NORTH MACEDONIA



COUNTRY ASSESSMENTS

HIGHLIGHTS

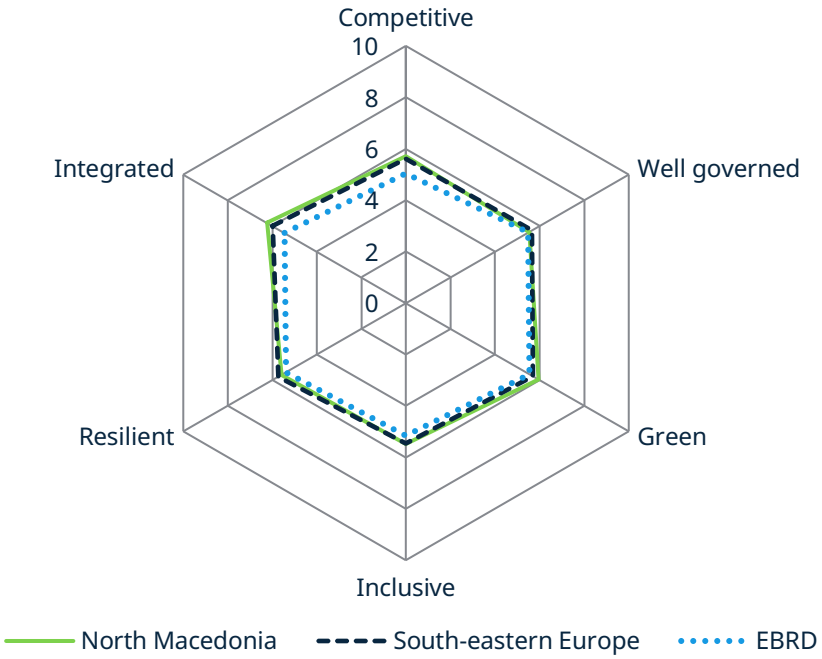
- **The economy remains on a moderate growth path.** The outlook is broadly stable, supported by public investment and resilient consumption and services, while industrial activity is exposed to external demand weakness and European automotive-sector restructuring. Inflation has eased but remains vulnerable to energy price shocks. Fiscal consolidation continues to be constrained by elevated deficits, refinancing needs and limited fiscal space.
- **Reforms under the European Union (EU) Growth Plan for the Western Balkans remain the main anchor for structural change.** The 2024-27 Reform Agenda has continued to guide reforms in public administration, public finance, governance, energy, digitalisation, connectivity and human capital. Implementation has advanced in the past year but remains uneven.
- **Green transition reforms have gained momentum.** The revised National Energy and Climate Plan (NECP), a new Renewable Energy Law, renewable auctions, grid planning and green finance initiatives have all strengthened the framework for decarbonisation and a gradual phase-out of coal. The key challenge now is turning this stronger policy framework into investment, infrastructure upgrades and inclusive transition measures.

For more information about country macroeconomic developments, please consult our latest Regional Economic Prospects report.

KEY PRIORITIES FOR 2027

- **Step up delivery of the Reform Agenda from formal compliance to delivery.** The authorities should prioritise reforms that unlock further EU Growth Plan funding disbursements, strengthen public administration, improve public finance oversight and raise the quality of public investment management. Stronger coordination and transparent monitoring will be essential to reducing delays and preserving reform credibility.
- **Accelerate governance and rule-of-law reforms.** Judicial independence, anti-corruption enforcement, merit-based appointments, public procurement transparency and state-owned enterprise governance remain central to EU accession and investor confidence, requiring stronger oversight and improved implementation.
- **Expand institutions' capacity to deliver the green transition, with safeguards for affected workers and communities.** Priority should be given to renewable energy auctions, grid investments, energy efficiency, coal-region transition planning, green finance and environmental infrastructure, designed to protect affected workers and communities, support the labour-market participation of women and young people, and improve air quality through measures to reduce waste, heating and pollution.

ASSESSMENT OF TRANSITION QUALITIES (1-10)



For more on reforms and transition qualities, see Chapter 5 of the Transition Report 2026-27.

KEY REFORMS AND POLICY DEVELOPMENTS[1]

EU Growth Plan and Reform Agenda implementation

- The Reform Agenda for 2024-27 remains the central reform framework, spanning public finance management, public administration, the judiciary, anti-corruption efforts, energy and the digital transition, human capital, private-sector development and the business environment.
- Delivery so far has been uneven: formal legal and digitalisation-related steps have advanced more visibly, while rule-of-law, anti-corruption, energy-efficiency and business-environment reforms continue to face coordination and implementation capacity constraints.

New anti-corruption and fraud prevention strategies

- A draft national anti-corruption strategy for 2026-30 has been submitted to parliament and is expected to be considered for adoption in the second half of 2026. It shifts focus away from new legislation and towards putting existing laws into practice, with greater institutional accountability and enforcement.
- The Strategy for Combating Fraud and Protecting the Financial Interests of the European Union 2026-30 was adopted in July 2026, supporting accession obligations under negotiation Chapter 32 on financial control through prevention, detection, investigation and prosecution, recovery of misused funds and dissuasive sanctions.

NECP revision and new Renewable Energy Law

- The revised NECP 2025-30 was adopted in April 2026, with 61 measures covering decarbonisation, renewables, energy efficiency, storage, infrastructure and a full transition away from coal-fired power by 2030.
- The new Renewable Energy Law, adopted in June 2026, creates a standalone and EU-aligned framework for renewables, consolidating fragmented rules and introducing clearer routes for investment through competitive auctions, market premiums structured as two-way contracts for difference, renewable power purchase agreements, guarantees of origin, self-generation and renewable energy communities.

Digitalisation of tax administration

- The e-Faktura reform entered pilot testing in January 2026, with the Public Revenue Office testing digitally signed e-invoices and real-time validation through a centralised platform to improve value-added tax (VAT) reporting, transparency and compliance.
- Testing has continued through 2026, with expanded application programming interface (API) functions and a web application for invoice creation, sending, acceptance, rejection and cancellation. The challenge now is moving to mandatory rollout while ensuring business readiness, interoperability with existing accounting systems and sufficient administrative capacity.

1 From the fourth quarter of 2025 to October 2026.

Progress on railway infrastructure

- In November 2025 North Macedonia and Bulgaria signed an agreement on the preparation, construction and operation of the Corridor VIII cross-border railway tunnel, a key Trans-European Transport Network (TEN-T) and Global Gateway link intended to improve regional connectivity and support EU integration.
- In December 2025 the EBRD approved a €20.9 million loan to Macedonian Railways Transport to procure new electric locomotives and introduce a modern enterprise resource planning system, alongside a corporate development plan to improve operational efficiency, tariff methodology, public service obligation methodology and financial sustainability.