



Independent  
Evaluation  
Office

United Nations Development Programme

# INDEPENDENT COUNTRY PROGRAMME EVALUATION NORTH MACEDONIA



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responsiveness MANAGING FOR RESULTS relevance COORDINATION AND DEVELOPMENT  
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### INDEPENDENT COUNTRY PROGRAMME EVALUATION: NORTH MACEDONIA

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# ACRONYMS

<b>CPD</b>	Country Programme Document
<b>CSO</b>	Civil Society Organization
<b>DRR</b>	Disaster Risk Reduction
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>ESA</b>	Employment Service Agency
<b>EU</b>	European Union
<b>GFF</b>	Green Finance Facility
<b>GHG</b>	Greenhouse Gas
<b>ICT</b>	Information and Communication Technology
<b>NDS</b>	National Development Strategy
<b>PEFA</b>	Public Expenditure and Financial Accountability
<b>PES</b>	Public Employment Services
<b>RBEC</b>	Regional Bureau for Europe and the Commonwealth of Independent States
<b>ROAR</b>	Results Oriented Annual Report
<b>SDG</b>	Sustainable Development Goal
<b>SEESAC</b>	Southeastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons
<b>SME</b>	Small- and Medium-sized Enterprise
<b>ToC</b>	Theory of Change
<b>UNDP</b>	United Nations Development Programme
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UNSDCF</b>	United Nations Sustainable Development Cooperation Framework

# Evaluation Brief: North Macedonia

UNDP has been operating in North Macedonia since 1995, supporting the country's efforts towards EU accession and the achievement of the Sustainable Development Goals (SDGs). These opportunities included the readiness to reform public administration, the demand for quality services, the intersection of non-communicable diseases and air pollution, and the need for more inclusive economic growth, particularly in the northern regions. These efforts have contributed to sustainable human development, human security and equal opportunities.

UNDP's country programme (2012–2025), focused on three strategic priorities outlined in the 'United Nations Sustainable Development Cooperation Framework (2021–2025)'. These priorities encompass promoting well-being, social equity and human potential; harnessing the full potential of a green, sustainable and inclusive economy; and fostering trust and mutual accountability through a focus on the rule of law, rights and duties. Through the integration of these strategic priorities, UNDP ensured the delivery of comprehensive solutions across various sectors.

**FIGURE 1: PROGRAMME EXPENDITURE BY THEMATIC AREA, 2021–2024**



**FIGURE 2: COUNTRY PROGRAMME FUNDING SOURCES, 2021–2024**



## Findings and conclusions

UNDP's work in North Macedonia has yielded notable results across several key sectors, reinforcing its role as a catalyst for development and EU accession efforts. In public financial management, UNDP has facilitated the introduction of accrual accounting practices, enhanced local government revenue systems and strengthened fiscal transparency through tools such as municipal e-dashboards. These and other activities have helped the Government of North Macedonia to align its fiscal policies with EU standards.

In the environmental sector, the Green Finance Facility, developed with the European Bank for Reconstruction and Development, represents a major step in mobilizing innovative financing for climate action, enabling investments in renewable energy and energy efficiency.

UNDP's collaboration with the Ministry of Labour and Social Policy has advanced social protection reforms, including the introduction of measures to formalize the care economy and benefit vulnerable populations, such as persons with disabilities and informal caregivers. Employment initiatives have improved employability among Roma and youth through tailored skills training and mentorship schemes. Disaster risk reduction efforts, including flood prevention measures and strengthened local capacities in the Polog region, have enhanced community resilience to natural hazards.

Overall, UNDP has consistently demonstrated its value as a trusted development partner, leveraging its technical expertise, convening power and operational efficiency to support national priorities and EU accession goals. UNDP has played a key role in shaping critical policy frameworks, including North Macedonia's National Development Strategy and sectoral strategies for agriculture, regional development and public financial management, ensuring alignment with international standards. By integrating cross-cutting principles such as climate action, gender equality and the commitment to Leave No One Behind, UNDP has ensured that its interventions remain inclusive and responsive to diverse needs. Additionally, UNDP's capacity to mobilize technical resources and deliver timely support has enhanced its reputation as a reliable and strategic partner for both the government and donors.

## Recommendations

**Recommendation 1.** UNDP should take a long-term strategic approach and consolidate efforts in areas where it delivers the most value. It should prioritize building national ownership by establishing clear exit strategies and adopting holistic governance approaches that empower both institutions and rights holders.

**Recommendation 2.** UNDP should develop a resource mobilization strategy, drawing from lessons learned through the Portfolio Agreement with Sida and EBRD, to address the evolving financial landscape in North Macedonia. This approach will also help ensure long-term, stable engagement in key focus areas.

**Recommendation 3.** UNDP should focus on enhancing country implementation of the Green Agenda for the Western Balkans.

**Recommendation 4.** UNDP should continue its support to local self-governments and fiscal decentralization by strengthening governance frameworks, advancing digital transformation, and improving service delivery through strategic local ownership, scaling successful models, and fostering public-private partnerships for sustainable innovation.



# CHAPTER 1. BACKGROUND AND INTRODUCTION



This chapter outlines the purpose, objectives and scope of the evaluation, as well as the methodology applied. It provides an overview of North Macedonia's development context before introducing the UNDP country programme.

## 1.1 Purpose, objectives and scope of the evaluation

The Independent Evaluation Office (IEO) of the United Nations Development Programme (UNDP) conducts Independent Country Programme Evaluations (ICPEs) in accordance with the UNDP Evaluation Policy.<sup>1</sup> The purpose of ICPEs is to capture and demonstrate evaluative evidence of UNDP's contributions to national development priorities and assess the effectiveness of its strategy in facilitating and leveraging national efforts to achieve development results. The ICPE aims to support the development of the next UNDP Country Programme Document (CPD), strengthen UNDP's accountability to national stakeholders and the Executive Board, and contribute to institutional learning, knowledge generation and sharing.

The IEO conducted an ICPE of UNDP North Macedonia for the 2021–2025 programme cycle, building on the previous ICPE conducted in 2019.<sup>2</sup> The evaluation covered all UNDP activities in the country, including interventions funded by all sources, as well as projects and activities from the previous programme cycle that continued or concluded during the current one. The scope followed the evaluation Terms of Reference (Annex 1) and was guided by four main evaluation questions (Box 1). It was conducted in close collaboration with UNDP North Macedonia, the Government of North Macedonia and the UNDP Regional Bureau for Europe and the Commonwealth of Independent States (RBEC).

The primary audiences for the evaluation include the UNDP North Macedonia country office, the RBEC office, the UNDP Executive Board and the Government of North Macedonia.

### BOX 1: Evaluation questions

1. To what extent has the UNDP country programme strategically addressed key national development priorities and the needs of its main stakeholders, including those at risk of being left behind?
2. To what extent was UNDP able to adapt its positioning and programmatic response to shifts in context and other changes in the operating environment, leveraging comparative strengths?
3. To what extent were UNDP approaches and interventions successful in achieving the intended objectives of the country programme and contributing to broader, longer-term national development goals?
4. To what extent did internal and external factors influence UNDP's ability to deliver its programme efficiently and maximize contributions?

## 1.2 Evaluation methodology

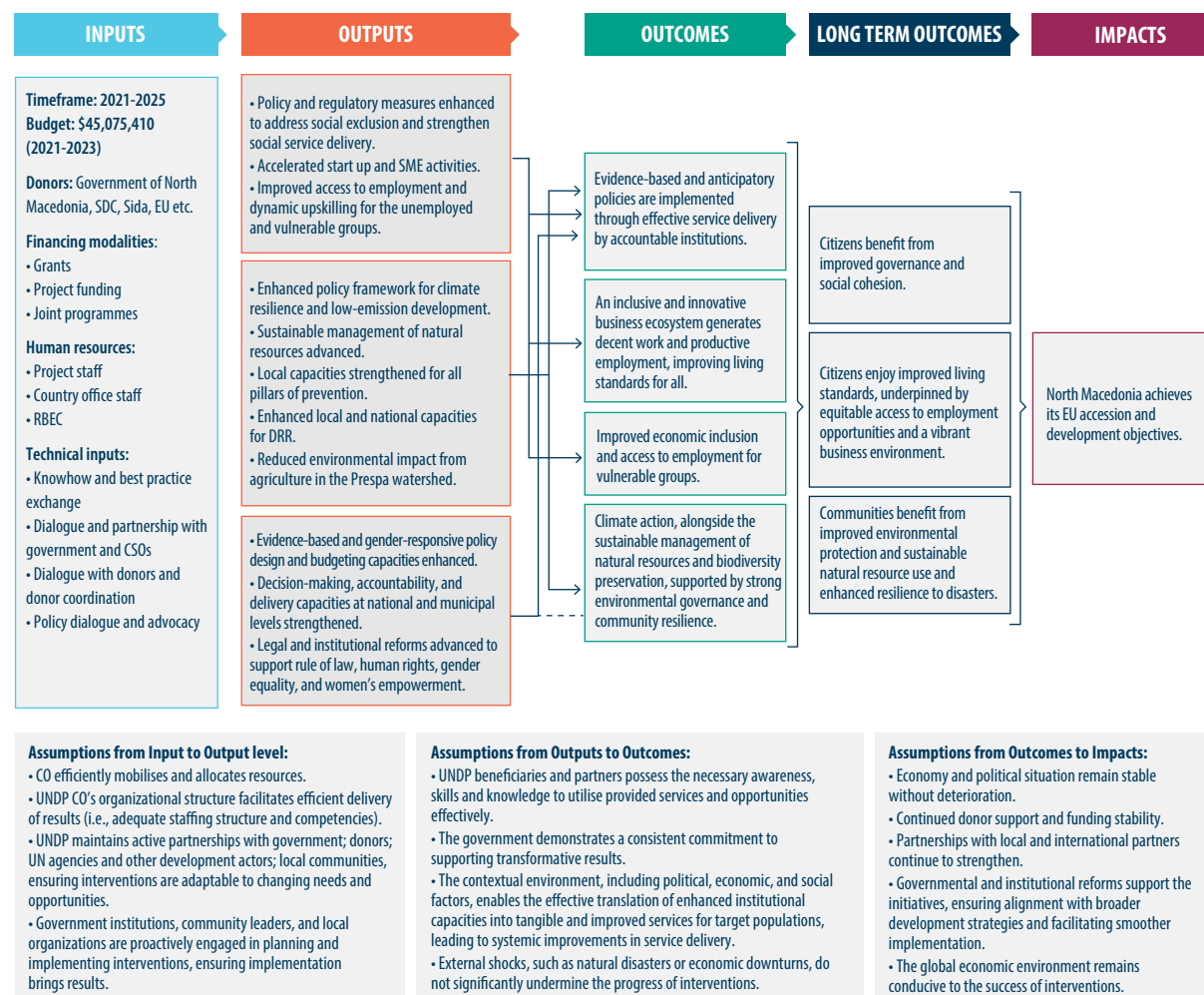
The ICPE followed approved IEO processes and adhered to United Nations Evaluation Group norms and standards.<sup>3</sup> The evaluation applied a theory-based methodology, reconstructing a Theory of Change (ToC) based on the Results and Resources Framework presented in the CPD. This approach provided a clear basis for assessing programme interventions, adaptations and logic, ensuring a comprehensive basis for evaluating interventions' effectiveness in achieving their intended outcomes (Figure 3).

<sup>1</sup> <http://web.undp.org/evaluation/documents/evaluation-policy.pdf>

<sup>2</sup> <http://web.undp.org/evaluation/evaluations/assessment-of-development-results.shtml>

<sup>3</sup> See United Nations Evaluation Group website: <http://www.unevaluation.org/document/detail/1914>

**FIGURE 3: RECONSTRUCTED THEORY OF CHANGE OF THE UNDP COUNTRY PROGRAMME (2021–2025)**



The evaluation team collected and analysed qualitative data from primary and secondary sources to inform, triangulate and cross-examine findings, conclusions and recommendations. In addition to conducting a document review (Annexes 5 and 6), the evaluation team conducted semi-structured interviews and focus group discussions, both online and in person, with 142 internal and external stakeholders (63 male and 79 female) from various sectors and institutions. These included UNDP personnel, government representatives, public institutions and civil servants at the national and subnational levels, UN country team representatives, development partners, donors, civil society organizations (CSOs), private sector actors, academia and final beneficiaries. Field visits were conducted in the municipalities of Bogovinje and Zhelino.

The evaluation assessed UNDP's performance using the reconstructed ToC and the CPD output and outcome framework, considering two main circumstances: 1) North Macedonia's EU accession aspirations and the SDGs and 2) exogenous factors such as the COVID-19 pandemic and global socio-economic and political conditions. The performance of UNDP North Macedonia was evaluated for each indicator included in the evaluation matrix using a four-point scale, as presented in Annex 8.

## Evaluation limitations

The evaluation did not encounter any significant limitations. The evaluation team was able to meet most planned interlocutors and institutional representatives, with only a few interviews conducted remotely. Many projects were completed or ongoing, providing valuable insight into achieved outputs and results.

## 1.3 Country context

North Macedonia is an upper-middle-income country in the Western Balkans with a population of 2.1 million, of which 1.8 million are residents.<sup>4,5</sup> The majority of the resident population are ethnic Macedonians (58.4 percent), while Albanians account for 24.3 percent, Turks 3.9 percent, Roma 2.5 percent, Serbs 1.3 percent, Bosniaks 0.87 percent and Vlachs 0.47 percent.<sup>6</sup> The country faces a declining birth rate and an ageing population.<sup>7</sup> Over the last decade, North Macedonia has experienced a net emigration trend, primarily due to a lack of job opportunities, particularly well-paid positions and future prospects, leading to a substantial loss of human capital.<sup>8</sup> Although reliable data were limited, large-scale emigration, especially among young and skilled workers, has significantly impacted the size of the labour force and the overall quality of human capital.<sup>9</sup>

The country has a relatively stable economy, which has integrated into the EU and Central European Free Trade Agreement area.<sup>10</sup> The country's Gross Domestic Product (GDP) is primarily driven by the services category, followed by mining, manufacturing, construction and, to a lesser extent, agriculture, forestry and fishing.<sup>11</sup> Over the past decade, Gross Domestic Product has shown steady growth, except for a downturn during the COVID-19 pandemic.

In 2019, the overall employment rate stood at 66.3 percent (77.3 percent for men and 54.8 percent for women),<sup>12</sup> following a consistent upward trend over the last ten years, albeit briefly interrupted by the pandemic. However, a notable gender gap persisted in the 2023 labour force participation rate, with only 42.8 percent of women engaged in the workforce compared to 62.0 percent of men.<sup>13</sup> The average unemployment rate for individuals aged 15–64 was 13.1 percent in 2023, down from 15.7 percent in 2021.<sup>14</sup> This decline resulted from a combination of market-driven factors, such as the expansion of foreign-owned factories, and non-market factors, including active labour market policies.<sup>15</sup> In 2021, 33.4 percent of the total youth population (ages 15–29) in North Macedonia was employed, while 12.9 percent was unemployed. The proportion of young people not in education, employment or training stood at 24.2 percent, nearly double the EU average of 13.7 percent.<sup>16</sup>

<sup>4</sup> In addition, there are 260,606 non-resident citizens of the Republic of North Macedonia living abroad for more than 12 months, as well as foreigners temporarily present in the country for less than 12 months. Of these, 66.36 percent declared themselves as Albanians, 24.45 percent as Macedonians, 4.79 percent as Turks, 1.02 percent as Roma, 0.19 percent as Vlachs, 0.35 percent as Serbs, 0.81 percent as Bosniaks and the remainder as other groups. Source: State Statistical Office, Census of Population, Households and Dwellings in the Republic of North Macedonia, 2021.

<sup>5</sup> State Statistical Office, Census of Population, Households and Dwellings in the Republic of North Macedonia, 2021.

<sup>6</sup> [https://www.stat.gov.mk/PrikaziSooptenie\\_en.aspx?rbtxt=146](https://www.stat.gov.mk/PrikaziSooptenie_en.aspx?rbtxt=146)

<sup>7</sup> Ibid.

<sup>8</sup> <https://www.worlddeconomics.com/Demographics/Median-Age/North%20Macedonia.aspx>

<sup>9</sup> The population abroad was approximated at around 0.5 million people between 1990 and 2017. Source: UN (2020). North Macedonia Common Country Analysis for the 2021–2025 United Nations Sustainable Development Cooperation Framework.

<sup>10</sup> <https://www.worlddeconomics.com/Demographics/Median-Age/North%20Macedonia.aspx>

<sup>11</sup> UN (2020). North Macedonia Common Country Analysis for the 2021–2025 United Nations Sustainable Development Cooperation Framework.

<sup>12</sup> <https://data.worldbank.org/country/MK>

<sup>13</sup> UN (2020). North Macedonia Common Country Analysis for the 2021–2025 United Nations Sustainable Development Cooperation Framework.

<sup>14</sup> State Statistical Office, MakStat database. <https://makstat.stat.gov.mk/PXWeb/pxweb/en/MakStat/?rxid=46ee0f64-2992-4b45-a2d9-cb4e5f7ec5ef>.

<sup>15</sup> State Statistical Office, MakStat database. <https://makstat.stat.gov.mk/PXWeb/pxweb/en/MakStat/?rxid=46ee0f64-2992-4b45-a2d9-cb4e5f7ec5ef>. Unemployment rate for women was 11.3 percent and for men 14.3 percent in 2023.

<sup>16</sup> UN (2020). North Macedonia Common Country Analysis for the 2021–2025 United Nations Sustainable Development Cooperation Framework.

<sup>17</sup> International Labour Organization (2022), Republic of North Macedonia, Young people not in employment nor in education or training, Mapping and Policy Pointers.

The poverty rate declined from 18.8 percent in 2021<sup>17</sup> to 17.6 percent in 2023,<sup>18</sup> largely due to COVID-19 support measures and rising wages. The at-risk-of-poverty rate was equal for men and women<sup>19</sup> but remained higher in rural areas (30 percent) than in urban areas (17 percent),<sup>20</sup> and disproportionately affected ethnic minorities, particularly Roma and Egyptians.<sup>21</sup> As per the latest Gini index, income inequality in North Macedonia stood at 31.4 percent in 2020, aligning closely with the EU average of 30 percent.<sup>22</sup>

North Macedonia has been a candidate for EU membership since 2005.<sup>23</sup> Despite continuous recommendations from the European Council to open accession negotiations since 2009, progress has been hindered by cultural, historical and linguistic disputes with Greece and Bulgaria.<sup>24</sup> The bilateral dispute with Greece over the country's official name was resolved in 2018 when North Macedonia adopted its current name.<sup>25</sup> This change led to the EU General Affairs Council formally opening accession negotiations in March 2020, following North Macedonia's entry into the North Atlantic Treaty Organization.<sup>26</sup> However, in November 2020, Bulgaria vetoed the start of negotiations due to unresolved disagreements over the Macedonian language and history.<sup>27,28</sup> Negotiations officially commenced on 19 July 2022<sup>29</sup> after Bulgaria's parliament lifted its veto and North Macedonia's parliament approved the French proposal to resolve the dispute with Bulgaria.<sup>30</sup>

Despite concrete efforts to strengthen democracy, progress in fortifying judicial independence and enhancing the legal framework for fundamental rights protection remained limited.<sup>31</sup> The adoption of a new judicial reform strategy for 2023–2027, aimed at improving institutional performance, was behind schedule. The country was considered moderately prepared for public administration reforms, yet progress had been slow despite the adoption of a new public administration reform strategy for 2023–2030.<sup>32</sup> The business climate has improved, as noted in the World Bank's 'Doing Business Report' (2020),<sup>33</sup> which recognized North Macedonia's efforts to facilitate contract enforcement and streamline regulatory processes. On the digital front, the country has made notable strides in public sector transformation, as reflected in its rankings in the United Nations e-Government Development Index<sup>34</sup> and the World Bank's GovTech Maturity Index (2022).<sup>35</sup>

<sup>17</sup> World Bank (2024). North Macedonia Macro Poverty Outlook, Upper middle-income poverty rate (\$6.85 in 2017 PPP).

<sup>18</sup> Ibid.

<sup>19</sup> UN (2024). UN North Macedonia – 2024 Country Analysis.

<sup>20</sup> FAO Food Systems Assessment (2022).

<sup>21</sup> According to the UN North Macedonia 2024 Country Analysis, ethnic minorities (Roma, Egyptians) face extreme poverty and inadequate living conditions.

<sup>22</sup> Eurostat. [https://ec.europa.eu/eurostat/databrowser/view/ilc\\_di12/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_di12/default/table?lang=en)

<sup>23</sup> North Macedonia was the first Western Balkan economy to sign a Stabilisation and Association Agreement with the European Union in 2001, laying the foundation for reforms to align with EU standards.

<sup>24</sup> <https://www.oecd-ilibrary.org/docserver/af7604c6-en.pdf?expires=1710700780&id=id&accname=guest&checksum=9DBE7D801D7E37C2473F914CE39075BA>

<sup>25</sup> Bilateral disputes between North Macedonia and Greece were resolved through the Prespa Agreement, signed in June 2018 and entering into force on 12 February 2019.

<sup>26</sup> UN (2020). North Macedonia Common Country Analysis for the 2021–2025 United Nations Sustainable Development Cooperation Framework.

<sup>27</sup> <https://www.rferl.org/a/macedonia-eu-bulgaria-veto/31910319.html>

<sup>28</sup> Prior to this, in October 2019, France blocked the start of accession negotiations with North Macedonia.

<sup>29</sup> [https://neighbourhood-enlargement.ec.europa.eu/news/first-intergovernmental-conferences-albania-and-north-macedonia-kick-start-accession-negotiation-2022-07-19\\_en](https://neighbourhood-enlargement.ec.europa.eu/news/first-intergovernmental-conferences-albania-and-north-macedonia-kick-start-accession-negotiation-2022-07-19_en)

<sup>30</sup> As part of this proposal, North Macedonia agreed to amend its constitution to acknowledge a Bulgarian minority in the country, protect minority rights and introduce hate speech laws into the criminal code.

<sup>31</sup> The World Justice Project Rule of Law Index (2023) ranked North Macedonia 67 out of 142 countries.

<sup>32</sup> Ibid.

<sup>33</sup> <https://openknowledge.worldbank.org/server/api/core/bitstreams/75ea67f9-4bcb-5766-ada6-6963a992d64c/content>

<sup>34</sup> According to the United Nations eGovernment Development Index 2022, North Macedonia ranked 80th out of 193 countries (72nd place in 2020), with an index of 0.70 out of a maximum of 1.

<sup>35</sup> The World Bank's GovTech Maturity Index (GTMI) (2022), which measures digital transformation in the public sector, places North Macedonia in Group B (high GTMI) alongside 46 other countries. Source: GovTech Maturity Index 2022 Update, Trends in Public Sector Digital Transformation.

The political landscape in North Macedonia was marked by political polarization stemming from divisions among the major political parties, which impeded legislative processes and key appointments.<sup>36,37</sup> Despite these challenges, the country has demonstrated a commitment to combating corruption, as evidenced by the adoption of the National Strategy for Prevention of Corruption and Conflict of Interest (2021–2025).<sup>38</sup> However, Transparency International's Corruption Perceptions Index (2023) highlighted persistent corruption issues, underscoring the need for stronger anti-corruption measures.<sup>39</sup>

North Macedonia has ratified numerous multilateral environmental agreements and continues to enhance environmental protection and natural resource management.<sup>40</sup> The country has adopted a long-term 'Strategy on Energy Development until 2040'<sup>41</sup> as a framework for modernizing the energy sector in line with EU trends. It has also developed the 'National Energy and Climate Plan (2021–2030)', though the Law on Climate Action has yet to be adopted.<sup>42</sup> While the country's energy policies and legislation are now fully aligned with the Energy Community,<sup>43</sup> prioritizing energy efficiency and renewable energy, coal still accounted for 60 percent of electricity production in 2024. Key environmental challenges include climate change, air and water pollution, improper waste management, biodiversity loss and forest degradation, all of which must be addressed to meet EU environmental standards and policies.<sup>44</sup>

North Macedonia has made significant efforts to integrate gender-responsive budgeting into national planning and policymaking. The 'National Strategy on Gender Equality (2022–2027)'<sup>45</sup> and the new Organic Budget Law<sup>46</sup> incorporate gender-responsive budgeting as a key tool for mainstreaming gender in policymaking and budgeting processes across strategic priority areas.<sup>47</sup> However, the draft Law on Gender Equality, which seeks to further institutionalize gender mainstreaming at the central and local levels, has not yet been adopted, largely due to the growing anti-gender movement in the country.<sup>48</sup>

Women's representation and participation in decision-making remained limited. Any progress, such as increased representation of women in the National Parliament and municipal councils, has been driven by electoral quotas.<sup>49</sup> In executive bodies, where quotas do not exist, women's representation remains low. The 2022 Gender Equality Index score for North Macedonia was 64.5 points out of a maximum of 100, marking an increase of 2.5 points compared to the 2019 measurement.<sup>50</sup>

<sup>36</sup> <https://bti-project.org/en/reports/country-report/MKD#pos16>

<sup>37</sup> EC (2023). North Macedonia 2023 Report.

<sup>38</sup> [https://neighbourhood-enlargement.ec.europa.eu/document/download/e11eeeba-1975-4b1e-86e1-6a7857666dca\\_en](https://neighbourhood-enlargement.ec.europa.eu/document/download/e11eeeba-1975-4b1e-86e1-6a7857666dca_en)

<sup>39</sup> North Macedonia ranked 76th out of 180 countries in Transparency International's Corruption Perceptions Index, with a score of 42 (scored on a scale of 0–highly corrupt to 100–very clean). <https://www.transparency.org/en/cpi/2023/index/mkd>

<sup>40</sup> North Macedonia ratified the UNFCCC in 1997 and the Paris Agreement in November 2017, committing to reducing emissions from fossil fuels by up to 36 percent against baselines by 2030. The country regularly fulfils its reporting obligations under the UNFCCC, Kyoto Protocol and Paris Agreement.

<sup>41</sup> [https://climate-laws.org/documents/energy-development-strategy-until-2040\\_3715?id=energy-development-strategy-until-2040\\_5773](https://climate-laws.org/documents/energy-development-strategy-until-2040_3715?id=energy-development-strategy-until-2040_5773)

<sup>42</sup> EC (2023). North Macedonia 2023 Report.

<sup>43</sup> <https://www.energy-community.org/>. As one of the nine Contracting Parties, North Macedonia has significantly expanded its renewable energy capacity through a self-consumption scheme and has made progress in energy efficiency, with a focus on finalizing amendments to the Energy Efficiency Law. Energy Community (2023). Annual Implementation Report, 1 November 2023.

<sup>44</sup> UN (2020). North Macedonia Common Country Analysis for the 2021–2025 United Nations Sustainable Development Cooperation Framework.

<sup>45</sup> [https://www.mts.gov.mk/content/pdf/2022/strategija\\_%D0%A1%D1%82%D1%80%D0%B0%D1%82%D0%B5%D0%B3%D0%B8%D1%98%D0%B0\\_%D0%B7%D0%B0\\_%D1%80%D0%BE%D0%B4%D0%BE%D0%B2%D0%B0\\_%D0%B5%D0%B4%D0%BD%D0%B0%D0%BA%D0%B2%D0%BE%D1%81%D1%82\\_2022\\_2027.pdf](https://www.mts.gov.mk/content/pdf/2022/strategija_%D0%A1%D1%82%D1%80%D0%B0%D1%82%D0%B5%D0%B3%D0%B8%D1%98%D0%B0_%D0%B7%D0%B0_%D1%80%D0%BE%D0%B4%D0%BE%D0%B2%D0%B0_%D0%B5%D0%B4%D0%BD%D0%B0%D0%BA%D0%B2%D0%BE%D1%81%D1%82_2022_2027.pdf)

<sup>46</sup> <https://finance.gov.mk/2022/09/24/123-4/?lang=en>

<sup>47</sup> <https://eca.unwomen.org/en/what-we-do/national-planning-and-budgeting/transformational-financing-for-gender-equality-in-the-western-balkans/north-macedonia>

<sup>48</sup> The Law on Equal Opportunities for Women and Men (adopted in 2006 and amended in 2012) laid the foundation for integrating gender equality principles and establishing institutional mechanisms to support them.

<sup>49</sup> According to the UN 2020 North Macedonia Common Country Analysis for the 2021–2025 UNSDCF, women held 38.3 percent of seats in the national Parliament and 12.2 percent of ministerial positions in the government

<sup>50</sup> The National Gender Equality Index for North Macedonia, (2022), [https://eca.unwomen.org/sites/default/files/2023-09/gender-index-2022\\_en-web.pdf](https://eca.unwomen.org/sites/default/files/2023-09/gender-index-2022_en-web.pdf)

## 1.4 The UNDP programme under review

UNDP has been operating in North Macedonia since 1995, supporting the country's efforts towards EU accession and the achievement of the Sustainable Development Goals (SDGs). These opportunities include the readiness to reform public administration, the demand for quality services, the intersection of non-communicable diseases and air pollution, and the need for more inclusive economic growth (particularly in the northern regions) that fosters sustainable human development, human security and equal opportunities.

The current 'Country Programme Document (CPD) for North Macedonia (2021–2025)' focuses on three strategic priorities outlined in the 'United Nations Sustainable Development Cooperation Framework (2021–2025)'. These priorities encompass promoting well-being, social equity and human potential; harnessing the full potential of a green, sustainable and inclusive economy; and fostering trust and mutual accountability through a focus on the rule of law, rights and duties. The integration of these strategic priorities ensures the delivery of comprehensive solutions across various sectors.

In line with these priorities, UNDP organized its work through three units. As depicted in the reconstructed ToC (Figure 3), the work of the Inclusive Prosperity Unit was driven by initiatives that aimed to enhance social inclusion and improve access to employment, particularly for vulnerable groups. By strengthening policy and regulatory measures, UNDP sought to accelerate support for startup and SME activities, fostering dynamic skilling and employment opportunities. These efforts were expected to lead to the development of an inclusive and innovative business ecosystem that generated decent work, promoted productive employment and improved living standards for all. Over the long term, these interventions were designed to promote economic inclusion, equitable access to employment and a vibrant business environment that supported sustained improvements in citizens' well-being.

The Energy, Environment and Disaster Risk Management Unit supported the development of a comprehensive policy framework for climate resilience and low-emission growth alongside the sustainable management of natural resources. This included enhancing local capacities for air pollution prevention, strengthening disaster risk reduction measures and mitigating the environmental impacts of agricultural activities, particularly in ecologically sensitive areas such as the Prespa watershed. Expected outcomes from these interventions include strengthened climate action and improved environmental governance. Over the long term, this is anticipated to translate into enhanced community resilience, sustainable natural resource management and improved biodiversity protection, contributing to North Macedonia's environmental sustainability goals.

Governance reform was central to the Democratic Governance Unit's work, as illustrated in the reconstructed ToC. This unit aimed to enhance decision-making, accountability and service delivery at national and municipal levels. Interventions focused on promoting evidence-based and gender-responsive policy design and budgeting while advancing legal and institutional frameworks that uphold the rule of law, human rights, gender equality and women's empowerment. By strengthening governance structures, UNDP sought to ensure the effective implementation of policies and the provision of services by accountable institutions. Over the long term, these efforts are expected to result in improved governance and social cohesion, with stronger institutional capacities to address development challenges, furthering North Macedonia's aspirations for EU accession and alignment with European governance standards.

**TABLE 1: COUNTRY PROGRAMME OUTCOMES AND RESOURCES IN MILLION US\$ (2021–2025) AS OF DECEMBER 3, 2024**

UNSDCF Priority Area	Country Programme Outcome (SDG goal)	Estimated Budget (2021–2025) <sup>51</sup>	Actual Budget (2021–2024)	Expenditure (2021–2024)	Actual Delivery (2021–2024)
<b>Strategic priority 1.</b> Sustained and inclusive economic and social development	Outcome 1: By 2025, the living standard of all people in North Macedonia is improved through equal access to decent work and productive employment generated by an inclusive and innovative business ecosystem. (SDG: 1, 2, 3, 4, 5, 6, 8, 9, 10, 11)	12.5	17.5	15.1	86%
<b>Strategic priority 2.</b> Climate action, natural resources and disaster risks management	Outcome 3: By 2025, people in North Macedonia benefit from ambitious climate action, sustainably managed natural resources and well-preserved biodiversity through good environmental governance and disaster-resilient communities. (SDG: 3, 5, 7, 8, 11, 12, 13, 15)	39.7	30.6	16.0	52%
<b>Strategic priority 3.</b> Transparent and accountable democratic governance	Outcome 4: By 2025, people in North Macedonia benefit from improved rule of law; evidence-based, anticipatory and gender-responsive policies; greater social cohesion; and effective service delivery by transparent, accountable and responsive institutions. (SDG: 5, 10, 16, 17)	15.8	14.9	12.2	82%
<b>TOTAL CPD</b>		<b>68.0</b>	<b>63.0</b>	<b>43.3</b>	<b>69%</b>

Source: UNDP Quantum & Atlas, extracted on December 3, 2024

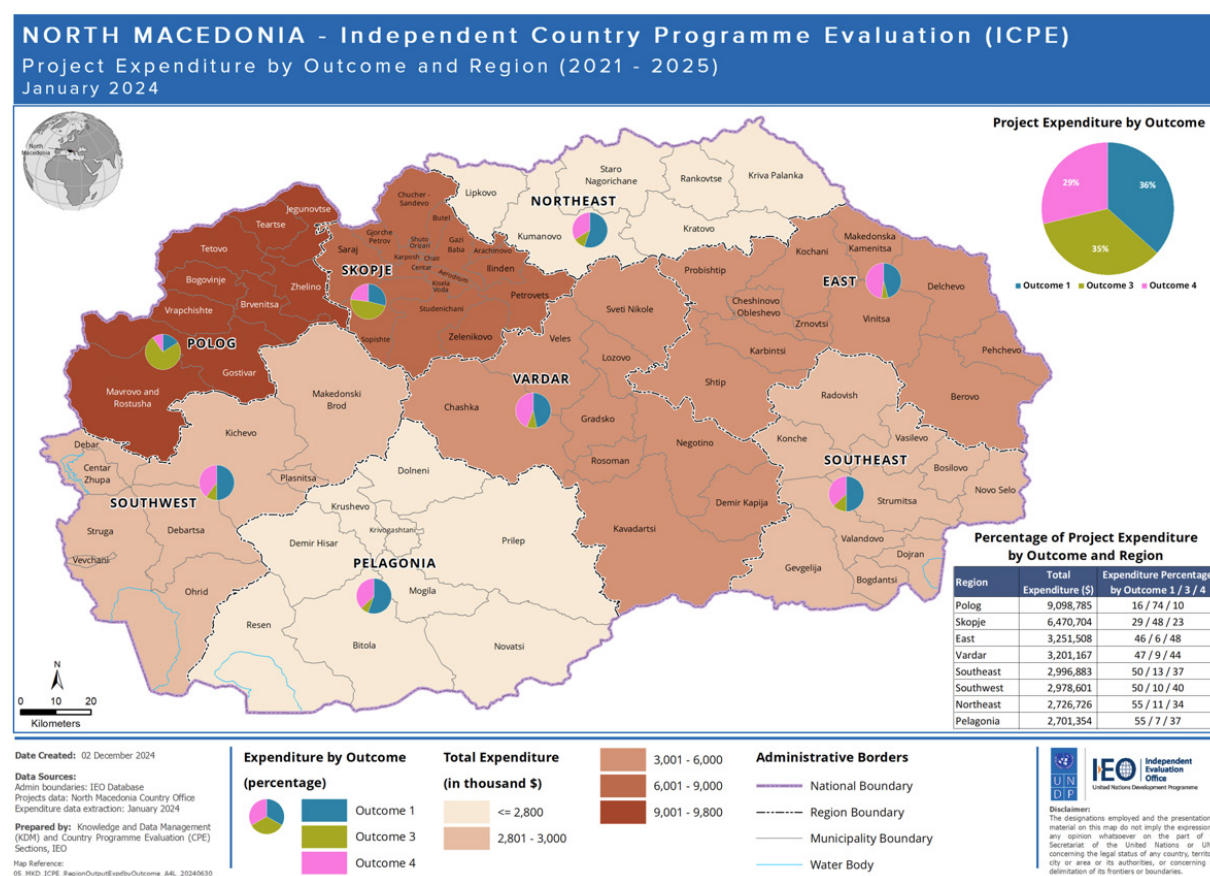
<sup>51</sup> UNDP (2020). CPD for North Macedonia 2021–2025.



The UNDP country programme portfolio amounted to US\$63.0 million during the first three and a half years of CPD implementation, which was marginally less than the CPD target of \$68.0 million,<sup>52</sup> with 69 percent of actual delivery (Table 1). The portfolio included 34 projects<sup>53</sup> implemented across North Macedonia (Figure 4), many of which were implemented in multiple phases, with some continuing from the previous programme cycle. The CPD integrated gender equality, women’s empowerment and the Leave No One Behind principles, with 96 percent of projects classified as GEN 2.

Several donors supported UNDP’s work over the review period, with the Government of Switzerland<sup>54</sup> contributing \$15.1 million, followed by the Government of North Macedonia<sup>55</sup> (\$12.7 million) and Swedish SIDA<sup>56</sup> (\$5.6 million), collectively covering the majority of programme expenditures (Figure 5). In December 2023, UNDP launched the EU for Prespa project with a funding commitment of EUR 14 million from the European Union to advance the Green Agenda for the Western Balkans, with completion planned for June 2027. As per UNDP’s corporate system, \$6.5 million of this commitment had been realized, with an expenditure of \$247,730 as of 3 December 2024.

**FIGURE 4: UNDP PROJECT COVERAGE BY REGION AND EXPENDITURE**



<sup>52</sup> UNDP (2021). CPD for North Macedonia 2021–2025.

<sup>53</sup> The Country Office implemented eight projects under Outcome 1, 11 projects under Outcome 3 and 15 projects under Outcome 4, along with 14 regional/global initiatives.

<sup>54</sup> Ensuring funding for the implementation of active labour market measures (“Creating Jobs for All”) and environmental projects (“Improving Resilience to Floods in the Polog Region” and “Restoration of Strumica River Basin”) remains a priority.

<sup>55</sup> Over 60 percent of Outcome 1 funding came from the government, primarily to support the implementation of the Operational Plan for Active Employment Programmes and Measures.

<sup>56</sup> The Sida Programme Framework on environment (green portfolio).

**FIGURE 5: TOP DONORS BY PROGRAMME EXPENDITURES (\$500,000 AND ABOVE) in 2021–2024**



Source: UNDP Quantum & Atlas, 03 December 2024

## CHAPTER 2. FINDINGS



This chapter presents the results of the UNDP North Macedonia programme and contribution analysis, along with an assessment of operational and cross-cutting issues. The analysis was guided by the reconstructed ToC for the North Macedonia CPD and aggregates results achieved by the country office under different outcomes outlined in the CPD. The findings are organized into three sections, in line with the key evaluation questions and criteria,<sup>57</sup> and focus on: 1) UNDP's strategic and programmatic responsiveness, relevance and coherence; 2) UNDP's effectiveness and contributions to programme objectives and sustainable development results; and 3) key factors, including strategies, approaches and cross-cutting aspects that influenced UNDP's performance and the broader adoption of results.

## 2.1 Programme responsiveness and coherence

**Finding 1. UNDP's interventions have aligned with and contributed to the development of key national strategies in North Macedonia, ensuring their integration with the SDGs and supporting the country's EU accession aspirations.**

There was strong alignment between UNDP's country programme and national strategies (many of which UNDP helped draft), effectively addressing national priorities and EU accession goals. In the area of governance, UNDP has supported the development of key strategies, including the 'National Development Strategy' (NDS),<sup>58</sup> the 'Programme for Local Sustainable Development and Decentralization (2021–2026)',<sup>59,60</sup> the 'National Strategy for Agriculture and Rural Development (2021–2027)',<sup>61</sup> the 'Strategy for Regional Development of North Macedonia (2021–2031)',<sup>62</sup> public finance management regulatory and institutional frameworks,<sup>63</sup> the 'National Strategy on the Rights of Persons with Disabilities 2023–2030'<sup>64</sup> and the 'National Youth Strategy (2023–2027)'.<sup>65</sup>

These frameworks have played critical roles in shaping long-term development planning while ensuring alignment with national priorities. The NDS is expected to guide the country's development over the next two decades, reflecting UNDP's deep involvement in shaping North Macedonia's governance landscape. Although the CPD lacked a structured approach to SDG financing, UNDP's contributions, such as providing recommendations on SDG finance and supporting the first SDG Performance Audit, have been highly relevant (Finding 10). These efforts addressed key needs related to resource mobilization for the SDGs while also promoting a more systemic approach to governance.

UNDP's efforts to foster a resilient and innovative business ecosystem have been important for North Macedonia's economic growth and aligned with the national strategy for economic development. For example, national stakeholders regarded UNDP's support for ALMM and small- and medium-sized

<sup>57</sup> The criteria—relevance, coherence, effectiveness, efficiency and sustainability—were assessed within the four Key Evaluation Questions (KEQ) and sub-questions, following the Performance Rating System. Detailed results are provided in Annex 7.

<sup>58</sup> <https://www.nrs.mk/en-GB/pocetna/za-nrs/dokumenti.nspix>

<sup>59</sup> [https://mls.gov.mk/images/files/POLRD\\_2021-2026\\_MK\\_so%20korekcii\\_Final.pdf](https://mls.gov.mk/images/files/POLRD_2021-2026_MK_so%20korekcii_Final.pdf)

<sup>60</sup> The overall goal of this six-year Programme is to support municipal recovery, enhance resilience, improve financial stability and ensure sustainable local services, laying the groundwork for dynamic and green local development.

<sup>61</sup> <https://faolex.fao.org/docs/pdf/mac209144.pdf>

<sup>62</sup> Adopted by the government at the 132nd Governmental session on 12 January 2022, according to Article 186 (2) of the Law on Environment (Official Gazette No. 53/05, 24/07, 159/08).

<sup>63</sup> Key policy initiatives include the Strategy for Formalization of the Informal Economy in the Republic of North Macedonia (2023–2027), the Strategy for Women's Entrepreneurship Development, the National Small and Medium Enterprise Strategy, the draft Accrual Accounting Strategy and the Strategic Plan to Minimize Cash Flow Risks.

<sup>64</sup> <https://wwwex.ilo.org/dyn/natlex2/natlex2/files/download/116988/MKD-116988.pdf>

<sup>65</sup> <https://national-policies.eacea.ec.europa.eu/youthwiki/chapters/republic-of-north-macedonia/13-national-youth-strategy>

enterprises (SMEs) as highly relevant. Social inclusion efforts, including employment programmes for vulnerable groups such as Roma, women, persons with disabilities and youth, have successfully addressed labour market disparities and promoted equitable economic opportunities. UNDP's work on gender equality, particularly in formalizing women's roles in the care economy, has contributed to both social justice and women's economic empowerment.<sup>66</sup>

In the environmental sector, UNDP has played key roles in national climate action plans,<sup>67</sup> disaster prevention and risk reduction, and sustainable financing mechanisms. Notably, UNDP supported flood risk management and the establishment of the EUR 30 million Green Finance Facility (GFF) in collaboration with the EBRD.<sup>68</sup> These interventions have strengthened North Macedonia's capacity to meet international environmental commitments and EU directives. UNDP's engagement has been highly responsive to national institutions' needs in building capacity for climate governance, ensuring compliance with EU environmental regulations and enhancing climate resilience.

UNDP's policy engagement has been complemented by advisory support to enhance government systems, capacity-building initiatives to improve administrative functions and efforts to promote innovation. These interventions have directly strengthened institutional efficiency and responsiveness, particularly in environmental management, social policies (including gender-based violence prevention), public finance management and service delivery. This focus, balancing national development priorities with EU integration requirements, has been instrumental in helping North Macedonia align with key governance standards.

Overall, UNDP's integrated approach has been well aligned with North Macedonia's development needs, ensuring its continued relevance. This broad-based support has incorporated diverse perspectives and enabled the integration of principles related to Leave No One Behind, climate change, gender equality and transparency into development efforts.

Stakeholders widely regarded UNDP as a reliable and trusted government partner, as evidenced by long-term partnerships and substantial government funding (the second-largest donor during the reference period).

Government funding was directed towards areas where UNDP's ability to mobilize technical expertise, fast-track procurement and deploy experts quickly provided an operational advantage over more bureaucratic governmental processes, enabling timely interventions. Stakeholders further noted that UNDP's value lay in its technical expertise and ability to deliver in complex areas such as digitalization, social services and inclusive policy development, further strengthening its strategic relevance.

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<sup>66</sup> Findings are based on a document review and stakeholder interviews.

<sup>67</sup> This includes revisions of Nationally Determined Contributions and enhancements to the National Greenhouse Gas Inventories.

<sup>68</sup> <https://www.ebrd.com/work-with-us/projects/psd/53583.html>

## 2.2 UNDP's contributions to programme objectives and sustainable development results

### CPD Outcome 1: Inclusive Growth

UNDP's work under Outcome 1 focused on legislative and policy improvements and the creation of a sustainable social protection system that included socially vulnerable groups, with specific attention to the care economy and women's economic empowerment. UNDP supported the implementation of ALMMs, particularly for women and vulnerable groups. Additionally, private-sector partnerships focused on green jobs development, green investments and digitalization of business processes and operations (e.g. through the Biz4All platform). Through these multifaceted approaches, UNDP aimed to foster inclusive growth, gender equality and sustainable development.

### Care economy and social protection

**Finding 2. UNDP's longstanding partnership with the Ministry of Labour and Social Policy has led to important advancements in social services for vulnerable groups, including the introduction of new policies, notably in the care economy and social enterprise sectors.** Despite these contributions, political volatility, high institutional turnover and administrative capacity constraints have hindered the consistent implementation and sustainability of key reforms.

UNDP has been a long-term partner of the Ministry of Labour and Social Policy, supporting efforts to enhance access to and the quality of social services for vulnerable groups. This partnership has contributed to the development of 26 new policies and services between 2019 and 2023, including the Labour Market Regulation Law, which improved the labour market's responsiveness to the needs of vulnerable populations.<sup>69</sup> UNDP also played a key role in developing rulebooks for Municipal and Regional Social Councils, aimed at integrating social service provision, budgeting and employment measures for vulnerable groups. In addition, UNDP was instrumental in the adoption of North Macedonia's first National Strategy for the Development of Social Enterprises (2021), which established a framework for promoting social entrepreneurship.<sup>70</sup>

Analysis showed that UNDP's efforts to strengthen social protection policies and services have contributed to a systemic overhaul of the social protection system, enhancing its sustainability and responsiveness to community needs in line with Leave No One Behind principles. A key focus of UNDP's work has been advancing the care economy, particularly by formalizing care services in accordance with Leave No One Behind and gender equality and women's empowerment principles. This included strengthening institutional and regulatory frameworks, aligning quality standards and introducing two new government-financed employment measures in the 2021 operational employment plan.

UNDP's support has played a critical role in creating formal pathways for recognizing informal caregiving roles and expanding opportunities for training and licensing service providers. With UNDP support, two new government-financed employment measures were introduced in the 2021 operational employment plan, marking the care economy as a new domain within the public sector. These measures opened a new avenue for supporting the training and certification of service providers by the MLSP. As a result, 28 new

<sup>69</sup> UNDP (2023). Creating Job Opportunities for All - Main Phase, Final Project Report

<sup>70</sup> [https://www.mtsp.gov.mk/content/pdf/2021/trud/Strategija\\_socijalni\\_pretprijatija\\_2021\\_2027.pdf](https://www.mtsp.gov.mk/content/pdf/2021/trud/Strategija_socijalni_pretprijatija_2021_2027.pdf)

NGO service providers<sup>71</sup> were licensed in 2022 to deliver innovative care services for vulnerable groups, including persons with Alzheimer's disease, multiple sclerosis and those in need of palliative care. The standardization of these occupations, facilitated by UNDP interventions,<sup>72</sup> was recognized by stakeholders as a significant milestone in expanding professionalized care services.

Building on the achievements of the previous CPD cycle (including the successful amendment of the Law on Primary Education<sup>73</sup>), UNDP supported the provision of personal and educational assistants for students with disabilities in secondary schools. In response to gender-based violence (under Outcome 4), UNDP supported the establishment of local counselling centres in rural regions, which have provided assistance to over 70 women since 2023.<sup>74</sup> Additionally, UNDP collaborated with the Ministry of Interior to address gender-based violence in digital spaces, marking a pioneering initiative in North Macedonia. Stakeholders emphasized that the establishment of these centres represents a significant breakthrough in expanding the reach and protection of support services for women.<sup>75</sup>

Evaluation evidence suggests that by refining social services and mechanisms, UNDP has played a critical role in ensuring stable service provision for vulnerable populations. However, central- and local-level political volatility and financial constraints have affected the implementation of key legislation. Additionally, high turnover across institutions has undermined the stability of policies and measures. For example, the implementation of care economy measures faced delays due to slow and cumbersome licensing processes for service providers (especially for individuals and NGOs), resulting from limited administrative capacity in government bodies responsible for quality control. Stakeholders highlighted that UNDP's continued attention and support to the ministry remains essential to ensure the institutionalization and sustainability of these practices.

## Active labour market measures

**Finding 3. UNDP effectively promoted employability among vulnerable groups, including Roma and persons with disabilities, through targeted initiatives that provided training, mentorship and employment support.** However, the sustainability and scalability of these interventions remain challenged by institutions' reliance on external funding, the lack of institutionalization of active labour market measures and limited government capacities.

UNDP's labour market interventions have been extensive, addressing multiple employment challenges, particularly those for young women, men, Roma and persons with disabilities. However, the fragmented nature of these efforts, which span ALMM, youth employment, vocational training and entrepreneurship, reflects the complex and diverse needs of the labour market. While evidence suggests that these efforts have effectively addressed specific gaps and rights-holder needs, they have not always been strategically aligned, leading to challenges in achieving cohesive, long-term outcomes across the sector.

UNDP's contributions to creating a more supportive policy environment have been significant, particularly in drafting legislation to strengthen the linkages between education and employment. The evaluation found that UNDP played a key role in drafting a package of educational legislation<sup>76</sup> and plans,<sup>77</sup> which stakeholders considered effective policy interventions for addressing long-term unemployment and gender

<sup>71</sup> NGOs are emerging as innovative care providers, particularly in the absence of public services, such as assistants and caregivers for persons with Alzheimer's or multiple sclerosis, and in response to the shortage of social workers.

<sup>72</sup> UNDP ROAR 2021–2023: In 2023, 639 unemployed people (85 percent women) were employed as home-based care service providers, assisting over 9,517 people (including 5,131 women and 432 persons with disabilities) across 50 municipalities through the Care Economy Programme. Between 2021 and 2023, approximately 500 unemployed persons per year (mostly women) were engaged in delivering various social services at the local level.

<sup>73</sup> [https://mon.gov.mk/stored/document/Zakon%20za%20osnovnoto%20obrazovanie%20-%20nov\\_1.pdf](https://mon.gov.mk/stored/document/Zakon%20za%20osnovnoto%20obrazovanie%20-%20nov_1.pdf)

<sup>74</sup> UNDP (2024). ROAR 2023.

<sup>75</sup> This was the first time such a shelter was established in a rural, isolated region with a full-time social worker handling queries and referrals for survivors.

<sup>76</sup> The New Law on Adult Education, the New Law on Secondary Education and the Law on Vocational Education and Training (VET) formed the basis for developing the Concept Paper for Adult Secondary Education and the national concept for Regional VET Centres.

<sup>77</sup> Examples include the Government Operational Plan, the Community Works Programme and care economy measures.



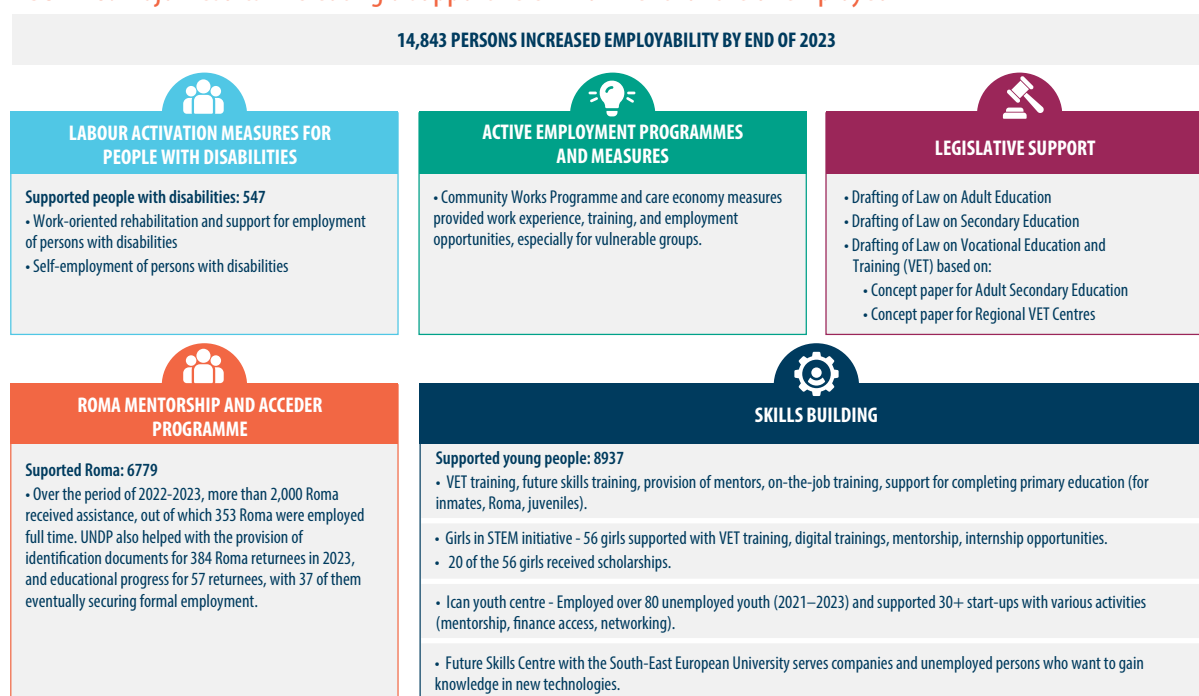
disparities in the labour market. These interventions also aimed to improve the accessibility and quality of social care services for the elderly, children and adults with disabilities. Additionally, they promoted equal and equitable access to education for all vulnerable groups, including adults without completed compulsory education, inmates, juveniles, Roma and women from rural areas.

In addition, UNDP successfully contributed to the introduction of educational assistants for children with disabilities in elementary schools through an amendment to the Law on Primary Education.<sup>78,79</sup> However, some key legislative reforms remain pending, limiting their full potential to address structural gaps.

UNDP's initiatives, including the community works programme and measures to support the care economy, have been instrumental in tackling long-term unemployment, reducing gender disparities and improving the quality of and access to social care services for vulnerable groups. By the end of 2023, UNDP-supported interventions increased the employability of 14,843 individuals from various vulnerable groups.<sup>80,81</sup> Some of the major results in creating a supportive environment for unemployed persons are presented in Figure 6.

Specific interventions, such as the establishment of the ICan Youth Centre<sup>82</sup> and the Future Skills Centre within South-East European University,<sup>83</sup> were widely acknowledged by stakeholders for their role in equipping youth with new skills and employment opportunities. However, concerns were raised regarding potential duplication of efforts, with some stakeholders suggesting that strengthening existing youth centres might have been more efficient than establishing new ones. Despite this, the majority of interviewed stakeholders appreciated UNDP's contributions to youth employability, recognizing their utility and relevance.

**FIGURE 6. Major results in creating a supportive environment for the unemployed**



\*UNDP has supported more than 60 NGOs to deliver different services.

Source: Evaluation team elaboration based on UNDP CPD Outcome and Outcome Indicators

<sup>78</sup> [https://mon.gov.mk/stored/document/Zakon%20za%20osnovnoto%20obrazovanje%20-%20nov\\_1.pdf](https://mon.gov.mk/stored/document/Zakon%20za%20osnovnoto%20obrazovanje%20-%20nov_1.pdf)

<sup>79</sup> Inclusive secondary education is expected to be regulated once the draft Law on Secondary Education is adopted.

<sup>80</sup> UNDP CPD Outcome and Outcome Indicators, per January 2024. Note: 2021 data are not available.

<sup>81</sup> Employability has increased through vocational education and training (VET), IT skills training, mentorship, on-the-job training, support for completing primary or secondary education, and entrepreneurship training and support.

<sup>82</sup> This centre, in partnership with South-East European University, has provided ICT skills training, internships and networking opportunities for youth from Gostivar and the wider Polog region.

<sup>83</sup> Future Skills Centre serves companies, unemployed persons and youth by providing knowledge in new technologies.



UNDP's engagement with the Roma community, particularly through mentorship programmes and CSO partnerships, was recognized as an effective approach for improving Roma employability. The Roma Mentorship and Acceder programme<sup>84</sup> made notable progress in this area (Figure 6). However, stakeholders expressed concerns about the long-term sustainability of these efforts, citing a lack of institutionalization and reliance on external funding, which limits broader scalability.<sup>85</sup> Additionally, the issue of guaranteed minimum assistance remains a significant barrier to Roma participation in the formal labour market, as many recipients fear losing social assistance if they enter formal employment.

UNDP's initiatives for persons with disabilities have had mixed outcomes. Evidence indicated that the vocational rehabilitation pilot model with the Izbor Rehabilitation Centre did not achieve its intended outcomes. However, there were positive developments in self-employment support for persons with disabilities, with 547 individuals benefiting from activation and support services by the end of 2023 (Figure 4).<sup>86</sup> This highlighted the potential for self-employment as a viable pathway to economic inclusion, though further evidence is needed to assess the long-term sustainability of these enterprises.

Overall, UNDP's efforts in this area have faced several challenges, primarily the lack of institutionalization and reliance on external funding, which stakeholders identified as limiting the sustainability and scalability of successful programmes. Additionally, the evaluation found that while ALMMs have been generally effective, they tended to benefit groups that were relatively better off, leaving the most vulnerable—such as those in informal settlements, individuals without documentation and persons with limited education—under-supported.

Furthermore, high programme costs and limited government capacity have made it difficult to mainstream certain piloted initiatives.<sup>87</sup> On the beneficiary side, fear of losing social assistance, combined with skills mismatches, has contributed to limited participation in the formal labour market. This was echoed in a recent study on youth unemployment, which identified skill mismatches, inadequate education outcomes and job dissatisfaction as key drivers of high youth unemployment and emigration.<sup>88</sup>

## Small and medium enterprises

**Finding 4. UNDP has made important contributions in enhancing SME capabilities in digitalization and green transformation.** Given the early stages of UNDP's support, the actual realization of these initiatives' transformative potential towards a green economy remains to be seen.

Despite some fragmentation and an unsystematic approach, UNDP's support for SMEs has made significant progress in supporting SME efforts to create jobs for vulnerable groups and enhancing SME capabilities in key areas such as digitalization, online marketing and green transformation. Between 2021 and 2024, a total of 2,393 private businesses<sup>89</sup> benefited from UNDP support. This included utilizing ALMMs, promoting inclusive business models and creating new employment opportunities for marginalized populations, including women, youth and persons with disabilities. These efforts have contributed to fostering more inclusive growth within the SME sector.

<sup>84</sup> The Acceder programme, initiated by the Fundación Secretariado Gitano, serves as a vital training and employment initiative aimed at integrating the Roma population into the labour market and fostering broader socio-economic inclusion. The final evaluation of the Creating Job Opportunities for All – Main Phase project stated: "The feedback from Roma users is that this is the first support scheme they have trust in."

<sup>85</sup> An initiative to improve inclusivity in public employment services (PES) involved UNDP's proposal to engage Roma coordinators across all 30 PES offices. This approach was identified as a promising method for improving understanding of Roma labour issues within these offices. However, despite its potential, neither PES offices nor UNDP have actively advanced this initiative, limiting its transformative impact.

<sup>86</sup> As per UNDP CPD Outcome and Outcome Indicators data, Indicator 1.2.1 tracks the number of people benefiting from employment activation and support services in 2023, including people with disabilities.

<sup>87</sup> Additional barriers to the sustainability of these measures include limited human and technical resources within the Employment Service Agency (ESA) and PES offices, which hinder their capacity to implement a range of labour market integration initiatives effectively. Stakeholders emphasized the need for broader promotion of labour market measures, noting that ESA faces challenges due to complex procurement procedures when engaging service providers to carry out promotional activities.

<sup>88</sup> European Commission (2021). Study on Youth Employment in Republic of North Macedonia, ESAP Project, p. 13, <https://www.esap.online/download/docs/Study-on-Youth-Employment-in-RNMacedonia-07072021.pdf/5fa2e53bfbf03c3413ce63c37048a204.pdf>

<sup>89</sup> As per UNDP Country Office data for the period 2021–2024.

Additionally, UNDP's Biz4All.mk<sup>90</sup> platform has emerged as a critical resource for 1,650 SMEs, helping them navigate challenges such as the COVID-19 pandemic, the energy crisis and other ongoing operational difficulties. The platform provided practical business tools, including financial guidance, free coaching and online collaboration opportunities,<sup>91</sup> all of which were highly valued by stakeholders.

UNDP also supported the Employment Service Agency (ESA) digitalization by developing an ICT system that enabled online access to ESA employment measures and services, which was deployed in early 2022. Its introduction enabled ESA to streamline service delivery, improve service quality and digitally modernize its operations.

UNDP's efforts to promote green growth among small and medium-sized enterprises (SMEs) through grant funding, training and mentorship for green job creation and sustainable investments initially faced challenges, particularly due to limited awareness of the green transition within the private sector.<sup>92</sup> However, evidence indicates that these challenges were gradually addressed, leading to the creation of 186 new jobs across 115 SMEs and the promotion of sustainable business practices.<sup>93,94</sup> The evaluation could not fully verify the effectiveness of these interventions through primary sources. However, stakeholders confirmed that the sustainability of this measure has been ensured, as it has continued to receive government funding and is being implemented further under the ESA.

UNDP's pioneering partnership with the EBRD on performance-based payments for SMEs investing in renewable energy and energy efficiency has laid the foundation for expanded support in this area (Outcome 3). Stakeholders from national institutions, including the Ministry of Labour and Social Policy and the ESA, confirmed their growing commitment to further support green job development and economic growth. While these initiatives have produced promising early results, the evaluation found that transformative change in the green economy has yet to materialize, as UNDP's investments remain in their early stages. Nonetheless, the strong foundation laid by these initiatives, along with increasing institutional support, indicates potential for future expansion and impact in both green jobs and sustainable SME growth.

### **Outcome 3: Environment and climate change**

UNDP's work under Outcome 3 focused on the implementation of North Macedonia's environmental policies and alignment with EU and international climate standards. Key interventions included improving systems for monitoring and reporting greenhouse gas (GHG) emissions, developing low-emission districts, raising public awareness of air pollution and supporting the creation and implementation of local air pollution action plans. UNDP also advanced integrated watershed management, balancing the needs of human settlements and heritage conservation. Additionally, UNDP contributed to community resilience, particularly in flood-prone regions, through disaster risk reduction and prevention measures.

<sup>90</sup> The platform bizz4all.mk was established under the Creating Job Opportunities for All – Main Phase project.

<sup>91</sup> RBEC Resident Representative Strategy Notes 2022.

<sup>92</sup> UNDP (2024). ROAR 2023. In the first year, grant and advisory support focused on energy efficiency improvements, while in the second year, grants were allocated for green job investments.

<sup>93</sup> One notable success was NAMATEKS, a small textile company specializing in jeans production, which used a grant to install 94 solar panels, reducing its monthly electricity costs by 50 percent, as confirmed by interviewed stakeholders. See also <https://www.undp.org/north-macedonia/stories/taking-green-strides-becoming-eco-friendly-business>.

<sup>94</sup> In 2022, this measure created 34 green jobs and provided additional support for nine private companies to make green investments.

## Climate change and green financing

**Finding 5. UNDP's contributions have strengthened North Macedonia's institutional capacities for climate reporting and mobilized efforts in green financing.** However, slow legislative adoption, limited institutional capacity and delays in project implementation—particularly regarding green financing for households—pose significant barriers to long-term sustainability and climate resilience.

UNDP has played key roles in strengthening institutional capacities to meet North Macedonia's compliance requirements under international environmental agreements, including the United Nations Framework Convention on Climate Change (UNFCCC), the European Environment Agency and the EU Energy Community. Through advisory support and capacity-building initiatives, UNDP has helped develop enhanced Nationally Determined Contributions and improved climate monitoring and reporting capacities.<sup>95</sup> Stakeholders confirmed that these contributions were valuable resources for developing critical strategic documents, such as the 'Energy Strategy', the 'National Energy and Climate Action Plan' and the 'Long-Term Strategy on Climate Action'.<sup>96</sup>

Despite these investments, the evaluation found slow progress in the adoption of key legislation, including the draft Climate Action Law<sup>97</sup> and the National Adaptation Plan, which are critical for advancing the country's climate resilience and green job creation. Furthermore, weak administrative and inspection capacities,<sup>98</sup> combined with reduced state budget allocations for environmental investments, present major challenges. These constraints, many of which are beyond UNDP's control, threaten the country's ability to effectively manage GHG inventories<sup>99</sup> and address broader environmental concerns, such as air pollution, waste management and climate mitigation.

The Green Financing Facility (GFF) agreement with the EBRD, valued at EUR 30 million, represents a landmark achievement in UNDP's joint efforts with the International Organization for Migration, the United Nations Economic Commission for Europe and the Government of North Macedonia to attract strategic financing for sustainable, low-emission development. The project aims to reduce air pollution and carbon emissions by catalyzing private-sector<sup>100</sup> and household investments<sup>101</sup> in renewable energy and energy efficiency solutions.<sup>102,103</sup> While the agreement with EBRD was signed a year after project approval due to the complexity of coordinating a public-private partnership,<sup>104</sup> stakeholders confirmed significant interest in the initiative. They also highlighted that the government's co-financing contribution of \$0.8 million<sup>105</sup> further underscored the project's relevance and significance, as the government rarely allocated such substantial co-funding for any project.

<sup>95</sup> This project contributed to the preparation of the enhanced Nationally Determined Contribution, the 4th National Climate Change Communication, the 3rd Biennial Update Report on Climate Change, the National GHG Inventory (2015–2019), the GHG Inventory for Skopje (2016–2018), and the establishment of the Monitoring, Reporting and Verification Platform, as well as UNDP's ongoing collaboration on the 5th National Communication.

<sup>96</sup> These documents were developed by national institutions and international partners, including the German Agency for International Cooperation (GIZ).

<sup>97</sup> The preparation of the Law on Climate Action began in March 2019, and the drafts have been completed but not yet adopted. Some interviewed stakeholders indicated that the slow finalization of this process is due to a lack of government prioritization.

<sup>98</sup> EC (2023). North Macedonia 2023 Report.

<sup>99</sup> UNDP undertook targeted capacity-building initiatives to strengthen the capabilities of various institutions, including the State Statistical Office, Ministry of Interior and the Macedonian Academy of Sciences and Arts, on themes related to the development of the GHG inventory. These efforts have led to notable progress in improving the quality of these inventories.

<sup>100</sup> There are currently no financing instruments to support investments in renewable energy and energy efficiency solutions in North Macedonia, nor are there commercially available loans of this type for SMEs.

<sup>101</sup> This component aims to influence the use of remittances for clean energy investments, leading to a reduction in particulate matter and CO<sub>2</sub> emissions.

<sup>102</sup> UNDP (2020). Green Financing Facility to Improve Air Quality and Combat Climate Change in North Macedonia, Concept Note.

<sup>103</sup> GFF provides loans, performance-based payments ranging from 5 percent to 10 percent for loan recipients, and technical assistance, including consultants to assist applicants in designing qualifying projects and conducting post-implementation verifications. These measures are intended to stimulate private-sector and household investments in renewable energy and energy efficiency solutions.

<sup>104</sup> This was the first public-private partnership of its kind for UNDP, requiring multi-level coordination and approval across different UNDP departments.

<sup>105</sup> Government of North Macedonia (2021). Letter of Interest for Co-financing for the Joint Programme 'Green Finance Facility to Improve Air Quality and Combat Climate Change in North Macedonia'.

The GFF's subsidized loan scheme for SMEs has resulted in the disbursement of EUR 6.2 million to 23 SMEs for renewable energy investments, with an additional EUR 2.2 million in loans pending approval.<sup>106</sup> Collaborations with the United Nations Economic Commission for Europe to train local consultants for SME project design and post-implementation verification, and with the International Organization for Migration to ensure underserved<sup>107</sup> households can access renewable energy solutions, have been critical components of the initiative's success. Stakeholders praised UNDP's efforts to expand equitable access to renewable energy by offering higher incentives (30 percent) to underserved groups through performance-based payments,<sup>108</sup> effectively lowering energy costs for these households.

However, delays in disbursing loans to households for renewable energy solutions due to prolonged due diligence processes by local banks have hindered project implementation.<sup>109</sup> Stakeholders have called for an acceleration of the loan disbursement process and recommended linking the GFF with the Energy Efficiency Fund (currently under development by the World Bank) to ensure its long-term sustainability. Delays in GFF implementation, particularly due to prolonged contracting processes, have also significantly contributed to the low delivery rate for Outcome 3.

## Energy efficiency and air pollution

**Finding 6. UNDP's support in tackling air pollution and promoting energy efficiency in North Macedonia has contributed to generating science-based evidence and raising public awareness.** However, the dispersed nature and limited scope of these investments, coupled with weak inter-institutional coordination and government capacity, pose challenges to long-term outcomes. The situation is further exacerbated by budgetary constraints in the public sector and slow legislative processes, which limit the scalability of successful interventions.

UNDP has focused on addressing air pollution in North Macedonia through a multi-pronged approach, including support for evidence-based policy development, capacity-building for local governments and the promotion of energy efficiency. This included partnerships with academia to produce key studies, as well as interventions such as subsidy programmes for low-income households and energy efficiency measures in public buildings. However, UNDP's investments in this domain were fragmented and largely pilot-based, lacking a coherent strategy for scaling up successful interventions.

UNDP's legislative support contributed to strengthening the government's capacity to transpose secondary legislation on EU energy labelling requirements<sup>110</sup> and quality standards for solid fuels,<sup>111</sup> helping reduce air pollution by incentivizing operators and regulating the market for energy-efficient stoves. This support included preparing 23 correspondence tables for the draft Rulebook on Labelling of Energy-Related Products and the draft Rulebook for the Quality of Solid Fuels. The ongoing consultation process for the latter, led by the Ministry of Economy, demonstrates progress in regulatory reform. However, the protracted pace of legislative change remains a challenge, as two years after UNDP's support, the Rulebook has yet to be adopted.

<sup>106</sup> For SMEs, the subsidy covers up to 10 percent of the loan amount upon successful project completion and verification.

<sup>107</sup> Women and girls, persons with disabilities, minorities (Roma), migrants and other groups: remittance recipients, and female-headed households, single parents and employees affected by COVID-19.

<sup>108</sup> It is anticipated that 10 percent of loan recipients will come from vulnerable populations, who will receive 30 percent of incentives in the form of performance-based payments.

<sup>109</sup> For households, the subsidy covers up to 30 percent of the loan amount upon successful project completion and verification.

<sup>110</sup> (EU) 2017/1369. This refers to the introduction of obligatory energy labelling, which provides clear information on the energy consumption of energy-related products and aligns with EU technical and energy regulations.

<sup>111</sup> The EU Fuel Quality Directive 98/70/EC.

At the subnational level, UNDP's partnership with local governments in tackling air pollution and reducing energy emissions focused on promoting an evidence-based approach to local policy development and implementation measures in collaboration with academic institutions.<sup>112</sup> For example, the Source Apportionment Study for the City of Skopje<sup>113</sup> identified domestic heating as the primary source of air pollution. Using this study, UNDP developed a subsidy programme in Novo Lisice to reduce emissions in the residential sector, supporting 129 low-income households in replacing inefficient heating devices and implementing energy efficiency measures. According to UNDP data, this resulted in a 41 percent reduction in PM10 (particulate matter  $\leq 10 \mu\text{m}$ ) and a 60 percent reduction in polluting emissions in the area.<sup>114</sup>

As part of broader efforts to improve air quality, UNDP invested in capacity-building for CSOs and journalists and worked to reduce sources of air pollution in five municipalities with high pollution levels. UNDP's support strengthened local government capacities to design, implement and monitor local air protection plans through source apportionment and air quality studies.<sup>115</sup> These studies are expected to inform future investments to reduce pollution from key sources, such as household heating, transport, industry, construction activities and open fires.

To further support local governments, UNDP established the Technical Documentation Fund, which provided municipalities with comprehensive technical documentation for high-priority infrastructure projects. Notable achievements in this area included assisting the Ministry of Health in preparing documentation for the post-COVID-19 reconstruction of nine hospitals, incorporating energy efficiency measures.<sup>116</sup> UNDP developed and implemented a plan to integrate this fund into national structures, such as the Bureau for Regional Development, ensuring national ownership of the mechanism in the future.<sup>117</sup>

UNDP also developed an air quality monitoring platform, [www.cistvozduh.mk](http://www.cistvozduh.mk), as a key step towards improving data transparency and accessibility. Despite being regularly updated by Goce Delchev University, the platform has not been fully utilized due to its lack of integration with the national air quality portal. This gap in interoperability between the Ministry of Environment and Physical Planning and local governments, which are legally required to report on local air quality action plan implementation, has limited the effectiveness of air quality monitoring at the national level.

The evaluation found that while UNDP's efforts have raised public awareness on air quality<sup>118</sup> and demonstrated the effectiveness of low-emission districts and air quality monitoring, local and national level interventions have been largely pilot-based and dispersed. The sustainability of these results is threatened by public-sector budgetary constraints, which limit the scalability and replication of successful interventions. Additionally, weak inter-institutional coordination, political and ministerial leadership changes and insufficient technical capacities at the municipal level further impede long-term progress.

## Integrated watershed management

**Finding 7. UNDP's integrated watershed management efforts in the Strumica River Basin and Prespa Lake have resulted in notable progress in sustainable farming practices and ecological restoration. However, the sustainability of these results remains uncertain, largely due to insufficient local resources, weak institutional ownership and leadership changes.**

<sup>112</sup> University Goce Delchev.

<sup>113</sup> [https://cistvozduh.mk/wp-content/uploads/2022/06/Sa-report-F\\_V4DM.pdf](https://cistvozduh.mk/wp-content/uploads/2022/06/Sa-report-F_V4DM.pdf)

<sup>114</sup> UNDP ROAR 2022.

<sup>115</sup> The source apportionment studies were conducted in Gostivar, Kavadarci, Kumanovo, Struga and Strumica.

<sup>116</sup> The total number of projects supported under two calls of the Technical Documentation Fund is 56, with most targeting environmental and water infrastructure (21 projects), followed by social infrastructure (18 projects) and communal, transport and business infrastructure (17 projects). Source: <https://openaid.se/en/contributions/SE-0-SE-6-12379#description>

<sup>117</sup> This plan is being implemented during Phase 2 of the Building Municipal Capacity for Project Implementation project (2023–2026).

<sup>118</sup> Based on stakeholder interviews.

UNDP has been a strategic partner for the government and donors in advancing integrated watershed management, particularly through its successful restoration of Lake Prespa under previous CPD cycles. These efforts aligned with the EU Water Framework Directive by promoting synergies between ecological conservation and economic development.<sup>119</sup> Building on these achievements, UNDP continued its work supporting the restoration of the Strumica River Basin during the current CPD cycle,<sup>120</sup> with mixed results, primarily at the output level.<sup>121</sup>

The evaluation identified major challenges in sustaining progress after project completion. For example, two wastewater treatment plants in Bosilovo and Novo Selo, which UNDP had supported, are no longer operational following project closure. Additionally, the Strumica River Basin Management Council has remained inactive. These setbacks were attributed to changes in local government leadership, limited municipal resources and the discontinuation of UNDP support. Moreover, turnover within UNDP's project leadership further hindered long-term progress in water governance.

Similarly, UNDP's absence in the Prespa Lake area between 2019 and 2023 contributed to the diminishing sustainability of previously achieved infrastructural results. This was largely due to turnover among local decision-makers, a lack of institutional memory and insufficient post-project follow-up. For example, the biodegradable waste management plant established in earlier support to Prespa Lake has not been maintained.

With the launch of the EU for Prespa project at the end of 2023,<sup>122</sup> UNDP resumed activities in sustainable agriculture, tourism and infrastructure development in the Prespa region. These efforts aim to expand the sewage network, improve waste management in rural areas within the municipality of Resen and support cross-border collaboration, including work on a border crossing between North Macedonia and Greece.

Although stakeholders praised UNDP's role in the ecological restoration of Prespa Lake and its contributions to transboundary collaboration, they also raised concerns about the departure of key UNDP staff with expertise in nature conservation, which has affected the technical quality of ongoing follow-up efforts. Moreover, the evaluation found that UNDP could have done more to strengthen local capacity, enhance ownership over results and translate these efforts into stronger local governance mechanisms to maintain long-term impact.

## Disaster risk management

**Finding 8. UNDP's sustained support for disaster risk reduction (DRR) in North Macedonia has contributed to flood prevention, intermunicipal cooperation and the establishment of the Resilient Polog Network.<sup>123</sup> However, restricted access to risk mapping tools, insufficient local financial resources, administrative capacity gaps and delayed crisis management reforms pose systemic challenges to achieving transformative results in DRR and climate adaptation.**

<sup>119</sup> UNDP has been present in the Lake Prespa region since 2002, with major results achieved between 2012 and 2018, supported by SDC with EUR 15 million. This support led to increased agro-ecological practices, reduced pesticide and water use for irrigation, and biowaste composting, improving water quality and aiding the recovery of indigenous fish species in Lake Prespa. See more at <https://www.undp.org/north-macedonia/projects/restoration-prespa-lake-ecosystem>

<sup>120</sup> The project Restoration of the Strumica River Basin ran from 1 July 2015 to 30 June 2021.

<sup>121</sup> UNDP (2021). Restoration of the Strumica River Basin. Final Project Report. According to this report, "a specialized training programme on introduction of agro-ecological farming practices was implemented with enrolling of 300 farmers in knowledge gained-selection procedure, out of which 112 grantees/farmers were selected and fully equipped with practical knowledge and training on implementation of agro-ecological farming practices, including necessary equipment and materials for practical/onsite implementation."

<sup>122</sup> During this CPD period, UNDP launched the "EU for Prespa" project in December 2023 to promote the Green Agenda for the Western Balkans, with completion planned for June 2027. See more at <https://www.undp.org/north-macedonia/projects/eu-prespa-restoration-natural-resources-and-enhancing-sustainable-agriculture-and-tourism>

<sup>123</sup> A network of nine municipalities in the Polog region (Bogovinje, Brvenica, Gostivar, Jegunovce, Mavrovo-Rostushe, Tearce, Tetovo, Vrapcishte and Zhelino) was established to develop flood protection plans, improve inter-municipal coordination, and enhance infrastructure to protect lives and property in future flood events.



UNDP's long-term support has played an important role in DRR efforts in North Macedonia. Through its work in flood prevention, UNDP has assisted key institutions in conducting comprehensive risk assessments, strengthening institutional capacities and developing critical flood-prevention infrastructure.<sup>124</sup> UNDP's approach has been inclusive, addressing the needs of persons with disabilities in the development of DRR policies, legislation, measures and rescue activities. For example, UNDP conducted practical training on mapping and rescuing people with disabilities in flood-prone areas, which was valued by interviewed stakeholders from the Polog region. Notable achievements included upgraded online tools for risk data collection and mapping, such as hazard and risk maps, the Flood Risk Management Plan<sup>125</sup> and the digitalization and expansion of the Hydrological and Meteorological Network.<sup>126</sup> However, the broader utilization of these tools has been hindered by restricted access at the national level, particularly for the Crisis Management Centre and the Directorate for Protection and Rescue.

To address this, UNDP supported revisions to the decree defining the multi-risk and multi-hazard methodology and upgraded the E-assessment platform with additional modules, making data more publicly accessible. Although Municipal Councils adopted the Hazard and Risk Assessments, not all relevant municipal departments have access to the E-assessment platform, limiting its integration into urban development planning and broader risk management processes. However, this effort, along with workshops and guidelines, has helped to mainstream flood risk into urban planning in municipalities such as Bogovinje and Tetovo.<sup>127</sup> Evaluation findings indicated that the quality of flood prevention infrastructure varied but generally contributed to improved flood resilience.

UNDP's contributions to fostering intermunicipal cooperation on DRR have been transformative, particularly in crisis management and disaster prevention. A notable example was the flood management project related to the re-diversion of the Sateska River, which brought together three municipalities (Debrca, Ohrid and Struga), public utility companies and central government institutions to address the recurring issue of flooding caused by Lake Ohrid overflowing its banks.<sup>128</sup> Through the establishment of management systems, Standard Operating Procedures and digital water-flow measuring devices, the project significantly enhanced the capacity of municipalities to manage and respond to flood risks, reducing potential damage to biodiversity and economic activities.<sup>129</sup> Another example was the establishment of the Resilient Polog Network in 2019 and its Joint Administrative Unit in 2023,<sup>130</sup> which has strengthened the monitoring and reporting of flood-resilient interventions in the Polog region, although the development and implementation of its capacity development plan have been delayed.<sup>131,132</sup>

More broadly, the evaluation found that several factors hindered local-level DRR progress, including a lack of financial resources in underdeveloped rural municipalities within the Polog network,<sup>133</sup> limited administrative capacities and frequent staff turnover. Additionally, the postponement of crisis management

<sup>124</sup> <https://www.undp.org/north-macedonia/climate-and-disaster-resilience>

<sup>125</sup> Municipal flood risk management plans were developed for all municipalities in the Polog region and the Drini River Basin, and operational plans for flood defence were initiated. The Flood Risk Management Plan for the Polog region has also been updated.

<sup>126</sup> UNDP supported the installation of 36 automatic hydrological stations and 27 meteorological and rainfall stations through projects implemented in the Polog region, Drini River Basin and Strumica River Basin, as confirmed by interviewed stakeholders.

<sup>127</sup> Findings are based on the mid-term evaluation, Improving Resilience to Floods in the Polog Region Mid-Term Evaluation and stakeholder interviews.

<sup>128</sup> This refers to a subproject of the Integrated Climate-Resilient Transboundary Flood Risk Management in the Drini River Basin in the Western Balkans (Drin FRM Project) that is focused on the re-diversion of the Sateska River in the Ohrid region of North Macedonia back to its natural riverbed. The Drin FRM project is a transboundary river basin project spanning Albania, North Macedonia and Montenegro that contributed to the development of a transboundary risk management plan for the Drini River Basin, along with several sectoral studies.

<sup>129</sup> The rehabilitation of critical sections of the Sateska River included clearing an estimated 22,000 cubic metres of deposited sediment from the Crn Drin riverbed in the urban part of Struga and diverting the river back to its natural course, reducing flood risk and preventing pollution of Lake Ohrid.

<sup>130</sup> The Joint Administrative Unit consists of two persons responsible for monitoring planned activities and reporting to the Polog network.

<sup>131</sup> UNDP (2023). Mid-Term Project Evaluation of Improving Resilience to Floods in the Polog Region.

<sup>132</sup> The capacity-building and transition plan of the Resilient Polog Network was only developed in 2023, and the capacity-building activities were implemented in 2023/2024.

<sup>133</sup> Seven of the nine municipalities in the Polog network are rural and underdeveloped.

system reforms, combined with reduced state budget allocations for environmental investments, has limited municipalities' ability to address issues such as illegal landfills and river cleaning, further weakening climate adaptation and mitigation efforts.

With regards to intermunicipal DRR cooperation, stakeholders highlighted that UNDP's support has facilitated stronger synergies by providing opportunities to address pressing DRR community needs beyond infrastructure concerns. However, the sustainability of these collaborative mechanisms remains a critical challenge. Many of these projects, particularly those related to disaster management, continue to rely heavily on external support and expert involvement. Without ongoing facilitation by UNDP, there is a risk that these intermunicipal collaborations may weaken over time. While cooperation in specific areas has been effective, there is a need for a more systematic and comprehensive approach to intermunicipal cooperation that extends beyond DRR to include broader issues such as economic development, infrastructure maintenance and resource sharing. Expanding the scope of intermunicipal collaboration will help ensure that its benefits are far-reaching and sustainable in the long term.

#### **Outcome 4: Governance and Rule of Law**

UNDP focused on several key areas in North Macedonia under Outcome 4. These included the development of national strategies such as the NDS and the Youth Strategy, improvements in public finance management, and the promotion of citizen participation in policymaking and service provision. This was achieved by strengthening government and civil society capacities at both central and local levels. UNDP also advanced digital transformation efforts to enhance local government transparency, supported municipal governance by strengthening local capacities and democratic mechanisms, and facilitated intermunicipal cooperation, particularly in crisis management and disaster prevention. Additionally, UNDP contributed to rule of law, anti-corruption and human rights initiatives, and enhanced the capacity of the Ministry of Interior to manage security challenges.

### **National development and youth strategy**

**Finding 9. UNDP has played a crucial role in supporting the adoption of key national strategies, such as the National Development Strategy and National Youth Strategy, as well as the Programme on Local Sustainable Development and Decentralization 2021–2026, with two action plans covering 2021–2023 and 2024–2026. These inclusive processes secured political consensus and addressed development, gender and youth priorities. However, challenges remain in the long-term implementation of these strategies due to political and strategic constraints.**

Along with other development partners, UNDP made significant contributions to national development planning, particularly through its involvement in the development and adoption of the NDS. UNDP's role included providing technical advisory support and facilitating an inclusive prioritization process that engaged over 14,000 citizens.<sup>134</sup> Stakeholders highlighted that UNDP's involvement was instrumental in securing broad political consensus for the NDS<sup>135</sup> law, a notable achievement given the country's political volatility.

<sup>134</sup> UNDP data.

<sup>135</sup> <https://www.nrs.mk/content/downloads/documents/thematic/Law%20on%20National%20Development%20Strategy.pdf>



Adopting the NDS law through a cross-party agreement was rare and considered an achievement in itself. The law establishes a legal framework for the long-term implementation of the strategy, ensuring commitment to a comprehensive and forward-looking development agenda aligned with international frameworks, such as the SDGs and the EU agenda. In addition, UNDP supported the development of the Programme on Local Sustainable Development and Decentralization 2021–2026, with two accompanying action plans (2021–2023 and 2024–2026).

The NDS development process addressed interlinked social, economic and environmental challenges, with a particular focus on gender inclusion and women’s empowerment. The evaluation found that UNDP’s contributions extended to innovative financing methods, which informed the subsequent ‘NDS Action Plan’ adopted by Parliament. UNDP’s capacity-building efforts, particularly within the General Secretariat, strengthened effective communication and stakeholder engagement during the NDS implementation phase. However, the evaluation also noted challenges in sustaining long-term strategic planning amid political uncertainty, particularly in the lead-up to the 2024 elections, raising concerns about the NDS’s full operationalization. Interviewed stakeholders pointed to the absence of a specific law on strategic planning as a potential hindrance to the long-term coordination and realization of NDS objectives.

In parallel, UNDP played a key role as a convener and technical advisor in drafting the ‘National Youth Strategy (2023–2027)’,<sup>136</sup> an inclusive process involving 1,300 participants across various sectors.<sup>137</sup> The establishment and reinforcement of Local Youth Councils in four municipalities and the promotion of youth-led narratives through media have contributed to stronger youth engagement, as acknowledged by interviewed stakeholders. However, the evaluation highlighted ongoing challenges beyond UNDP’s control, including inconsistent government prioritization and funding for youth programmes, which stakeholders identified as barriers to advancing youth-focused initiatives.

Stakeholders recognized that UNDP’s contributions to gender-responsive policy frameworks, including to the Law on Equal Opportunities<sup>138</sup> and the ‘National Strategy on Gender Equality (2022–2027)’,<sup>139</sup> were essential to advancing gender equality. However, while these achievements are significant, sustained efforts are needed to ensure their long-term impact, particularly given the shifting stance of the new government on gender equality.

## Public financial management reforms

**Finding 10. UNDP’s contributions to public finance management in North Macedonia have been comprehensive and effective, leading to significant improvements in financial governance, transparency and accountability.** Through targeted interventions in regulatory reform, capacity-building and the deployment of digital tools, UNDP has supported the modernization of both national and local financial systems and their transparency.

UNDP has played a critical role in strengthening North Macedonia’s public finance management system by supporting key reforms aimed at improving fiscal governance, transparency and accountability. UNDP’s efforts have focused on strengthening tax administration, modernizing accounting practices and building institutional capacity for more effective auditing and financial oversight. Through a combination of policy advisory services, technical assistance and capacity-building initiatives, UNDP has helped align North Macedonia’s public finance management system with EU standards, including those related to accrual

<sup>136</sup> [https://api.ams.gov.mk/wp-content/uploads/2023/02/nsm-23-27\\_draft.pdf](https://api.ams.gov.mk/wp-content/uploads/2023/02/nsm-23-27_draft.pdf)

<sup>137</sup> <https://www.undp.org/north-macedonia/news/youth-challenges-transferred-solutions-what-undp-north-macedonia-does-subject>

<sup>138</sup> [https://legislationline.org/sites/default/files/documents/00/NMAC\\_on%20Equal%20Opportunities%20of%20Women%20and%20Men.pdf](https://legislationline.org/sites/default/files/documents/00/NMAC_on%20Equal%20Opportunities%20of%20Women%20and%20Men.pdf)

<sup>139</sup> [https://www.mtsp.gov.mk/content/pdf/2022/strategija\\_Ctrategija\\_za\\_rodova\\_еднаквост\\_2022\\_2027.pdf](https://www.mtsp.gov.mk/content/pdf/2022/strategija_Ctrategija_za_rodova_еднаквост_2022_2027.pdf)

accounting, tax compliance and auditing practices. UNDP's work has also contributed to addressing challenges posed by the informal economy, promoting digital solutions for local-level tax collection and fostering greater fiscal discipline across government institutions.

## **Tax Administration and Fiscal Governance**

The evaluation found that UNDP's support for improving the tax system addressed inefficiencies in tax collection and the challenges posed by the informal economy.<sup>140</sup> Strategic measures introduced to combat tax evasion and fraud strengthened the tax system, improved compliance and reduced corruption opportunities. These efforts contributed to a fairer and more transparent taxation process. A significant achievement was the introduction of transfer pricing regulations, developed with UNDP's support, marking an important step forward.

The legislative package, combined with comprehensive audit guidelines<sup>141</sup> and the creation of a 'Transfer Pricing Audit Guidance Note',<sup>142</sup> enhanced the Public Revenue Office's capacity to monitor and enforce transfer pricing regulations. As a direct result, the Public Revenue Office produced its first-ever transfer pricing reports for multinational corporations, ensuring fair taxation aligned with international standards.

UNDP's contribution to the development of legislation for the automatic exchange of tax information was a critical step in aligning North Macedonia's tax system with global best practices. According to stakeholders, this will be integrated into the new Integrated Financial Management Information System by January 2026, ensuring real-time data exchange and improving tax compliance, particularly in combating tax evasion and fraud. In addition to strengthening institutional capacity, UNDP supported the promotion of the new regulations within the private sector, ensuring businesses could comply with the updated rules.

At the local government level, UNDP facilitated the implementation of a Digital Tool for Property Tax Administration in pilot municipalities, such as Sveti Nikole. This tool modernized property tax assessments and increased local government revenue mobilization by 250 percent,<sup>143</sup> a success viewed by stakeholders as a scalable model for enhancing financial sustainability across municipalities. In addition, the e-dashboard,<sup>144</sup> featuring quarterly financial reports from municipalities, has been adopted by 55 local self-government units and is considered a valuable tool for increasing access to information and improving the fiscal transparency of local governments.

## **Accrual Accounting and Public Sector Modernization**

UNDP's support for the shift towards accrual accounting represents a significant modernization of North Macedonia's public sector accounting practices, improving financial transparency and aligning them with international standards. UNDP's analytical work, particularly the 'Gap Assessment for Introducing Accrual Accounting',<sup>145</sup> and its policy advisory contributions led to the drafting and adoption of the 'Accrual Accounting Strategy',<sup>146</sup> which stakeholders viewed as an important framework for accurate financial reporting and improved cash flow management.

<sup>140</sup> OECD (2022). North Macedonia: Economic Profile: <https://www.oecd-ilibrary.org/docserver/af7604c6-en.pdf?expires=1730245967&id=id&accname=guest&checksum=6CEB4008DE61F079242F7DD0F5E5345A>

<sup>141</sup> UNDP (2022). Guidelines on Risk Management and Risk Assessment.

<sup>142</sup> UNDP (2022). Guidelines on Note on Transfer Pricing Audit.

<sup>143</sup> UNDP (2024). Final PFD report.

<sup>144</sup> <https://indikatori.opstinskisoveti.mk/>

<sup>145</sup> Atanasovski, Atanasovska and Kašiarova, Lucia (2023). Gap Assessment for Introducing Accrual Accounting in the Republic of North Macedonia; UNDP and Ministry of Finance.

<sup>146</sup> [https://erc.undp.org/api/download?filePath=%2Fdocuments%2F12671%2Fmgmtresponse%2Fkeyaction%2Fdoc\\_3832581746172361534StrategyforIntroducingAccrualAccountingwithActionPlan2023-2027.docx.doc](https://erc.undp.org/api/download?filePath=%2Fdocuments%2F12671%2Fmgmtresponse%2Fkeyaction%2Fdoc_3832581746172361534StrategyforIntroducingAccrualAccountingwithActionPlan2023-2027.docx.doc)

UNDP's analytical and technical assistance<sup>147</sup> to the Ministry of Finance resulted in the development of the '2023–2027 Strategy on Formalization of the Informal Economy',<sup>148</sup> which was subsequently adopted by the government. UNDP also supported the Ministry in enhancing its capacity to monitor and detect informal economic activities through the implementation of advanced calculation models. Stakeholders praised this support, as it enabled the Ministry to calculate the informal economy's contribution to Gross Domestic Product for the first time in 19 years, incorporating these findings into the national Action Plan.<sup>149</sup> The development and handover of the [www.vnesiboja.mk](http://www.vnesiboja.mk) platform has provided a sustainable tool for tracking and formalizing economic activities.

Additionally, UNDP supported a comprehensive analysis of high cash usage in the economy, which led to the drafting of the 'Strategy for Reducing Cash Flow',<sup>150</sup> promoting alternative payment methods. The strategy is awaiting formal adoption by the Ministry of Finance, leaving a gap in efforts to reduce reliance on cash and enhance economic stability. Evaluation findings indicate that these efforts have fostered a more level playing field for businesses, encouraging formalization while enhancing job security and economic stability for citizens.

Since 2016, UNDP has assisted the Ministry of Finance and the Committee for Follow-up of the System for Financing of local self-government units by providing technical support in the preparation of annual and semi-annual analytical reports on municipal revenues and expenditures and a cumulative 2013–2020 report. These efforts, considered useful by stakeholders, contributed to the development of the new Law on Financing of local self-government units.

UNDP also supported the implementation of the Public Expenditure and Finance Accountability (PEFA) assessments, conducting an ex-ante assessment in 2016 and an ex-post assessment in 2020.<sup>151</sup> The results showed visible improvements in six pilot municipalities in areas such as transparency, accountability, internal control and internal audit reports and recommendations. A subsequent ex-ante PEFA assessment was conducted in 2022 in different pilot municipalities, with a follow-up ex-post assessment planned for 2026.

## Auditing and Accountability

The evaluation identified UNDP's contributions to strengthening North Macedonia's auditing framework as a key factor in improving fiscal discipline and accountability. Through direct assistance to the State Audit Office, UNDP supported the development of more robust financial and performance audits.<sup>152</sup> This included building the State Audit Office's capacity to conduct value-for-money audits and aligning the Office's performance audits with the SDGs and international standards.

Key achievements in this area include the creation of North Macedonia's first-ever Performance Audit Report on its preparedness to implement the SDGs,<sup>153</sup> which was highly praised by stakeholders, and a Joint Performance Audit Report with Serbia, making North Macedonia one of 74 countries globally to conduct such an audit.<sup>154</sup> UNDP also facilitated capacity-building for over 80 State Audit Office staff members,

<sup>147</sup> Within the scope of its support to the Ministry of Finance, UNDP produced a 2022 study on the key reasons for the existence of the informal economy in the Republic of North Macedonia.

<sup>148</sup> [https://vnesiboja.mk/?page\\_id=96](https://vnesiboja.mk/?page_id=96)

<sup>149</sup> UNDP (2024). Final PFD report.

<sup>150</sup> UNDP (2023). Strategy for Cashless North Macedonia: 2024–2025; draft prepared by UNDP.

<sup>151</sup> <https://documents1.worldbank.org/curated/es/159301557513724528/pdf/North-Macedonia-Public-Finance-Review-Sowing-the-Seeds-of-a-Sustainable-Future.pdf>

<sup>152</sup> <https://dzr.mk/mk/220916-edukacija-za-zgolemuвање-na-veshtinite-na-drzhavnite-revizori>

<sup>153</sup> [https://www.undp.org/sites/g/files/zskgke326/files/2024-05/2\\_Audit\\_report\\_Preparedness%20of%20the%20Republic%20of%20North%20Macedonia%20for%20implementation%20of%20the%20SDG%20until%202030\\_EN.pdf](https://www.undp.org/sites/g/files/zskgke326/files/2024-05/2_Audit_report_Preparedness%20of%20the%20Republic%20of%20North%20Macedonia%20for%20implementation%20of%20the%20SDG%20until%202030_EN.pdf)

<sup>154</sup> UNDP (2024). Final PFD report, p. 7.

ensuring that future audits integrate SDG indicators and align with international standards set by the International Organization of Supreme Audit Institutions.<sup>155</sup> These efforts not only strengthened the State Audit Office's auditing capabilities but also ensured that SDG audits adhere to international best practices.

Another key contribution to fiscal governance was UNDP's support for North Macedonia's participation in global initiatives such as Tax Inspectors Without Borders. As corroborated by interviewed stakeholders, evaluation findings suggested that this participation significantly enhanced the technical expertise of the Public Revenue Office. These efforts have contributed to aligning national practices with global tax governance standards, improving the country's capacity to monitor multinational corporations and increasing tax compliance.

Despite these successes, the evaluation identified several challenges that could hinder the long-term effectiveness of UNDP's efforts. While the Strategy for Formalization of the Informal Economy and the Strategy for Reducing Cash Flow represent substantial progress, both strategies await formal adoption by the Ministry of Finance. Interviewed stakeholders noted that without the formalization of these frameworks, efforts to combat the informal economy and reduce cash reliance may lose momentum. Additionally, while UNDP's support for local-level digital tools and tax reforms has been successful, broader national scalability remains uncertain due to resource constraints in smaller municipalities. The evaluation also highlighted the need for sustained political commitment and institutional capacity to ensure the full operationalization of reforms, particularly during the lead-up to the 2024 elections.

## Civil society engagement

**Finding 11. UNDP's engagement with civil society yielded localized successes, particularly in fostering multi-stakeholder collaboration and participatory processes. However, the lack of a coherent strategy, dispersed interventions and the limited scale of successful models have diminished their potential for broader, long-term national impacts.**

The evaluation found that UNDP's support for civil society engagement has lacked a cohesive strategy, with initiatives dispersed across various sectors. The most structured and impactful collaboration was observed through the Accelerator Lab, which engaged with academic institutions and CSOs to conduct research, analysis and develop innovative solutions. Notable successes were seen in the climate change domain, where the academic community contributed to evidence-based policymaking by developing scientifically grounded data on ambient air pollution and GHG inventories. This collaboration informed key policy decisions, demonstrating the value of UNDP's facilitation of evidence-based approaches.

Another successful avenue of support was the facilitation of inclusive public participation in major strategic initiatives such as the preparation of the NDS and the National Youth Strategy, where multi-stakeholder engagement played a crucial role. The evaluation found that UNDP's ability to bring together political parties, local governments, CSOs and academia was instrumental in fostering coordination and achieving political consensus. Stakeholders, including government officials, donors and civil society actors, widely praised this participatory approach as a model for inclusive policymaking. Additionally, stakeholders recognized that UNDP's strategic integration of CSOs into the NDS National Council, including through the dedicated [www.nrs.mk](http://www.nrs.mk) platform, was a significant step towards institutionalizing civil society's role in national development planning.

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<sup>155</sup> Ibid, p. 7.

UNDP's use of the ReLOaD<sup>156</sup> methodology to enhance collaboration between local governments and CSOs showed potential for fostering citizen and youth participation, particularly in rights-based initiatives and social services. However, its limited implementation in only a few municipalities restricted broader transformative impacts, and the approach was not successfully scaled to the national level.

UNDP also facilitated public consultation and engagement through initiatives such as Community Forums in 44 municipalities, engaging over 13,000 citizens (49 percent women) in mapping, developing and implementing priority projects. While such engagements were useful, the evaluation found that, due to funding constraints,<sup>157</sup> the ReLOaD project has not yet scaled up its methodology, thus limiting the number of local governments involved. Additionally, ReLOaD was directed by the EU, its donor, to focus exclusively on local-level interventions rather than national initiatives. Stakeholders viewed the lack of a broader roll-out of the LOD methodology as a shortcoming that reduces its potential to promote inclusive, community-driven development.

## Digital transformation

**Finding 12. UNDP's digital transformation efforts were fragmented and reactive, driven by demand from individual institutions rather than a cohesive strategy, which has limited the broader integration of these efforts across sectors.** While UNDP successfully promoted digital solutions that improved municipal-level transparency and service delivery, challenges such as uneven adoption and the lack of systemic interoperability have hindered the long-term sustainability and the broader impact of these initiatives.

The evaluation found that UNDP's digital transformation efforts were fragmented, reactive, largely demand-driven and shaped by the needs of individual institutions rather than an overarching strategy. As a result, digital solutions were developed on a case-by-case basis, lacking a systematic approach to ensure broader integration across sectors. The most structured efforts were concentrated at the local level, where UNDP strategically positioned itself as a key partner, particularly through long-term cooperation with local self-governments.

UNDP's introduction of digital solutions in municipalities included a variety of activities, such as training, promotional events, software development and analytical work. A notable achievement was the LOGES platform,<sup>158</sup> implemented in the municipalities of Demir Kapija, Gradsko, Lozovo, Rosoman and Veles, as well as all the municipalities in the Eastern Planning Region of North Macedonia. The platform offers 25 e-services across 23 local governments, and stakeholders confirmed that it has enhanced efficiency, transparency and service delivery in municipal operations.

The Electronic Dashboard for Local Self-Governments, which tracks financial data and integrates with the Ministry of Finance's Open Finance platform, collects and visually presents data on revenues, expenditures, liabilities and quarterly and annual municipal budget execution. It was recognized for improving transparency, receiving third place in an international competition.<sup>159</sup> The evaluation found that this dashboard has improved financial transparency by making data accessible, presentable and understandable to non-specialized stakeholders, such as municipal councillors and citizens. This added layer of transparency promotes good governance and helps prevent corruption, as corroborated by interviewed stakeholders.

<sup>156</sup> The UNDP ReLOaD (Regional Programme on Local Democracy in the Western Balkans) methodology aims to strengthen participatory democracies and EU integration in the Western Balkans by empowering civil society and fostering transparent, project-based funding of CSOs from local government budgets. See <https://www.undp.org/north-macedonia/projects/regional-programme-local-democracy-western-balkans-2-reload2>

<sup>157</sup> According to UNDP data, grant allocations per local government amount to approximately €100,000, with individual grants ranging from €5,000 to €30,000.

<sup>158</sup> See, for example, the platform for the East Region of North Macedonia on <https://eservices.eastregion.mk/>

<sup>159</sup> <https://open.finance.gov.mk/en/about#:~:text=The%20Open%20finance%20portal%20provides,of%20the%20Ministry%20of%20Finances>

These initiatives, complemented by PEFA assessments conducted in 10 municipalities, have helped identify areas for improvement and strengthened the accountability of local government finance operations. In 2023, 28 municipalities received ICT equipment aimed at increasing transparency and accountability,<sup>160</sup> which has led to improved service delivery and more efficient planning processes. To expand the outreach of training, UNDP created an e-learning platform for local government bodies. While the platform's flexibility was noted as a positive feature, the evaluation found that reliance on digital solutions poses challenges in areas where local stakeholders face limited digital literacy or infrastructure.

The evaluation identified several challenges in sustaining and institutionalizing these digital tools. While some municipalities actively contributed data to the e-dashboard, others were less engaged, highlighting uneven adoption across the country. The sustainability of digitalization reforms is further hindered by high staff turnover at both the central and local levels, alongside a shifting political context that undermines institutional memory and the consistent application of learned practices. Additionally, the lack of interoperability between various digital services and the absence of systemic solutions has limited the potential of these initiatives to drive lasting improvements in governance and planning.

UNDP also worked on improving digital literacy and cybersecurity through trainings,<sup>161</sup> complemented by the Digital Readiness Assessment<sup>162</sup> and a Digital Gap Assessment,<sup>163</sup> which interviewed stakeholders indicate have provided valuable insights into the digital capacities of citizens and local governments. However, the evaluation found that these digital literacy and cybersecurity training efforts were fragmented and largely demand-driven rather than part of a wider digital transformation strategy. Despite these positive contributions, evaluation evidence suggests that without a comprehensive strategy to ensure broader adoption, sustainability and integration of digital tools, the long-term impact of these initiatives on governance reform and transparency remains constrained.

## Municipal governance

**Finding 13. UNDP's efforts to strengthen local self-governments have contributed to increased transparency, improved service delivery and intermunicipal cooperation.** However, broader transformative outcomes were limited by challenges in strategic coordination, scaling initiatives and ensuring long-term sustainability, particularly in the context of slow fiscal decentralization.

UNDP's contributions to local self-governance in North Macedonia have been extensive and multifaceted, targeting critical areas such as municipal development, service enhancement and governance. The evaluation found UNDP's support for the development of the first-ever gender-sensitive Programme for Sustainable Local Development and Decentralization (2021–2026)<sup>164</sup> and its associated action plans to be effective. The programme has been instrumental in addressing EU recommendations to improve the normative and financial framework for local governments.

At the time of the evaluation, UNDP was actively supporting the drafting of the second action plan (2024–2026) for sustainable local development, ensuring a continued focus on enhancing local governance. In addition, UNDP contributed to important amendments to the Law on Local Financing,<sup>165</sup> which provided a systemic solution for stable municipal finances and reduced inequalities across municipalities, addressing

<sup>160</sup> UNDP (2024). 2023 Annual Progress Report for the Project: Empowering Municipal Councils – Phase 2.

<sup>161</sup> Trainings were conducted to improve digital hygiene and cybersecurity among local governments. UNDP provided website support for the municipalities of Kicevo, Makedonski Brod, Sveti Nikole and Lozovo, strengthening their online presence by adding new content related to firefighting units and providing new software licences to enhance functionality.

<sup>162</sup> [https://www.undp.org/sites/g/files/zskgke326/files/2024-01/dra\\_mk\\_06.pdf](https://www.undp.org/sites/g/files/zskgke326/files/2024-01/dra_mk_06.pdf)

<sup>163</sup> UNDP and INDAGO (2023). Research Report on the use of digital tools by citizens and assessing the digital gap.

<sup>164</sup> [https://mls.gov.mk/images/files/programa\\_2021-2026\\_EN.pdf](https://mls.gov.mk/images/files/programa_2021-2026_EN.pdf)

<sup>165</sup> <https://finance.gov.mk/2021/09/25/en/?lang=en>; <https://www.libertas-institut.com/de/MK/nationalallaws/Law%20on%20Financing%20Local%20Self-Government%20units.pdf>



structural challenges related to fiscal decentralization. UNDP also assisted the Ministry of Finance and the Committee for Monitoring the Development of the System of Municipal Finances in analysing municipal revenues and expenditures over the past years and drawing conclusions and recommendations for further advancement of the system. These efforts resulted in the adoption of two new funding mechanisms for local financing—the Performance-Based Fund and the Equalization Fund—which have increased financial support to local governments from the central budget.

UNDP also promoted the role of municipal councils in local decision-making and fostered collaboration between local governments and CSOs to encourage citizen participation. The evaluation found that capacity-building support for municipal council members was extensive,<sup>166</sup> contributing to a better understanding of local governance structures. All stakeholders considered this contribution as crucial and effective.

By engaging citizens, particularly youth and marginalized groups, through community forums<sup>167</sup> and facilitating dialogue between local decision-makers and citizens, some positive results were achieved,<sup>168</sup> including more transparent grant-making processes and the successful completion of all 22 planned priority projects with an investment of 67 million denars (\$1.17 million) focused on social inclusion across 19 municipalities.<sup>169</sup> The Open Government initiative in the City of Skopje,<sup>170</sup> which was organized under the broader Open Government Initiative, was also internationally recognized at the Global Summit in Seoul in 2021 for improving transparency and quality of life for citizens.

Stakeholders recognized the development of the Municipal Development Index,<sup>171</sup> which has been used to guide capital grant allocations, as one of UNDP's notable contributions. However, stakeholders raised concerns about its limited adoption and lack of alignment with other regional development tools, such as the Index for Regional Development. The incomplete adoption of the index by relevant government bodies also raises concerns about its long-term sustainability and effectiveness in guiding policy and resource allocation decisions.

The evaluation found that the dispersed nature of UNDP interventions has hindered their scalability. This was due in part to UNDP's demand- and donor-driven approach and to limited funding in this area. Other challenges, such as decentralization and institutionalization issues, further restricted the broader transformative potential of these efforts. Elections, in particular, affected staff turnover, particularly within municipal councils, where elected members' roles expire with changes in local government leadership. This turnover disrupted the continuity of knowledge and skills gained through UNDP training, limiting the long-term impact of these capacity-building efforts.

Some stakeholders cited the legislative framework governing municipal councils as a challenge, arguing that the law restricts councils' ability to set local priorities, shape policies and oversee the executive branch, potentially shifting power towards mayors and municipal administrations. Despite UNDP's collaboration with the Ministry of Finance on Public Finance Reform, including key initiatives like the Law on Local Financing and support for municipal budgets and fiscal decentralization, and its work with the Ministry of Local Self-Government on the Programme for Sustainable Local Development and Decentralization (2021–2026), some stakeholders noted that UNDP could have done more to engage central government partners on decentralization.

<sup>166</sup> UNDP organized trainings on urban planning, budget management and anti-corruption strategies, which were widely praised by stakeholders, particularly for their impact in rural areas where governance capacities are often limited.

<sup>167</sup> ReLoAd project.

<sup>168</sup> UNDP (2024). 2023 Annual Progress Report for the Project: Empowering Municipal Councils – Phase 2.

<sup>169</sup> UNDP data from November 2024.

<sup>170</sup> The Municipal Development Index, developed by UNDP, is a multidimensional tool designed to classify municipalities based on indicators such as infrastructure, economy, education and institutional capacity. See more at- <https://www.opengovpartnership.org/members/north-macedonia/>

<sup>171</sup> <https://golocal.mk/mdi/mdi-en.html>

## Small arms and light weapons

**Finding 14. UNDP's support for the Ministry of Interior has been comprehensive and strategically aligned with the ministry's needs, significantly enhancing its capacity to manage security challenges through digital tools, legislative support and capacity-building initiatives.** However, some issues with slow procurement processes were noted, along with concerns about the sustainability of project outcomes, particularly in terms of documentation and handover practices.

UNDP has provided stable support to the Ministry of Interior since 2006 to strengthen its capacity in addressing security challenges, particularly those related to the management and control of small arms and light weapons. This support has been multifaceted, encompassing the development of digital tools, capacity-building and legislative support, which have collectively enhanced the Ministry of Interior's operational effectiveness. A key contribution of this support is the development of the police information management system referred to as Incident Recording, Documents and Activities Module (IRDAM) by the Ministry, which represents a significant advancement in the digitalization of the Ministry's processes, particularly in the monitoring and management of incidents involving small arms and light weapons.

IRDAM serves as a comprehensive database for all types of incidents, enabling different departments and units within the Ministry of Interior to seamlessly connect and share information. The platform facilitates the registration of arms and was accompanied by the provision of IT equipment, which was a direct UNDP contribution to address the Ministry's resource constraints. UNDP has been working with the Ministry on expanding the information management system to include a specialized module that focuses on domestic violence and the use of firearms, an important contribution that was acknowledged by interviewed stakeholders. However, stakeholders raised concerns about the Ministry's ability to ensure the necessary interoperability of systems from which the information management system needs to draw data, a prerequisite for its effective functioning, particularly given the Ministry's traditionally closed nature.

In collaboration with the Southeastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons, UNDP provided legislative support to the Ministry of Interior in developing a new Law on Explosives for Civil Use in North Macedonia.<sup>172</sup> Interviewed stakeholders expressed expectations of continued UNDP support in operationalizing this legislation through software solutions for the control and oversight of explosives.

UNDP has also played an instrumental role in building the capacities of Ministry of Interior staff through training programmes, the provision of an electronic microscope for forensic analysis,<sup>173</sup> training support and a three-year maintenance guarantee. Regional exchanges between North Macedonian and Kosovo professionals further strengthened institutional capacities and helped establish strong working relationships between the two countries.<sup>174</sup> Stakeholders noted that these efforts have enhanced the efficiency and accuracy of arms management and forensics, recognizing them as direct UNDP contributions.

Government stakeholders noted some challenges linked to the procurement of equipment and services, which was assessed as diligent overall but sometimes slow and administratively complex, leading to delays. Some stakeholders also highlighted concerns regarding UNDP's handover processes, emphasizing the need for better documentation and structured transitions to ensure continuity and sustainability once projects are completed.

<sup>172</sup> <https://www.seesac.org/News-SALW/seesac-supports-drafting-law-on-explosives-for-civil-use-in-north-macedonia/>

<sup>173</sup> <https://www.undp.org/north-macedonia/news/ministry-interior-analyse-gunshot-residue-using-state-art-microscope-provided-undp>

<sup>174</sup> <https://northmacedonia.un.org/en/188806-cross-border-integrated-institutional-approach-towards-combating-illicit-arms-trafficking>



Overall, evaluation findings indicated that UNDP's contributions to expanding the information management system (IRDAM), alongside efforts to strengthen cross-border cooperation and legislative frameworks, have the potential to establish a more adaptive and resilient security infrastructure. However, the transformative potential of these reforms depends on the sector's ability to internalize them, ensuring that digital, legislative and operational advancements are institutionalized, scalable and aligned with broader strategic governance and EU integration goals. Interviewed stakeholders confirmed that sectoral capacities have been cumulatively strengthened, but further institutionalization, sustained investment in digital infrastructure and greater interoperability are required to ensure long-term resilience and full operational effectiveness.

## 2.3 Overall programme implementation

### Operational efficiency

**Finding 15. UNDP encountered several efficiency challenges that affected its project pipeline and delivery model.** These challenges were compounded by the changing donor landscape, frequent political changes, staff turnover across partner institutions and the COVID-19 pandemic.

The efficiency of UNDP country operations was influenced by a range of internal and external factors. Internally, an analysis of UNDP's project portfolio highlighted the challenges in maintaining a consistent flow of new projects and securing ongoing funding, with most projects closing during the current CPD period and only nine new projects opened.<sup>175</sup> This led to fragmentation within the country portfolio, with activities dispersed across multiple outcomes, as noted in the evaluation findings. UNDP's most recent successes, which included securing \$46.5 million in GFF funding, a portfolio agreement with Sida and two major projects under the EU's Instrument for Pre-Accession Assistance for the 2021 programming year, have helped diversify funding sources. However, the lack of subsequent project approvals poses a risk to the continuity of Country Office operations.

Externally, the changing donor landscape in the country and region has impacted resource mobilization efforts. As more loans and sector budget support were directed to the government by donors such as the EU and international financial institutions, UNDP found it increasingly difficult to justify the traditional project staff model, as donors showed a preference for technical assistance over funding large project teams, as noted by interviewed stakeholders from both donor and government institutions. Going forward, access to EU funds is further challenged by the adoption of the Team Europe approach, which prioritizes coordinated efforts among EU institutions and EU member states, potentially limiting direct bilateral funding.

UNDP's project implementation modality adds another layer to the challenge. Given North Macedonia's upper-middle-income country status, UNDP is mandated to use the National Implementation Modality (NIM), and this is reflected in its project portfolio. However, project implementation still relies heavily on UNDP's hands-on support due to government institutions' limited absorption capacities. Stakeholders indicated that NIM is frequently contested for this reason.<sup>176</sup> To address these capacity limitations, a hybrid model, known as 'support to national implementation',<sup>177</sup> is commonly adopted, allowing UNDP to continue providing support alongside NIM to ensure project success. While this approach helps mitigate institutional capacity gaps, some stakeholders expressed concerns that the hybrid model delays full national ownership and the transfer of responsibility to local institutions.

<sup>175</sup> UNDP Quantum & Atlas, extracted on 31 July 2024.

<sup>176</sup> For instance, a Global Environment Facility project related to green jobs was cancelled due to its national implementation modality, as the beneficiary ministries often resist its application.

<sup>177</sup> <https://popp.undp.org/procedure/undp-support-services-national-implementation-nim>

Internally, high staff turnover, particularly in key strategic projects, and reliance on short-term service contracts<sup>178</sup> contributed to staffing gaps and retention challenges, which in turn affected project momentum. This was particularly evident in complex projects such as Improving Resilience to Floods in the Polog Region, where delays in staffing resulted in significant project slowdowns.<sup>179</sup>

Several exogenous factors affected UNDP's work during the review period. The COVID-19 pandemic severely disrupted planned activities, necessitating postponements and adjustments, while political instability and electoral cycles created uncertainty. Frequent changes in political leadership and high administrative turnover during elections led to shifting priorities, requiring UNDP to repeatedly re-engage and rebuild relationships with new stakeholders. Staff turnover within key institutions, including line ministries, Members of Parliament, municipal councils and local governments, disrupted institutional continuity, slowed progress and required repeated training and partnership-building efforts. Additionally, financial management challenges emerged as savings from certain activities had to be effectively reallocated, requiring resourcefulness to maintain momentum. Evaluation findings indicated that UNDP demonstrated resilience and flexibility, which helped initiatives continue without major disruptions, reflecting the team's commitment to achieving reform goals.

## Portfolio approach

**Finding 16. UNDP has made important strides in fostering cross-team collaboration and pioneering the portfolio approach, particularly through its Green Portfolio Framework Agreement. However, the rigid CPD structure and a lack of full buy-in from partners on funding and implementation hindered its full integration and effectiveness.**

UNDP has made progress in improving internal coherence through cross-team collaboration. Efforts such as assigning portfolio team leaders to cross-portfolio projects and bringing synergies between the Democratic Governance with the Environment portfolios represent steps towards breaking down silos between thematic areas. Since 2023, the Country Office has refined its organizational setup, adapting job descriptions to better support integrated planning and implementation. For instance, splitting the Programme/M&E Associate role into two distinct positions has strengthened both the M&E function and financial management within the largest portfolio. The creation of thematic groups focused on cross-portfolio collaboration, M&E and communications has further reinforced this approach.

A key turning point towards greater coherence, as evaluation evidence suggested, was the introduction of the first portfolio approach, supported by the pioneering 2023 Framework Agreement with Sida on the Green Portfolio.<sup>180</sup> This portfolio brings together support to national and local institutions to improve energy efficiency in public buildings, reduce air pollution in five municipalities (Outcome 3) and advance environmental justice (Outcome 4), enhancing cross-sector synergies. The Framework's flexibility has enabled dynamic resource allocation, fostering a shared learning environment and promoting more effective interventions. The portfolio approach design process has also strengthened collaboration between Sida and UNDP, enabling both parties to learn together about portfolio management. This agreement has positioned UNDP North Macedonia as a global leader across UNDP's corporate structures and in operationalizing the portfolio approach, making it the first UNDP office to enter into such a partnership with Sida. This is a significant result, as corroborated by all relevant stakeholders.

<sup>178</sup> UNDP (2024). PowerBi data from 7 August 2024, showed that there were 53 regular staff (45 percent) and 38 short-term (32 percent).

<sup>179</sup> UNDP (2023). The Mid-Term Project Evaluation of Improving Resilience to Floods in the Polog Region showed that four project managers were changed between 2017 and 2023, with long inactive periods without a project manager—eight months in 2021 following the departure of the second project manager and five months in 2022 after the third project manager left.

<sup>180</sup> It was created from two ongoing projects, one related to governance (Advancing Environmental Justice in North Macedonia) and another to the environment (Scaling Up Actions to Tackle Air Pollution).

Following the agreement, UNDP has taken steps to operationalize the Green Portfolio by adjusting job descriptions and aligning staff roles to support integrated planning. These efforts have improved efficiency in team collaboration, particularly in areas linked to Outcomes 3 and 4. Sida's involvement in monitoring and evaluation has also strengthened accountability, reinforcing a shared commitment to the portfolio approach. Additionally, UNDP has expanded its Green Portfolio by incorporating the GFF, an innovative financing mechanism that provides opportunities for SMEs and households to reduce GHG emissions. This has improved coherence among initiatives focused on air pollution reduction and those supporting energy efficiency in SMEs, households and the public building sector.

Despite these positive developments, deeper structural and operational barriers remain. A key challenge is the rigid design of the CPD, which remains highly segmented by distinct outcomes. This structural rigidity limits the Country Office's ability to promote cross-sectoral collaboration and integrate diverse thematic areas. Even with the portfolio approach, the separation between programme structures has constrained UNDP's capacity to implement more holistic programming. The continued alignment of staff and resources with specific outcome areas restricts the flexibility needed for broader initiatives. This issue is further compounded by limitations in UNDP's corporate system, Quantum, which remains project-focused rather than portfolio-oriented, and by the limited buy-in from some partners on funding and implementing portfolios. While recent collaboration initiatives with international financial institutions are promising, they require careful design to maximize their potential for promoting integrated approaches and achieving broader impacts.

## Promoting innovation

**Finding 17. The UNDP Accelerator Lab has effectively promoted innovation and strategic foresight through cross-sectoral initiatives and partnerships with diverse stakeholders, enhancing UNDP's role as a catalyst for systemic change. However, the Accelerator Lab's integration into the Country Office faces structural, governance and sustainability challenges that limit the scalability of its innovations.**

The UNDP Accelerator Lab was established within the Country Office to drive innovation and explore new methodologies for addressing complex development challenges. The evaluation found that the Lab has fostered cross-sectoral innovation and strategic foresight in a participatory and inclusive manner by collaborating with a diverse range of partners, including CSOs, academia and the private sector, to crowdsource ideas for sustainable development initiatives. Illustrative examples include the Bio-hack Lab<sup>181</sup> in Skopje, the Collective Intelligence Initiative<sup>182</sup> and projects using AI to reimagine public spaces,<sup>183</sup> all of which have yielded innovative solutions. Interviewed stakeholders highlighted that the Accelerator Lab has played a role in elevating issues in the public sphere, such as bio-waste circularity and urban heat islands, by experimenting with forward-looking, innovative approaches to address societal challenges.

Evaluation findings suggested that a key limitation of the Lab's approach was its focus on small-scale initiatives that lacked integration with larger, strategic projects, hindering scalability and impact. Stakeholders noted that while the Lab often pursued innovative ideas, there was insufficient alignment with broader UNDP efforts, which led to a lack of clear follow-up and reduced the potential for wider influence.

Internally, the Lab faced challenges due to its positioning within the Country Office structure, reporting directly to management. This has created separation from other teams, leading to misunderstandings about its role and reinforcing its stand-alone status rather than fostering integration within broader UNDP

<sup>181</sup> UNDP, the United Nations Children's Fund (UNICEF) and the City of Skopje opened the country's first biohacking laboratory. See more at <https://innovation.eurasia.undp.org/skopje-biohacking-lab/>

<sup>182</sup> <https://www.undp.org/acceleratorlabs/our-work/collective-intelligence>

<sup>183</sup> <https://www.undp.org/acceleratorlabs/blog/demystifying-ai-monolith-sustainable-development-part-1>

operations. Interlocutors noted tensions and limitations in cooperation, as some departments perceived the Lab's successes as competitive rather than complementary. A good level of integration and collaboration was observed with the Democratic Governance portfolio, but engagement with other teams remained limited, partly due to a mismatch between the Lab's innovative methods and other teams' capacity to engage.

Additionally, operational and budgetary constraints, including uncertainty around long-term funding beyond 2025, hindered the Lab's ability to scale its initiatives and sustain its contributions. UNDP North Macedonia's current structure does not readily accommodate the expansion of innovative approaches, making it difficult for the Lab to build on its successes. The uncertainty surrounding its long-term funding and integration within the country structure beyond 2025 poses a significant challenge to the sustainability of its interventions and its ability to continue driving innovation within UNDP.

## Partnerships and collaboration

**Finding 18. UNDP's approach to partnerships is multifaceted, engaging national governments, UN agencies, donors and the private sector in diverse activities. While these partnerships have yielded important results, operational challenges remain, and critical reflection on the approach is required to maximize their full potential.**

As noted in previous findings (particularly Finding 15), UNDP's strong and long-term partnerships with key government institutions have been a driver of its results. However, a lack of proactive engagement to ensure deeper government ownership and involvement in critical phases of project design and implementation has been noted. Some stakeholders felt that government actors were sometimes sidelined, only being informed about project outcomes rather than actively participating in the process.

Working alongside other UN entities in the country, UNDP has played a key role in leveraging collective expertise within the UN Country Team, particularly in advancing the NDS, demonstrating how joint initiatives can drive meaningful results. However, evaluation findings suggest that these positive outcomes were accompanied by operational challenges. Stakeholders reported that differing work modalities and coordination frameworks across UN agencies often complicated joint programming. The lack of alignment in operating procedures among agencies resulted in delays and inefficiencies, reducing the overall impact of these projects. These coordination challenges were identified as areas for improvement to enhance interagency coherence and ensure joint efforts are streamlined and responsive to local needs.

Partnerships with donors were generally well regarded, though some donors raised concerns regarding the transparency and efficiency of UNDP's processes. Interlocutors noted that frequent staff turnover weakened UNDP's ability to effectively manage donor expectations and maintain accountability. Emerging partnerships, such as those with the EBRD, presented opportunities to diversify the donor base, which was seen as a positive trend. Additionally, the growing portfolio approach with Sida's strong support was another promising development that could be further maximized.

Collaboration with the private sector, particularly in gender empowerment initiatives, highlighted UNDP's potential to drive systemic change in traditionally male-dominated sectors. Stakeholders praised programmes supporting girls and young women in fields such as electrotechnical, mechanical and civil engineering, as well as information technology, for addressing entrenched gender norms and opening new career pathways for women. However, these private-sector partnerships were still in their early stages and were seen by interlocutors as critical for addressing development challenges moving forward.

## Gender mainstreaming

**Finding 19. UNDP has established a strong foundation in advancing gender-related objectives through its Gender Equality Strategy and achieved the Silver-Level Gender Equality Seal.** However, its interventions often remained project based, without achieving systemic, transformative outcomes. While efforts to support vulnerable groups—including women, youth and people with disabilities—have been effective in the short term and at the individual level, more systematic engagement is needed to ensure long-term structural change and broader inclusivity.

UNDP's corporate Gender Equality Strategy provided the foundation for the development of the UNDP North Macedonia Gender Equality Strategy (2023–2025) and its Action Plan. Building on lessons from the previous strategy (2020–2023) and informed by the Gender Equality Seal process, the new strategy aimed to address persistent and emerging gender challenges while enhancing internal capacities for gender mainstreaming. Developed in consultation with programme, operations and communications staff, it aligns with national and international frameworks, including the CPD and UNSDCF, positioning it well to contribute to broader development goals.<sup>184</sup> The Country Office also attained the Silver-Level Gender Equality Seal in 2023, with an 80 percent score, and its workforce gender distribution was balanced, with 53 percent female and 47 percent male.<sup>185</sup>

The Gender Seal certification process highlighted transformative outcomes, particularly in care economy interventions that helped women transition from informal to paid employment (Finding 2). UNDP's work in governance and the rule of law has contributed to the increased practice of gender-sensitive programming and budgeting (Finding 12). Additionally, UNDP's support for women survivors of domestic violence through specialized centres, as well as employment and skills development programmes for vulnerable groups such as Roma women and women with disabilities, demonstrated a strong focus on tangible gender outcomes.<sup>186</sup> UNDP has also contributed to embedding gender considerations into national policy frameworks, as seen in the enhanced NDS, Youth Strategy, National Climate Change Strategy and the Programme for Local Sustainable Development and Decentralization (2021–2026).

While these efforts demonstrated significant progress in mainstreaming gender across various sectors, the evaluation revealed that their impacts have been more incremental than transformative. In sectors such as climate and disaster risk reduction, gender-sensitive actions were evident but lacked the depth necessary for structural change. This was partly because UNDP's engagement in gender remained largely project based, without systematic, large-scale interventions embedded into national systems. Analysis of gender marker data indicated that while gender considerations were widespread, they had not consistently achieved the level of impact required for structural transformation.<sup>187</sup>

The evaluation found that UNDP has applied UN normative values and principles, such as Leave No One Behind, by supporting vulnerable groups such as women, youth and people living in rural areas. However, there was room for improvement in engaging the most vulnerable groups beyond project-based outreach to contribute to the structural changes necessary for long-term inclusivity (Finding 3). For example, while energy efficiency projects targeting persons with disabilities and vulnerable groups provided immediate benefits, they lacked deeper institutional reforms, making their long-term impact uncertain.

<sup>184</sup> Gender Equality Strategy, UNDP North Macedonia 2023–2025.

<sup>185</sup> UNDP (2024). PowerBi data on 7 August 2024.

<sup>186</sup> UNDP (2024). ROAR 2023.

<sup>187</sup> Fluctuating financial investments in GEN2 projects and stagnant funding for GEN1 projects suggest a gap in prioritizing resources towards more ambitious, gender-transformative initiatives. See Annex 4.

# CHAPTER 3. CONCLUSIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSE



## 3.1 Conclusions

**Conclusion 1. UNDP has been a reliable partner of the government in North Macedonia, with a value proposition rooted in its responsiveness to government priorities and its ability to support the country in meeting EU accession and other international commitments.** However, UNDP's small-scale and dispersed interventions, combined with a lack of strategic orientation, often limited its ability to make deeper, systemic contributions.

UNDP's work in North Macedonia has been well aligned with and responsive to national priorities. It has served as a strategic and trusted partner to the government in fulfilling its EU accession ambitions and related international and national commitments and emerging needs. By acting as a convener and facilitator, UNDP has played an important role in drafting and implementing key policies, notably the NDS and the Youth Strategy, while also supporting innovation and modelling approaches. This has strengthened its strategic position and value proposition, driving reforms across various sectors. UNDP's operational advantage also lay in its ability to swiftly procure resources and mobilize expertise, offering a more flexible alternative to bureaucratic government processes for timely interventions.

While UNDP's ongoing support has helped strengthen institutional systems, the lack of a more strategic, long-term approach has limited its impact in advancing reforms, particularly in areas such as anti-corruption, employment and civil society. A key factor has been its reliance on numerous short-term, fragmented projects, which restrict their transformative potential and sustainability. Some efforts continue primarily due to past successes or available funding streams rather than as part of a clear, forward-looking strategy. While partnerships with government institutions have facilitated reforms and secured funding, the recurring lack of full government ownership raises concerns about long-term sustainability.

New alliances with entities such as EBRD and Sida present opportunities for diversification, but to fully capitalize on these, UNDP must strengthen its strategic engagement and transparency. To achieve long-term transformative results, UNDP needs a consolidated portfolio of interventions in its key areas of added value—governance, environment, climate change, green growth and decentralization—alongside strong partner engagement, external communication and advocacy.

**Conclusion 2. UNDP's support for legislative and policy development and the enhancement of public financial management and service delivery demonstrated how the right combination of expertise, government ownership and a well-structured portfolio can yield effective results.** These efforts have strengthened institutional capacities, enhanced transparency and improved public service delivery.

UNDP's work in legislative and policy development, public finance management and public service delivery highlights how a strategic combination of technical expertise, government ownership and targeted funding can effectively strengthen governance systems. Through policy advancements, legislative reforms, improved financial systems, enhanced tax administration, municipal governance and digital transformation initiatives, UNDP has laid a solid foundation for increasing government accountability and modernizing public services, particularly at the local self-government and municipal levels. This approach has been particularly effective in fostering government accountability and driving reform implementation at both national and local levels. However, the slow pace of decentralization has constrained the full transfer of power and financial resources to the local level, leaving municipalities dependent on central administration.



On the demand side, UNDP's investments in inclusion and citizen engagement have made progress but remained fragmented and lacked the scale needed for significant impact. This has limited the transformative potential of these reforms, preventing full citizen empowerment in shaping, monitoring and benefiting from governance improvements. Without stronger engagement, the reforms risk lacking the public ownership that is essential for long-term sustainability and impact.

**Conclusion 3. UNDP's support has been crucial in enhancing the Ministry of Interior's capacity to manage security challenges, particularly through digital innovations such as the police information management system and legislative reforms.** To ensure the long-term sustainability of these efforts, it is essential that UNDP enables the Ministry to take the lead in institutionalizing and independently driving these reforms.

UNDP's support to the Ministry of Interior has been instrumental in strengthening its ability to tackle security challenges, particularly through digital innovations such as the police information management system and legislative reforms. The development of the information management system stands out as a key achievement, significantly enhancing the Ministry's capacity to monitor and manage incidents, including those involving small arms and light weapons and domestic violence. Through these results, UNDP has contributed to establishing a strong foundation for advancing security management in North Macedonia. However, the full realization of the transformative potential of these efforts depends on the Ministry's ability to internalize and institutionalize the reforms. UNDP has an opportunity to build on its results by closing the remaining capacity gaps and fully transferring ownership of further interventions, enabling the Ministry to lead these reforms to ensure long-term sustainability and impact.

**Conclusion 4. UNDP initiatives have contributed to the establishment of a strong foundation for an enhanced social protection system in North Macedonia.** However, its efforts in active labour market measures for vulnerable groups have been hindered by limited sustainability prospects.

Through long-term collaboration with the Ministry of Labour and Social Policy, UNDP has supported the development of legislative frameworks, critical policies and services in social protection, particularly in the care economy sector, significantly improving the accessibility and quality of social services. UNDP's engagement in enhancing labour market reforms and active employment measures for vulnerable groups has yielded valuable short-term results at the individual level, such as job creation and business development. However, these efforts have lacked deeper systemic integration within national structures, indicating a need for further steps to ensure that reforms are fully embedded in practice. Securing the sustainability and scalability of these initiatives requires a more coherent strategy and stable funding mechanisms to overcome structural barriers that impede the replication and expansion of successful programmes.

**Conclusion 5. UNDP's interventions in climate reporting, green finance, air pollution mitigation and energy efficiency have produced positive outcomes.** However, challenges such as legislative delays, limited institutional capacities and a lack of scalable strategies have constrained their broader impacts, particularly in areas such as watershed management, disaster risk reduction and ecological restoration.

UNDP has made significant progress in enhancing North Macedonia's institutional capacities for climate reporting, green finance, air pollution mitigation and energy efficiency, playing a key role in aligning the country with international environmental commitments. Through strategic support, such as the development of GHG data systems, climate action plans and the GFF, UNDP has catalyzed notable improvements in data quality, financing and public awareness. However, challenges such as legislative delays, limited institutional capacities, budgetary constraints and insufficient technical coordination across government bodies have hindered progress in scaling up successful initiatives. The reliance on external partnerships and the lack of



formal institutionalization suggest that the transformative potential of these efforts may remain unrealized without a more cohesive strategy for capacity-building, stronger governance frameworks and sustainable investments in green financing and energy efficiency.

UNDP's contributions to integrated watershed management, disaster risk reduction and ecological restoration have demonstrated important progress in fostering sustainable practices and improving resilience. However, the long-term sustainability of these efforts remains uncertain, as local capacities, financial resources and consistent post-project support have been insufficient to fully capitalize on and scale up these interventions.

**Conclusion 6. UNDP has advanced gender mainstreaming and equality initiatives, but to sustain and maximize their potential, UNDP must take a more systematic approach.**

UNDP has played a key role in advancing gender equality and mainstreaming, as well as in empowering women and other vulnerable groups through investments in socio-economic integration and employment. However, its engagement has been more limited in areas such as the environment, climate change and disaster risk reduction, where gender-sensitive actions were evident but lacked the depth required for structural change. These gender equality efforts have positioned UNDP as a strong actor, and the attainment of the Gender Silver Seal recognizes these achievements. Nevertheless, UNDP's full potential as a champion of gender equality and women's empowerment has yet to be realized. UNDP's reliance on a short-term, project-based approach to gender equality and women's empowerment, combined with the absence of a robust collaborative framework for the strategic integration of gender and equality issues, has constrained the long-term effectiveness and sustainability of its initiatives. This represents a missed opportunity for UNDP in this cycle.

## 3.2 Recommendations

**Recommendation 1. UNDP should take a long-term strategic approach and consolidate efforts in areas where it delivers the most value.** It should prioritize building national ownership by establishing clear exit strategies and adopting holistic governance approaches that empower both institutions and rights holders.

UNDP should take a more strategic and consolidated approach in areas where it has a comparative advantage and adds the most value. To achieve this, UNDP should:

1. Assess and consolidate efforts in key areas where it provides the most value, notably governance, service delivery and green growth, while ensuring alignment with national priorities. As part of this strategy, UNDP should strategically complement its support to government institutions (supply side) with robust investments in citizen engagement and inclusion (demand side) to enhance governance reforms. This balanced approach will create a more sustainable governance system by empowering citizens to actively participate in shaping, implementing and monitoring reforms.
2. Base interventions on clear ownership frameworks developed with and for national counterparts, alongside well-defined exit strategies to ensure sustainability and continuity beyond project cycles. A stronger focus on scaling successful initiatives will also help expand UNDP's reach and impact.
3. In areas where UNDP's support has been fragmented but based on strong partnerships with the government—such as active labour market measures and employability—UNDP should reassess its approach and added value. This includes evaluating its ability to secure long-term funding that would enable the consolidation, streamlining and scaling of ALMM interventions for broader results, ensuring these services are sustainable. This reflection will help consolidate UNDP's future interventions and align them with evolving needs, fostering greater consistency and responsiveness.

**Recommendation 2. UNDP should develop a resource mobilization strategy, drawing from lessons learned through the Portfolio Agreement with Sida and EBRD, to address the evolving financial landscape in North Macedonia.** This approach will also help ensure long-term, stable engagement in key focus areas.

UNDP should continue engaging with donors, government and development partners to expand its portfolio of support in areas where it adds the most value (Recommendation 1). These efforts should be complemented by fostering partnerships with other UN agencies and exploring further collaboration with international financial institutions, particularly in areas such as inclusive green growth, green jobs and investments.

In line with this objective and broader strategic positioning needs, UNDP should strengthen its external communication and advocacy to effectively convey its value proposition to government, citizens, donors and development partners. This will enhance alignment with government priorities, promote full national ownership and foster stronger collaboration with both domestic and international partners for sustained, long-term impacts.

**Recommendation 3. UNDP should focus on enhancing country implementation of the Green Agenda for the Western Balkans.**

UNDP should support the country's implementation of the Green Agenda for the Western Balkans through investments in:

- 1. Climate Action.** UNDP should continue supporting the government in creating an enabling environment by advocating for the adoption of the draft Law on Climate Change and supporting the preparation and implementation of the National Climate Adaptation Strategy. UNDP should assist the

government in finding solutions for outsourcing the development of the GHG inventory and encourage the government to implement the Monitoring, Reporting and Verification system.

- 2. Air quality improvement.** UNDP should further strengthen local governments' capacity to design, plan, implement and monitor local action plans while ensuring coherence between local and national activities. Expediting the implementation of the GFF will be crucial to improving air quality by increasing investments in renewable energy and energy efficiency solutions. Within these efforts, UNDP should ensure that vulnerable groups are adequately targeted.
- 3. Circular economy.** UNDP should continue supporting SMEs in their green and digital transition to strengthen the circular economy within the business sector, in line with identified national priorities. This should include mechanisms to scale up successful SME initiatives and foster innovation, with a focus on long-term sustainability and reducing dependency on external support. UNDP should expand its technical and financial support to SMEs in accelerating clean technology innovations and green job development while also promoting awareness-raising campaigns and training programmes on the circular economy for SMEs.
- 4. Nature protection.** UNDP should continue supporting the preservation and improvement of the ecological system in the Prespa Lake area by promoting sustainable economic activities, developing waste infrastructure and enhancing cross-border cooperation. It should also advocate for the government's adoption of the developed River Basin Management Plans and further support transboundary cooperation and integrated natural resources management in the Drin River Basin. UNDP should explore solutions for reopening previously supported infrastructure in collaboration with local and national governments and the donor community.
- 5. Enhancing resilience.** UNDP should promote the wider use of developed hazard and risk assessment tools for climate change adaptation and mitigation planning and further strengthen national capacities for early warning systems. Additionally, it should continue supporting inter-municipal cooperation mechanisms for disaster risk reduction in the Polog region, including promoting nature-based solutions for flood prevention infrastructure.

**Recommendation 4. UNDP should continue its support to local self-governments and fiscal decentralization by strengthening governance frameworks, advancing digital transformation, and improving service delivery through strategic local ownership, scaling successful models, and fostering public-private partnerships for sustainable innovation.**

UNDP has established a vital niche in supporting decentralization and strengthening municipal governance. To continue driving meaningful change in this area, it must actively strengthen governance frameworks, support fiscal decentralization, advance digital transformation and enhance service delivery within municipalities. A strategic framework that promotes strong local ownership will be essential, engaging municipalities in designing and executing governance improvements. UNDP should also focus on scaling up successful models across different regions to facilitate broader adoption and institutionalization of effective approaches.

UNDP should continue supporting the digital transformation of local services by modelling new services and expanding successful models. Within these efforts, priority should be given to expanding access to digital public services by developing inclusive, user-friendly platforms and investing in interoperable systems that integrate services across municipalities and different levels of government. Public-private partnerships should be fostered to drive innovation and sustainability.

### 3.3 Key recommendations and management response

#### Recommendation 1.

UNDP should take a long-term strategic approach and consolidate efforts in areas where it delivers the most value. It should prioritize building national ownership by establishing clear exit strategies and adopting holistic governance approaches that empower both institutions and rights holders.

Management response: The recommendation is **accepted**. 

Key action(s)	Timeframe	Responsible unit(s)	Tracking*	
			Comments	Status
1.1 Assess and consolidate efforts in gender-responsive governance, service delivery and green growth.	Continuous / Dec 2025	UNDP CO		Initiated.
1.2 Develop exit strategies with national counterparts and build capacities for sustainability of results.	Continuous / Dec 2025	UNDP CO		Initiated.
1.3 Scale successful initiatives to broaden the impact of UNDP interventions.	Continuous / Dec 2029	UNDP CO		Initiated.

#### Recommendation 2.

UNDP should develop a resource mobilization strategy, drawing from lessons learned through the Portfolio Agreement with Sida and EBRD, to address the evolving financial landscape in North Macedonia. This approach will also help ensure long-term, stable engagement in key focus areas.

Management response: The recommendation is **accepted**. 

Key action(s)	Timeframe	Responsible unit(s)	Tracking*	
			Comments	Status
2.1 Develop a resource mobilization strategy to align with national priorities and identify opportunities with private sector entities, impact investors and global funds.	June 2025	UNDP CO		Initiated.
2.2 Strengthen external communication and advocacy to convey UNDP's value proposition.	June 2025	Communications		Initiated.
2.3 Foster partnerships with international financial institutions for green growth and inclusive development projects.	Continuous / Dec 2029	UNDP CO		Initiated.

### Recommendation 3.



UNDP should focus on enhancing the country's implementation of the Green Agenda for the Western Balkans.

Management response: The recommendation is **accepted**.



Key action(s)	Timeframe	Responsible unit(s)	Tracking*	
			Comments	Status
3.1.a Climate Action: Advocate for the adoption of the Law on Climate Action	Dec 2025	EE& DRR Unit		Initiated.
3.2.a Climate Action: Support the implementation of the National Long-Term Strategy on Climate Action and Action Plan, ensuring the integration of a gender perspective to promote inclusive, equitable and sustainable climate action.	Dec 2025	EE& DRR Unit		Initiated.
3.1.b Air Quality Improvement: Strengthen capacities of local governments to plan and monitor air quality, ensuring the integration of a gender perspective by addressing the differentiated impacts of air pollution on women, men and vulnerable groups, and promoting inclusive decision-making processes.	Dec 2025	Green Portfolio		Initiated.
3.2.b Air Quality Improvement: Accelerate investments in renewable energy and energy efficiency solutions.	Dec 2025	Green Portfolio		Initiated.
3.3.b Air Quality Improvement: Ensure vulnerable groups are targeted in air quality improvement efforts.	Jun 2026	Green Portfolio		Initiated.

Key action(s)	Timeframe	Responsible unit(s)	Tracking*	
			Comments	Status
3.1.c Circular Economy: Expand technical and financial support to SMEs on Green Economy, including Circular Economy, for scaling successful SME initiatives, ensuring a gender-sensitive approach.	Jun 2026	IP Unit Green Portfolio EE Unit		Initiated.
3.2.c Circular Economy: Organize awareness campaigns on the circular and green economy for SMEs.	Dec 2025	Communications Green portfolio IP Unit		Initiated.
3.1.d Nature Protection: Boost sustainable economic activities in the Prespa Lake area.	Sep 2026	EE & DRR Unit		Initiated.

◀ Recomendación 3 (cont.)

3.2.d Nature Protection: Advocate for the adoption of River Basin Management Plans.	Dec 2026	EE & DRR Unit		Initiated.
3.1.e Enhance Resilience: Promote the use of hazard and risk assessment tools for climate planning.	Dec 2025	EE & DRR Unit		Initiated.
3.2.e Enhance Resilience: Support inter-municipal cooperation for disaster risk reduction.	Dec 2025	EE & DRR Unit		Initiated.

**Recommendation 4.**



UNDP should continue its support to local self-governments and fiscal decentralization by strengthening governance frameworks, advancing digital transformation, and improving service delivery through strategic local ownership, scaling successful models, and fostering public-private partnerships for sustainable innovation.

**Management response: The recommendation is accepted.**



Key action(s)	Timeframe	Responsible unit(s)	Tracking*	
			Comments	Status
4.1 Strengthen governance frameworks and fiscal decentralization processes.	Sep 2025	DG Unit		Initiated.
4.2. Scale successful models of municipal governance and service delivery.	Jun 2026	DG Unit		Initiated.
4.3 Expand digital transformation initiatives with inclusive, user-friendly platforms.	Dec 2025	DG Unit		Initiated.
4.4. Foster public-private partnerships to drive innovation and sustainability.	Dec 2027	UNDP CO		Initiated.
4.5 Support gender-responsive service delivery models that consider diverse needs, especially in areas such as care services, gender-based violence and public transport.	Continuous / Dec 2029	DG Unit IP Unit		Initiated.

\*Status of implementation is tracked electronically in the Evaluation Resource Centre database (ERC).

# ANNEXES



Annexes to the report (listed below) are available on the Evaluation Resource Centre website of the Independent Evaluation Office at: <https://erc.undp.org/evaluation/documents/detail/24448>

**Annex 1.** Terms of reference

**Annex 2.** Evaluation matrix

**Annex 3.** Country at a glance

**Annex 4.** Country Office at a glance

**Annex 5.** List of projects for in-depth review

**Annex 6.** Documents consulted

**Annex 7.** Status of country programme outcome and output indicators

**Annex 8.** Performance rating



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