



# THE NATIONAL DEVELOPMENT STRATEGY

2024 - 2044



# TABLE OF CONTENTS

<b>1.</b>	<b>WHAT IS THE NATIONAL DEVELOPMENT STRATEGY</b>	<b>3</b>
<b>2.</b>	<b>TRENDS AND CHALLENGES</b>	<b>7</b>
<b>3.</b>	<b>WHAT IS THE VISION FOR NATIONAL DEVELOPMENT</b>	<b>10</b>
<b>4.</b>	<b>WHAT ARE THE KEY STRATEGIC AREAS</b>	<b>13</b>
<b>5.</b>	<b>WHAT SYSTEMIC CHANGES (POLICY RESPONSES) ARE NECESSARY FOR LONG-TERM NATIONAL DEVELOPMENT</b>	<b>34</b>
<b>6.</b>	<b>COORDINATION AND IMPLEMENTATION OF THE NDS</b>	<b>36</b>
<b>7.</b>	<b>WHAT KIND OF IMPACT DOES THE NDS HAVE ON LONG-TERM NATIONAL DEVELOPMENT</b>	<b>41</b>
<b>8.</b>	<b>HOW TO ENSURE SUSTAINABLE FINANCING OF THE NDS (FINANCIAL FRAMEWORK)</b>	<b>43</b>
<b>9.</b>	<b>MANAGING RISKS ASSOCIATED WITH SYSTEM CHANGE</b>	<b>46</b>

THIS DOCUMENT IS A SHORT VERSION OF THE NATIONAL DEVELOPMENT STRATEGY 2024-2044. FOR DETAILED DATA, INFORMATION AND ELABORATIONS ON THE COMPREHENSIVE NATIONAL STRATEGIC FRAMEWORK, SPECIFIC ANALYSES FOR EACH OF THE STRATEGIC AREAS, AS WELL AS THE OTHER ELEMENTS OF THIS STRATEGIC DOCUMENT, PLEASE VISIT [WWW.NRS.MK](http://WWW.NRS.MK)

# WHAT IS THE NATIONAL DEVELOPMENT STRATEGY

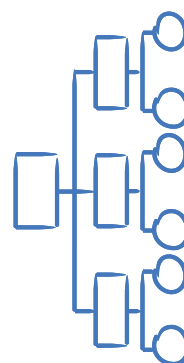
The National Development Strategy (NDS) 2024 - 2044 is a leading document that defines the main development goals, strategic areas, and priorities for accelerated, inclusive, balanced, gender-equal, and sustainable development of North Macedonia.

The NDS identifies key challenges and national priorities, especially bearing in mind North Macedonia's aspirations to join the European Union (EU) by 2035.

The NDS incorporates the main goals defined in the adopted strategic documents, while also providing guidelines for future strategic documents and policies.

The aim of the NDS is to ensure consistency and continuity in strategic planning, regardless of which political platform leads the country.

Each strategic area has its clearly defined mission that establishes its place, purpose, and value in the NDS.

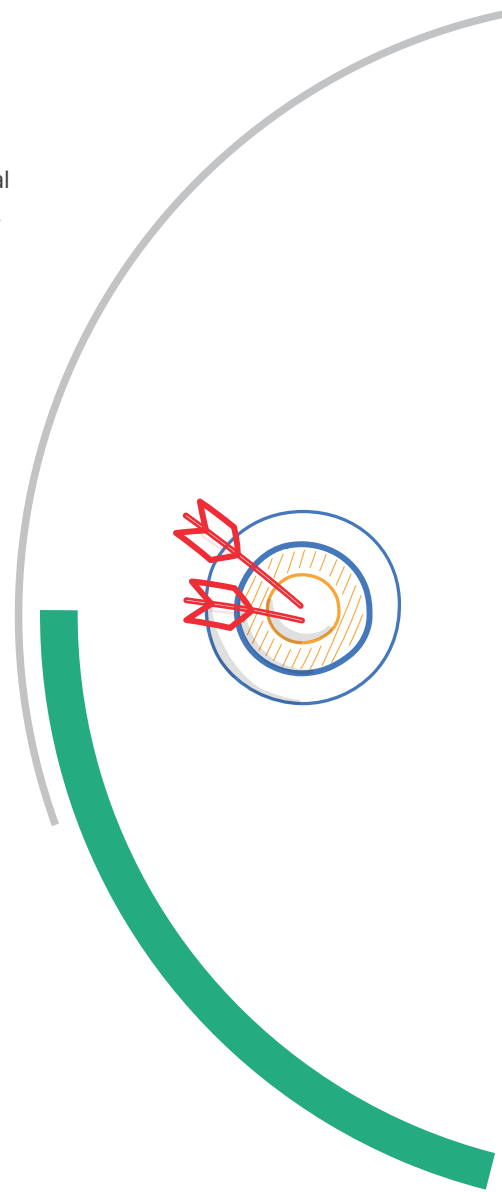


**Human capital and the digitalization of society are central elements and fundamental prerequisites for progress in each strategic area.**

The strategic areas contain defined goals focused on key sectors where substantial progress is needed and goals that are supported by a series of systemic decisions.

The NDS also defines the priorities for achieving each strategic goal, which encompass a range of activities, processes, and initiatives.

The NDS, along with the Development Framework MKD 2030, adopted by the President of the Republic of North Macedonia, are supplemented and form the basis for long-term strategic economic, social, cultural, and institutional progress. Together, they constitute a comprehensive political and systemic framework aimed at guiding the country toward a new approach and consensus for development that transcends individual political agendas.



Structure of the National Development Strategy 2024-2044



# HOW THE DEVELOPMENT PROCESS OF THE NDS WENT

The main goal of the NDS is to be a comprehensive strategic plan that will enable a fundamental transformation of North Macedonia, a transformation that is of paramount importance for implementing essential national changes and for tracing the country's development path.

The NDS is known for its methodological precision and broad inclusivity.

- The methodology includes lessons learned from previous national strategies,
- It prepares the country for the challenges it will face in the coming decades,
- And it aims to build a resilient, safe, and dynamic society with opportunities for development.

The strategy is prepared in collaboration with domestic and international institutions and organizations, scientists, experts, and civil activists, drawing on the best practices and experiences of fast-growing economies.

The involvement of more than 14,000 citizens through thirty-five visionary workshops ("Dream Labs") throughout the country provided significantly valuable input into the preparation of the

Participants actively contributed to creating 24 thematic baselines covering various sectors. The key findings from these analyses were summarized in the report "National Development Strategy - Conditions and Challenges" by the Macedonian Academy of Sciences and Arts (MASA).

The development process of the NDS was enhanced through the application of the so-called theory of

- In the first phase, intensive discussions were held among all stakeholders and expert groups.
- In the second phase, 15 debates were organized, involving more than 200 domestic and foreign experts, resulting in the definition of the six strategic areas (a detailed analysis was prepared for each of the six strategic areas).



One of the most important foundations of this major national document is the political consensus surrounding its preparation.

- Throughout the preparation process, more than 50 MPs from the Assembly of the Republic of North Macedonia actively participated along with representatives from all political parties and stakeholders in the country.
- Workshops and roundtable discussions were organized with over 250 representatives from ministries, agencies, regulatory bodies, and local self-government units.

Thanks to this approach, the NDS has become an accelerator for achieving the Sustainable Development Goals (SDGs), which are fully aligned with North Macedonia's aspirations for EU accession.

The Assembly of the Republic of North Macedonia adopted the National Development Strategy for the period 2024-2044 (NDS2044) on 6.2.2024. The implementation of NDS 2044 will be further detailed in an action plan, which the Government of the Republic of North Macedonia is required to adopt within six months of the adoption of the Strategy.

# TRENDS AND CHALLENGES



## DEMOGRAPHICS



## MIGRATION PRESSURE



## CLIMATE CHANGE



## EDUCATION AND HEALTH



## ENERGY SECURITY



## FOOD SUPPLY AND FOOD SAFETY



## GEOPOLITICS



## TECHNOLOGICAL CHANGES AND DIGITAL TRANSFORMATION

01

## DEMOGRAPHICS

It has enormous social, economic, political, and cultural implications. Unfavorable demographic changes pose a serious threat to the labor market and productivity, the pension insurance and social security system, housing and urban planning, and the overall ability of the economy to achieve sustainable economic development.



02

## MIGRATION PRESSURE

Internal migrations, as well as the emigration of working-age citizens and the brain drain phenomenon, continuously undermine the country's production and cultural potential.



03

## CLIMATE CHANGE

A multidimensional challenge with a significant impact on people's health, productivity, ecological balance, and macroeconomic stability. Natural disasters such as floods, prolonged drought periods and fires are just one aspect of the changes that necessitate mitigation and adaptation policies.



04

## EDUCATION AND HEALTH

The dangers of new pandemics, the ever-widening prevalence of chronic diseases, increased risks associated with mental health and well-being, overweight and obesity, substance abuse, and antibiotic resistance, as well as unequal access to healthcare.





## ENERGY SECURITY

05



The rise of renewable energy sources, including hydrogen, as well as energy storage options and increasing energy efficiency, have the potential to significantly improve energy security and ensure safe energy supply.

## FOOD SUPPLY AND FOOD SAFETY

06



Food supply, especially in conditions of reduced agricultural production and geopolitical tensions, remains a long-term challenge. Food safety is a significant determinant of the competitive position of agricultural and food products in the domestic and foreign markets.

## GEOPOLITICS

07



Creates political and socio-economic insecurity, disrupts and redirects international trade and capital flows, imposes high budgetary costs for defense and security.

## TECHNOLOGICAL CHANGES AND DIGITAL TRANSFORMATION

08



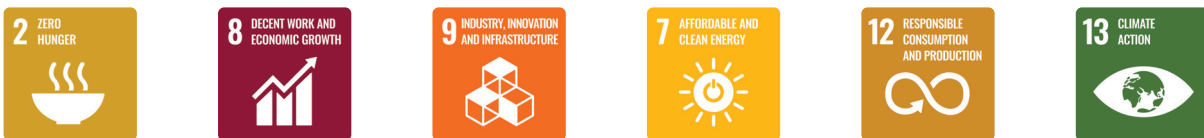
Revolutionary technological changes are at the core of future accelerated sustainable economic development - artificial intelligence (AI), remote working technologies, block-chain technologies and digital currencies, telemedicine, augmented and virtual reality, financial technology (fintech), quantum computers, and others.

# WHAT IS THE VISION FOR NATIONAL DEVELOPMENT

People in North Macedonia have a high standard of living within an economy that is sustainable, competitive, and provides equal opportunities. Institutions are efficient, transparent, accountable, innovative, and open to civic participation. The communities we live in are green, safe, resilient to modern risks, infrastructurally connected and digitized. These conditions create the foundation for prosperous young people and satisfied, happy and healthy individuals. Art and culture are the pillars of our society and contribute to improving collective well-being and the international perception of the country. Our country is an active and respected member of international organizations and regional initiatives, promoting values, norms, and processes whose result or intention is to improve the lives of all people.

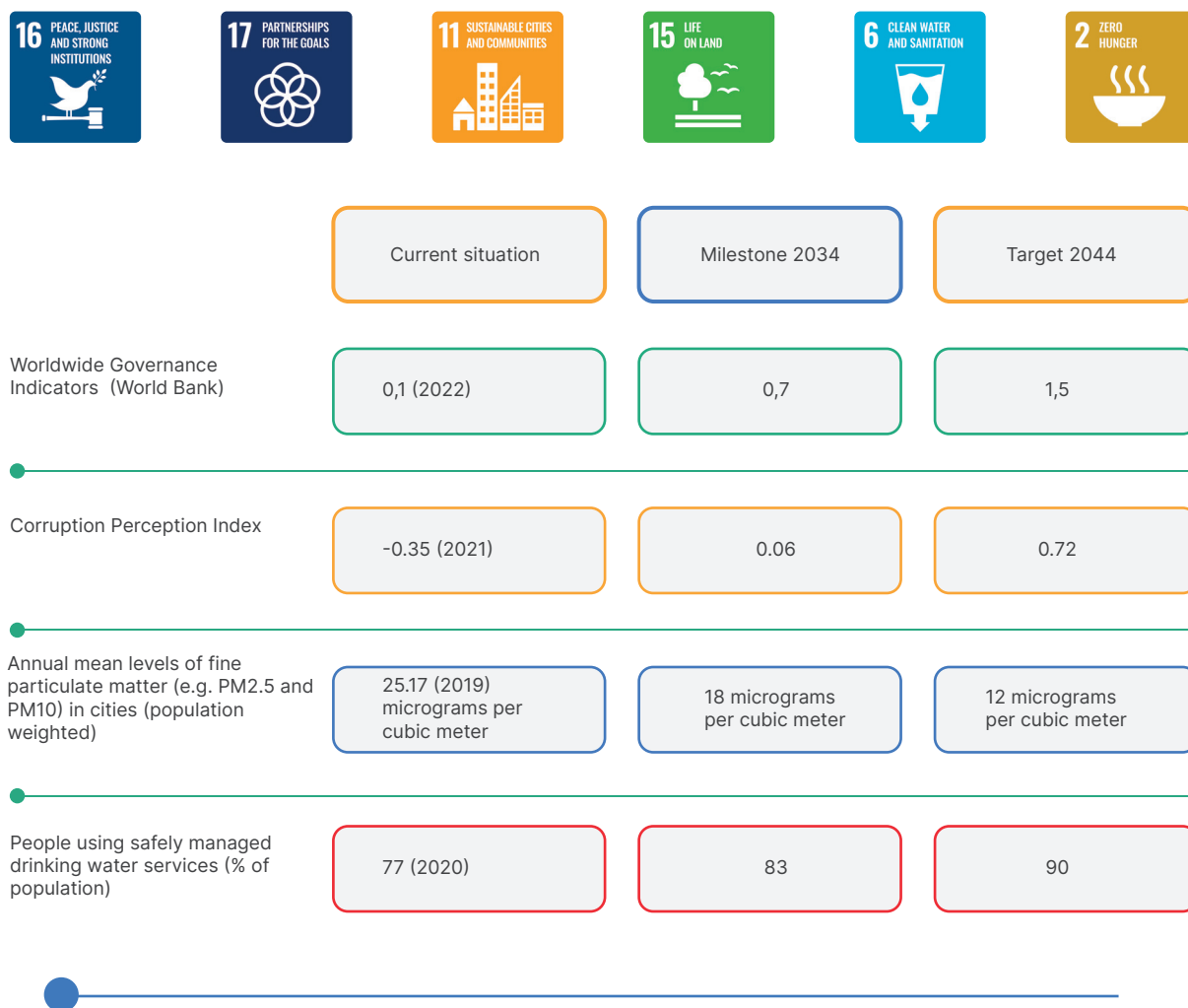
## Key national development goals

Strengthening competitiveness and development of the country through a functional and innovative ecosystem, improving the skills, knowledge, inclusion and resilience of citizens

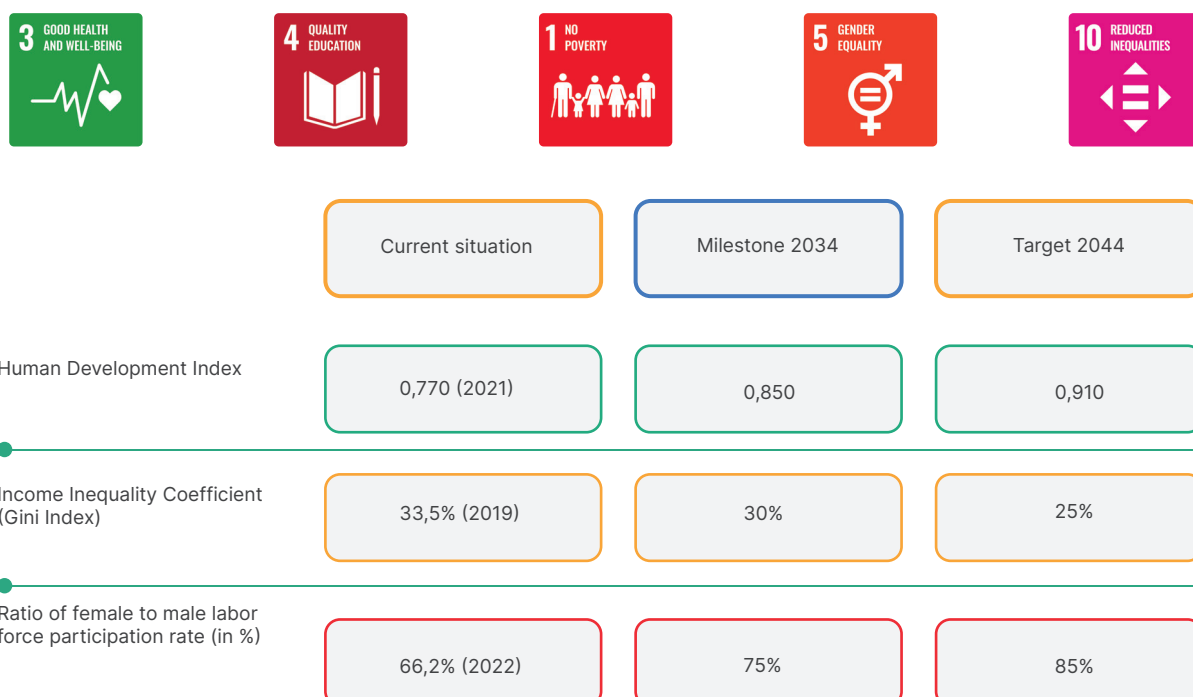


	Current situation	Milestone 2034	Target 2044
European Innovation Scoreboard (as a percentage of the EU average)	46.3% (2023) Emerging innovator	75% Moderate innovator	110% Strong innovator
High-technology exports (% of total exports of industrial products)	4,18% (2020)	5%	7%
Human Capital Index	0,56 (2020)	0,7	0,8
Labor productivity	20,64\$ (2021)	30\$	40\$

Governance models that are open, transparent, and robust, capable of preventing and appropriately responding, fostering prosperity for all groups in society



Social inclusion, which entails improved social, health, and educational systems aimed at providing benefits to individuals, businesses, and society as a whole.



# WHAT ARE THE KEY FACTORS FOR THIS COUNTRY'S PROGRESS

The key factors or national capabilities and capacities which are of paramount importance for achieving the goals defined in each of the key strategic areas, are:

- 1 Maintaining macroeconomic stability**
- 2 Strong institutions focused on the needs of citizens**
- 3 Territorial organization and functional decentralization**
- 4 Inclusion and social cohesion**
- 5 Adaptation to climate change and successfully addressing environmental issues**
- 6 Political consensus on key strategic development directions**
- 7 Management and utilization of data, technology, and a high degree of digitization**

# WHAT ARE THE KEY STRATEGIC AREAS



**SUSTAINABLE, INNOVATIVE  
AND COMPETITIVE ECONOMY**



**SUSTAINABLE LOCAL AND REGIONAL  
DEVELOPMENT THAT ENSURES COHESION**



**DEMOGRAPHIC REVITALIZATION AND  
SOCIAL AND CULTURAL DEVELOPMENT**



**RULE OF LAW AND  
GOOD GOVERNANCE**



**SECURE, SAFE AND  
RESILIENT SOCIETY**



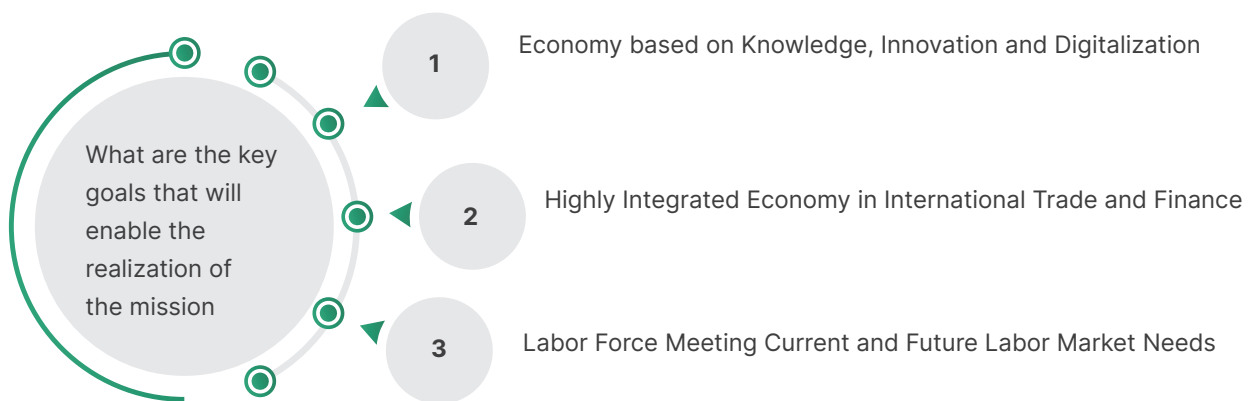
**GREEN TRANSFORMATION**



# SUSTAINABLE, INNOVATIVE AND COMPETITIVE ECONOMY

What is our mission for a sustainable, innovative, and competitive economy?

In 2045, the Macedonian economy will be innovative, efficient, competitive, and highly integrated into international trade and finance, with a developed entrepreneurial culture capable of fostering sustainable economic development and ensuring an acceptable balance among the three components of development - economic growth, social, and environmental components. There will be new productive and well-paid jobs in companies that follow technological advancements and produce goods and services with high added value.



## Economy based on Knowledge, Innovation and Digitalization

Priorities for successfully achieving the goal

- 1 Model of economic growth based on smart specialization and green transformation
- 2 Research, development and innovation results as the basis for accelerated and green economic growth
- 3 Established cooperation between the scientific-research sector and business
- 4 Ecosystem that supports entrepreneurship and start-ups



## Highly Integrated Economy in International Trade and Finance

Priorities for successfully achieving the goal

- 1 Regulatory certainty that creates highly competitive pressure in the domestic market
- 2 High inflow of foreign direct investments (FDIs) in line with smart specialization and green transformation of the country
- 3 Domestic companies involved in regional and global value chains
- 4 Access to competitive and diversified financial services and capital
- 5 Export structure of the country with a representation of goods with a high degree of finalization and knowledge-intensive services
- 6 High level of formalization of the economy

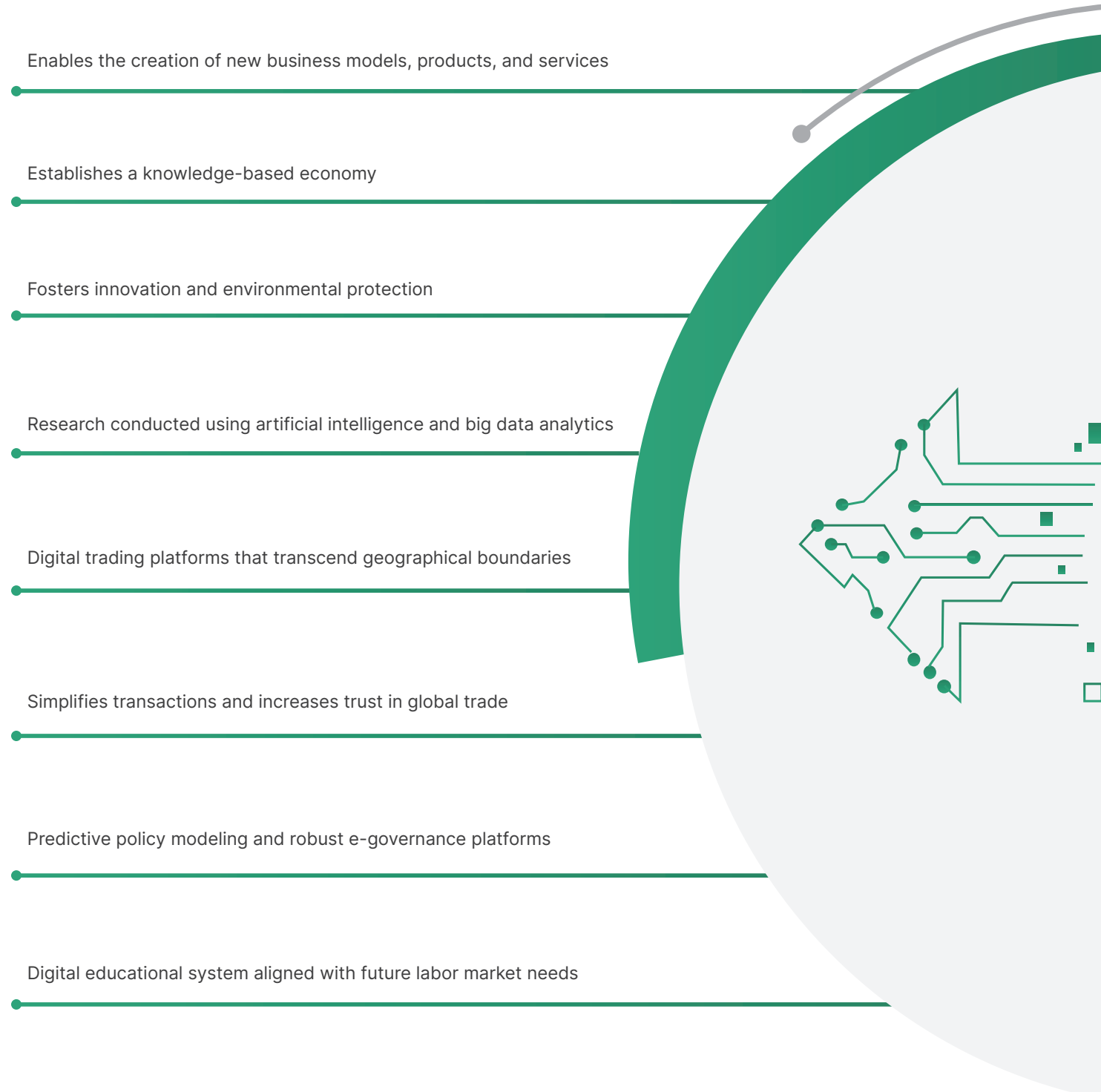


## Labor Force Meeting Current and Future Labor Market Needs

Priorities for successfully achieving the goal

- 1 Cross-curricular subjects and content related to innovations and entrepreneurship
- 2 Mandatory internships in secondary and higher education
- 3 Career development for pupils and students
- 4 Formal and informal education in line with technological and market trends
- 5 Established labor force mobility with a focus on “brain gain”
- 6 Regulated legal immigration to address labor market shortages
- 7 Increased participation of women and vulnerable groups in the country’s economic processes
- 8 Investment in talented pupils and students

What is the role of the digitization process and new technologies in creating a sustainable, innovative, and competitive economy



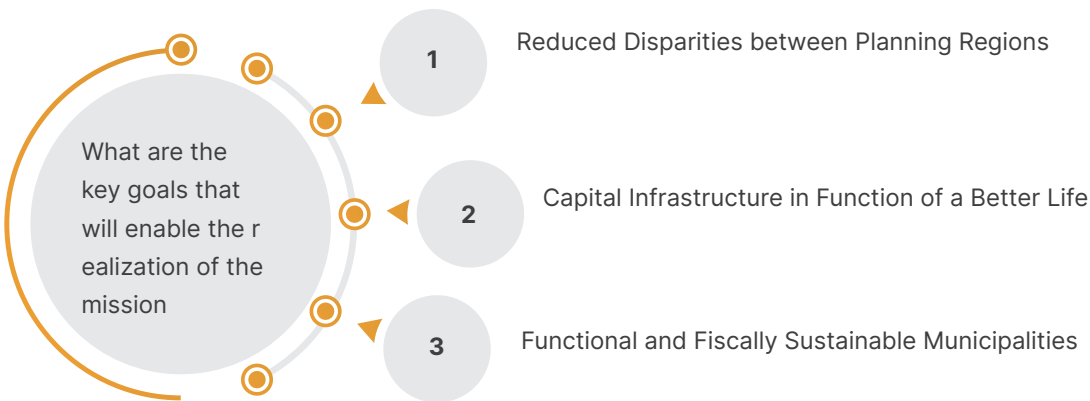




# SUSTAINABLE LOCAL AND REGIONAL DEVELOPMENT THAT ENSURES COHESION

What is our mission for sustainable local and regional development that ensures cohesion?

All citizens of North Macedonia, regardless of their place of residence, have equal access to opportunities for a high quality of life. Partnership and collaboration with local communities result in strengthened infrastructure and services that foster economic growth and social progress.



## Reduced Disparities between Regions

Priorities for successfully achieving the goal

- 1 Polycentric spatial development and a high degree of internal and external territorial cohesion
- 2 Settlements with developed infrastructure and dynamic socio-economic and cultural life
- 3 Quality and inclusive public services



## Capital Infrastructure in Function of a Better Life

Priorities for successfully achieving the goal

1

Built and maintained European infrastructure corridors, safe and modern road and rail network

2

Digitized and functional spatial and urban planning

3

Sustainable system of long-term financing and building a resilient capital infrastructure



## Functional and Fiscally Sustainable Municipalities

Priorities for successfully achieving the goal

1

Local self-government units effectively exercise their competencies

2

Fiscally autonomous local self-government units with their own strong income sources

3

Fiscal transfers based on the performance and needs of local self-governments

4

Gender-responsive approach to management and budgeting in local self-governments

The role of the digitization process and new technologies in creating sustainable local and regional development that ensures cohesion

Data and technologies are crucial drivers for achieving local and regional development

Ensuring cohesion in different geographical areas and communities

Identification of individual local and regional strengths

Sharing best practices, strengthening collaboration and mobilizing resources in regions/municipalities

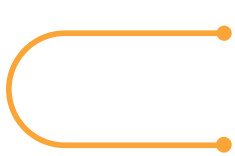
Smart cities with optimized traffic flow and efficient public transportation

More effective water supply and waste management

Real-time monitoring of environmental conditions

Digital finance and blockchain technology are changing the process of fiscal decentralization

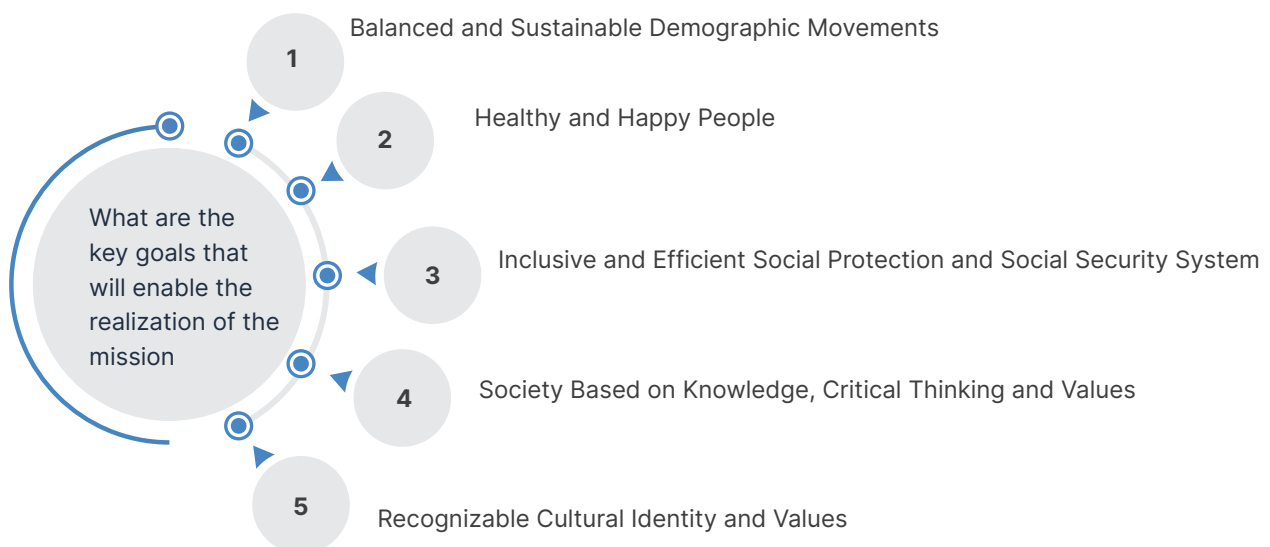




# DEMOGRAPHIC REVITALIZATION AND SOCIAL AND CULTURAL DEVELOPMENT

What is our mission for demographic revitalization, social, and cultural development?

Fostering demographic revitalization and social development in North Macedonia, creating a sustainable environment where all individuals and communities can thrive. This involves coordinated governance, proactive planning, and innovative strategies to address demographic changes and social challenges. Our primary focus is on enhancing societal development and demographic stability through collaboration with all relevant sectors essential for the well-being of our society. Central to our mission is the principle of effectively sharing information and cross-sectoral collaboration, as it gives the assurance that our policies on empowerment and inclusion of all individuals, promotion of cultural identity, and building social resilience are prioritized. The main idea is to create a society that is demographically balanced, economically prosperous, and socially cohesive, ensuring security and stability for our nation for generations to come.





## Balanced and Sustainable Demographic Movements

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Priorities for successfully achieving the goal

1

Balance between family and professional responsibilities

2

Established institutional cooperation and coordination with the diaspora and promotion of returnee reintegration

3

Demographically revitalized rural environments

4

Accessible and quality housing

5

Systemic management of internal and external migration flows

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## Healthy and Happy People

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Priorities for successfully achieving the goal

1

Citizens practicing a healthy lifestyle

2

Citizens focused on preventive healthcare for all risk factors

3

Citizens with a good mental well-being

4

Public healthcare system that anticipates and addresses current and future health and financial challenges



## **Inclusive and Efficient Social Protection and Social Security System**

### Priorities for successfully achieving the goal

- 1 Proactive prevention of social risks
- 2 Fair social protection system with appropriate targeting of vulnerable groups of citizens
- 3 Well-developed public social services equally accessible to all
- 4 Social transfers aligned with the standard of living
- 5 Integrated and activated vulnerable categories in society in accordance with individual abilities
- 6 Financially stable and sustainable pillars of pension insurance
- 7 Preservation of the purchasing power of pension income
- 8 Implemented active aging concept
- 9 Functional system of prevention and protection from violence against women and gender-based violence



## **Society Based on Knowledge, Critical Thinking and Values**

### Priorities for successfully achieving the goal

- 1 Mandatory preschool education
- 2 Learning outcomes in formal education aligned with international standards
- 3 Internationally recognized and competitive higher education and scientific institutions
- 4 Recognition of informal education in the skills system
- 5 Educational system fostering and developing democratic values in society



## Recognizable Cultural Identity and Values

Priorities for successfully achieving the goal

1

Well-developed cultural and creative industries

2

Culture, multiculturalism, and cultural heritage in support of tourism

3

Risk-resilient cultural heritage

The role of the digitization process and new technologies in demographic revitalization, social, and cultural development

Young people, health, and prosperity are strongly linked to the use of digital tools

Online educational platforms and courses teach younger generations how to function in a digitalized world

Mental health apps and digital well-being platforms can enable a holistic approach to well-being

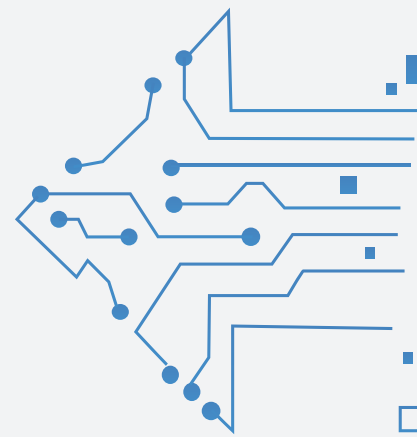
Predictive care and identification of potential health risks before they become chronic conditions - optimizing health resources

Rationalization of the identification and coverage of vulnerable groups in society through timely and appropriate support

Culture and cultural heritage give new meaning to life in the digital age

Digital solutions provide a direct means to address demographic challenges

More information on policy-making related to internal and external migration and connecting with the Macedonian diaspora





# RULE OF LAW AND GOOD GOVERNANCE

What is our mission for rule of law and good governance?

North Macedonia should develop as a multicultural community based on the rule of law and good governance as the strongest guarantee for respecting the right to happiness of citizens and for a better quality of life. By 2044, as a new member of the EU, the country should open all channels to the fundamental freedoms and rights of Macedonian citizens, as citizens of the EU, in the single area of freedom, security, and justice. All its authorities - legislative, executive, and judicial - should carry out their functions based on European values and standards with high efficiency, transparency, and with a fully digitized judiciary, continuously holding accountable those guilty of corruption and serious forms of crime. This will be achieved with a strong, highly professional, depoliticized, and efficient public administration, with citizens, according to their constitutional position as sovereign entities, being true participants in political decision-making and simultaneously protecting vulnerable groups at all levels, with participation of the business community, civil society, and political parties in shaping public policies through continuous advancement of democratic relations and dialogue at all levels, and with responsible public officials and providers of public services. The country will create an environment where a sustainable market economy will thrive and enable conditions for greater social justice and security for all citizens who will share the benefits of economic growth and development and will not feel the need to emigrate to economically developed countries with functional democracies.







## Rule of Law and Consistent Application of the Principle of Separation of Powers and Effective Parliamentary Oversight

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Priorities for successfully achieving the goal

- 1 Accelerating the EU integration process
  - 2 Consistent application of the principle of the separation of powers and the establishment of efficient, non-partisan institutions
  - 3 Political parties as promoters of democratic processes and democratic dialogue
  - 4 Independent courts, autonomous and effective prosecution offices and other justice institutions
- 



## Transparent, Accountable, and Efficient Public Sector

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Priorities for successfully achieving the goal

- 1 Transparent and democratic procedure for making legitimate laws and other decisions
- 2 Consistent and continuous implementation of the laws adopted and compliance with the agreed obligations
- 3 Selection and appointment of public officials on the basis of the merit system
- 4 Strengthened transparency and accountability in the performance of public functions
- 5 Judicial control over the legality of public administration acts
- 6 Digitization of public services and offices and free access to information about their functioning to citizens
- 7 Public administration oriented towards achieving results
- 8 Policies created with the participation of civic organizations, citizens and other stakeholders



## Strong Civil Society and Free and Independent Media

Priorities for successfully achieving the goal

1

Strong civil sector as the basis for an accountable, transparent and democratic society

2

Media freedom for objective informing



## Zero Corruption, Legal Certainty, and Impartial Justice

Priorities for successfully achieving the goal

1

Application of universal standards of "good governance"

2

Effective fight against corruption, organized crime and abuses of power at all levels

3

Independent, functional and well-coordinated state institutions



## Effective Protection of Fundamental Human Freedoms and Rights, and Protection of Communities

Priorities for successfully achieving the goal

1

A state where equality, non-discrimination, and justice prevail

2

Multiculturalism, mutual respect for ethnic, religious and other communities and constitutional patriotism

3

Protection of minority communities, the impoverished, migrants and refugees

4

Humane prison system and resocialization and reintegration of ex-convicts

5

Efficient protection of the right to a healthy environment

6

Access to justice

Digitization strengthens the rule of law and good governance

Increases efficiency, effectiveness, transparency, accountability, and responsibility

Strengthens effective parliamentary oversight, real-time monitoring, and seamless communication between the organs of state authority

Transparent, accountable, and efficient public sector

Modernizes citizen interactions with the state

Data from the public sector is accessible to all citizens and easily understandable

Significant improvement in access to legal certainty, impartial justice, access to justice, and acceleration of legal procedures

Opening new aspects for North Macedonia's commitments to preserving basic human freedoms, rights, and community protection





## SECURE, SAFE AND RESILIENT SOCIETY

What is our mission for a secure, safe and resilient society?

Our mission is to create a secure, safe, and resilient environment that facilitates success for all individuals and businesses. We will employ dynamic strategies that foster interconnected and coordinated governance, addressing domestic and international risks and threats before, during, and after they occur. Our primary focus is to enhance resilience through coordinated efforts of all relevant sectors which are key for national security and resilience-building. Effective information sharing is of paramount importance within the national security framework and in correlation with key decision-makers. The focus is to prioritize human security, enhance state and societal resilience, promote societal development, protect national and cultural identity, and strengthen security and stability at the local level. To achieve these goals, we adopt an integrated state approach, encompassing international engagement as needed to effectively anticipate and address contemporary and potential risks and threats.





## Society that is Resistant to Crises and Disasters

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Priorities for successfully achieving the goal

1

Transformed disaster risk management system with a focus on prevention

2

Functioning multi-hazard early warning system

3

Planning prevention and risk reduction

4

Integrated and adequate funding for resilience

5

Scientific and technological innovation for disaster and climate resilience

6

Resilient infrastructure and services – national and regional level

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## Climate-Resilient Communities

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Priorities for successfully achieving the goal

1

Assessment, mapping and planning of climate change adaptation

2

Preparedness and response to climate risks

3

Climate-resilient local and regional infrastructure and services

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## Integral Security is the Key to Security and Foreign Policy Challenges

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Priorities for successfully achieving the goal

1

Modern concept for the creation of a security policy

2

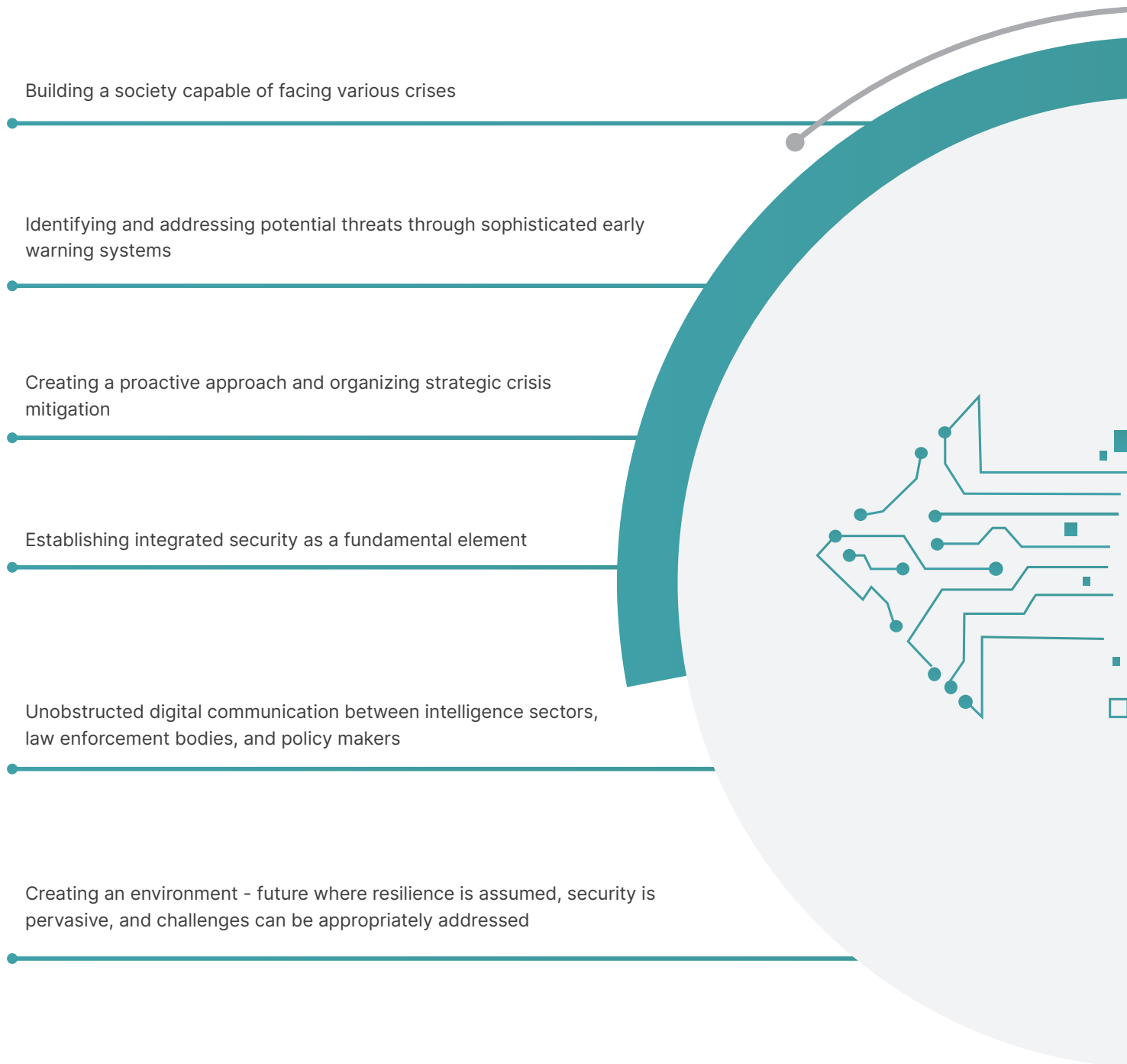
Oversight function of the Assembly over the creation and implementation of the security, defence and foreign policy

3

General Staff of the Army, part of the Ministry of Defence

4

NATO's reliable and equal ally

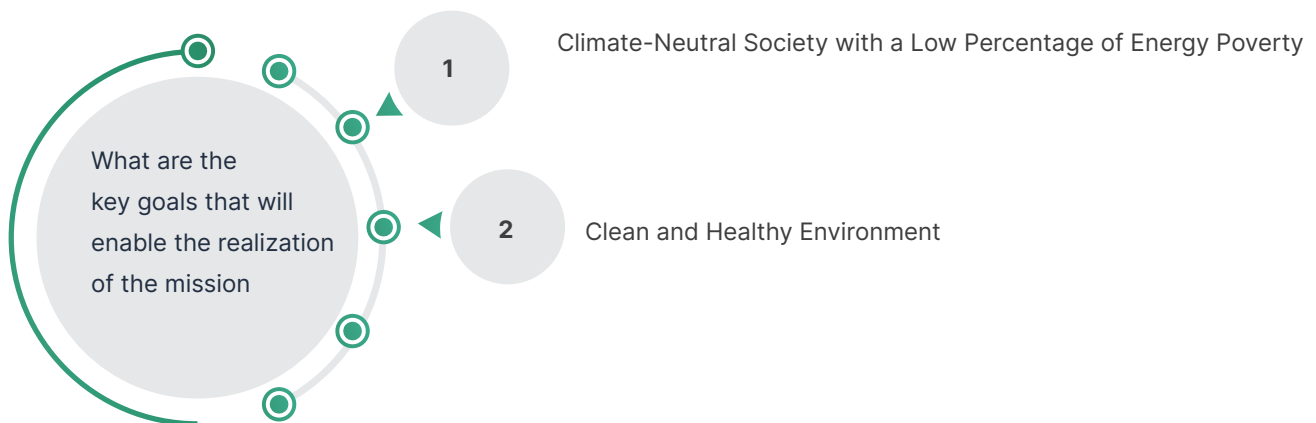




# GREEN TRANSFORMATION

What is our mission for green transformation?

North Macedonia should be committed to working on green energy transformation and positioning itself as a regional leader in sustainable development and environmental care by implementing the transition to a low-carbon economy while ensuring growth. The primary goal in this direction is to significantly reduce greenhouse gas emissions, improve air quality, and enhance energy efficiency, thus providing a healthier environment for citizens. At the same time, there is a need for a renewal of the waste management system, increasing recycling rates, and establishing standardized landfills, thereby reducing our ecological footprint. Protecting nature and biodiversity is essential for improving the environment.





## Climate-Neutral Society with a Low Percentage of Energy Poverty

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Priorities for successfully achieving the goal

- 1 Energy efficiency is the first choice of citizens and companies
  - 2 Electrified and digitalized railways and a high percentage of clean energy vehicles
  - 3 An industry with highly-developed clean technologies
  - 4 Just transition from power plants that use fossil fuels
  - 5 Energy poverty reduced with targeted support
- 



## Clean and Healthy Environment

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Priorities for successfully achieving the goal

- 1 Circular economy fully in place
- 2 Smart and sustainable settlements
- 3 Protected biodiversity and sustainably managed habitats
- 4 Agriculture and a food system with sustainable agricultural practices, efficient resource management and application of eco-friendly technologies
- 5 High environmental awareness for rational use of resources
- 6 Natural lake, river and forest systems without a harmful anthropogenic influence
- 7 A functional system for monitoring and managing climate change and the environment



Facilitating a green and sustainable transition which is crucial for both current and future generations

It is of immense importance for designing environmental policies that will align North Macedonia with global sustainability standards

Real-time data essential for crafting information-based policies

Policy makers will gain reliable insights into energy consumption trends, waste generation metrics, etc.

Providing crucial information for targeted interventions within policies

Easily accessible digital platforms which are of paramount importance for informed citizenship and will promote transparent communication between policy makers and the public



# WHAT SYSTEMIC CHANGES (POLICY RESPONSES) ARE NECESSARY FOR LONG-TERM NATIONAL DEVELOPMENT

During the formulation of the NDS through a broad and participatory process involving all stakeholders, 20 essential changes that must be implemented in the upcoming years in order to achieve the vision and set the key directions for the country's long-term development were identified.

- 1 New value is grounded in entrepreneurship and processes are innovation-led.
- 2 Knowledge and development of skills are flexible and needs-focused.
- 3 Achieving efficiency by applying new technologies and business models.
- 4 Cooperation between different stakeholders allows for better results.
- 5 Cross-sectoral cooperation that ensures involvement of all stakeholders.
- 6 Public services are designed according to the needs of beneficiaries and effectiveness/efficiency in their provision.
- 7 National support schemes are aimed at transforming the economy through the provision of unobstructed and fair transition.
- 8 The health system and activation of the population are based on the promotion of a healthier way of life, risk-reduction and prevention in all age groups.
- 9 Sustainable food production systems are key for the quality of life and resilience of the country.
- 10 Social protection measures stimulate changes in the condition of the targeted social groups and support birth rate growth.


- **11** Decision- and policy-making is data- and evidence-based.
- **12** Eliminating corruption and strengthening transparency and accountability are key for an efficient, effective, and responsive public sector.
- **13** Resilience of society and communities will be ensured through transformation in risk management and proactive involvement of all.
- **14** Utilization of the benefits of digitalization.
- **15** Integration and international reputation.
- **16** Reducing regional and local disparities through a functional approach to services, knowledge, and infrastructure.
- **17** The sustainability of the environment and ecological well-being are a development priority.
- **18** From short-term to long-term planning and long-term vision.
- **19** Systemic approach to preparation and implementation of strategies.
- **20** Integration of public and private resources and innovative mechanisms and instruments for development financing.



## COORDINATION AND IMPLEMENTATION OF THE NDS




The NDS reflects the fundamental values of the constitutional order of North Macedonia, the Sustainable Development Goals of the United Nations, the fundamental values of the European Union and other international organizations, it supports and enables reforms for North Macedonia's integration into the European Union.

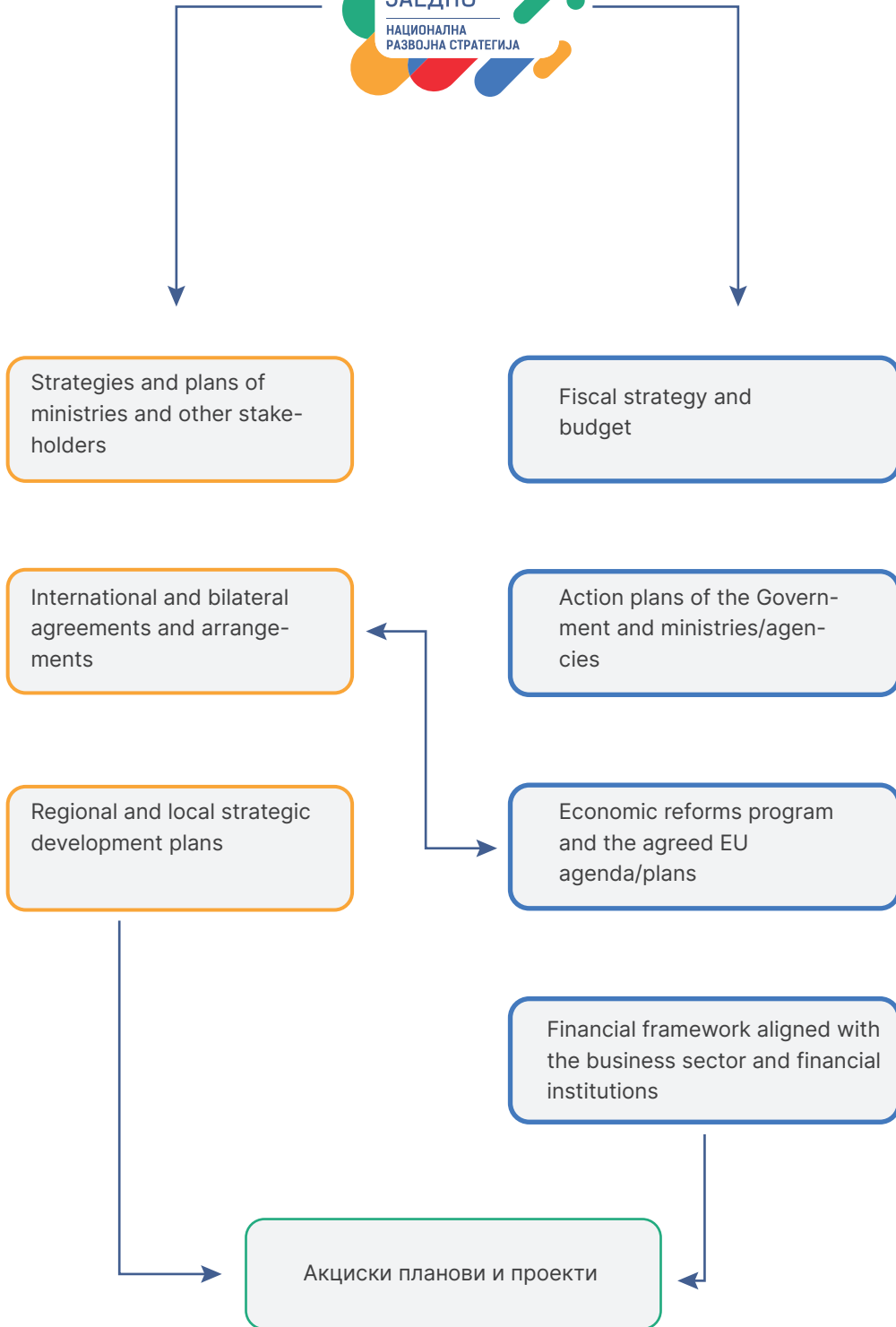


The implementation of the NDS implies a process of integrated development planning, integration and cooperation at various levels, and involvement of key stakeholders in the planning, implementation, and monitoring processes of the NDS.

The NDS is a national framework integrated within the frameworks of development strategies, programs, and plans of relevant national/local institutions in coordination and cooperation with other stakeholders who play a significant role in the country's development vision.



The Government of the Republic of North Macedonia coordinates the implementation of the NDS together with ministries, government agencies, other bodies, and stakeholders by integrating the strategic priorities of the NDS into the other national strategic documents.



# IMPLEMENTATION

## FRAMEWORK OF THE NDS

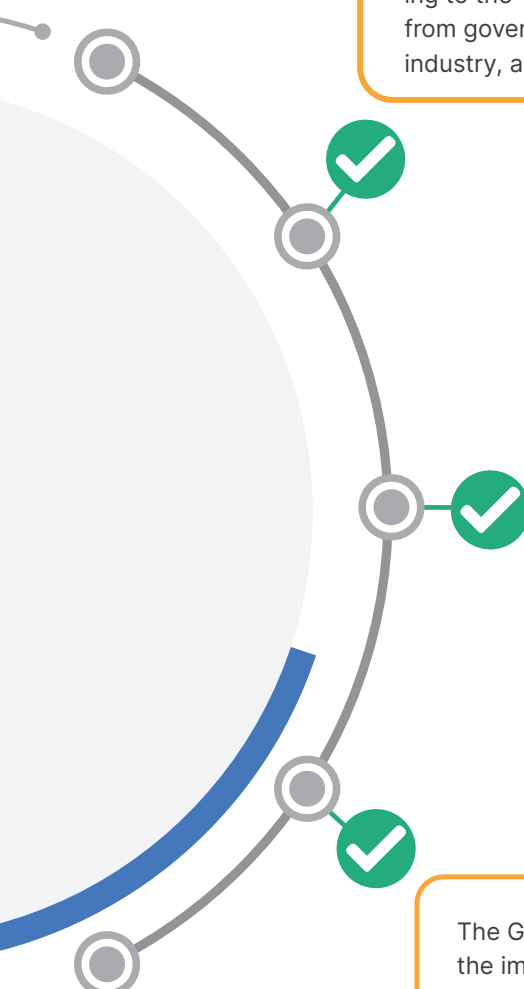
The Assembly of the Republic of North Macedonia adopts the Strategy and the Implementation Program of the NDS at the proposal of the Government of the Republic of North Macedonia

The Government carries out the planning of the implementation of the NDS and the Implementation Program of the NDS through the Annual Work Program of the Government. Municipalities, the City of Skopje, and the municipalities within the City of Skopje ensure the implementation of the NDS within their respective jurisdictions.

The Government establishes the National Development Council as a permanent advisory body to the Government which organizes the preparation of the Strategy and the Implementation Program of the Strategy. The Council is chaired by the Prime Minister or, in their absence, by a Deputy Prime Minister proposed by them.

The Steering Committee is an auxiliary body to the Council which provides strategic and partnership cooperation of the Council with the international community, international financial institutions, and donors.





The Working Committee is an auxiliary body of the Council that provides expert and technical support to the Council. The Working Committee is organized and operates in groups and subgroups according to the "Quadruple Helix" model, ensuring representation of experts from government bodies, other public institutions, associations, industry, and higher education institutions.

The General Secretariat of the Government monitors the implementation of the Strategy in accordance with the Implementation Program of the Strategy and the Annual Work Program of the Government through an Annual Report on the Implementation of the Strategy which includes an overview of activities realized in the current year. Monitoring the implementation of the Strategy in accordance with the planning acts in municipalities, the City of Skopje, and the municipalities within the City of Skopje, is conducted through a report adopted by the Municipal Council or the Council of the City of Skopje.

The General Secretariat of the Government evaluates the success of the implementation of the Strategy at least once every five years from the date of adoption of the Strategy.

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Municipalities, regions and other stakeholders such as the academic community, the business sector, citizens/civil society organizations, and the Government, will be directly involved in the process of implementing the NDS.

The State Audit Office (SAO) will be an important actor directly involved in monitoring and evaluating the implementation of the NDS by institutions in the public sector. The State Audit Office (SAO) will be an important actor directly involved in monitoring and evaluating the implementation of the NDS by institutions in the public sector.

# WHAT KIND OF IMPACT DOES THE NDS HAVE ON LONG-TERM NATIONAL DEVELOPMENT

OPTION 1 - What will our national development look like in the absence of reforms (continuation of current trends from the past three decades):

The Macedonian economy would achieve an average GDP growth rate of 2.6% annually over the next two decades.



The poverty rate would gradually decrease from 21.8% in 2020 to 11.0% in 2044.

The gap in terms of the average GDP per capita with the EU would widen further. There would be no convergence towards the average of European economies.



1.4% of the population would still be living in extreme poverty in 2044.

Energy production would struggle to keep pace with increasing energy demand.



The percentage of population with higher education aged 25 to 34 would continue to lag behind the EU average.

The green transformation would progress at a slower pace.



Road infrastructure coverage in 2044 would see modest improvement, but it would still remain 23 percentage points below the EU average.

Reductions in greenhouse gas emissions would not occur at the expected pace according to internationally undertaken commitments.



The Human Development Index would experience modest growth from 0.89 in 2023 to 0.93 in 2044.



The economy would achieve higher growth rates of GDP per capita, on average, of 4.6% annually.



GDP per capita in 2044 would increase from 42% of the EU average GDP per capita in 2022 to 58.3% of the projected average EU GDP per capita in 2044.

The implementation of priorities in the area of sustainable, innovative, and competitive economy has the greatest impact on economic growth in the short and medium-term.



The informal economy (as a percentage of GDP) would decrease to around 5% of GDP by 2044.

In the long run, the implementation of strategic priorities in the domain of rule of law and good governance has the strongest influence on efficiency, institutional capacity, and the level of economic development.

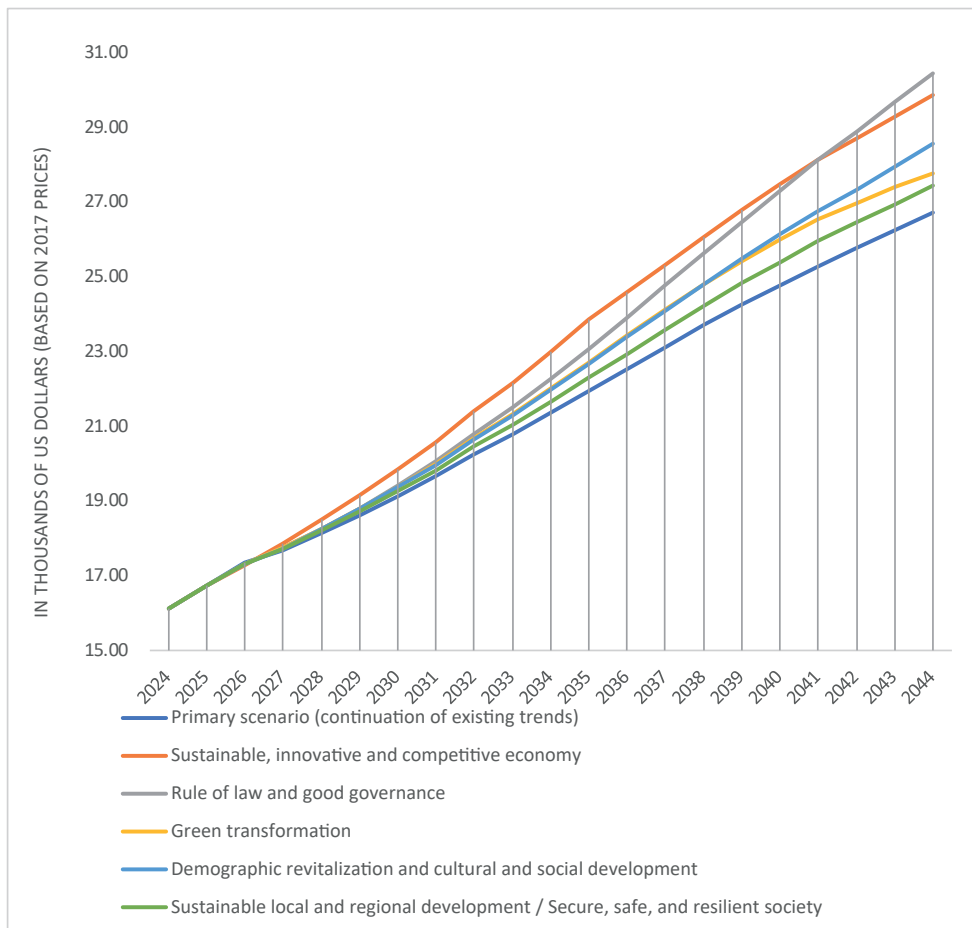


The implementation of strategic priorities would contribute to a 5.7% reduction in the poverty rate among the total population.

The combined impact of realized priorities in all six strategic areas would contribute to a 25.6% higher GDP per capita compared to the baseline scenario.



The Human Development Index would nearly reach the projected average Human Development Index of the EU in 2044.



## HOW TO ENSURE SUSTAINABLE FINANCING OF THE NDS (FINANCIAL FRAMEWORK)

The realization of the goals and strategic priorities of NDS, as well as the convergence with the economic performances of the EU, will to a large extent depend on financing the priority areas of accelerated, inclusive, and sustainable development.

Significant support will be needed from the private sector, international development partners, the diaspora, etc. for financing the upcoming deep and all-encompassing transition.

Public finances in support of the implementation of the NDS:

With the implementation of NDS, as a result of reducing the informal economy, increased institutional capacity, and structural reforms, total budget revenues could increase to 43.5% of GDP, and budget expenditures to 45.3% of GDP by 2044.

- A broader societal and political consensus regarding the role of the state and the optimal tax system in the context of defined strategic goals and priorities with NDS is needed.
- Budget expenditures should change their structure in favor of capital expenditures.
- Significant focus should be placed on efficiency and effectiveness, i.e., on the quality of budget expenditures and prioritizing investment projects of the public sector.
- Substantial investments in physical infrastructure, financial support for local and regional development, financing green transformation and digitalization, social inclusion and cohesion, security and defense, as well as other strategic priorities of NDS are needed.
- Investing in people and human capital through investments in the quality and accessibility of education and science, research and development, health, and social protection.
- The application of fiscal rules would facilitate the management of public finances and achieving their developmental role.
- The budget deficit and public debt should not exceed 3% and 60% of GDP annually, respectively.
- New indebtedness in the public sector should increasingly rely on innovative financial mechanisms and instruments, based on an economic justification analysis, achieving certain progress in the field of strategic priorities, and high transparency and accountability for the use of funds.

Mobilizing private capital and support from development partners are crucial for achieving the development goals and strategic priorities of the NDS:

- Encouraging the private sector should occur through public-private partnerships, incentives, subsidies, participatory decision-making approaches, and largely by elevating corporate social responsibility.
- Involving private capital and development partners through blended finance, combining public and private sources for implementing projects and initiatives in the domain of the strategic priorities of the NDS.
- The main principle in mobilizing private capital for NDS purposes should be to protect and promote the public interest, especially in public-private partnerships and concessions for natural resource exploitation.



- The strategy for attracting foreign direct investments should enable a targeted approach by designing state aid in line with the strategic priorities of the NDS.
- Involving the private sector can also be encouraged through investment maps aligned with the NDS and sustainable development goals.
- Combining public and private sources should be achieved through both traditional and increasingly innovative financial mechanisms and instruments.

Financial institutions should provide significant support in financing the NDS by "greening" the financial system and developing financial services focused on strategic goals and priorities. Reducing the informal economy will further increase the potential of financial institutions. Greater involvement of untapped financial opportunities to attract international, especially European, venture capital funds and support startups is necessary.

The finances, knowledge, and skills of the diaspora represent an important, untapped potential for sustainable development. Diaspora finances have the potential to support entrepreneurship and small businesses (e.g., through projects with positive societal impact), encourage public sector investments (e.g., through special diaspora bonds), and stimulate human capital development.

The dynamics of European integration will also significantly influence the financing of the NDS. EU budgetary and investment aid, as well as the degree of its utilization directly affects the financing of strategic priorities. During the period 2024-2027, the Western Balkans Growth Plan proposed by the European Commission will provide 859 million euros for North Macedonia. The indirect impact will be felt through increased institutional capacities at both central and local levels for applying and absorbing European funds. The recommended utilization of EU pre-accession funds is a minimum of 75%, and after 2030, utilization of a minimum of 85% of the available Union cohesion funds is recommended.





## MANAGING RISKS ASSOCIATED WITH SYSTEM CHANGE

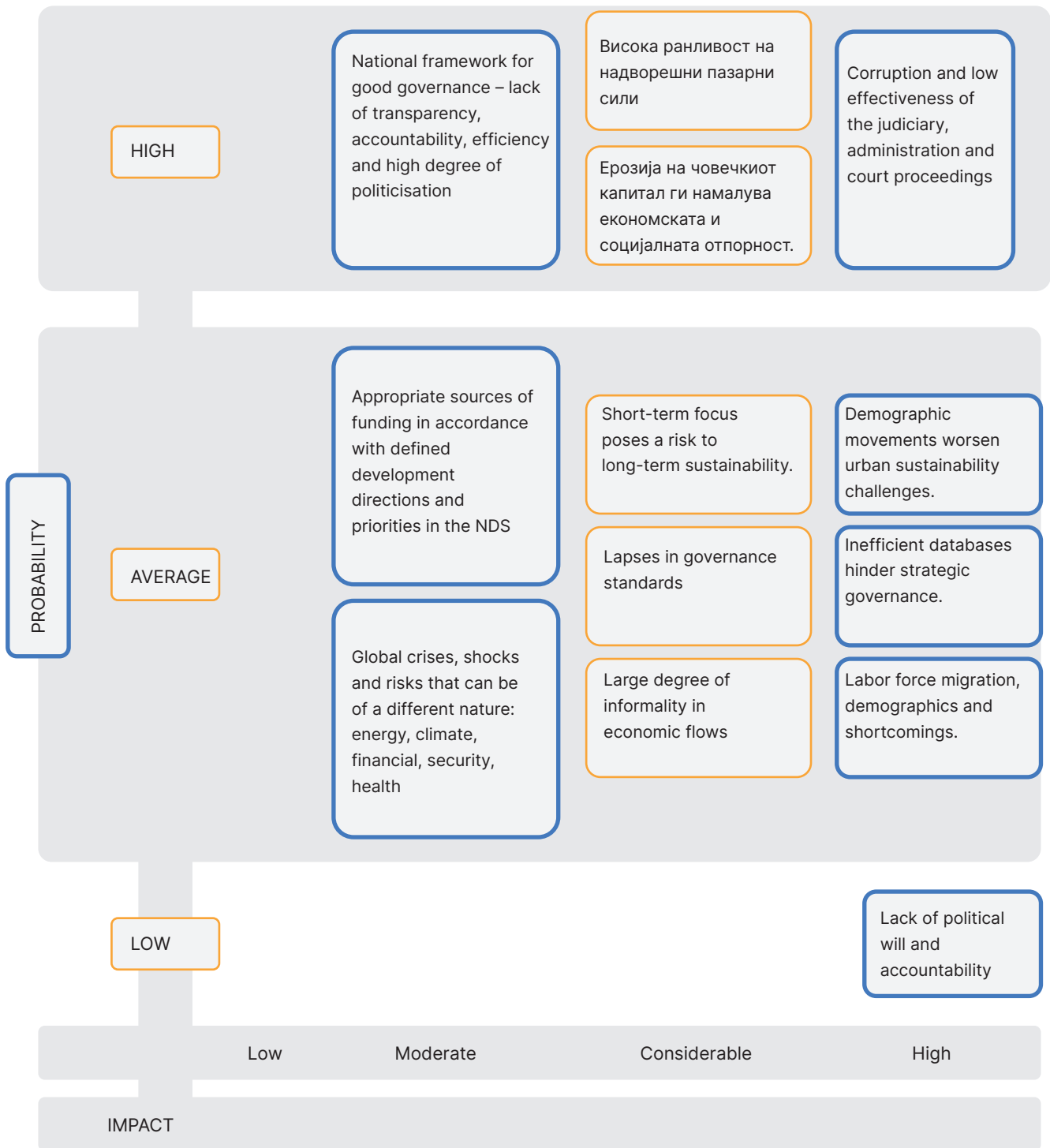
Risks represent potential future deviations from expected outcomes and indicate the uncertainty that North Macedonia may face in achieving its long-term and short-term goals while implementing the NDS.



Various aspects of the challenges that the country will face in achieving national goals were taken into account when drafting the NDS. Within this process, risks of different types and origins stemming from various conditions that were influenced by different factors which may arise from internal and external sources were considered.



The key risks, which were particularly emphasized in the numerous analyses, discussions and workshops conducted with stakeholders, and which have significant national importance and considerable potential to influence long-term development, are as follows:



The most comprehensive framework for addressing national challenges and risks is the National Development Strategy (NDS).

The NDS, including its set goals and priorities, essentially serves as the foundation and tool for addressing key national challenges and risks in each of the strategic areas.

The successful implementation of the NDS is crucial for addressing each of the identified risks, thereby creating a strong foundation for long-term national development.



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