United Nations Development Programme

Country/Region/Global: _UNDP CO North Macedonia

Initiation Plan

Project Title : **Integrated Pilot Actions for Fiscal, Cultural, and Environmental Reform in Skopje**

Expected UNSDCF/CPD Outcome(s) : CPD Outcome 3: By the Republic of North Macedonia benefit from climate action, humanitarian and disaster risks reduction, and a healthy, clean, and sustainable environment

CPD Outcome 4: By 2030, all people in the Republic of North Macedonia, particularly vulnerable groups, benefit from and contribute towards effective, accountable, and inclusive governance and rule of law across all levels

Expected CPD Output(s):

Output 3.1. National and sub-national institutions, communities, and other stakeholders have enhanced capacities, and resources to effectively prepare for, adapt to and mitigate climate change and disaster risks under enabling policies and frameworks.

Output 3.2. National and sub-national institutions, communities, and other stakeholders have improved, capacities and resources to tackle environmental pollution of the air, land, and water.

Output 4.1. National and local institutions and stakeholders have increased capacities for more inclusive, effective, accountable, evidence- and rights-based, and gender responsive governance contributing to the EU accession reforms.

Initiation Plan Start/End Dates : 17.03.2026 - 17.09.2026

Implementing Partner : UNDP

Programme Period: _____	Total resources required
Quantum Project Number: _____	Total allocated resources:
Quantum Output Number: _____	Regular
Gender Marker: 1	• Other: ○ Donor UNDP ○ Donor _____ ○ Government _____ Unfunded budget: _____ In-kind Contributions _____

Brief Description

Brief Justification for the Initiation Plan and Expected Outputs

The Initiation Plan is required to enable the immediate launch of three strategic pilot interventions that address urgent urban governance priorities in the City of Skopje while laying the foundation for long-term systemic reform. By modernizing local tax administration, the Plan strengthens fiscal sustainability, revenue collection, financial transparency, and urban planning. Through a high-level international conference, it positions Skopje in European cultural and urban policy networks, advancing the City of Culture 2028 agenda and institutional capacity. The Clean Air Plan establishes an evidence-based roadmap to reduce pollution, enhance environmental resilience, and support climate-responsive governance. Together, these pilots operationalize key National Development Strategy priorities: Sustainable, Innovative, and Competitive Economy; Sustainable Local and Regional Development; Demographic Revitalization, Social & Cultural Development; and Secure Society, while addressing Skopje's immediate and long-term urban development needs, strengthening governance, and building public trust.

Expected Outputs:

- Real estate revaluation completed in the pilot area of the Municipality of Centar, generating a comprehensive and validated model that enables the City of Skopje to implement a fully functional property-tax system;
- Delivery of a high-level international conference establishing Skopje's strategic European cultural positioning;
- A completed, evidence-based Clean Air Plan with clearly defined measures, responsibilities, and implementation roadmap.

By initiating these pilot actions, the project generates early tangible results, builds institutional momentum, and establishes a structured basis for scaling reforms and future investments in sustainable urban governance.

Agreed by UNDP:

I. PURPOSE AND EXPECTED OUTPUT

A short description justifying the need for an Initiation Plan for this project and the expected output.

The Initiation Plan is required to enable the immediate implementation of three pilot interventions that will generate practical results while laying the foundation for broader, long-term reforms in the respective areas. These actions are not conceived as isolated activities, but as structured entry points for systemic change in fiscal governance, cultural positioning, and environmental management within the City of Skopje.

Through the Initiation Plan, the following pilot activities will be implemented:

- Real estate revaluation within the broader reform of the City of Skopje's tax system – Pilot project Municipality of Centar (serving as a pilot model for property tax revaluation, to be rolled out to the other Skopje municipalities in the next phases).
- International Conference – "The Skopje Project 2026: Culture, Urban Policies and Sustainable European Cities" (strategic launch platform for the European Capital of Culture 2028 process);

- Study for Clean Air – Development of a Comprehensive Plan for Combating Air Pollution (evidence-based foundation for long-term environmental policy reform).

Each activity serves as a grounding mechanism for future scaling:

- The revaluation of real estate within the broader reform of the City of Skopje's tax system, implemented through the Pilot Project – Municipality of Centar, aims to ensure full coverage of all real estate and their revaluation for taxation purposes, as well as to support the development of a new tax system for the City of Skopje's tax administration.. Strong local policies and services depend on reliable, transparent, and locally managed revenue. Modernizing tax administration will improve fiscal discipline, increase revenue collection, build citizen trust, and strengthen accountability. As a digital model that can be replicated across other municipalities within the City of Skopje and nationwide, it will show how better public finance management can support strategic investments and improve quality of life.
- The international conference will position Skopje within European cultural and policy networks, building partnerships, credibility, and institutional alignment necessary for the long-term legacy of the European Capital of Culture process. The conference has a dual function: externally, it will facilitate the exchange of best practices, comparative experiences, and strategic partnerships, reinforcing Skopje's role as a City of Culture engaged in contemporary urban transformation; internally, it will establish a structured pool of local and international experts in governance, culture, environment, and urban development, creating a sustainable knowledge network to support evidence-based reforms and guide the city's long-term urban cultural development.
- The Clean Air Plan will provide the first comprehensive, operational, and financially structured framework for pollution reduction, enabling phased implementation and future investment mobilization. Air pollution is one of the most pressing urban challenges in Skopje, with significant public health, economic, and social costs. A comprehensive Clean Air Plan, with clearly defined measures, assigned institutional responsibilities, realistic cost estimates, and an implementation roadmap can transform the environmental ambition into actionable policy.

Expected Outputs under the Initiation Plan

1. Real estate revaluation completed in the pilot area of the Municipality of Centar, generating a comprehensive and validated model that enables the City of Skopje to implement a fully functional property-tax system;
2. Delivery of a high-level international conference establishing Skopje's strategic European cultural positioning;
3. A completed, evidence-based Clean Air Plan with defined measures, institutional responsibilities, cost estimates, and implementation roadmap.

By launching these piloting actions through the Initiation Plan, the project creates institutional momentum, demonstrates early tangible results, and establishes a structured foundation for scaling reforms and investments in the next phase of implementation.

The Initiation Plan directly supports the National Development Strategy by translating strategic priorities into concrete, measurable pilot actions.
The modernization of the local tax system contributes to Sustainable and Competitive Economy and Sustainable Local and Regional Development by strengthening digitalization, fiscal sustainability, and municipal capacity.
The international conference advances Social and Cultural Development and supports European integration and international positioning.
The Clean Air Plan promotes Green Transformation and a Secure and Resilient Society, while reinforcing good governance through transparency and evidence-based policy.
Together, these pilot interventions generate early results and establish a scalable foundation for long-term systemic reform.

Outcome 1: Strengthened Institutional and Fiscal Capacity for Sustainable Urban Governance

Output 1.1 *- 1. Real estate revaluation completed in the pilot area of the Municipality of Centar, generating a comprehensive and validated model that enables the City of Skopje to implement a fully functional property-tax system..*

Activity 1.1.1 Real Estate Revaluation and Modernization of the City of Skopje's Tax System – Pilot Implementation in the Municipality of Centar. - Revaluation of real estate, carried out in compliance with the Law on Property Taxes, the Law on Valuation, the Methodology for Real Estate Valuation, and all applicable by-laws, enabled through the development and implementation of an integrated, web-based platform that supports and manages the full life cycle of processes within the local tax administration.

The modernization of the local tax system represents a structural reform aimed at strengthening municipal revenue management, improving transparency, and expanding the tax base through accurate and data-driven property taxation. This initiative will be implemented as a pilot in the Municipality of Centar within the City of Skopje.

The activity foresees the development and deployment of an integrated, web-based application covering the full lifecycle of local tax administration. The system will establish a comprehensive and unified Register of Real Estate (land and buildings), ensuring full coverage of all taxable properties within the municipality. Data will be harmonized and validated through structured exchange with the Cadastre and other relevant institutions, improving data accuracy and eliminating inconsistencies.

The application will apply the legally prescribed methodology for determining market value of real estate, enabling automated, transparent, and traceable calculation of property values and tax liabilities. It will support:

- Establishment of a complete Real Estate Register (land and buildings);
- Transparent valuation of each individual property;
- Issuance of individual and bulk tax decisions;
- Assignment of unique payment reference numbers;
- Monitoring and reconciliation of payments;
- Management of disputed payments;
- Ownership transfers with full historical tracking;
- Electronic delivery of tax decisions and online payment functionality.

The system will also include financial cards for each taxpayer, real-time monitoring of arrears, structured registries and parameters, role-based access control, audit trails, and analytical dashboards for tracking tax base growth and collection performance.

Overall, this pilot reform will strengthen institutional capacity, increase efficiency and accountability in tax administration, improve collection rates, and enhance the municipality's ability to finance public services in a sustainable manner, while creating a scalable model for replication.

Outcome 2: Skopje Positioned as a European Cultural and Urban Innovation Hub

Output 2.1 *- Delivery of a high-level international conference establishing Skopje's strategic European cultural positioning.*

Activity 2.1.1 International Conference – "The Skopje Project 2026: Culture, Urban Policies and Sustainable European Cities"

The International Conference represents a strategic preparatory milestone in the trajectory toward Skopje – European Capital of Culture 2028. It will serve as the first high-level international presentation of the city's

ECoC vision, identity, and programmatic direction to European institutions, partner cities, cultural networks, and strategic stakeholders.

As the European Capital of Culture is an official EU policy instrument, the conference will be anchored within the broader European governance and monitoring framework of the ECoC process. It will function as a structured platform for policy dialogue, European exchange, and long-term partnership building.

The conference has a dual function:

- To formally present Skopje's ECoC 2028 vision, strategic pillars, and international ambitions;
- To explore how culture-led urban policies can contribute to sustainable urban development, inclusive governance, and long-term institutional and spatial transformation.
- To create pool of international and local experts that will support these transformations.

Through keynote sessions, panels, and thematic discussions, the conference will address culture as a driver of urban resilience, social inclusion, economic innovation, and green and digital transition. It will promote a shift from event-based programming toward a long-term legacy approach, ensuring that the ECoC title generates durable benefits beyond 2028.

The event will position Skopje as an active contributor to contemporary European debates on culture-led urban transformation while fostering partnerships aligned with European policy priorities and funding instruments.

Outcome 3: Evidence-Based Environmental Governance and Air Quality Improvement

Output 3.1 *- A completed, evidence-based Clean Air Plan with defined measures, institutional responsibilities, cost estimates, and implementation roadmap.*

Activity 3.1.1 Preparation of Study for Clean Air – Development of a Comprehensive Plan for Combating Air Pollution

This activity foresees the preparation of a comprehensive, evidence-based Plan for Combating Air Pollution in the City of Skopje. The Plan will provide an operational framework for targeted and measurable pollution reduction.

The study will include:

- Detailed assessment of all major pollutants and emission sources;
- Systematic registration of chimneys and emission points within the Skopje valley;
- Evaluation of previously implemented measures;
- Identification of structural gaps requiring intervention.

A comparative review of international practices will inform the adaptation of suitable measures to Skopje's specific geographic, climatic, and socioeconomic conditions. Based on this analysis, the Plan will define concrete measures tailored to the city's structural and seasonal pollution challenges.

For each proposed measure, the Plan will specify:

- Institutional responsibility;
- Estimated costs;
- Potential financing mechanisms;
- Expected impact on pollution levels;
- Required legal or regulatory amendments;
- Target groups for implementation.

Upon completion, detailed action plans will be prepared for measures under the competence of the City of Skopje, including timelines, financial implications, and risk analysis to ensure operational readiness and phased implementation.

Strategic Rationale

This Initiation Plan marks the beginning of a strengthened, long-term collaboration between the City of Skopje and UNDP. The three pilot activities combine fiscal reform, cultural advancement, and environmental governance serve as foundational entry points for a broader strategic partnership aimed at accelerating sustainable urban transformation.

The Plan not only delivers early, tangible results but also sets up mechanisms, learning processes, and institutional capacities that will inform future phases of cooperation. It creates a structured basis for scaling successful models across additional municipal systems, strengthening governance, and leveraging future investment

II. MANAGEMENT ARRANGEMENTS

A short description of the individuals, organisations, and/or team structure required to conduct the activities of the Initiation Plan. If the size and scope of the Initiation Plan requires the establishment of a project board, describe the structure here and include a diagram if needed, drawing from the standard diagram provided in the full project document template

The project implementation strategy is designed to deliver maximum results within a limited timeframe and high project volume, ensuring efficiency and effectiveness in resource utilization.

To manage the considerable workload increase associated with the project's scale and duration, UNDP will optimize its administrative and financial operations while reinforcing key implementation capacities. The UNDP Senior Management team (Resident Representative, Deputy Resident Representative) will be embedded in the project's governance structure, ensuring that project implementation is prioritized across internal management units and effectively integrated into UNDP's broader strategic framework.

Project Management

The project will be implemented through a hybrid management structure composed of internal UNDP personnel and a dedicated team of external consultants. This setup is designed to ensure an agile and responsive approach to project delivery, given the project's ambitious scope and limited implementation period.

The project will be led by a Project Manager responsible also for implementation of Programme for NDS implementation.

UNDP will provide operational support through existing staff, including:

Project Management unit consist of:

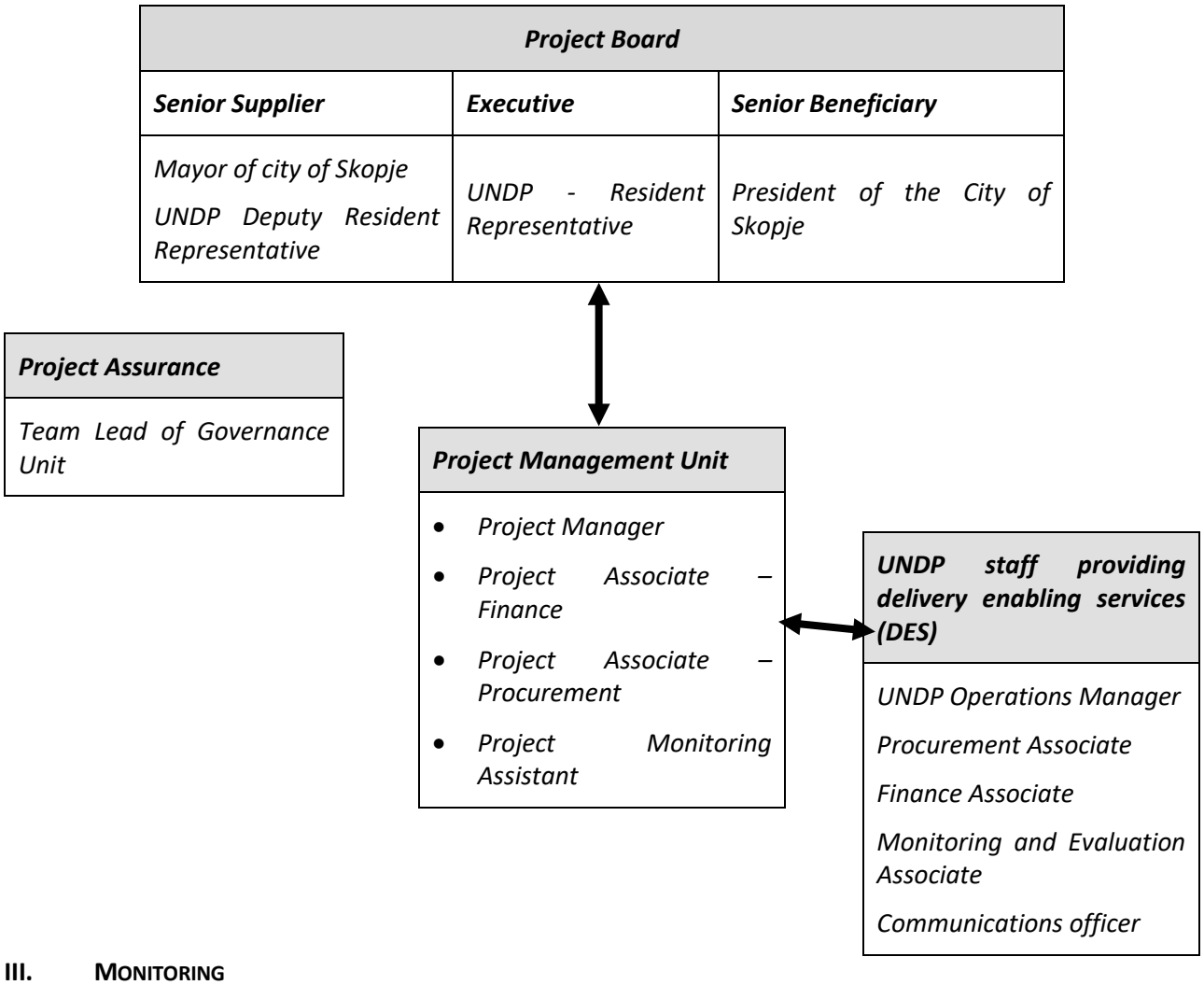
- *Project Manager*
- *Project Associate – Finance*
- *Project Associate – Procurement*
- *Project Monitoring Assistant*

UNDP staff providing delivery enabling services (DES) consist of:

- *UNDP Operations Manager*
- *Team Lead of Governance Unit*
- *Procurement Associate*

- *Finance Associate Monitoring and Evaluation Associate*
- *Communication Officer*

This integrated and flexible management setup ensures both the operational efficiency and technical rigor required for delivering the expected project results at scale.



III. MONITORING

A description of the monitoring requirements for the Initiation Plan.

The 6-month Initiation Plan will be monitored to ensure pilot activities achieve their goals and lay the groundwork for broader reforms. Progress will be tracked through regular updates on each activity, assessing outputs against expected results. Stakeholder feedback and technical checks will verify effectiveness. At the end of the six months, an Initiation Phase Report will summarize achievements, challenges, and lessons learned, and include the full project document if completed, or an explanation if it was not.

IV. WORK PLAN

Period[1]:

EXPECTED OUTPUTS *And baseline, indicators including annual targets*	**PLANNED ACTIVITIES** *List activity results and associated actions*	**TIME FRAME**		RESPOSIBLE PARTY
		Q1	Q2	
Output 1: Comprehensive revaluation of all real estate in the Municipality of Centar and a fully operational pilot system for the local tax administration of the City of Skopje, serving as a scalable and replicable governance model. **Baseline:** No system . **Indicators:** System operational, number of properties registered, tax collection rate. **Targets:** Full deployment and operational use by Month 6.	Activity 1.1.1: Real Estate Revaluation and Modernization of the City of Skopje's Tax System – Pilot Implementation in the Municipality of Centar) - Develop and deploy integrated, web-based tax administration application covering full lifecycle. - Establish unified Register of Real Estate (land/buildings). - Harmonize data with Cadastre and other institutions. - Implement automated property valuation, tax calculations, online payment, monitoring, dashboards, audit trails. - Train municipal staff.	X	X	City of Skopje, UNDP

[1] Maximum 18 months

Output 2: Delivery of a high-level international conference establishing Skopje's strategic European cultural positioning. **Baseline:** No conference in 2026. **Indicators:** Number of participants, partnerships formed, EU cultural institutions engaged. **Targets:** Successful completion of conference with ≥80% of planned participants attending	**Activity 2.1.1:** International Conference – "The Skopje Project 2026: Culture, Urban Policies and Sustainable European Cities" - Support City of Skopje to define conference program, themes, and speakers. - Organize logistics, marketing, and communication plan in close coordination with city of Skopje -Support the launch of the event - Conduct post-event evaluation and reporting.	X		City of Skopje
Output 3: Completed, evidence-based Clean Air Plan with measures, responsibilities, cost estimates, and roadmap. **Baseline:** No comprehensive operational plan. **Indicators:** Plan finalized, number of proposed measures, financing mechanisms identified. Targets: Plan ready for municipal adoption by Month 6	Activity 3.1.1: Preparation of Study for Clean Air – Development of Comprehensive Plan for Combating Air Pollution - Assess pollutants and emission sources. - Register chimneys/emission points. - Evaluate past measures and structural gaps. - Comparative review of international practices. - Define measures with institutional responsibility, costs, financing, expected impact, and legal/regulatory requirements. - Prepare implementation roadmap, timeline, and risk analysis.	X	X	City of Skopje, UNDP