science, a much more serious attitude towards science by the state is needed.

<sup>40</sup> [https://www.stat.gov.mk/pdf/2022/4.1.22.40\\_mk.pdf](https://www.stat.gov.mk/pdf/2022/4.1.22.40_mk.pdf)

<sup>41</sup> The poverty threshold in 2020 was 302 denars per day per 1 person (single household) and 633 denars per family of 4 (with two children up to 14 years of age),

<sup>42</sup> [https://www.stat.gov.mk/pdf/2022/4.1.22.40\\_mk.pdf](https://www.stat.gov.mk/pdf/2022/4.1.22.40_mk.pdf)

<sup>43</sup> <https://www.shanghai ranking.com/>

Regarding the components of the educational process, the enrollment rate of children in preschool institutions is low - only 45% of children aged 3-6 years have enrolled in licensed institutions in 2020. Furthermore, 90.8% of school-age children enrolled in primary schools, and 78.9% in secondary education in 2020.<sup>44</sup> Although the country has a Law on Compulsory Secondary Education, its application shows deviations. In addition to school enrollment rates, the results at the international student tests are rather worrying. In the mathematics and natural sciences tests in 2019 (TIMSS), the Republic of North Macedonia was ranked 45th for mathematics and 51st for natural sciences out of a total of 58 countries.<sup>45</sup> There are poor results on both the PISA test and the literacy tests.

The above data indicate serious problems that are visible when the transition from school to work should take place. Jobseekers often do not acquire the required qualifications in the labor market during their formal education, and therefore they must continue with non-formal education and lifelong learning. The connection between educational institutions and companies is not strong, i.e. schools and faculties are not flexible in terms of adapting the curricula to the needs of the real sector.

The biggest collateral from the shortcomings in the education system is the low(er) employability of young people who face problems in terms of entering the labor market. Recently graduated students from the higher education in North Macedonia are less likely to be employed (55.4%) than students who have completed higher education in EU countries (83%).<sup>46</sup> Often, the response of young people as regards the dysfunction of education and the labor market is their emigration from the country. Having in mind the high importance of the youth as vital part of the human capital without which the development of the state is not possible, it is necessary to urgently address the problems of the young people. In the context of providing better living conditions for young people, it is important to pay attention to other aspects of social life – healthcare, culture and sports, as well as the quality of the environment. These aspects are important for all citizens, however, they are especially prominent among young people, given that non-financial reasons are increasingly prevalent in their decisions about emigration.

An important factor to consider in terms of inclusive development that should promote a healthy population is non-communicable diseases (NCDs). According to the data from the State Statistical Office, NCDs participated with 79.4% in the causes of death of the population in the Republic of North Macedonia in 2019<sup>47</sup>. These diseases are often chronic and result in premature death of the population, and also negatively affect the working ability of people with NCDs during their working life. It directly affects productivity. In addition, the damage to personal finances of these people is great, as well as the allocations from GDP for the treatment of these diseases. Many NCDs can be prevented by reducing risk factors such as tobacco use, harmful alcohol use, physical inactivity and unhealthy diet. In this context, it is necessary to build an appropriate policy for this area focused on the prevention of NCDs in order to maintain a higher value of the human capital in the country. An important element of such a policy should be the inclusion of appropriate incentives, tax-wise and otherwise, so that the citizens would behave in a way that will reduce the harmful impact and consequences of the NCDs.

44 [http://makstat.stat.gov.mk/PXWeb/pxweb/mk/MakStat/MakStat\\_ObrazovanieNauka](http://makstat.stat.gov.mk/PXWeb/pxweb/mk/MakStat/MakStat_ObrazovanieNauka)

45 <https://nces.ed.gov/timss/participation.asp>

46 Overview of OECD on the evaluation and assessment of education in North Macedonia, UNICEF 2019, pp. 12

47 Announcement: Mortality in the Republic of North Macedonia by municipalities, 2019, No. 2.1.20.21, State Statistical Office, June 2020

Building a society with inclusive development is closely linked to respect for human rights in the broadest sense and protection against discrimination on any grounds. Social cohesion is an essential element of a successful society and often serves as an indicator that the country is a good place to live and work. It is necessary to incorporate respect for human rights and protection against discrimination in all sectoral policies in order to work systematically and continuously towards inclusive development.

Cultural policies, on the other hand, should respond to the needs for preservation of the rich cultural heritage of the country, to ensure the promotion of heterogeneous, dynamic, social and cultural identities in the Republic of North Macedonia, and also to encourage wider cultural upliftment of citizens.

In the context of inclusive development, the quality of media information in the country is also important, i.e. the access of citizens to timely and accurate information. This is especially important so that stakeholders can engage in addressing real problems.

The priority “education, youth and inclusive development” is closely related to the sustainable development goals: eradication of poverty (1); elimination of hunger (2), good health and well-being (3), quality education (4)<sup>48</sup> and reduction of inequality (10) so that progress in this area will be positively reflected in the country’s contribution to achieving the global agenda for sustainable development.

**Required interventions.** In order to improve the situation regarding education and inclusive development in the Republic of North Macedonia, interventions are needed in the following areas:

### 1. Contemporary education adapted to world trends and labor market demand

- Adoption and implementation of a strategy for education and science for comprehensive and quality education for all, aimed at advancing human capital in accordance with the dynamics of technological development in the world;
- Eliminating political party privileges (depoliticization) in education and making decisions about reforms based on research and evidence;
- Setting science, research activity and support for digital transformation as strategic priorities in education;
- Increasing the allocations from the budget of the Republic of North Macedonia for education and science;
- Taking measures to ensure high / full coverage of preschool children in licensed institutions by expanding the infrastructure (kindergartens), raising the awareness of parents / guardians about the developmental benefits offered by preschool education and adequate support for families from vulnerable categories and children with disabilities;
- Achieving full coverage of children in primary and secondary education by identifying the reasons for lower enrollment rates and developing appropriate measures for their inclusion;

- Raising the level of functional literacy of pupils and students by identifying the reasons for the poor results at international tests, and targeted designing of measures;
- Reforming education in order to functionally connect all phases of education (preschool development - formal education (primary - secondary - higher) in order to facilitate the transition from school to work, and career building;
- Adapting the curricula of high schools and faculties to the requirements of the labor market;
- Promoting closer cooperation between educational institutions and companies in order to increase the flexibility of curricula and the usability of the skills acquired in dual education and studying at higher educational institutions;
- Increasing the capacity and the will to implement reforms in the educational institutions through investments in the personnel, and valorization of the results;
- Promotion of lifelong learning and knowledge as a basic driver of personal and professional progress, as well as of development in society.

## **2. Reduction of poverty**

- Adoption and implementation of a poverty reduction strategy;
- Designing and conducting trainings for raising the employability of the citizens living below the poverty threshold;
- Taking measures to reduce the shadow economy, with a focus on active measures of the labor market;
- Raising the awareness of the citizens who receive social assistance regarding the opportunities for a better life through employment;
- Leveling the minimum salary according to the increase in the costs of living.

## **3. Reduction of social exclusion**

- Continuous improvement of the legislation in the field of social policies in consultation with the stakeholders;
- Adoption and implementation of a strategy for reducing social exclusion;
- Monitoring and evaluating the effectiveness of measures to reduce social exclusion in order to review them and achieve higher results;
- Continuous increase of the access to adequate housing (water, electricity, sanitary conditions) for the socially endangered citizens of the Republic of North Macedonia;
- Providing access to primary healthcare for all citizens of the Republic of North Macedonia;

- Reducing the negative impact of all risk factors that affect the high rate of non-communicable diseases by recognizing the concept of harm reduction;
- Full coverage of children in preschool institutions, primary, and secondary schools (enrollment rate = 100%);
- State support for energy protection of socially endangered and vulnerable groups of citizens;
- Increasing the labor market participation of socially disadvantaged and other vulnerable groups through specially designed approaches tailored to their needs and characteristics (for example, providing social security for the non-standard forms of employment; encouraging the employment of single parents; increasing the potential for employability of the Roma community, etc.)
- Promoting contemporary methods of encouraging social inclusion through activities, and not exclusively through financial social assistance;
- Continuous improvement of the infrastructure for social inclusion and access to public institutions for persons with disabilities;
- Improved legal regulation of services in the social sphere envisaged for persons with disabilities, such as home care, personal assistants, etc.
- Improving the scope, spectrum, and availability of social services for persons with disabilities and vulnerable categories of citizens by encouraging the inclusion of public service providers which are not part of the public sector.

#### **4. Inclusive society for young people**

- Advancing the legal framework and strategic documents that address issues related to young people;
- Establishing effective mechanisms for youth participation in policy-making and decision-making processes at local and national level;
- Providing support from the state for the development of youth forms of organization in order to achieve a higher level of awareness and exercising of the rights of young people;
- Increase in the youth activity rate in the labor market and reducing the youth unemployment rate by revising the existing ones, and by designing new support instruments;
- Promoting youth entrepreneurship and increasing the employability of young people and their work skills through active labor market policies;
- Reducing the emigration of young people from the Republic of North Macedonia by creating a dynamic and favorable economic and social environment, as well as a healthy environment;
- Digitalization of public services and adapting their format to the modern requirements of young people.

## **5. Respect for human rights and protection against discrimination**

- Systematic incorporation of international standards and norms for the advancement of fundamental rights and protection against discrimination;
- Strengthening the social cohesion by creating an environment that will enable the fight against populism and radicalism, as well as a systematic fight against hate speech;
- Providing free legal aid for vulnerable categories of citizens;
- Providing functional mechanisms for the application of the concept of gender equality in the country.

## **6. Building contemporary cultural policies**

- Continuous improvement of the legal framework and strategic documents for culture and protection of cultural heritage in consultation with stakeholders;
- Providing financial and other support from the state for the promotion of heterogeneous, dynamic, social, and cultural identities in the Republic of North Macedonia;
- Building strong institutions and ensuring the consistency of cultural policies;
- Consistent implementation of the recommendations of UNESCO and domestic experts for revitalization of the endangered cultural and natural heritage;
- Mapping the cultural heritage and defining measures for its appropriate economic use in the spirit of the principles of sustainable development;
- Increasing the availability of cultural contents on the entire territory of the Republic of North Macedonia by raising the level of cooperation between the central government and the municipalities;
- Providing state support for recognizing and encouraging the development of creative industries in the Republic of North Macedonia.

## **7. Media and quality information**

- Improving the legal framework for the media in accordance with the recommendations of the Council of Europe, OSCE, UNESCO, as well as the Directives of the European Commission, in order to create an environment for safe work of journalists, media workers and the media, to be free from external pressures and censorship;
- Encouraging media literacy in all spheres of society through active engagement of the relevant institutions and civil society organizations;
- Providing conditions for creating content for advanced journalistic reporting on topics of public interest, with special focus on issues related to corruption and abuse of power.

- Promoting mechanisms for financial sustainability of the media with low risk of damage to the media space and quality of information.
- Creating an independent national fund to support journalistic initiatives for improving the quality of media content through inclusion of all stakeholders.

The stated priorities in the MKD 2030 Framework have been identified in order for the development to be primarily designed according to the specific needs of the country. However, the Agenda 2030 is also addressed, i.e. the priorities of MKD 2030 correspond to the goals for sustainable development, as indicated above.

The MKD 2030 Framework provides a systematic overview of development priorities by indicating the main areas which require interventions. MKD 2030 generally presents the priorities for the development of the country as a framework, while the detailed design of measures and operational plans through which the recommendations by areas would be realized is the task of the sectoral policy-makers, i.e. the government institutions. In this context, the Development Framework MKD 2030 should be considered as part of a broader development planning process of the country, which includes the preparation of the National Development Strategy (NDS) 2022-2042, as well as sectoral strategic documents. The strategy is prepared in a process led by the Government of the Republic of North Macedonia and should be harmonized with the priorities defined in the Development Framework MKD 2030. The implementation of the NDS and other sectoral strategic documents will provide insight into the achievement of the priorities set out in MKD 2030.

The objective of this connection of the strategic planning at different instances is to ensure coherence of the planning documents in order to optimize the results in accordance with the available resources. At the same time, in that way, the problem of discontinuity of the sectoral policies that appears as collateral from the political realignments in the country could be overcome.

The Development Framework MKD 2030 was prepared with the significant efforts of **prof. Dr. Silvana Mojsovska**, who worked dedicatedly on the research, consultation and document formatting.

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