



**ONE VISION FOR
ACCELERATED GROWTH**

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Introduction

In 2020, Macedonia2025 unveiled the "Platform for Prosperity," a visionary document outlining seven critical areas pivotal for the sustained growth and prosperity of Macedonia. The Platform represents a natural extension of the Macedonia2025 activities and programs directed towards building a stronger nation and a stronger, modern and developed society. It aspired to contribute towards creating a stronger society: developed economy, competitive and striving businesses, dynamic business environment, society characterized by strong democracy and rule of law, impartial judicial system, accountability and high quality of life. Hence, it identified the key priorities and areas which can bring us there: education, innovation (R&D), investments, business environment, democratic freedom, fight against corruption and care for the environment.

Moreover, the Platform sought to support an alignment of the interests of all political parties and other relevant stakeholders (businesses, business associations, academia, NGOs), concerning the key areas and priorities that will put the country on a path of high growth and improved living standard. Macedonia2025 offered the Platform to all stakeholders concerned with the realization of these goals, as we believed that a broad acceptance and support from many actors is necessary to drive towards the common goals. Following the inputs from the consulted stakeholders on the main priorities for a long-term growth, as well as their readiness to work together on a joint priority/ties Building on this initiative, Macedonia2025 initiated several impactful activities, including the establishment of the Digital Initiative MK25, proposals for educational reforms, and the recent establishment of the Center for Digital Transformation, "GoDigital" that will support digitalization of micro, small and medium-sized enterprises (MSMEs).

Notably, a significant milestone was reached in September 2023 with the "Pathway to Prosperity" fundraising Gala in Chicago, US, organized by Macedonia2025. While the "Pathway to Prosperity" is based on the same seven key areas of growth which offer a comprehensive approach to long-term country development and prosperity, we decided to focus our efforts on four areas: digitalization (where large efforts and resources have already been invested), competitiveness, fight against corruption, and diaspora relations and networking. Hence the "Plan of Reforms and Actions" presented below addresses these four specific areas.

Similar to many countries around the world, Macedonia is currently experiencing a period of strong development challenges. The gravity of the situation is even more serious because of the low level of development, the size of the country, and the large brain drain. New lines of division seem to continuously evolve. The low living standard and low quality of life further exacerbate the division, leading to a constant battle for a greater slice of the public "pie" – public sector employment, public tenders, and misuse of public resources, among others. The ethnic divide is strong and seems to penetrate every public discussion on important issues. The long transition (of over 26 years) and absence of success impaired our sight and our ability to think in the long-run. The present geopolitical developments further impose complexity and uncertainty to the overall environment and the available space for reforms. The abovementioned, as well as the slow progress in convergence towards the EU living standard, calls for an intensive and thorough action in the forthcoming period.

We appeal and call upon the political parties, the business community, the academic public and all citizens to join efforts and resources to create a better future. We must mobilize all our resources and unite. We have to make tough decisions to shape our future. We must all work hard together to own our future.

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We at Macedonia2025 call for a unanimous consensus on the "Pathway to Prosperity", that is, to all share **One Vision for accelerated growth**. The foundations of this vision are:

- Zero tolerance for corruption through transparency, merit-based system and personal accountability.
- Continued GDP growth above 5% per year through increased investment in education, business and regulatory reforms, supporting exports and reducing the grey economy.
- Quality and efficient public administration and accession to the EU.

Macedonia2025 will activate its entire network and resources to support these principles which are fundamental for accelerated growth. Macedonia2025 will actively engage and work side by side with everyone who shares the vision of growth and prosperity. Let's build a strong nation - now and for years to come!

Macedonia2025 also prepared a plan of reforms and measures that will lead to the acceleration of economic growth and improvement of the quality of life in Macedonia, assuming that the above fundamentals are respected. The plan is focused on three areas, that is, comprehensive digitization, enhancing competitiveness, and utilizing the potential of the diaspora. This plan is not a promise, nor a fully comprehensive plan, but we believe it is a strategic roadmap for catalyzing the economic growth of Macedonia. We are ready to play a constructive role in the implementation of this plan of reforms and measures, in the capacity of a partner, leader, participant, etc.

Firstly, embracing digitalization will streamline administrative processes, reduce bureaucratic hurdles and foster efficiency. A digitally empowered society attracts foreign investments, stimulates innovation and propels economic diversification. Digital government, both at central and local levels, will significantly increase citizens' quality of life. We have witnessed global success stories where nations leveraging digital technologies experienced substantial GDP growth.

Competitiveness is the lifeblood of economic progress. Through targeted interventions in the business regulation, investments in infrastructure, etc., we can create an environment where businesses flourish. By fostering entrepreneurship, we empower our citizens to contribute to economic expansion, thereby enhancing our global competitiveness.

The Macedonian diaspora plays an important role in the economic prosperity of Macedonia. Diaspora members contribute significantly to the country's development through remittances, investments and knowledge transfer. The reduction of the Macedonian population and intensive emigration flows necessitate an active diaspora management approach. Collaborative efforts between the homeland and the diaspora can unlock innovative opportunities, increase business opportunities for domestic businesses and amplify Macedonia's sustainable economic growth.

We mention again the fight against corruption as a fundamental condition for progress. A transparent, corruption-free environment instills confidence in domestic businesses, attracts foreign investors and ensures that resources are allocated efficiently, promoting sustainable development. A key prerequisite for fighting corruption is strong leadership and the rule of law.

Below we present the Plan of reforms and actions in detail.

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Area 1 – Digitalization and Digital Transformation

1.1 Measure/program: Comprehensive Digitalization of Government Processes and Services for Citizens (e-Government Services)

Digital, inclusive and accessible government and government services significantly improve the quality of life of citizens and deliver efficiency in the provision of government services. While this is important for the overall country population, e-government services may even more so contribute to the well-being of vulnerable citizens. The comprehensive digitalization project aims to re-engineer and digitalize processes in public administration and introduce a fully digitalized interaction of citizens with the state (online one-stop-shop for citizens). The digitalization will be implemented gradually, building on the current state of the e-government services. It should initially focus on the main life situations and ensure that these services can be delivered in a digitalized or digitally enhanced, mobile-based form. The needs of the vulnerable citizens will be specifically considered in preparing the action plan and implementation. Simultaneously, the government will proactively work with citizens (clients) to enhance their digital skills and their readiness to adopt the digital solutions offered by the Government.

Implementation - Prime Minister, Ministry of Information Society and Public Administration, Macedonia2025 (Center for Digital Transformation)

Term/duration: Long-term project, gradual implementation through an action plan, first results in 10 months

1.2 Measure/Program: Accelerated Digitalization of Government Services for Businesses

Macedonian companies still spend a lot of time on administrative matters related to obtaining certain government services, permits, licenses, etc. This, together with the high bureaucratic burden, reduces the competitiveness of companies, as well as their flexibility to adapt to changes.

This measure/program is aimed at a systematic and continuous process of transformation of analog government services to digital ones. In the process, consultations will be held with all relevant chambers and business associations in order to make a priority list of services that should be digitalized. Annually, at least 7 services will be digitalized (that is, transformed), depending on the complexity of the services, the institutions involved, etc. Within the framework of the process, the possibility of reconsidering the need for some existing administrative requirements and unnecessary documentation, in the spirit of a regulatory guillotine, will be used.

Implementation - Vice Prime Minister for Economic Affairs, Ministry of Economy, Chambers of Commerce and Employers' Organizations

Term/duration – Continuous, annually (at least 7 services to be transformed digitally, annually)

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1.3 Measure/Program: Digital Municipalities

Digitalized public services and digitalized municipalities can significantly improve the quality of life of citizens in Macedonia. At the same time, digitalization can reduce corruption and corrupt practices at the municipal level. Hence, we propose a complete digital transformation of the municipalities in Macedonia, starting from a pilot phase that will cover the digitalization of four municipalities.

The digital transformation includes several segments, i.e. electronic communication of citizens with the municipal administration, change of internal procedures and operational work of municipalities, as well as automatic use of all data on citizens/forms that have already been collected in a central place at the state level (example, identity card, citizenship, tax number, etc.)^[1]. The digitalization of the municipalities will also include the development of data centers (servers) at a centralized level, developed so that they can serve all the municipalities in Macedonia in the future.

The next phase of the program will also be aimed at increasing the transparency and responsibility of the municipalities through the introduction of the so-called digital performance matrices (Digital Performance Dashboards) that will provide real-time data on municipal projects, expenditures, implementation, etc., where citizens and all interested parties will be able to monitor and compare the progress of their municipality.

Implementation - Ministry of Local Self-Government, Association of the Units of Local Self-Government, and several pilot municipalities (proposal for one municipality from each planning region)

Note: The program must include training for the municipal administration as well as for local citizens

Term/duration: 18 months

1.4. Measure/Program: Digital Transformation of Micro, Small and Medium Enterprises (MSMEs)

One-third of enterprises in Macedonia are digitally mature, with large variations based on company size. While 100% of large enterprises are digitally mature, this is the case for only one in four micro-enterprises. Macedonian enterprises are largely lagging in digitalization compared to the EU and their regional peers.

Macedonian enterprises are not aware of the benefits of digitalization and invest little in the development and use of digital tools, or the development of digital skills of their employees. The low digital readiness of Macedonian enterprises also represents a major limitation for their international competitiveness and the possibility of integration into international supply chains. Digitally mature and advanced companies worldwide pose a "threat" to companies even in the domestic market.

Hence, measures are necessary to support micro, small and medium enterprises (MSMEs) to overcome the challenges of digital transformation and become digital leaders in their sector. Through programs for expert support, mentors and co-financing, the digital transformation of MSMEs will be encouraged and assisted.

Implementation – Macedonia2025 (Center for Digital Transformation)

Term/duration: long-term project, first results in 6 months

^[1] Digitalization of municipalities does not mean electronic application or submission of documentation, but is a much more complex process that includes all internal systems and processes and external communication with citizens and clients.

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Area 2 – Increase Competitiveness of Macedonian Businesses

2.1 Measure/Program: Streamline the Business Regulation and Reduce Administrative Burden

Unnecessary administrative requirements are a large burden for companies (both in terms of time and costs of doing business) and undermine the competitiveness of companies. The process of association with the EU will inevitably add more administrative and legal changes and additional burden, hence this program has to be very carefully led, with smart decisions on the timing of the implementation.

Government priority should be to establish and nurture an enabling environment conducive to companies' growth, including quality of institutions, ease of doing business, digital government services, and eliminating unnecessary bureaucratic procedures and charges for companies such as parafiscal ones. In addition, Government policies should be focused on supporting companies to grow and export, through productivity-enhancing projects and initiatives.

The Government will implement a program for streamlining the regulation and terminating the unnecessary regulation. The process will be led by the business associations' and industry representatives' inputs and requirements. The first phase will consist of collection of information followed with preparation of an action plan and start of implementation.

Implementation - Prime Minister, Vice Prime-Minister for Economic Affairs

Term/duration: First two years of the new government term.

2.2 Measure/Program: Export Support and Promotion

Macedonia's export-oriented growth strategy shows signs of fatigue, and the COVID-19 pandemic and recent geopolitical developments around the world have highlighted important weaknesses. While the FDI-supported export strategy has yielded certain gains, a lack of diversification (both in terms of markets and products) is weakening the country's export performance. For illustration, only 5% of the total number of companies are export-oriented, while the national export is concentrated in only a few markets in EU and WB. The top 25 exporting products generate more than 66% of the total country's exports, while the top 150 exporters contribute 85% towards the total country's exports.

The survival rate for Macedonia's exporters is the third lowest in the region after Albania and Moldova. On average, only half of medium and small exporters endure over the long term, whereas larger exporters have higher survival rates. These patterns highlight the need for a diversification strategy to boost export performance and resilience.

Deep trade agreements (DTAs) have played a significant role in diversifying the economy by boosting exports across various sectors. The DTAs signed by Macedonia in recent years have increased exports, facilitated the entry of domestic firms into new markets, and encouraged the country's participation in global value chains (GVCs).

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A strong trade strategy is essential for a small, landlocked country like Macedonia. To foster sustainable export growth, Macedonia needs to implement trade policy reforms, which could include:

- Streamlining and digitalizing border procedures and enhancing inter-agency coordination to reduce customs clearance delays and unnecessary trade costs with its major trading partners;
- Addressing remaining gaps in transport infrastructure, including the rail network – set infrastructure priorities in cooperation with the business associations; appropriate certain percent of the budget capital expenditures for the infrastructure projects prioritized by the businesses;
- Creating programs for export promotion by supporting export-oriented companies in the process of building international brands, supporting marketing activities and participation of international fairs, organizing buying missions and other promotional events for the export-oriented companies.

Implementation - Prime Minister, Ministry of Economy, Ministry of Agriculture, Customs administration, National Export Council

Term/duration: Ongoing process over full government term.

2.3 Measure/program: FDI policy - New Approach and Establishment of an Effective System for Attracting FDIs

Macedonia's competitiveness position along with its economic strengths and weaknesses requires a focus on specific functions and capabilities. The government's strategy of using tax incentives to spur exports and attract FDIs needs to be redesigned to improve its effectiveness, better stimulate job creation, and incentivize linkages with the local economy. Despite certain success in the past period in attracting of FDIs, the focus and the continuity of the FDI-centric approach have been lacking over the last few years. Therefore, the country must double its efforts to retain existing investors by continuously addressing their needs and improving the local business climate while attracting new FDIs from diverse fields and sectors to spearhead further economic development and enhance competitiveness.

The Government needs to implement a systematic shift and introduce an FDI 2.0 approach by developing a new comprehensive FDI attraction strategy as well as robust aftercare service:

- **Set up a truly one-stop-shop Economic Development Agency - EDA** (merge Invest Macedonia (IM), TIDZ and potentially Agency for Entrepreneurship under one umbrella) under the guidance of professional management.
- **Professionalize the Economic Development Agency** and create a model where it can operate under best business practices like professional services organization (consultancy). The top and middle management of the EDA should be professionals and not political appointees. The CEO should be at least educated abroad and/or has had international work experience with P&L responsibility, business consultancy or (investment) banking.
- **The Board of Directors of the EDA should be also highly professional**, with representatives from both Government and Private sector, including professional diaspora members.
- **Develop new comprehensive FDI attraction model and strategy:**

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- Re-invent the value proposition for FDIs, based on the competitive advantage, current and future capacities/capabilities, and the new reality of the labor market in Macedonia. This should involve mapping of capacity needs of potential FDI's and Macedonia's current and future standing and ways to address shortfalls (unemployment data – regional view within the country, skill levels and skills gaps, real estate availability – industrial parks, brownfield facilities);
- Develop a sustainable and efficient network of International offices in North America, Europe, Middle East and Asia. The network should be developed under sector/regional based approach with clear targets and KPIs for FDI outreach;
- Clarify rules and processes (uniform eligible investment criteria and single legislation defining State aid) according to the latest international standards and practices.

Implementation - Prime Minister, Economic Ministers in the Government

Term/duration: Economic Development Agency set-up in the first 3-6 months (based on the need for legislative change) – including staffing with professional KPI-driven personnel, strategy definition, and sectoral analysis – 6 months, international network set-up – 6-9 months.

Area 3 – Optimization of the Process for Obtaining Visas/Work Permits and Attracting Expats and visitors for work, living and tourism

3.1 Measure/Program: Residence Permit up to the 4th Generation Back

The Republic of Macedonia is facing strong emigration movements, population reduction, as well as an aging population. Employers are increasingly complaining about the lack of labor force, which is already an obstacle for future economic development. Over the years, there has been a change in the educational structure of the emigrants, with an increasing participation of people with higher education (brain drain). Some of the expatriates show interest in returning to the country at a certain stage of life. However, our country does not offer support and a system for their reintegration into the country, and also, if the emigrants do not have Macedonian citizenship, they are treated as foreigners and go through a long and uncertain procedure for obtaining a residence permit.

We propose an amendment to the Law on Foreigners with which foreigners who have Macedonian origin (expatriates and their families) and are related by blood or adoption to ancestors in a direct line who are citizens of the Republic of Macedonia or citizens of a state that is the predecessor of the Republic of Macedonia, i.e. a state whose the legal heir is the Republic of Macedonia, who declare themselves Macedonians, to be granted a temporary residence permit. As proof of kinship or origin, a domestic public document or a foreign public document that, in accordance with the laws, has the probative force of a domestic public document, which can be used to determine the Macedonian origin of the requester, should be presented. A baptismal certificate issued by legitimate religious facilities/organizations (for example, the Macedonian Orthodox Church or other religious organizations) is also accepted as proof, which can be used to determine the Macedonian origin of the applicant. The temporary residence permit will be issued with a validity of one year.

Implementation - Ministry of Internal Affairs

Term/duration – 9 months

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3.2 Measure/Program: Administrative Visa for Rich Countries and Introduction of e-Visa Application

Macedonia generally applies the principle of reciprocity in its visa policy. However, in order to increase the number of foreign tourists in the country, and following the example of Georgia, we propose easing the visa process for several groups of countries. The visa exemption would apply to:

- Persons who are residents/citizens of EU countries, EFTA, Gulf Cooperation Council, Australia, Canada, Israel, Japan, New Zealand and South Korea, USA, Singapore for stays of up to 90 days in a 180-day period. The same applies to residents of overseas territories of EU countries, with the exception of Anguilla, Montserrat, Pitcairn, Saint Helena, Ascension, and Tristan da Cunha.
- Members of the Macedonian diaspora living in countries that require a visa for Macedonia. These persons will be able to stay up to 30 days.

For all other countries, an electronic visa (e-visa) system will be introduced, which will reduce the challenges for foreigners who want to travel to Macedonia, especially considering the poor coverage of the country by diplomatic missions.

Implementation - Ministry of Internal Affairs

Term/duration – 12 months, compliance with EU rules and obligations

3.3 Measure/Program: Introduction of the so-called "Pensioner" Visa for persons of Macedonian origin

For persons of Macedonian origin, a so-called pensioner visa to be introduced. The pensioner visa will allow expatriates to return to their roots, enjoy the natural treasures of Macedonia, and be closer to their relatives/friends. But the pensioner visa should be linked to the creation of a comprehensive system of support and services, such as housing (individual or in homes for the elderly), provision of services (for example, health insurance, and household services) and so on. We also suggest providing support through mentors, people who have already gone through the process.

If this project is successful, and if the private sector is involved in the process (for example, opening high-quality homes for the care of the elderly), there is a possibility of expanding the program to citizens from other countries who, due to various factors (financial and others) would like to spend their old age in Macedonia.

Implementation - Ministry of Internal Affairs, Ministry of Labor and Social Policy

Term/duration – 12 months, compliance with EU rules and obligations

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3.4 Measure/Program: Developing a Comprehensive Support System for Expats (information and personal support) for Moving to Macedonia, Investing in Macedonia, or Spending Retirement Days in Macedonia

Expatriates' access to information about investment opportunities, opening businesses in Macedonia, moving to Macedonia at any stage of life is limited and reduced to personal, kinship information that is often inaccurate and subjective. We propose the establishment of an information system, through an online platform and permanent human/personal support. In the first phase of this measure, the opinion of the diaspora will be examined for necessary information that would be useful for them. Then priorities will be set and implementation will begin. The online portal will be digitized, modern and will offer general information, but the system will provide an opportunity for individual, specific support. The realization of this measure requires a strong will and regular communication with the government and government institutions, especially in areas where legal changes are needed (for example, the Law on foreigners, etc.).

Implementation: Agency for Diaspora, Ministry of Foreign Affairs (Economic Diplomacy), Agency for Foreign Investments

Term/duration: Creation of a comprehensive strategy and approach with an implementation deadline of 12 months