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**IPA 2019 Action Programme for the Republic of North
Macedonia**

Sector Reform Contract for Employment and Education

IPA 2019/041-263/07.03/MK/Youth

SRPC “EU for YOUTH”

SECOND SELF-ASSESSMENT REPORT

Completed in May 2022

<i>Coordinating Institutions for the technical implementation: Ministry of Labour and Social Policy and the Ministry of Education and Science</i>

<i>Coordinating Institution for the financial execution: Ministry of Finance</i>
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<i>Other responsible institutions:</i>
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<i>Bureau for Development of Education</i>
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<i>Centre for Vocational Education and Training</i>

<i>Adult Education Centre</i>

<i>State Examination Centre</i>

<i>Employment Service Agency</i>

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List of Acronyms

Acronym	Description
A	
AE	Adult Education
AEC	Adult Education Centre
ALMP(s)	Active Labour Market Programme(s)
ALMPM(s)	Active Labour Market Programme(s) and Measure(s)
AP(s)	Action Plan(s)
AQHE	Agency for Quality in Higher Education
AYS	Agency for Youth and Sports
B	
BDE	Bureau for Development of Education
BS	Budget Support
BSO(s)	Budget Support Operation(s)
C	
CPD	Continuous professional development
CSO(s)	Civil Society Organisation(s)
CVET	Continuous Vocational Education and Training
D	
DCC	Donor Coordination Council
E	
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECVET	The European credit system for vocational education and training
EESP SWG	Education, Employment and Social Policy Sector Working Group
EMCO	Employment Committee to the EPSCO
EMIS	Education Information Management System
ENER	National Electronic Registry of Regulations of the Republic of North Macedonia
EPSCO	Employment, Social Policy, Health and Consumer Affairs Council
EQAVET	European Reference Framework for Quality Assurance in VET
EQF	European Qualifications Framework
ERP	Economic Reform Programme
ESA	Employment Service Agency
ESC	Economic and Social Council
ESRP	Employment and Social Reform Programme
ETF	European Training Foundation
EU	European Union
EUD	Delegation of the European Union to the Republic of North Macedonia
EUR	Euro (currency)
F	
FA	Financing Agreement
FAQ	Frequently Asked Questions
G	
GB	Great Britain

Acronym	Description
GDP	Gross Domestic Product
GMA	Guaranteed Minimum Assistance
H	
HE	Higher Education
HEI(s)	Higher Education Institution(s)
I	
ICRC	International Committee of the Red Cross
ICT	Information and Communication Technologies
IEP(s)	Individual Employment Plan(s)
IFI(s)	International Financial Institution(s)
IFMIS	Integrated Financial Management Information System
IFRC	International Federation of Red Cross and Red Crescent Societies
ILO	International Labour Organisation
IMF	International Monetary Found
IPA	Instrument for Pre-Accession Assistance
IRI	International Republican Institute
L	
LM	Labour Market
M	
M	million
MK	Macedonian
MKD	Macedonian Denars
MoES	Ministry of Education and Science
MoF	Ministry of Finance
MoH	Ministry of Health
MoLSP	Ministry of Labour and Social Policy
MQF	Macedonian Qualifications Framework
N	
NAEPPM	National Agency for European Educational Programmes and Mobility
NEC	National Examination Centre
NEET(s)	Youth, neither in employment nor in education or training
NES	National Employment Strategy
NGO(s)	Non-Governmental Organisation(s)
NM	North Macedonia
NQF	National Qualifications Framework
NYC	National Youth Council of North Macedonia
O	
OBL	Organic Budget Law
OG	Official Gazette
OP(s)	Operational Plan(s)
P	
PFM	Public Finance Management
PFM SWG	Public Finance Management Sector Working Group

Acronym	Description
PIFIC	Public Internal Financial Control
PIMA	Public Investment Management Assessment
PIMA	Public Investment Management Assessment
PRO	Public Revenue Office
Q	
Q (1,2,3,4)	Quarter (1,2,3,4)
QA	Quality Assurance
R	
RNM	Republic of North Macedonia
RVETC(s)	Regional Vocational Education and Training Centre(s)
S	
SBS	Sector Budget Support
SDC	Swiss Agency for Development and Cooperation
SEA	Secretariat of European Affairs
SED	Strategy for Education Development
SEGA	Coalition of Youth Organisations
SEI	State Education Inspectorate
SLI	State Labour Inspectorate
SME(s)	Small and Medium Enterprise(s)
SRPC	Sector Reform Performance Contract
SSO	State Statistical Office
SWG	Sector Working Group
SWG EESP	Sector Working Group on Education, Employment and Social Policy
SWG PFM	Sector Working Group of Public Financial Management
SBS	Sector Budget Support
T	
TA	Technical Assistance
TAT	Technical Assistance Team
TNA	Training Needs Analysis / Assessment
U	
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Emergency Fund
USAID	United States Agency for International Development
V	
VET	Vocational Education and Training
VNFIL	Validation of Non-Formal and Informal Learning
W	
WB	World Bank
WBL	Work-Based Learning
WG	Working Group
WHO	World Health Organisation
Y	

Acronym	Description
YG	Youth Guarantee

I. INTRODUCTION

1. Purpose of the Self-Assessment Report

The purpose of this report is to self-evaluate the level to which the targets set by the Sector Budget Support operation for 2021 have been achieved. The Sector Reform Performance Contract “EU for Youth” (SRPC) is intended to help the Government of North Macedonia enhance the employment prospects of young women and men by improving the quality, relevance and inclusiveness of the national vocational education and training system, and by improving employment opportunities for young women and men.

The SRPC is contributing to the investments being made in the vocational qualifications, skills and preparedness of young people entering the labour market. It is helping to improve what accredited Vocational Education Training (VET) programmes and providers can offer. It is supporting the upscaling of selected Regional Vocational Education and Training Centres into *Centres of Excellence* able to ensure modern work-based learning practices and quality education. It is strengthening the competences of staff in Regional VET Centres and aligning their skills in line with human resources management plans and accreditation criteria. Furthermore, the contract is supporting the smooth transition from school to work through a Youth Guarantee (YG) scheme for young people who are not in employment, education, or training (NEETs) and it is helping increase employment rates among young women and men.

This self-assessment report has been prepared by the national authorities in response to the expenditure request for 2022 and it provides evidence of the progress achieved during the SRPC’s second year of implementation in 2021. The report provides a record of progress and well as insights provided by the beneficiaries in terms of the policy and the technical measures implemented both, to fulfil the contractual requirements and achieve the wider objectives, as defined by the relevant strategic documents and action plans.

This report has been prepared on the basis of the Financing Agreement for the SRPC, the Action Document ‘IPA 2019/041-263/07.03/MK/Youth’, and in compliance with the Guidance Note on Budget Support Operations for the assessment of General and Specific conditions (fixed and variable tranches), developed by the EUD for the Republic of North Macedonia¹. The narrative part of this report provides information on progress both generally and against specific performance indicators set by the SRPC during the reporting period, as well as key challenges, problems faced, risks, areas that need improvement and necessary corrective measures. An overview of the indicators, the milestones for 2021, the means of verification, a brief description of activities and results achieved, as well as the target benchmarks for 2021, are presented in a table at the end of the report. Extracts/full, reports from the national progress reports and documents covering recent policy development initiatives and results are presented as evidence in the annexes to this report.

¹ Ref. Ares (2020)7076044 - 25/11/2020

2. SRPC policy context

Sector Reform Performance Contract (SRPC) is one of the forms of the EU budget support, aiming to support sector policy reforms and improve service delivery at sectoral level, improve governance at sectoral level and address specific needs of targeted population with a specific focus on gender equality. The SRPC 'EU for Youth' is contributing to the investments in the vocational qualifications, skills and preparedness of young people entering the labour market. North Macedonia is the first non-EU Member State to establish a YG scheme to address the employment and under-employment impose on society. As part of the European Union's budget support portfolio in North Macedonia, SRPC is the first budget support operation designed under the IPA 2019 annual programme to support the implementation of the strategic framework in the area of youth employment and vocational education and training. Following the European model, the North Macedonia YG is meant to provide young people who are not in employment, education, or training (NEETs) with an offer of employment, continued education and training, or a traineeship within four months of becoming unemployed or leaving school.

The priorities to improve overall employment touch upon education and training, private sector development and labour market policies. The primary goal of the *education policy* of the Republic of North Macedonia is to provide opportunities for all to acquire a suitable level of education, and to ensure that all citizens possess competences commensurate with the demands of society and the labour market. The most recent reforms of the education and training policy are *focused on inclusiveness and on increasing the quality of educational outcomes at all levels*. The policy options for education and training build on:

- increase the quality of educational outcomes and promotion of inclusiveness,
- strengthening of post-secondary VET, non-tertiary programmes to equip individuals with the skills required by the labour market,
- expansion of adult learning provision, recognition of prior learning mechanisms to improve the skill base of the workforce,
- increase of public investment and the revision of the education funding mechanism to increase the equity and inclusiveness of the education and training system, and
- strengthening of the capacities for monitoring the progress in educational outcomes and for guiding the formulation of education and training policies and programmes (EMIS, Skills Observatory, tracking systems, etc.).

The specific policy objectives include reduction of the dropout rate and the number of early school leavers, improving the coverage and conditions for access to all levels of education for persons with special educational needs, and improving the contents and quality of education by strengthening the capacities of schools and the teaching staff. In order to ensure greater compliance of VET with the needs of the labour market, the specific policy objectives include development, modernization and increasing the attractiveness of VET, and development and promotion of informal education and adult education.

This self-assessment report is provided to support the disbursement request prepared by the national authorities for the fixed and variable tranche in 2022 and it sets out the progress achieved in meeting the agreed general criteria and specific performance indicators. The report draws conclusions from the

main sources of evidence described in the *Financing Agreement* and is intended to allow the European Commission adequately to assess the progress of the Budget Support operation – SRPC ‘EU for Youth’. This is the second self-assessment report submitted under the SRPC.

3. Strategic Framework for sector policy reforms

The strategic framework for *youth employment and vocational education and training*, as well as the targeted values and performance indicators in the Youth Guarantee scheme (YG) in North Macedonia, are defined by a set of national strategic documents:

- the revised Employment and Social Reform Programme (ESRP 2022)
- the Economic Reform Programme (ERP 2021-2023)
- the National Employment Strategy 2021-2027 (NES) and the Employment Action Plan (2021-2023)
- the Comprehensive Strategy for Education 2018-2025
- the Youth Guarantee implementation plan (2020-2022²)

3.1. Overview of reforms and policy developments in education sector

The **new Concept of primary education**³ recognizes the need for change based on new knowledge for the development of quality education, on global and European trends in education based on competencies, digitalization of education, as well as all on our previous experiences and aspirations to improve the quality of teaching and learning in our schools that should become a place for learning and development of motivated students ready to acquire the expected competencies. Furthermore, the new concept fully respects teachers’ observations and opinions obtained from the research conducted in November 2020. Thus, the new concept of primary education offers changes in several areas related to the integration of teaching and subjects, the selection of subjects of interest to the student, learning through research and projects, reducing the excess of factual data in teaching materials, adapting the teaching to the needs of all students, the use of various teaching materials, the active participation of students in school life, the cooperation and professional development of teachers and their motivation for career development, thus enabling the opportunity to build a school tailored to the children.

In support to the new Concept for Primary Education, digital educational materials for 4th grade were created and rolled out in the school year 2021-2022. The process of **digitalization** was implemented in several phases. Initially, authors, selected by the Bureau for Development of Education, prepared materials in accordance with the curricula and the new Concept, followed with the design and development of digital educational materials for the following subjects: native languages (Macedonian, Albanian, Turkish, Serbian and Bosnian), History and Society, Mathematics, and Science. In the final

² The YG Implementation Plan will be reformulated in 2022 to take into consideration the progress made, the impact of the pandemic on youth employment and the adjustments introduced by the EU Youth Support Programme (or Reinforced Youth Guarantee).

³ <https://mon.gov.mk/content/?id=3785>

phase, the digital materials were uploaded on the **e-library platform**. In addition, a total of 25.264 textbooks were printed and distributed. In order to ease the use of the digital materials by the 4th grade students, 39 smart boards were distributed to schools in need. Additionally, 10.000 tablets were procured for the students without an access to the digital materials due to lack of electronic devices (computer, smartphone, tablet computers). A total of 4146 tablets were distributed in 174 schools, and the process is ongoing in accordance with the data from the Ministry of Labour and Social Policy on the number of students from 4th and 5th grade from vulnerable social categories, who are beneficiaries of educational allowance.

Improvement of **access to quality education for all**, in particular children with special needs and from non-majority, Roma and other minority communities. According to the Law on Primary Education, the existing state primary schools are transformed into **primary schools with resource centres**. On 02.02.2021, a Decision for regionalization was adopted for cooperation of the municipal primary schools with the primary schools with a resource centre or the support centres for learning of **students with disabilities**. These schools are becoming national, i.e. regional centres that will offer their professional, material and spatial resources for students with disabilities, their families and the educational staff in schools. Multi-tiered intervention model is provided for students with disabilities and the existing special classes in primary schools (in a total of 23 schools) continue to operate as centres for support of students with disabilities. The procedure for finalizing the process of transforming the special primary schools into schools with resource centres is underway. 58 million denars are provided by the state budget (MoES) to support **inclusive education**. In the school year 2020/2021, 284 assistants were hired, and for the school year 2021/2022 of the total funds for inclusive education, additional 54 million denars are provided in the budget of MoES for hiring educational assistants. Amendments and supplements to the curricula for primary education for the students with vision impairment, hearing impairment, mental development disabilities (intellectual disability), multi-handicap and autism were developed. In addition, the BDE conducted training for primary school teachers (special educators and rehabilitators). Funds of about 3.000.000 denars were allocated to the primary schools with a resource center for the purchase of equipment, didactic materials and assistive technology in order to support inclusive education.

Training courses for **inclusive education** were realized for the teachers, professional associates and the directors of the three RVETCs. In addition, based on the expressed interest by the employees, a training plan was prepared and the advisors from the Bureau for Development of Education (BDE) and the national VET Center realized vocational training courses. The RVETCs offer **eight qualifications**, which are an integral part of the *new Announcement for enrolment in secondary education - 2022-2023*. Except for students, the RVETCs also offer opportunities for adults for acquiring of additional qualification or skills, which will enhance their inclusion in the labour market.

Implementation of the Concept for inclusive education involves the inclusion, development and education of different groups of students with special educational needs, including pupils who were not included in the teaching, and are older. Most of these students belong to the Roma ethnic community, who are mostly returnees from abroad, or were not involved in the educational process at all. Altogether 1601 Roma

pupils of first grade were enrolled in the regular period from May to September in 2021⁴. Because of the work of **Roma educational mediators** in 2021, 103 Roma students of school age were detected for enrolment in the first grade in regular classes; 262 Roma students who have dropped out have returned to school, and 54 Roma returnees from foreign countries have been reintegrated into the education system. In the academic year 2021/2022, there are 263 active Roma students; 110 of them are supported with a scholarship from the Ministry of Education and Science, and 47 of them are enrolled in the first year of study. The Rate of transfer of Roma students from primary to secondary education is 78%. The rate of transfer of Roma students from secondary to high school is 33.5%⁵.

The **intercultural education** as a strategic goal arising from the Education Strategy. In order to strengthen it, a series of actions were implemented that are simultaneously *in line with the National Strategy for developing a concept for one society and interculturalism (2020-2022)*. *Standards for Intercultural Education in Primary Education and Standards for Intercultural Education in Secondary Education* were prepared and adopted. In addition, teacher training was conducted for developing the intercultural competencies of students from primary and secondary education. **Guidelines** for organization and implementation of joint activities were adopted by the director of the Bureau for Development of Education and the director of the Centre for Vocational Education and Training.

In 2021, the students enrolled in secondary VET in school year 2019/2020, for the first time were involved in the learning through work (**Work based Learning - WBL**); i.e., in the third year of their study as an obligatory part of the curriculum they realised WBL in cooperation with the business community. A series of regional meetings led by the Ministry for Education and Science, together with the Center for Vocational education and training, municipalities, Chamber of Commerce in Macedonia, and the companies, were part of the *Caravan "Learn smart, work professionally"*. The main aim of this initiative was to identify the needs of companies and to harmonize the educational policies, accordingly.

To enhance the **attractiveness of the VET** a series of regional meetings were organised with representatives of MoES, the municipalities and the companies. The purpose of these meetings has been to define the qualifications which are necessary for the employers, so the companies would be interested to accept students for practical work. The attractiveness of the vocational education and training is enhanced, which is reflected in increased number of students in vocational education, namely in the school year 2021-2022 the **number of VET students is increased by 6%** compared to the last school year; also, the increased number of collaborations with companies for implementing the practical training of students. The analysis of the data for enrolled students in VET schools in recent years shows that the number of students enrolled in general secondary education (gymnasium) is continuously decreasing, while the number of enrolled students in vocational education is continuously increasing. The following main interventions have been undertaken by the MoES to increase the attractiveness of the VET:

- ✓ Analysis of the needs of companies for accepting students who will realize internship in their work environment;

⁴ Data collection is underway for the period from September to December 2021.

⁵ Source: Administrative data from the Ministry of Education and Science.

- ✓ Realized 19 meetings with schools / companies / mayors, where the supply and demand of staff was discussed;
- ✓ Announced call for enrolment in the first year in VET schools for the school year 2021-2022 based on the needs of local companies;
- ✓ For the first time in the call for enrolment are included the companies with which the vocational schools have cooperation in accordance with the signed memoranda, and the students will have an increased number of hours for practical education;
- ✓ Adopted modified curricula related to classes with increased number of hours for practical education;
- ✓ Scholarships are provided for students who have enrolled in a vocational education class in which the practical education will be with an increased number of hours spent in the company;
- ✓ Increased value of the scholarships in VET and increased the number of scholarships for students in VET.

All activities related to the creation of the validation system are an integral part of the Strategy for Education 2018-2025, as well as the Strategy for Adult Education 2019-2023. One of the most important priorities for the next period is the establishment of a system for **validation of non-formal and informal learning** that will enable the acquisition of qualifications of persons without or with low qualifications, and thus their greater involvement in the labor market is expected, with the ultimate goal. Reducing the unemployment rate in the country and raising the educational level of the population. In 2021, the Center for Adult Education (AEC) verified 8 programs for adult education for the acquisition of knowledge, skills and competencies, and 77 programs that lead to the acquisition of a qualification or part of a qualification. In cooperation with project Education for employment in North Macedonia (E4E@mk), from April 2020 to June 2021, AEC made the **piloting the Validation of informal and informal learning** in two qualifications: facader and waiter.

Professional development of teachers - the Bureau for Development of Education constantly initiates activities that ensure teachers' competences for quality education and enable them to improve professionally. In 2021, a training was organized by an accredited provider of trainings and services for 6572 secondary school teachers on the topic "**Modern concepts of secondary education - the new role of the teacher and new teaching and learning strategies**". The training contribute to the acquisition, development and promotion of teachers' competence that will contribute to better implementation of teaching and learning in schools and higher students' achievement. Within the project '**Schools of the 21st Century**', 642 teachers and 76 principals of primary schools were trained in the so-called '21st century skills', such as critical thinking, problem solving and the use of a Micro bit programming device that can be used interdisciplinary. In addition, an online course was created for primary and secondary school teachers to develop skills for the 21st century; furthermore, 1239 teachers attended courses for 'use of ICT learning tools', and 1173 teachers attended courses for 'inclusive education'. A webinar was organised by MoES and the BDE for all of the teachers who teach in first year of study (mother tongue, mathematics, physics, chemistry and biology) to discuss the previous participation in **PISA** and in particular, for the preparations for PISA2022. Training for the teachers was organised for the implementation of PISA items while conducting the school-lessons (State examination center and the

Bureau for development of education). For the first time electronically testing was organised in 13 secondary schools, and the testing results have been sent to OECD; the Report for the results of the pilot testing was published and distributed to BDE, MoES and to the schools. Within the training for “21 century school”, examples of the PISA items were included in the training of primary school teachers. Training was conducted also for the school associates on the implementation of the PISA study, and a series of meeting were conducted with all directors from the secondary schools about the importance of the PISA and participation in it.

Participation in international standardized tests: a **National Report on the PISA** (2018) results was prepared and published and analysis was presented to all schools and on a press conference of MoES. A ‘PISA testing book’ was released on Macedonian and Albanian language. The instruments to conduct the **PISA 2022** was translated and approved by OECD; schools were selected for the main PISA2022 testing, and also an action plan was developed for its realization in the period April-May 2022. An agreement for participation in **TIMSS 2023** was signed; the regional report of the TIMSS2019 results was published and based on the analysis in all teaching languages and other variables a National Report was published, as well as, a pilot electronically-testing was conducted in 30 primary schools. An agreement for participation in **TALIS2024** was signed. A working group was established at the State examination center for conducting the study and certain actions for preparation of the pilot study were undertaken; focus groups were conducted with directors and teachers.

The Agency for Youth and Sport is obliged to maintain the Register of Youth Organizations, Youth Organizations and Youth Umbrella Organizations. The Agency for Youth and Sports announced a public call for entry in the **Register of youth organizations**. Until the end of 2021, 85 applications have been submitted for entry in the register, 70 of which meet the conditions for registration. Organizations that meet the conditions and are registered in the register are published on the website of the Agency for Youth and Sport. **Four municipal Youth Centres** were opened and equipped in 2021.

3.2. Legislation – recent developments in the policy context

The two draft new laws on AE and VET are still not adopted. The new **Law on Adult Education** has been returned for completion regarding the submitted suggestions and recommendations for improving the text of the law. The situation regarding the new **Law on Vocational Education and Training** is similar – it was rejected and returned for improvement; in order to continue the procedure for its adoption, it is necessary to make certain changes in the basic Law on Secondary Education. However, since the Law on Secondary Education was adopted in 1995, a working group has been formed *to draft a new Law on Secondary Education*. The new Law on Secondary Education should be harmonized with the following new laws: Law on Primary Education, Law on Higher Education, Law on Teachers and Professional Associates in Primary and Secondary Education, as well as the Law on Prevention of Discrimination. Additionally, compliance with all laws that are governing secondary education area is required - this means that specific focus will be put on *inclusive education, democratic participation of students, exclusion of any kind of*

discrimination, regulation of working school posts not regulated in the Law on Teachers and Professional Associates, Regional Centers for Vocational Education and Training, etc. The aim of the Government is to complete the reform in secondary education on the ground of steps undertaken in primary and vocational education, and based on good EU practices.

Three Regional VET Centres (RVETCs) have been established in 2020 by transformation of selected VET schools in the Northeast region, Southwest region and Polog region. These changes aim to link VET to the needs of the regional labour market and to support the transition to employment through career guidance services, internship, introductory courses and continuous training and services for validation of non-formal and informal learning. A **DEVELOPMENT CONCEPT for the establishment of a Regional VET Centre** in North Macedonia⁶ was adopted, which is the *base for the new Law on Vocational Education and Training*. The Concept is a strategic document providing specific guidelines on how to develop further the Regional Centres for Vocational Education and Training. The RVETCs should be the leading educational institutions for vocational training of citizens both, younger and adult ones in various fields, which will raise their employability and will reduce unemployment as a key priority and condition for the economy progress. In 2021, the selected RVETCs already harmonized their organization, statute and other acts in accordance with the legislation. Each Regional VET Centre works intensively on establishing cooperation with companies by concluding *Memorandum of cooperation*, referring the realization of practical education, internship and learning through work (WBL), and enrolment policy for students.

The introduction of a **youth officer** is a realized obligation of the **Law on Youth Participation and Youth Policies**. Each state administration body and independent body as well as the Local Self-Government Units have appointed a youth officer. In cooperation with the OSCE Permanent Mission to Skopje, a training of youth officers was held, attended by all representatives of state administration bodies. The list of all youth officers is published on the website of the Agency for Youth and Sports and on the website of the Government. In the process of establishing Local Youth Councils, the Agency for Youth and Sport held a series of meetings with all Municipalities (94% of the municipalities were covered), where the mayors and the persons in charge of the **Local Youth Councils**. The meetings were held on a weekly basis where the steps were presented and directions were given on how to put the Councils into full function. The Agency for Youth and Sports in cooperation with the OSCE Mission to Macedonia has created a Manual, which has been translated into 6 languages for all communities represented and which will be available to local self-government units so that they can more easily access the establishment of Local Youth Tips. One of the mechanisms for strengthening the position of young people at the international level is the selection of a youth delegate from the Republic of North Macedonia in the work of the United Nations' bodies and commissions. Based on the announced public call, the Agency for Youth and Sports established a Commission for election of a **youth delegate to the UN bodies and commissions**, and a draft decision⁷ to elect a candidate was made.

⁶ <https://mon.gov.mk/content/?id=4694> <https://mon.gov.mk/stored/document/Razvoen%20Koncept%20%20ENG%20%20-%20web.pdf>

⁷ decision no. 12-1490/6 from 05.08.2021

3.3. Overview of reforms and policy developments in employment

The main goal of the *employment policy* is focused on promoting economic recovery after the COVID-19 pandemic, increase the competitiveness of the economy, support job creation and raise the living standards of the population. The employment policy objectives include improvement the quality of education and training outcomes for all, enhancement the role of economic and enterprise development in generating decent jobs, and strengthening the inclusiveness of labour market policies. The specific objectives of policy reforms include reduction of skills gaps, increase the students' average score in international assessment (PISA), increase the share of adult training, increase the employment ratio of working-age population, decrease the youth unemployment, declining the gender employment gap, the long-term unemployment, and reduction the share of people at risk of poverty and social exclusion. The policy reforms also envisage strengthening the human, financial and technological capacities of Employment Service Agency (ESA) in order to expand service and programme delivery, implement effective activation strategies and contribute to the achievement of employment policy objectives, and the capacities of the State Labour Inspectorate in order to enforce the labour protection, labour market equality, reduce the informal labour, inequality and decent work deficits.

The *Sector Reform Performance Contract "EU for Youth" (SRPC)* is set to support the Government of North Macedonia in improving the employment of young women and men, by improving quality, relevance and inclusiveness of the national vocational education and training system and by improving employment opportunities for young women and men.

The SRPC 'EU for Youth' is helping to improve what accredited Vocational Education Training (VET) programmes and providers can offer. It is supporting the upscaling of selected Regional Vocational Education and Training Centres into Centres of Excellence able to ensure modern work-based learning practices and quality education. It is strengthening the competences of staff in the Regional VET Centres and aligning their skills in line with the human resources management plans and accreditation criteria. Furthermore, the contract is supporting the smooth transition from school to work through a Youth Guarantee (YG) scheme for young people who are not in employment, education, or training (NEETs) and it is helping increase employment rates among young women and men.

Government of the North Macedonia continues its reform effort in the field of employment. Successful implementation of previous reform measures and transparent evaluation of persisting shortcomings and challenges presented base for adoption of new reform goals, in 2021. The guiding scenario for the identification of employment policy options for the period 2021-2027 is provided by:

- the Economic Reform Programme 2021-2023;
- the policy priorities established by the Government of the Republic of North Macedonia in the field of education and training, private sector development and social protection; and
- available macroeconomic and employment projections.

Expected rebound of national economy will have a positive effect on labour market trends up to 2027. According to available employment projections, the employment-to-population ratio will increase to 60

percent, while the unemployment rate will decline to 11 per cent for the working age population. The youth (15-24) labour market will also improve, with employment-to-population ratios increasing to 22 per cent by 2027 and the youth unemployment rate declining to 26 per cent. The pre-condition for the achievement of the above-mentioned economic growth rate is the maintenance of a fiscal stance conducive to employment creation, with fiscal consolidation measures adequately timed and focused on increasing the tax base and reducing inefficiencies in capital spending.

Given the available policy space, the priorities to improve overall employment touch upon education and training, private sector development and labour market policies. Their interaction with macroeconomic, investment, and social protection policies is expected to improve both the quantity and quality of employment. The medium-term effect of the combination of these policy options on employment is presented in the following paragraphs. For each policy area, the analysis and appraisal of options builds upon the existing policy context and elaborates on expansions and adjustments that are necessary to maximize the outcomes in terms of employment growth.

Against this backdrop, the most feasible policy option to improve job opportunities leverages on existing initiatives and centres on maximizing the employment returns by:

- Expanding business development services to increase the capacity of enterprises to access available funding opportunities.
- Increase the capacity of the Innovation and Technology Development Fund and other funding sources to foster output growth, promote firms' competitiveness and improve employment growth.
- Accelerate the implementation of measures to reduce informal employment – as planned in the Strategy for the formalization of the informal economy – especially among workers at the low end of the salary scale.

Whereas the acceleration of the education and training reforms will help tackle skills mismatches and the improvement of the investment climate will support the job creation capacity of enterprises, the availability of effective labour market policies and institutions will ensure that no one is left behind.

These policies will provide, in the short term, adequate protection to individuals who lost their job during the Covid-19 pandemic; and – in the long term – be focused on expanding the investment in active labour market policies, improving the capacity of the ESA to deliver effective services and programmes; and supporting the enforcement role of the State Labour Inspectorate, especially as regards the violation of labour contract rules, wage regulations and gender equality principles. The needs of groups at risk in the labour market (young people, women workers, persons with disabilities, low-skilled individuals, national minorities, refugees and asylum seekers) will be addressed through the deployment of the reinforced Youth Guarantee, the implementation of training programmes and job subsidy schemes targeting low-skilled individuals and the expansion of childcare for attracting women towards the labour market.

Against this backdrop, the policy interventions planned in the period 2021-2027 will focus on:

- Maintaining the current relaxation of eligibility criteria to access passive labour market policies to protect individuals from poverty and enacting a job subsidy scheme targeting unemployed at risk of labour market disengagement.
- Roll-out of the progressive tax system (2023).
- Providing the ESA with the means to expand the quantity and quality of employment services and programmes – including the recruitment of additional front-office and specialized staff, the upgrading of physical infrastructure and of the IT system, and the allocation of additional financial resources for the implementation of labour market integration programmes.

- Increasing the capacity of the Labour Inspectorate to enforce labour legislation and equality principles with a view to decrease informality and promote the inclusiveness of the labour market.
- Enhancing service and programme lines targeted to the needs of groups at risk in the labour market (youth, women, low-skilled individuals, long-term unemployed, persons with disabilities, national minorities, refugees and asylum seekers), and
- Strengthen social dialogue as a means to bridge the social policy gap with the European Union.

The Government of the Republic of North Macedonia is pursuing the policy actions planned in the Economic Reform Programme, which focuses on promoting economic recovery after the Covid-19 pandemic, increase the competitiveness of the economy, support job creation and raise the living standards of the population. In order to ensure that the outcomes of economic and fiscal policies reach out to all segments of the population of North Macedonia, it is necessary to address the quality of the education and training system to reduce skills mismatches and align individuals' competences to labour market needs; improve the capacity of the private sector to generate quality jobs – and especially for the population groups most at risk in the labour market; and ensure the inclusiveness of active and passive labour market policies.

The first employment policy objectives of the National Employment Strategy, therefore, is to improve the quality of education and training outcomes for all. This policy objective has three targets, namely a decrease of 5 percentage points of the vertical skills mismatch for the population aged 15-64; an increase in the average score of North Macedonian students in the PISA 2025 assessment; and an increase to 30 per cent of the share of adults (25-64) in training. Better educational outcomes, however, require competitive enterprises able to maximise the competence of the workforce and exploit the returns of technology and innovation advancement for job creation.

The second policy objective of the NES 2027, therefore, is to enhance the role of economic and enterprise development policies in generating decent jobs. This policy objective has three targets, namely an improvement of the ranking of the Republic of North Macedonia in the competitiveness index; an increase of the employment-to-population ratio (15-64) to 60 per cent; and a decrease in youth unemployment (15-24) to 27 per cent and 23 per cent for the cohort 15-29. Equity concerns demands that public policies be geared towards those population groups who are most at risk of poverty and social exclusion.

To this end, the third and final objective of the Strategy is to strengthen the inclusiveness of labour market policies. The achievement of this objective will be measured through a decline of the gender employment gap to 15 percentage points; a decline of long-term unemployment by 10 percentage points; and a reduction of the share of people at risk of poverty and social exclusion to 18 per cent.

Recent labour market data show positive development in the key labour market indicators. According to the data of the State Statistical Office, in 2021, the labour force in the Republic of North Macedonia numbered 943 004 persons, of which 795 087 were employed, while 147 917 were unemployed persons. The activity rate in this period was 56.0, the employment rate was 47.2, while the unemployment rate was 15.7.

Labour force and activity rates¹⁾

	Total working age population	Labour force			Activity rate	Employment rate	Unemployment rate
		Total	Employed	Unemployed			
2020	1 685 589	950 858	794 909	155 949	56.4	47.2	16.4
2021/I	1 685 564	943 964	793 121	150 843	56.0	47.1	16.0
2021/II	1 681 862	945 412	795 271	150 141	56.2	47.3	15.9
2021/III	1 681 911	945 158	796 681	148 477	56.2	47.4	15.7
2021/IV	1 681 863	937 482	795 276	142 206	55.7	47.3	15.2
2021	1 682 800	943 004	795 087	147 917	56.0	47.2	15.7

¹⁾ Because of calculations of the sample and rounding up calculated results to one number, sometimes deviations are possible in the total of the results that are obtained by summing up individual items.

According to the data of the State Statistical Office, in the fourth quarter of 2021, the job vacancy rate was 1.59 per cent. The job vacancy rate was highest in section N - Administrative and support service activities, 3.00 per cent, while the lowest rate was registered in section D - Electricity, gas, steam and air conditioning supply, 0.29 per cent. Business entities with 10-49 employees had the highest job vacancy rate of 2.28 per cent. The Vardar Region had the highest job vacancy rate at 1.91 per cent. The highest number of job vacancies, 2 934, was recorded in the fifth group of occupations - Service and sales workers.

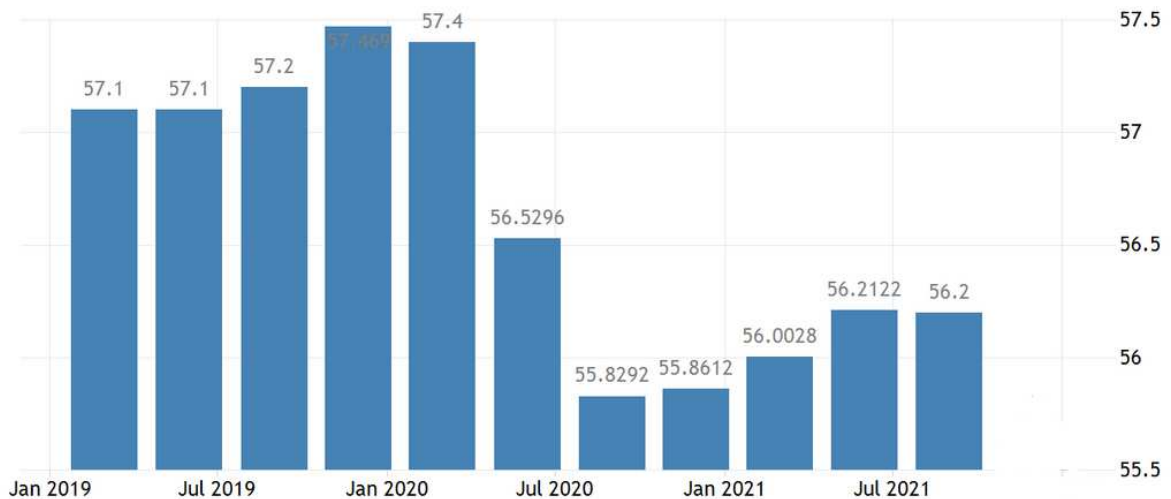
Transversal statistics show ongoing improvement of labour market. Total number of unemployed persons (142 206 persons in December, 2021 compared to 148 477 in November, 2021) continuously falls, while total number of employed persons (795 276 persons in December, 2021) steadily grows. This development is visible in positive development of unemployment rate, even if employment rate remains stable. As in detailed explained bellow, the country faces such development despite the rise of minimum wage. It confirms that rational rise of minimum wage has a positive effect on motivation of people to accept formal jobs.

indicator	2018	2019	2020	2021	2022
Employment rate (15+) (%)	45,1	47,3	47,2	47,2	48,5
Employment rate (15+) - Male (%)	54,4	56,6	55,9	56,2	58,7
Employment rate (15+) - Female (%)	35,8	38,1	38,4	38,3	39,0
Youth employment rate (15-29) (%)	30,9	34,4	33,5	33,4	34,5
NEET rate (15-29)	29,8	24,5	26,2	24,3	22,9

Presented statistical data also confirm that rise of minimum wage in 2021 had positive impact on entire wage distribution leading to increase of general wages. Latest available data (February 2022) show significant year-on-year rise of average monthly gross as well as average monthly net wage (44 531 denars and 29 839 denars, respectively) nominally by 6.8per cent.

Labour force participation recorded positive development with slight decrease in December, 2021
(Labor Force Participation Rate decreased to 56.20 percent in the third quarter of 2021 from 56.21

percent in the second quarter of 2021), due to seasonal character of significant part of Macedonian economy (e.g. agriculture, construction industry, tourism and hospitality), as presented below.

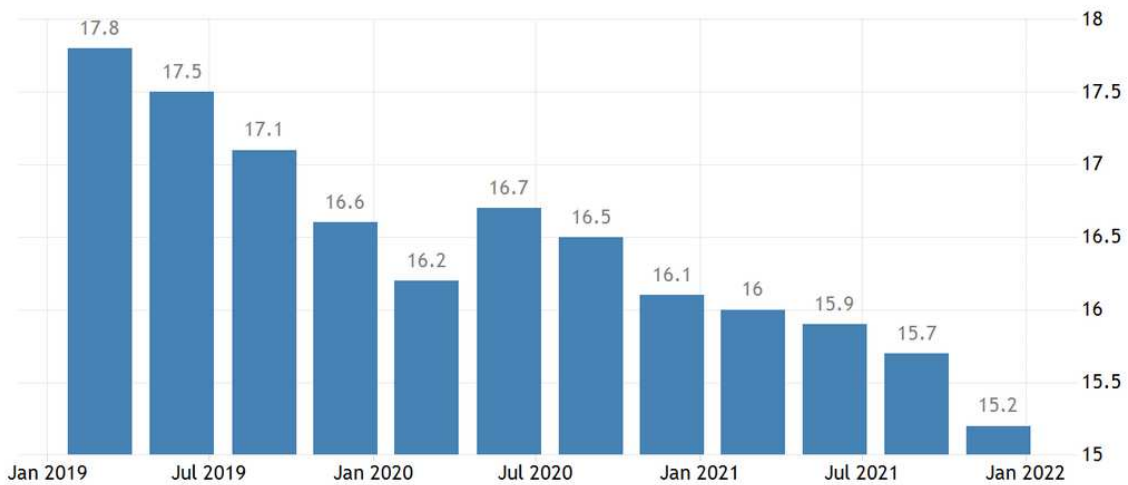


Based on data of the Labour Force Survey, State Statistical Office

Efforts to increase labour force participation, reallocate labour, and boost labour productivity are important to limit the economic scars from the pandemic and speed up income convergence. The drop in labour force participation during the pandemic was more pronounced for women and youth, while participation rates were already declining for men. At the same time, as wage subsidies phased out, job-to-job transitions had to be supported. Policies to support reskilling and retraining of the labour force and strengthen education outcomes are critical to facilitating economic transition and reducing skill shortages.

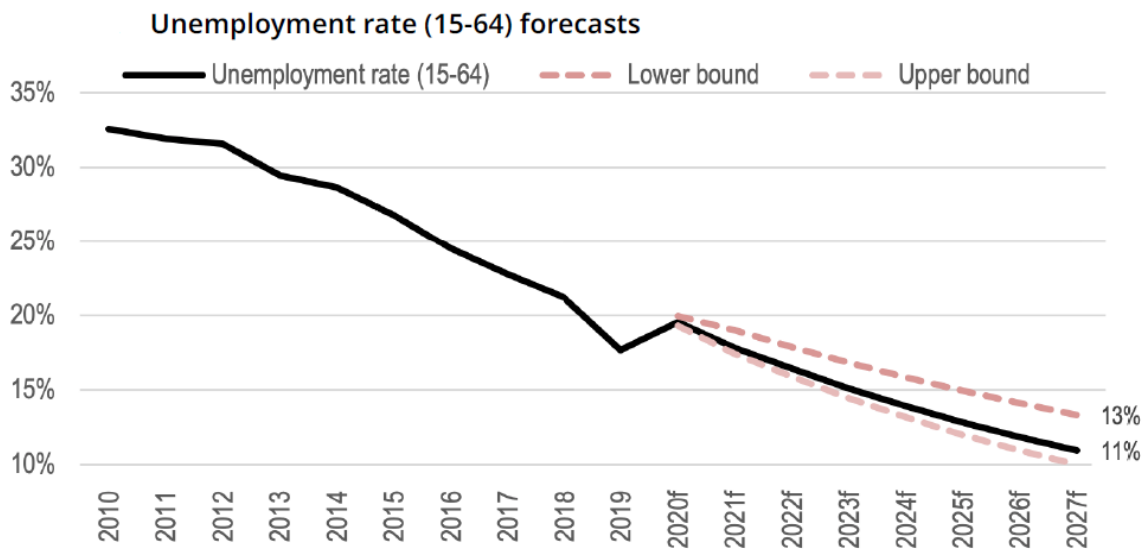
The Government acknowledges the importance of increasing labour force participation, with a focus on women. The aim is to encourage women to join the labour market, and to motivate gender equality. The Government also pointed to the need to maintain youth and skilled labour in the domestic labour market, preventing a continuation of emigration trends, including through a youth guarantee, supported internship programs, and educational reform. The results of the population census are expected to provide greater clarity on the extent of emigration.

The unemployment rate in Macedonia fell for the sixth consecutive quarter to 15.2 percent in the fourth quarter of 2021, compared to 16.1 percent in the same period of the previous year. It was the lowest jobless rate since comparable data began in 2004, as the number of unemployed persons declined by 9.8 thousand to 142.2 thousand (in December 2021 compared to December 2020), while the number of employed rose by 5.7 thousand to 795.3 thousand. Meanwhile, the labour force participation rate edged down to 55.7 percent from 55.9 percent a year ago, and the employment rate increased to 47.3 percent from 46.8 percent.



Based on data of the Labour Force Survey, State Statistical Office

The National Employment Strategy includes **labour market projections** made using the Cohort Simulation Model (CSM). The projections for labour force participation rates by sex and age-group show activity to be rather resilient at 66.6 per cent of the working age population (over 78.3 per cent for men and 52.4 per cent for women). The model does consider the higher propensity to migrate of the cohort 15-34, trend that is balanced by higher participation rates of individuals aged 35-64, who have a lower propensity to migrate and will progressively replace the older cohort (affected by stagnant labour force participation).

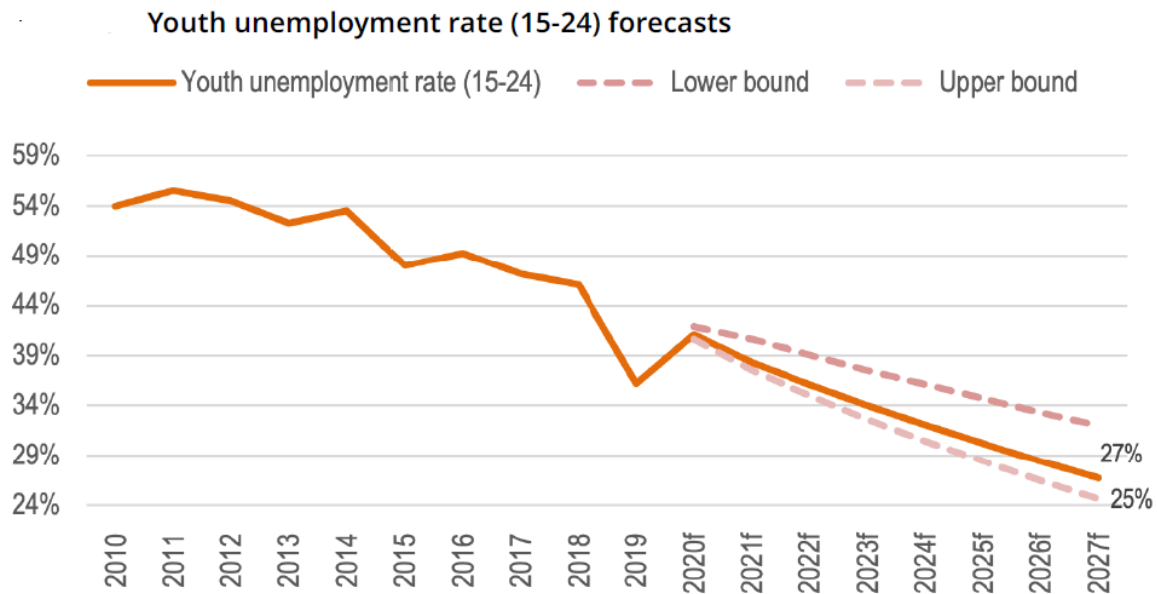


Source: Elaboration based on the Cohort Simulation Model and data from the Labour Force Survey.

Figure presents the forecasts of the unemployment rate, which is expected to decline progressively to 11 per cent in 2027 (baseline scenario). The slow pace of the decline reflects a sluggish return on track of the economy after the Covid-19 crisis and the scant availability of skilled workers lamented by enterprises

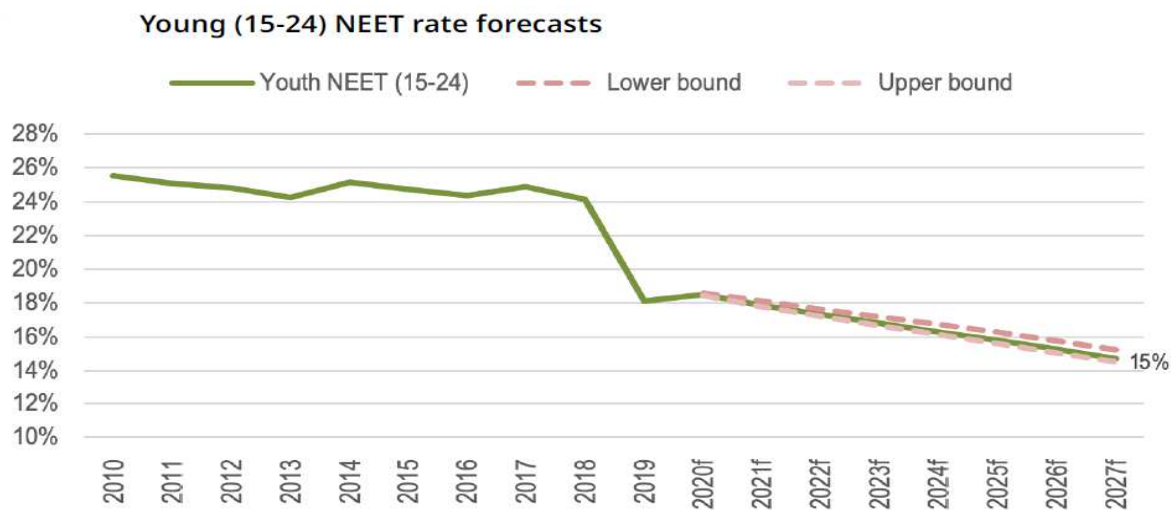
even before the pandemic. In the pessimistic scenario, the unemployment rate will decline to 13.3 per cent at the end of the forecasting horizon. This suggests that even small changes in GDP could have a sensible impact on unemployment. A faster post-Covid-19 recovery of output, conversely, would bring the unemployment rate below 10 per cent, with a narrowing gender unemployment gap.

The same applies to the youth (15-24) unemployment rate. The projected decline to 26.7 per cent is sizeable, as it means that the country would have halved the youth unemployment rate in a decade, accompanied by reduction of the gender youth unemployment gap. The projections for the cohort 15-29 show a decline in the unemployment rate by 2027 to 23.7 per cent.



Source: Elaboration based on the Cohort Simulation Model and data from the Labour Force Survey.

Based on the projected changes in labour force participation and unemployment, the employment rates are forecasted to range from 58 per cent (lower bound) to just over 60 per cent (upper bound) in 2027. The projected increases in the youth employment rates are even more modest, reaching – in the baseline scenario – 22 per cent in 2027 (half the growth rate forecasted for the 15-64 population). The NEET rates are projected to decline, with similar magnitudes for young men and women (with NEET rates settling at 15 per cent in 2027, 20.9 per cent for the cohort 15-29). The shift generated by the rollout of the Youth Guarantee in 2019 and its lasting impact are included in the projections. However, any change to the Youth Guarantee policy may accelerate (or slow down if investment is not maintained) the reduction of the youth NEET rates.



Source: Elaboration based on the Cohort Simulation Model and data from the Labour Force Survey.

The new Strategy builds on the results of the past National Employment Strategy. Namely, the increase in efficiency and effectiveness of the employment policy in the period until 2020 rested around three broad policy reforms.

The first reform related to the structure, organization, and service delivery model of Employment Service Agency (ESA) of North Macedonia. These reforms recognized that – in order to increase the quantity and quality of service delivery to groups at risk of exclusion, like long-term unemployed, young people, women, persons with disabilities and national minorities – the Agency had to be provided with additional human and financial resources as well as new tools to manage the workflow, introduce activation strategies, and implement, monitor and evaluate new active labour market measures.

The second reform envisaged the strengthening of the labour market information system to forecast labour demand needs, steer policy and programme design and guide the career choices of young people and adults alike. The third set of reforms focused on policy actions to address the double pronged objective to address informal employment in the domestic work and care sectors and promote women’s participation to the labour market.

Finally, the strengthening of the Labour Inspectorate and the promotion of adult training in enterprises was considered instrumental to the reduction of informality and the increase of labour productivity. For the improvement of the job creation capacity of firms, the NES (2016-2020) envisaged a further lowering of the administrative burden on enterprises, dedicated services for SMEs, investment in innovation and infrastructural development (given their potential on the improvement of employment quantity and quality); and support to firms in sectors with high value added.

The Government of North Macedonia is committed to **reducing informality**. Based on an IMF study, the informal economy could represent up to 38 per cent of GDP in North Macedonia. A comprehensive set of policies under the National Strategy for Formalising the Informal Economy 2022 —combining governance measures to strengthen tax compliance, improve tax morale, and fight corruption with policies to

incentivize more formal job opportunities—are implemented to continue lowering the informal economy and ensure that workers have adequate protection under labour laws and social policies.

Progress has been made in dealing with informal employment. The Employment and Social Reform Programme includes one indicator for measuring progress in the area of the informal economy, which is the share/share of informal employees in the total number of employees. This indicator has a value of 12.1 per cent in 2021 (additional improvement compared to 2020, when the set target of 16.5 per cent by 2022 has been exceeded).

Indicator	2018	2019	2020	2021	2022
Participation/share of informal employees in the total number of employees (%)	18,6	16,1	13,6	12,1	16,5

The Government included registration requirements to obtain financial support through the pandemic, and attribute lower informal employment and strongly performing tax collections in part to this. The informal economy in the national accounts is estimated to have declined to 13 percent, from previously 18 percent. Moreover, information campaigns and inspections have been strengthened. The higher minimum wage is not expected to increase the share of informal workers, but instead considered it as a way to increase living standards.

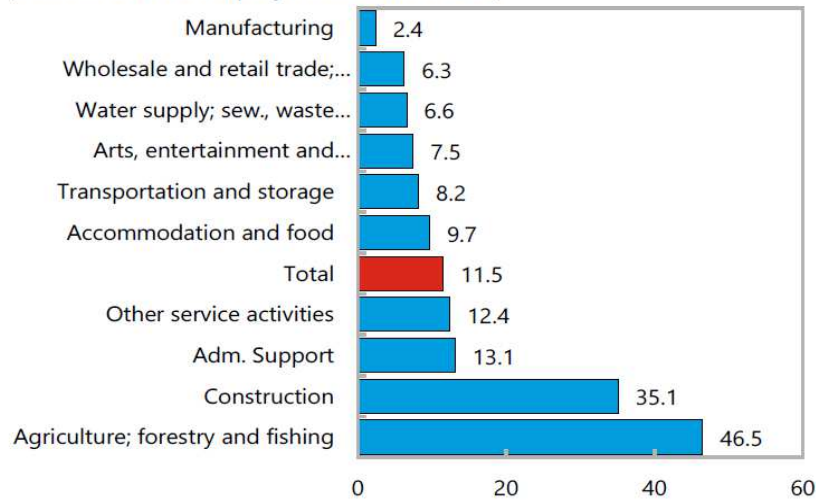
Accordingly, a total of 28,860 supervisions were performed (16,212 in the field of labor relations and 12,648 in the field of OSH), whereby deficiencies and irregularities were identified, for which a total of 5,928 decisions were made (3,092 in the field of labor relations and 2,836 in the field of OSH).). In the part of human resources that refers to the inspection part of the inspectorate, the number of inspectors at the beginning of 2021 was 114 inspectors, and as of February 2022 it was 129 inspectors.

In 2021, the State Labor Inspectorate in cooperation with the International Labor Organization with funds from the European Union implemented the campaign "My labor, my rights", as part of the Communication Strategy of the Economic and Social Council. The main tool of the campaign for employees, job seekers and employers is the website www.mojtrudmoiprava.mk which contains all the information about the rights and obligations arising from employment.

The multi-sector working group in charge of overseeing the National Strategy for Formalising the Informal Economy 2022 seeks to establish a governance mechanisms for detecting and formalizing the seasonal, temporary and fix-term work in specific sectors with high incident of informal employment, such as agriculture, tourism and catering personal and domestic services and construction.

Informal Employment Across Sectors

(Percent of total employment in the sector)



Sources: ILO; and IMF staff calculations.

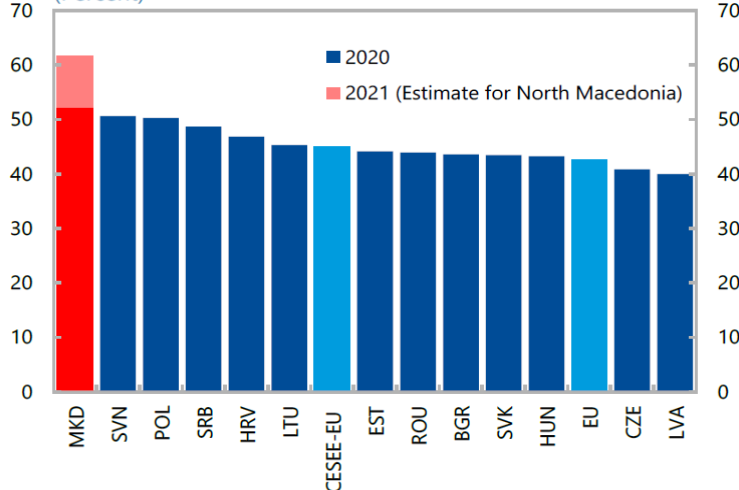
Note: Total denotes the share of informal employment out of total employment.

Minimum wage increase has been implemented in order to preserve the living standard of workers and motivate workers leave informal economy.

Although it happened after the reporting period, it is worth mentioning the increase of 18.5 percent in the minimum wage that has recently been implemented. Gross minimum wage thus reached 62 percent of the average wage. The new mechanism for minimum wage increases takes into account the average of consumer price inflation, GDP growth, and growth in average wages, thereby preserving purchasing power and providing a link to general wage and economic developments. Labour market development in 2021 shows that a rise in the minimum wage formalizes previous “envelope payments” – it explains why employment has not been negatively impacted, and informality has not increased.

Minimum Wage to Gross Average Wage

(Percent)



Sources: Eurostat; SSO; and IMF staff calculations.

The minimum wage sets a floor for wages and shifts employees previously below the wage distribution above the new floor. There is some evidence of clustering around the minimum wage floor, especially in

sectors that have a high concentration of wage earners close to the minimum wage, such as manufacturing, construction, the trade sector, transportation, accommodation, and food services, as well as administration, and other support services. For those sectors, the recent rises in the minimum wage were binding for 60–70 percent of wage earners.

Substantial rises in the minimum wage likely also impact other wages. A recent study of the National Bank of the Republic of North Macedonia found a positive impact on average wages, but that firms in the past had been able to mainly absorb higher labour costs through higher productivity, and lower employment in some sectors. ILO 2021 country review of the North Macedonia stresses that national minimum wage may have spill overs on other wages, while the IMF estimates that substantial rises in the minimum wage could have an impact on other wages, and the pass-through could be around 0.3–0.5.

Finally, it has to be mentioned that the wage and compensation growth has outpaced productivity growth with annual average growth of 2.9 percent in real compensation per employee and annual average labour productivity growth of 1.1 percent. The implemented reforms in education and employment are therefore essential to equip workers by modern skills and work experiences what will lead to rise of labour productivity, e.g. by allowing companies to implement latest production technologies.

4. Institutional Setup

In terms of the institutional framework that regulates *education and youth employment*, the main national stakeholders in the education, employment and social policy reform process in North Macedonia are the following:

The Ministry of Education and Science (MoES) is the leading institution in charge of all aspects of education policy. It is responsible for Chapter 25, “Science and research” and Chapter 26, “Education and culture” of the EU *acquis*. The MoES is responsible for activities related to education and all types of teaching at all levels, including the organisation, financing, development and improvement of teaching, education, and science, etc. The ministry is running several projects on preparing youth for employment, preventing drop-outs, adult education programmes and inclusion of vulnerable groups in education. Moreover, it is also implementing programmes aimed at mentoring Roma youth and including young people with disabilities in regular education. Since 2017, the ministry also been responsible for the principle of Dual Education.

The **Bureau for Development of Education (BDE)** is a state body subordinated to the MoES. It performs expert tasks of significance to the development and promotion of upbringing and education in the country. It is responsible for monitoring, expert review, research, promotion and development of upbringing and educational activities in the field of pre-school education, primary education, secondary general and secondary art education, secondary vocational and post-secondary education, and the education of children with special educational needs, etc.

The **National Examination Centre (NEC)** carries the main responsibility for organising and providing different types of student assessments of (such as the external testing and state Matura exams), including

international assessments (such as PISA and TIMSS). In addition, it provides training, assessment, and certification of principals (and candidates for principals' positions) in educational institutions. The NEC is an independent structure subordinated directly to the Government of North Macedonia, but it is funded through the BDE budget. The Vocational Education and Training Centre (VETC) is tasked with analysis of, and research into the VET system, the development of occupational standards, the development of standards for vocational qualifications and curricula, the training, counselling, and mentoring of teachers, international cooperation, and support to social partnership. The State Education Inspectorate (SEI) is a legal entity under the MoES' jurisdiction. Its inspectors and advisors are responsible for supervising the implementation of education-related legislation, as well as the quality control of the education and upbringing process at all educational levels and lifelong learning (LLL) universities.

The **Department for Secondary Education, Adult Education and Lifelong Learning** at the MoES has the leading role in reforming the VET system. The MoES is also supported in these tasks a number of other bodies. Firstly, by the National VET Centre, the Adult Education Centre, and the *Bureau for Development of Education* (BDE), which is responsible for the development and expansion of education at all levels – in particular in terms of monitoring, expert review, research, promotion, and development in the field of secondary vocational, post-secondary and adult education activities. Secondly, by the *State Education Inspectorate* (SEI), a legal entity under the MoES' jurisdiction, which is tasked with supervising the implementation of education laws and regulations and quality control – educational inspection includes supervision of the quality of the educational process and its effectiveness by assessing the work of the educational institutions and the supervision of the application of the laws, other regulations and general acts in the field of education and upbringing. And thirdly by the *Adult Education Centre* (AEC) which is in charge of the accreditation of non-formal VET and adult education providers.

Under the YG implementation plan, the MoES is responsible for accelerating the education reforms already planned at primary, secondary and tertiary level; expanding the second chance VET programmes that lead to a recognised qualification; accelerating the establishment of validation mechanisms for non-formal and informal learning (VNIL); and upgrading the Education Management Information System (EMIS) with a view to tracking students' performance, detecting early school leavers, and collecting administrative data.

The Ministry of Labour and Social Policy (MoLSP) is the lead institution with respect to the development, management, coordination, monitoring and evaluation of employment and social policy. It is responsible for Chapter 2, "Free movement of workers" and Chapter 19 "Social Policy and Employment" of the EU *acquis*. The ministry coordinates other relevant institutions and bodies in the implementation of employment and social policies and ensures a participatory process, usually by establishing strategy-related coordination bodies.

Within the MoLSP, the **Labour Department** is responsible for planning and implementation of employment policies, labour law and labour relations. A specific labour market unit is responsible for planning, monitoring and evaluation of employment policy and the national action plan, the analysis of labour market trends, especially those concerning groups at risk of exclusion from the labour market, as well as for the monitoring and evaluation of active labour market policies (ALMPs).

The ministry prepares a National Strategy for Employment in the Republic of North Macedonia and its Action Plan.

Under the YG scheme, the MoLSP is responsible for the coordination and monitoring mechanisms overseeing the implementation of the reforms and specific interventions included in the YG implementation plan, the coordination of activities, the verification of progress made, and any corrective actions, if necessary.

The Ministry of Finance (MoF) is responsible for the financial execution of the IPA 2019 Action Programme and the SRPC. The MoF is the leading ministry in the budget support cycle for preparing and submitting the annual requests for disbursement of variable trashes. In collaboration with the other line ministries, the MoLSP and the MoES, the MoF also participates in monitoring and assessing the progress of relevant indicators under the SRPC and in preparing the self-assessment reports and annexes to the requests for disbursement.

The Employment Service Agency (ESA) is an independent implementing agency, accountable to the government, funded primarily from unemployment insurance contributions and the state budget. The agency helps create strategies, and action and operational plans, and is the lead institution for implementing the annual operational plans for ALPMs for employment and labour market services. ESA is responsible for collecting and disseminating information on the labour market, employment counselling and career guidance, job mediation for active job seekers and managing passive and active labour market programmes.

Under the YG, ESA is responsible for providing activation services and labour market integration measures to young people (15-29) registered in the scheme. The agency has 30 employment centres across the country and one central office in Skopje. It can therefore address unemployment on a much larger scale, being able to offer services to citizens both in urban and rural areas.

The Vocational Education and Training Centre (VET Centre) is the main public body responsible for providing professional support for the development and continuous innovation of the VET system. The main tasks of the centre relate to analysis and research in the sphere of VET, the development of occupational and educational standards and curricula, teachers' training, counselling, and mentoring, international cooperation, and support for social partnerships. The centre is focused on creating the preconditions for the establishment of a flexible system of vocational education based on the philosophy of lifelong education and training.

The Adult Education Centre (AEC) is a public institution that promotes a functional and modern system of adult education. The AEC is focused on increasing employment and developing entrepreneurship, as well as meeting the needs of the labour market and contributing towards economic, social, and personal development. The centre is responsible for harmonising and integrating the public interest with the interests of social partners in adult education, coordinating cooperation with the international institutions

and organisations in the field of adult education, providing a quality education system for adults in accordance with European standards and practices, and creating a high-quality and competitive workforce for the labour market with the support of social partnerships. In terms of implementing the YG, the AEC is responsible for the development and accreditation of adult education (AE) training programmes and providers⁸, and its goal is to expand the opportunities for young beneficiaries to return to the education system and achieve recognised qualifications.

Complementary work between the Adult Education Centre and the National VET Centre. In terms of the collaboration between the AEC and the National VET Centre, the latter is in charge of formal VET education, while the former looks after non-formal VET. However, both sectors (formal and non-formal VET) are based on the Occupational Standards (OSs) developed and adopted by the National VET Centre. The National VET Centre develops the programmes for formal VET, while the AEC accredits the programmes for non-formal VET (for now, only modules/part qualifications).

The Agency for Youth and Sports (AYS) is responsible for activities related to young people in Macedonia. Along with representatives of youth coordination associations, it is responsible for the implementation of the National Youth Strategy (2016-2025). The Law on Youth Participation and Youth Policies⁹ recognises youth organisations as main drivers for youth participation in the process of creating youth policies and decision-making. Two prominent national youth representative structures should be noted in this regard: The **National Youth Council of North Macedonia (NYC)** is a nationwide representative of youth umbrella organisations, established to represent young people in the process of policy creation and decision-making, and to promote and advocate for youth rights. The **Coalition of Youth Organisations (SEGA)** is a national platform of youth organisations active in the field of lobbying for changes in youth policies, dedicated to supporting youth activism, improving access to information and participation of young people in activities to solve their problems. In 2018-2019, the NYC and SEGA were responsible for organising and delivering outreach services to disengaged young people and for helping them to register in the YG service delivery system.

The National Agency for European Education Programmes and Mobility is a public institution, established with the aim of promoting and implementing European educational programmes in the fields of education, training, youth and sports in the country. It is the administrator of the Erasmus + programme. At the same time, the agency is one of the stakeholders that influences youth policies, by fostering European trends in youth policy in the country.

The Government Advisor for Youth and Sport represents the commitment of the Government of North Macedonia to introducing measures giving youth better access to jobs. The main goal of Government Advisor is to serve as a bridge between the Cabinet of ministers and the stakeholders. The main functions of the post are to coordinate and participate in the implementation of activities focused on youth, such

⁸ Accreditation of Adult Education providers is delegated to the AEC with the new Law on Adult Education.

⁹ Official Gazette of the North Macedonia, # 10 from 16.01.2020

as organising events, coordinating and participating in meetings with young people, civil society organisations (CSOs) and other institutions, etc.

Employers' and workers' organisations (social partners) will contribute to the implementation of the YG policy framework in the country. Employers' organisations are responsible for helping their members increase employment and training opportunities for young people, while workers' organisations are responsible for ensuring the quality of offers provided to young people within the YG scheme.

The Sector Working Group on Education, Employment and Social Policy (SWG EESP) is the sector policy dialogue structure that brings together the relevant national institutions, the donors and civil society actors active in the sector. It has a large mandate, ranging from the identification of priorities to coordinating and reviewing progress in sector reforms. It is the main platform for channelling the IPA programming in the sector, including the preparation of the SRPC. It is the main policy dialogue instrument for the implementation of the sector reforms, channelling the discussions of the stakeholders on progress, achievements, risks, indicators as well as on the donors' support for North Macedonia's reform process. A second **Sector Working Group of Public Financial Management (SWG PFM)** operates for the purpose of preparing the PFM Reform Programme and discussing the progress of the PFM reforms. The monitoring process is based on the PFM reform management and coordination framework, comprising the structures established at all hierarchical levels of decision-making. At the policy level, meetings of the PFM SWG are held in the form of PFM policy dialogues with all relevant stakeholders (civil society, business sector, academia, the EC, and other donors, IFI's and other international partners active in the sector).

These two SWGs are instrumental for the assessment of the progress against both the sector and general policy criteria.

[See Annex 1. Policy dialogue (SWG EESP meeting participants and minutes; WG#1 meeting minutes)]

II. ACHIEVEMENTS UNDER THE GENERAL CONDITIONS

1. Progress on education, employment and social policy reform

1.1. *Findings from the 2021 Report on the Progress Achieved within the Revised Employment and Social Reform Programme (ESRP)*

The annual report on the Revised ESRP 2022 takes note of the progress made towards the 2022 targets in each of its 21 strategic objectives across the priority areas: 1) Employment and Labour Market; 2) Human Capital and Skills; and 3) Social Inclusion and Social Protection.

Priority area 1: Labor market and employment

The ESRP sets a total of 10 indicators to measure the improvement of the unemployment situation, especially among the most vulnerable categories of persons (young, long-term unemployed and others). Despite the health and economic crisis that continued in 2021, the main indicators of the labour market have improved. The exception is the rate of long-term unemployment, which slightly deteriorated.

In 2021 the NEET rate declined to 24.3% and thus resumed the positive pre-pandemic trend.

The target for 2022 is exceeded for the employment rate of women (20 - 64) and the unemployment rate of young people (15-29), as well as the indicators related to the Youth Guarantee and the coverage of young people (15-29) with programs, measures employment services.

The Youth Guarantee 2021 included 19,322 young jobseekers (9,663 women), of which 7,135 found a job, and 929 persons were participated in some of the active employment measures aimed at increasing the employability of young people. Therefore, ESA's performance increased compared to 2020 as 41 per cent of young people registered in the YG received an offer within the four-month timeframe. 66.5 per cent of all participants in the active labour market measures in 2021 were young people (15-29), while the same holds true for 29.3 per cent of the users of labour market services.

The activation and labour market inclusion of the recipients of Guaranteed Minimum Assistance was intensified. The cooperation between the employment and social work services strengthened and deepened, in order to support and activate the employable GMA beneficiaries. The software of the Employment Service Agency of the Republic of North Macedonia and of the centers for social work were upgraded, which enabled the exchange of data in real time and joint preparation of an individual plan for the most employable member of the household.

The cooperation between the two services resulted in the development of 2,118 individual plans for activation of GMA beneficiaries. However, only 6.5 percent of the participants in Active Labour Market Measures and 17.6 percent in labour market services were recipients of Guaranteed Minimum Assistance, which is far below the annual target of 30 per cent

In 2021, the National Strategy for Development of Social Enterprises 2021-2027 was adopted. The goal of the Strategy is to create an enabling ecosystem for social enterprises in the country.

There is a **gender gap** in the Macedonian labour market in terms of the participation of men and women. The low participation of women in the labour market remains one of the main challenges despite the

improvements in recent years as a result of the coordinated and systematic approach in implementation of various policies.

A new Law on Labour Relations is being drafted, which, among other things, will harmonize certain rights of national legislation with the Council Directive 92/85 / EEC of 19 October 1992 on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding, the Work-life balance for parents and carers Directive (EU) 2019/1158 as well as ILO Convention (No. 183) and the ILO Recommendation on Maternity Protection (No. 191). There a number of new provisions in the draft of the new Law on Labour Relations, which aim at harmonizing the professional and private life of workers.

With the view to improve the work-life balance and the participation in the labour market, the Ministry of Labour and Social Policy continued to invest in expanding national capacities for early childhood education and care, on one hand and development of services for care of the elderly and frail people continued, such as home care services, personal assistance, opening of residential institutions for the elderly, etc.

The ESRP sets out five indicators to measure progress in improving the quality of ESA work and services.

Cumulatively 45,640 people were covered by the job search assistance service, incl. 23,647 women and 14,199 young people up to 29 years of age. A total of 4,151 applications for job mediation were submitted covering of 23,892 people (women - 11,347; young people up to 29 years - 6049) included, while 2751 people (women - 1875; young people up to 29 years - 882) got a job. In terms of capacity strengthening, 253 ESA staff completed training. ESA renovated its employment centers in Kumanovo and Tetovo.

The ESRP sets a total of five indicators to measure the strengthening of social dialogue. The achievement of the 2022 targets, is so far partial, especially in the case of trade union density, where a slight decline has been recorded again, although there was an increase in the number of union members. The decline is attributed to the fact that the number of workers in the country is growing faster than the number of workers who are members of trade unions. The rate of coverage by collective bargaining at the level of the employer has seen further progress in 2021 and the target for 2022 has been reached. The rate of successful resolution of collective labour disputes through the mechanism for amicable settlement of labour disputes has progressed in view of the fact that the only collective dispute initiated through this mechanism has been successfully resolved. Also, the mechanism for monitoring the recommendations of the Economic and Social Council (ESC) and regular monitoring of the number of opinions / recommendations addressed to the Government is functional. The number of opinions and recommendations of the ESC submitted to the Government increased and the ESC profiled itself as an important and visible factor in the implementation of economic and labor market policies.

Priority Area 2: Human Capital and Skills

During 2021, progress was made in the inclusion of children from marginalized groups, especially in primary education. Adapted curricula for children who have not attend classes, and are over the mandatory school age started to be applied in teaching. The number of awarded scholarships for Roma high school students increased again in 2021.

Indicator	2019	2020	2021
Number of awarded scholarships for Roma high school students	800	900	917

The number of students receiving scholarships is less than 1 per cent. The procedures for transformation of all state primary schools for students with special educational needs into primary schools with a resource center have been completed. Five hundred educational assistants have been engaged to work with students with disabilities in primary schools, for the academic year 2021/2022.

Significant progress has also been made towards improving the integration and interaction between students attending classes in different languages. Standards for intercultural education in primary education and Guidelines for organizing joint classes (with students attending classes in different languages of instruction) have been adopted for the first time. A new Concept for primary education was adopted, the implementation of which started in stages (for students in the first and fourth grade) from the school year 2021/2022 National Standards for students in primary education were adopted. Reconstruction and construction of new schools/facilities, as well as sports halls have been finalized. In 2021, for the first time, a procedure was conducted for the promotion of teachers to the level of teacher-mentor. In the first public announcement, 141 primary school teachers were promoted to the level of mentor.

Implementation of the national qualifications framework - the basis for quality assurance in the education and training system. Progress in this area is measured by three indicators. Two of the set indicators have already been achieved. A Skills Observatory has been established, as well as a functional Register of Qualifications, and a procedure for its upgrade in 2021 has been initiated. Some progress has been made in increasing the number of sectoral qualification commissions (the number has increased from 10 to 11 in 2021), but further progress is needed to achieve the goal of 16 sectoral commissions in 2022.

Indicator	2018	2019	2020	2021	2022
Number of established Sectoral Qualifications Commissions (for development and quality control of qualifications in certain sectors)	9	9	10	11	16

In 2021, further progress and exceeding of the target for 2022 has been achieved in terms of student participation in secondary vocational schools as % of the total number of students in secondary education. This indicator is 64 per cent in 2021, compared to final target > 60 per cent In 2021, the three Regional Centers for Vocational Education and Training officially started working and the Ministry of Education and Science started a procedure for their reconstruction. The curricula for the fourth year for dual vocational education and the curricula for the new classes and professions have been developed and adopted.

In the dual education in the academic year 2021/2022, 1,384 students are enrolled in 44 schools in cooperation with 220 companies. This school year, the number of dual classes in the country has increased

from 11 to 97. The call for enrollment of students for the academic year 2021/2022 is fully harmonized according to the needs of the labor market.

Priority area 3: Social inclusion and social protection

Poverty rate in North Macedonia is high, at 21.8 per cent (equivalent to 451,900 individuals) in 2020, the latest available indicator based on Survey on Income and Living Conditions (SILC). According to the data of MLSP, the number of households who receive GMA at the end of 2021 is 37,109. This compares to 25,095 households who were receiving the GMA in 2019, i.e. when the new social and child protection system was introduced. In 2020, the number of households receiving GMA increased by 8,235 new beneficiaries, whereas in 2021, 3,779 new households entered into the GMA system thus resulting in total increase of 47 per cent of the GMA beneficiaries for the period of two years.

The pandemics exacerbated the relative poverty and income inequality, albeit to a limited extent, inter alia due to governmental measures targeting lower-income segments. For example, there has been an increase in the number of households covered by all kinds of social protection cash benefits, which has certainly contributed to alleviating the poverty.

In 2021, the right to child allowance was used by an average of 48,000 children, while the right to education allowance was used by 28,814 students. The funds provided for the payment of the education allowance help the parents in covering the school expenses in order to regularly attend classes and prevent early school leaving.

In December 2021, 10,292 elderly people over the age of 65 who could not provide for themselves on other grounds enjoyed the right to social security cash benefit. This exceeded the planned target of 6,000 elderly people.

It seems that the social protection system has significant impact on poverty among older persons. Children are the most affected group of the population in terms of the effects of the pandemic on income and poverty (the poverty rate rose from 27.8 percent in 2019 to 30.3 percent in 2020).

Great progress has been made in the indicator for the establishment of local and regional councils for social protection: as many as 60 local and 7 regional councils have been established, assuring that the targets in 2022 will be fully met. The target for the number of licensed non-public service providers has been achieved and significantly exceeded (62 in 2021, and the target for 2022 is 30), which ensures greater availability of social services.

Progress was noted when it comes to deinstitutionalization. Resettlement of users from the Special Institute in Demir Kapija resumed: 20 users were resettled and 15 more users are being prepared for supported living in the community. In December 2021, a total of 241 people were living in supported housing units. The number of users of social services has increased, especially in home-based and out-of-family services. At the end of 2021, 226 people were still living in residential social care facilities.

The transformation of the social residential institutions continued: In July 2021, the first two public support centers for the foster families in Skopje and Bitola (in the former residential social institutions for children) started operating. In the third quarter, the first private support center for foster families in Skopje started operating, run by a civic organization and licensed to provide this social service. The three support centers for foster families will provide this service to 327 foster families in which a total of 559 beneficiaries are cared for.

There is a positive change of the value of indicators measuring the inclusion of Roma in the active employment programs and measures and the share Roma in the total number of registered unemployed persons with the ESA, which exceeded the targets set for 2022. There is progress in the inclusion of Roma children (0-6) in preschool education, although it is far from reaching the target for 2022.

Further efforts are needed to improve the situation with Roma in secondary and tertiary education. The number of enrolled students - Roma has increased compared to 2019: in 2021 there were 263 active Roma students, 110 of them were supported by a scholarship from the Ministry of Education and Science, and 47 of them were enrolled in the first year. The rate of transition of Roma students from primary to secondary rose from 77.4% in 2019 to 78% in the academic year 2021/2022. Only the rate of transfer of Roma students from secondary to higher education decreased from 40.5% in 2019 to 33.5% in 2021. This is due to the fact that during the pandemic, young Roma became active in the labor market. Additional efforts are needed on all indicators to achieve the targets set for 2022.

In the field of social housing and living conditions in general, in 2021, seven projects of communal infrastructure were implemented in settlements with predominantly Roma population, which is far below the target of a total of 23 projects set for 2022. Construction of new social housing is underway, and in 2021, part of the social houses was allocated, but there were no Roma among the users (there were no Roma who applied to the call).

(See Annex 1. 2021 Report on Revised ESRP)

1.2. Findings from the 2021 Monitoring Report of the Implementation of the Comprehensive Education Strategy 2018-2025

The Education Strategy 2018-2025 is the basis for the activities of the educational institutions in the Republic of North Macedonia in the period until the year 2025. The MoES continuously prepares reports on the implementation of the Education Strategy 2018-2025. In order to ensure transparency in the implementation of the policies of the Ministry of Education and Science, the Ministry of Labor and Social Policy and the institutions in the field of education, a *detailed Report* on the implemented activities of the Strategy for 2021 has been prepared, and it is published on the MoES website¹⁰. The Education Strategy covers *six main pillars of the education system*: 1) preschool education; 2) primary education; 3) secondary education; 4) vocational education and training; 5) higher education and research and 6) adult education and learning. There is a seventh pillar, which covers general topics in the education system. The self-assessment report provides a *summary of progress for the year 2021 for all strategic pillars under the priority areas* defined by the Strategy.

Under the framework of the SRPC 'EU for Youth', the MoES continuously needs to observe the implementation of indicators for progress. A *Performance Assessment Framework* (PAF) is developed where 10 educational indicators are defined¹¹. In cooperation with the TA project to the SRPC, an activity for establishing a new monitoring system of the Education Strategy was started in 2021, which will ensure more transparent way of collecting and interpreting the data.

¹⁰ https://mon.gov.mk/stored/document/izvestaj%20za%20realizirani%20aktivnosti_1.pdf

¹¹ <https://pafnorthmacedonia.mk/PAF/?s=eesp&oid=e7018643-55cb-443d-b703-a9bf78e3c7a0In>

Pillar 1. Preschool education

First priority, "Improvement of the content, learning conditions and quality in the realization of preschool education" - public institutions for children were on going built and equipped. Educational TV shows presenting importance of the educational component in early childhood development were broadcasted in Macedonian and Albanian language, aiming at increasing the number of children in preschool education.

Second priority, "Increasing the coverage of children and improving inclusion in preschool education"- the capacity of institutions were increased - public institutions with 541 children and private institutions with 199 children. An inclusion program was piloted in 10 kindergartens, including a program for alternative augmentative communication. Tablets were purchased and software was developed to support the children with speech difficulties.

Third priority, "Improving the capacity of human resources in preschool institutions"- a *Concept for accreditation of training curricula and providers* of professional development services was developed together with Guidelines for the approaches and forms of mentoring the trainees in kindergarten. In total 880 practitioners from different professional profiles took part in online workshops. A model for career development was designed, based on defined standards for each professionals' profile.

Fourth priority, "Improving the legislation, organization and management of preschool education and strengthening cooperation with the family"- development of a program for parents was initiated aiming to involve families as collaborators in planning activities, which will provide a stimulating environment for early learning and development of children within the family.

Pillar 2. Primary education

First priority, "Improving the content of primary education"- based on the European reference framework for the key competencies for lifelong learning, and especially given our education system, the *National Standards for students in primary education* were adopted for the first time, and the *new Concept for primary education*. Following the adoption of standards, new curricula and teaching materials for first and fourth grade have been developed, which provide a different approach to teaching process, enable students to learn with understanding that helps developing of critical thinking and creativity, and increases knowledge, skills and competencies. For the first time in our practice, the teaching materials were prepared in a digital form.

Second priority, "Increasing the coverage of students and improving inclusion and interethnic integration in primary education" - the procedure for transformation of special schools into primary schools with a resource center was completed and funding of 2.5 million denars were provided for procurement of equipment and didactic materials in support of inclusive education. Under funds from the MoES budget, a total number of 500 educational assistants were hired to work with students with disabilities in primary schools, and 49 new special educators and rehabilitators were employed in primary regular schools. The teaching materials for the first and fourth grade were made in Braille. Standards for intercultural education for each period of primary education were adopted for the first time. The Ministry of Education

and Science awarded grants to 70 primary and 24 secondary schools, for the implementation of activities that contribute to the development and promotion of multiculturalism, interculturalism, interethnic integration and tolerance. Schools began to use the newly introduced tools to test knowledge and tailored curricula for children who have not been included in teaching and are over the age limit. The Ministry of Education and Science hired 35 Roma educational mediators for the academic year 2021/2022.

Third priority, "Improvement of the learning conditions and the quality in the realization of the primary education" - reconstruction and extension of schools: four new school buildings was completed; reconstruction of seven primary schools started; reconstruction of 19 primary schools was completed; reconstruction of 31 primary schools started; seven school sports halls were completed and another six are under construction. Teaching aids, equipment and furniture for science classrooms, school interactive whiteboards and 10,000 tablet computers were procured.

Fourth priority, "Improving the capacity of human resources in primary schools"- a procedure for career advancement for primary school teachers (teacher mentor) was conducted for the first time. Altogether 141 teachers were promoted to the title of 'teacher-mentor'. In the academic year 2021/2022, the professional services in the schools were strengthened by additional employment of 70 specialists in selected fields: 9 pedagogues, 4 psychologists, 49 special educators and rehabilitators, 2 sociologists and 6 librarians.

Fifth priority, "Increasing the effectiveness of the organization and management of primary education"- regarding this, a mechanism for awarding grants to schools to improve their work were created, based on the results of the self-evaluation. The awarding of these grants will start from 2022.

Pillar 3. Secondary education

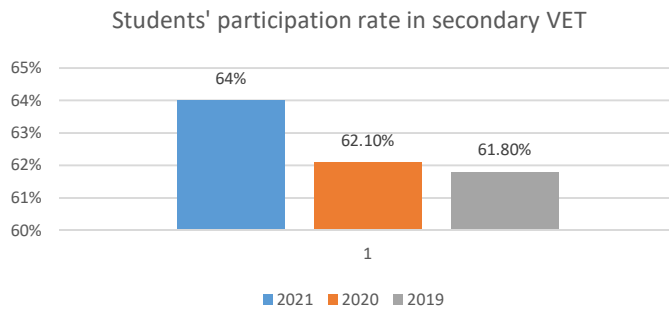
First priority, "Improving the content of secondary education"- a working group was established consisting of representatives of institutions for drafting a *new Law on Secondary Education*. The draft law on secondary education is expected to be adopted in 2022 and afterwards the national standards will be developed, and based on them - the new curricula, textbooks and teaching materials will be revised and adopted.

Second priority, "Increasing the coverage of students and improving inclusion and interethnic integration in secondary education" - a significant progress was made towards improving the integration and interaction between students attending classes in different languages. Standards for intercultural education in secondary education and Guidelines for organizing joint classes (with students attending classes in different languages of instruction) were adopted. The number of awarded scholarships for Roma students is continuously increased - 800 scholarships in 2019, 900 in 2020 and 917 in 2021. However, the number of students receiving scholarships is less than 1%.

Third priority, "Improvement of the human resources capacities in the secondary schools"- the BDE conducted a procedure for accreditation of a training program and bidders for professional development of teachers on the topic "*Modern concepts of secondary education - the new role of the teacher and new teaching and learning strategies*". Approximately 7000 teachers were trained.

Fourth priority, "Improving the learning conditions and the quality of secondary education"- the reconstruction of three schools was completed, and the reconstruction of 11 schools is under way.

Pillar 4. Vocational education and training



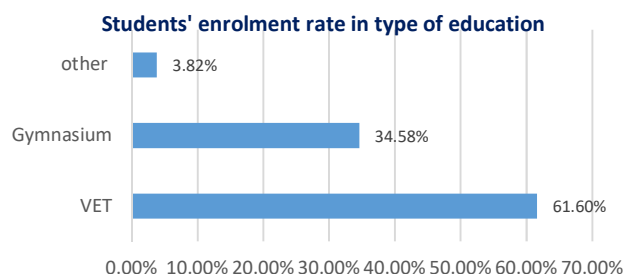
Significant progress was achieved in all four priorities defined for the VET. The rate of students' participation in secondary VET system is marked by continuous growth - it is 64% in 2021, in comparison to 62.1% in 2020, and 61.8% in 2019.

First priority, "Harmonization of vocational education and training with the labour market needs" – new curricula by qualifications and professions, as well as the curricular for the fourth year of dual vocational education were developed and adopted in 2021. The NQF Board adopted 17 standards of qualifications based on learning outcomes that meet the needs of the labour market. In the school year 2021/2022, altogether 1384 students are enrolled in the dual education in cooperation with 220 companies; the number of dual classes in the country has increased from 11 to 97. The Competition for enrolment of students is fully harmonized with the labour market needs.

Second priority, "Improving the learning environment and the quality of vocational education and training"- the three Regional Centres for Vocational Education and Training officially started working and the Ministry of Education and Science started a procedure for their reconstruction. An equipment was procured for the vocational secondary schools in the forestry sector.

Third priority, "Increasing the coverage in vocational education and training" – compared to the school year 2020/2021 there is an increase of the number of enrolled students in vocational education by 6%, while there is a decrease of the number of students who enrolled in general secondary education (gymnasium).

Most of the secondary education students are enrolled in VET - 64%; 32% are enrolled in gymnasium and 3% in other types of education. In 2021 the Ministry of Education and Science has significantly increased the number and the amount of scholarships for vocational education.



Fourth priority, "Improving the capacities of human resources" - the system of professional development of teachers started with the *operationalization of the three Regional centres for vocational education*. The teachers prepared a personal plan for professional development, and based on the personal plans, the schools prepared a *Program for professional development*.

Pillar 5. Higher Education and Research

First priority, "Providing the quality and effectiveness of higher education in accordance with European good practices" - the National Council for Higher Education and Scientific Research was established, which held its constitutive session on June 10, 2021. The Council prepared and adopted a Rulebook on the content and form of the report on the work of the Rector.

Second priority, "Improving the content of higher education" - higher education institutions continuously cooperated with foreign universities on the principle of bilateral cooperation and through mobility within the Erasmus programme. A system of continuous tracer study of graduates has not been established and the skills observatory is not functional (which requires change of the Law on Higher Education, due to set up a basis for data processing).

Third priority, "Improving the availability and the enrolment system in higher education" - the construction of a student dormitory in the complex of the University of Tetovo in the city of Tetovo is in the final stage and the reconstruction of four higher educational institutions has started so that it can provide access and functionality for people with disabilities. The Decree for the right of persons with disabilities and other persons to be exempted from tuition fees for studying, at the proposal of the National Council for Higher Education and Scientific Research, was adopted at the 23d session of the Government, held on March 8, 2022.

Fourth priority, "Improving the management and financing of higher education" - no progress has been made given that the National Council started working in the second half of 2021.

Fifth priority, "Support for research and innovation" - funds were allocated for financing scientific research projects of public scientific institutions in a total amount of 19 million denars, as well as funds for financing scientific research projects of special and public interest (support for development of laboratory resources) for 44 projects in the amount of 224 million denars. The Ministry of Education and Science allocated one-time funds for 334 scientific research papers to be published in journals with an impact factor.

Pillar 6: Learning and Adult Education

First priority, "Increasing the qualifications of adults (knowledge, skills and competencies)" - in the draft Law on Adult Education, the procedure for validation of non-formal and informal learning is regulated for the first time. In 2021, 88 special adult education programs leading to the acquisition of a qualification or partial qualification, have been verified.

Second priority, "Improving the content and quality of adult learning and education" - 10 new special adult education programs have been verified that lead to the acquisition of knowledge, skills and competencies.

Third priority, "Improvement of the legislation, organization and management of adult learning and education" - the proposed amendments to the new law enhance the role, goals and objectives of the Centre for Adult Education, as well as the financing of adult education.

Pillar 7. General/common priorities in the education system

In 2021, two new laws and amendments to four laws have been adopted by the Government. A new Law on Vocational Education and Training has been drafted and it is in consultation with the professional audience.

During 2021, with the support of IPA funds, a new integrated information system for collection and processing of data included in the educational process started development. The system should automate the work processes in the Ministry of Education and Science and in other institutions related to the management of education in primary and secondary schools and universities.

In 2021, a national system for conducting distance learning was developed. For the implementation of the system, an upgraded version of the Teams tool has been adapted, in which, in addition to the Moodle platform, other tools are integrated, which provide teachers and students with all the necessary conditions for conducting online teaching.

In order to strengthen the social partnership and improve the dialogue, in 2021 for the first time a Collective Agreement was signed which increases salaries and promotes the rights of employees in higher education. The collective agreement regulates and promotes employment rights in the higher education and science sector.

The capacities of the Ministry of Education and Science have been strengthened through the implementation of a series of trainings: Conflict Management, Development of communication skills and organization of communication, Customer Orientation, Risk Management, Problem Solving, COVID-19 virus management, Excel basic level and Excel advanced level.

(See Annex 5. Annual report for implementation the Education Strategy 2018 -2025 for the year 2021)

1.3. Findings from newly adopted National Employment Strategy 2021-2027

From the very beginning of the year 2021 MLSP began works on development of new National Employment Strategy. Even if previous document (NES 2016 – 2020) has not been deeply evaluated, analytical work under preparation of new strategy covered entire implementation period of previous strategy. Works on a new strategy were managed by Labour market Unit and working group included representatives of key ministries (e.g. MES) as well as social partners. Significant contribution has been delivered by ILO experts. In order to present cross-sectoral character of the document as well as strong political commitment, NES 2021 – 2027 has been finally adopted by the Government.

A 90-page text present modern comprehensive strategic document elaborated according to high-quality standards. It consists of analytical part, describing previous developments and defining main shortages and challenges of employment policy on the country. Analytical part is followed by detailed review of policies and institutions. Both parts show deep understanding of cross-sectoral character of employment policy. Therefore, they cover macro- and microeconomic field as well as education. NES 2021 - 2027 is clearly linked to other government's strategy documents, e.g. Economic Reform Programme 2021 – 2023.

Key policy outcomes and indicators. Given the uncertainties currently surrounding the projections for economic and labour market recovery after the Covid-19 pandemic, the National Employment Strategy 2021 - 2027 focuses on both short-term policy outcomes – aimed at protecting individuals from poverty and social exclusion – as well as medium-term policy initiatives aimed at creating more and better jobs and enhance the capacity of public institutions to minimize labour market distortions.

Improve the quality of education and training outcomes for all. The achievement of this employment objective builds on five interlinked policy outcomes:

- (i) the reform of the education and training system improves learning outcomes, provides pupils and students with the skills required to continue to higher education or enter the labour market, and reduces skills mismatches;
- (ii) the vocational education and training (VET) offer at post-secondary non-tertiary level is widened to provide individuals with the competencies needed by enterprises, also through work-based learning;
- (iii) a better offer of adult learning opportunities, including for digital skills, and the possibility for individuals to have their prior learning recognized increases the skills of the workforce;
- (iv) the increase of public investment and the revision of the education funding mechanisms increases the equity and inclusiveness of the education and training system; and
- (v) the Education management of information system (EMIS) is strengthened and provides reliable information for the monitoring and evaluation of education and training outcomes at all levels.



NATIONAL EMPLOYMENT STRATEGY 2021-2027

with Employment Action Plan 2021-2023

Enhance the role of economic and enterprise development policies in generating decent jobs. The achievement of this policy objective is grounded on the planned economic and fiscal policies of the Government of the Republic of North Macedonia (as stated in the Economic Reform Programme 2021-2023) as well as the policy priorities established for the formalization of the informal economy and for ensuring a fairer tax system. More specifically, the policy outcomes envisaged under this objective of the NES 2027 assume the following:

- (i) the maintenance of a fiscal stance conducive to output growth and employment creation;

- (ii) the focus on capital spending and the avoidance of spending under-execution;
- (iii) the introduction of a progressive tax system from 2023 onward, accompanied by measures to increase the tax base; and
- (iv) the strengthening of institutional capacity to manage tax compliance.

Against this backdrop, three policy outcomes are deemed necessary to ensure economic and enterprise development policies contributed to more and better jobs, namely:

- (i) the national business development policy effectively support enterprises to innovate, expand their productive capacity and create jobs;
- (ii) the measures implemented by the Innovation and Technology Development Fund as well as other funding institutions foster output growth, promote firms' competitiveness and improve employment growth; and
- (iii) the policy initiatives implemented by the Government of the Republic of North Macedonia (tax system reform and formalization of the informal economy) reduce informal employment among workers at the low end of the salary scale and improve women's participation in the labour market.

Strengthen the inclusiveness of labour market policies. In the short term, labour market policies will have the role of mitigating the consequences of the Covid-19 crisis on employment as well as on poverty and social exclusion, while in the medium term their focus will be shifted towards the establishment of an effective system of employment and social inclusion services, the enforcement of employment protection legislation and the design, monitoring and evaluation of policy initiatives focused on the inclusion of at-risk population groups.

Against this backdrop, the following policy outcomes are considered key to achieve the employment objective:

- (i) relaxed eligibility criteria for accessing passive labour market measures till the end of the Covid-19 pandemic protect individuals and household from poverty, while the deployment of active labour market measures reduce workers' disengagement;
- (ii) a generalized waive of social security contributions for workers earning at the official minimum wage – applied till the enactment of the tax policy reform of 2023 – creates disincentives to informality;
- (iii) the Employment Service Agency (ESA) is provided with the human, financial and technological means to expand service and programme delivery, implement effective activation strategies and contribute to the achievement of employment and social inclusion policy objectives;
- (iv) the capacity of the State Labour Inspectorate to enforce employment protection legislation and equality in the labour market is enhanced and effectively contributes to the reduction of informal employment, gender inequality and decent work deficits;
- (v) the implementation of dedicated employment service and programme lines contribute to the social inclusion of groups at risk in the labour market (youth, women, long-term unemployed, social assistance beneficiaries, low-skilled individuals, refugees and asylum seekers); and
- (vi) the role of central and local-level social dialogue institutions is strengthened and informs employment policy design, monitoring and evaluation.

The financial resources estimated to be available for the implementation of the Employment Strategy amount to approximately 135 million euro. The exact financial envelope to be put at disposition for the policy interventions envisaged by the National Employment Strategy will be established by the three-year Action Plans accompanying the Strategy.

Implementation and coordination mechanism. The relevant line Ministries and government institutions will be responsible for the implementation of the policy outcomes set forth in the National Employment Strategy 2027, as detailed in the two-year Action Plans. The group of experts of the various line Ministries and the social partners who develop the Strategy will act as Advisory Group to the Labour Market Unit of the Ministry of Labour and Social Policy (MLSP) during implementation and will participate to the formulation of three-year Action Plans.

The staff of the Labour Market Unit at the MLSP will be tasked to coordinate overall implementation and to present regular progress reports to the Government of the Republic of North Macedonia. This Unit will work closely with the mechanisms that coordinate donors' and technical assistance programmes and liaise with the Ministries involved in implementation of Strategy and the social partners.

Coordination mechanism for the National Employment Strategy 2027

The Labour Market Unit of the MLSP will provide overall coordination for the implementation of the Strategy.

Specifically, it will

- Provide technical support, advice and guidance to partner Ministries and agencies in all aspects related to implementation of Strategy. The Unit will prepare periodical progress and monitoring reports and it will assist in the preparation of evaluation reports;
- Facilitate the exchange of information and good practices among government agencies and between the Government of the Republic of North Macedonia, the social partners and civil society;
- Keep the expert group that developed the Strategy informed of implementation progress.

The **Advisory Group** will:

- Review the progress and monitoring reports prepared by the Labour Market Unit prior to their dispatch to the Government of the Republic of North Macedonia;
- Advise on emerging concerns in the area of employment that need to be addressed in the timeframe of the Strategy;
- Reformulate, on the basis of the findings of the evaluation reports, the specific objectives, targets and policy outcomes, as necessary.

Monitoring and evaluation. The monitoring of the National Employment Strategy 2021-2027 will comprise the regular examination of the outcomes of policy interventions. It will be based on a system of information gathering and analysis of performance indicators. The Labour Market Unit of the MLSP will have the responsibility to systematize the monitoring information generated by line Ministries and partner agencies for presentation to the Government of the Republic of North Macedonia. The evaluation system will be integrated into the policy/programme cycle and will comprise two evaluation exercises, one following the completion of the first phase of the Strategy (2021-2023) and one at its completion (2027). The Labour Market Unit shall be responsible for coordinating both mid-term and final evaluations.

The first evaluation exercise will analyse the results of policy interventions, financial management, and the quality of the monitoring and of its implementation. By comparison with the baseline situation, it will highlight changes in the general context and judge whether the objectives remain relevant prior to the launching of the second phase of the Strategy (2024-2027). This evaluation will also examine whether the

evolution of national priorities and policies poses a problem of coherence. The interim evaluation will rely on information drawn from the monitoring system and from the overall context and its evolution into feedback into the management of action planning.

The summative evaluation, to be carried out in 2027, will judge the entire Strategy's performance. It will report on the effectiveness and efficiency of interventions and the extent to which expected outcomes were achieved. The primary evaluative and research questions will revolve around:

- **Relevance:** the extent to which the employment policy objectives responded to national needs and priorities;
- **Effectiveness:** the extent to which the objectives were achieved; whether the interventions and means used had the expected results; and whether more could have been obtained by using different means;
- **Efficiency:** whether the objectives were achieved at the lowest possible cost; and
- **Sustainability:** the extent to which the results, including institutional changes, are durable over time.

(See Annex 1. National Employment Strategy 2021-2027)

1.4. Findings from the 2021 Report on the Implementation of the Youth Guarantee

This section presents data and performance indicators for the YG implemented across the whole country, focusing on the three least developed regions that have the highest rates of NEET (Northeast, Polog and Southwest, as well as Prespa) and which are financially supported by the Instrument for Pre-Accession Assistance (IPA II 2014 - 2020).

Progress against the overall SRPC objective

Enhanced employment of young women and men

The youth employment rate (15-29 year olds) is an overall impact level indicator to measure the impact of the YG. It is not linked to the variable tranches. During 2021, there was a small decline in the employment rate of young people, reaching 33.4 per cent. At the same time, a positive trend is observed for the subgroups of women aged 15-24 and 25-29. This is evidence of the important role YG plays and shows its positive benefits, especially among unemployed youth.

Youth employment rate (15-29)	
Baseline (year):	30.9 per cent (2018)
- Women 15-24	12.2 per cent (2018)
- Women 25-29	41.6 per cent (2018)
Final target (2022):	32.8 per cent
- Women 15-24	13.0 per cent
- Women 25-29	42.9 per cent

2021 annual target:	N/A
2021 result:	per cent
- Women 15-24	12.4per cent
- Women 25-29	52 per cent

Following the implementation of the YG in the EU countries, three pillars of activities have been identified: (1) early intervention; (2) identification and involvement of young people who are NEETs and (3) activation with labour market integration.

North Macedonia was the country first non- EU member state to join the programme in 2018. Second EU – Western Balkans Ministerial Meeting on Employment and Social Affairs held on 8 July, 2021, in Brdo pri Kranju (Slovenia) presents new impulse for implementation of Youth Guarantee in North Macedonia, as well. Last year meeting led to establishment of YG Technical Assistance facility operated by ILO and co-financed by the Commission. North Macedonia also decided to improve implementation of YG in near future benefiting from TA facility establishment. The country has been included into facility’s 2022 work plan and in the third quarter of 2022 the government will adopt reinforced national YG Action Plan.

At MLSP has been joint working group for development of new YG Action Plan established. The group consists of representatives of the ministry, MES, ESA and non-governmental partners, including social partners and youth umbrella associations. Substantial assistance is provided by ILO experts in order to transfer best practises and evaluate local experiences for development of new action document taking into consideration updated challenges raised of latest labour market developments and needs. Proposal of some new methods on the base of pandemic experiences will be provided, as well. ILO experts provide also evaluation of implementation of current YG Action Plan and mapping of the young NEETs.

Increased number of participants. Implementation of YG in North Macedonia was last year still influenced by the impact of COVID-19 pandemic. Especially, first half of the year was deeply depressed by economic downturn as labour market reacts on economic development with some shift. The programme for the period from 01.01.2021 to 31.12.2021 included 19322 young jobseekers (9663 women). As a result of their involvement to YG, 7135 of them became employed, and 929 persons were included in some of the active employment measures aimed at increasing youth employability. Therefore, the performance of the Youth Guarantee is 41%.

Out of the total number of employed persons, 594 persons were employed through job mediation, 813 were employed through some of the active employment measures, and 159 are founders or managers. Of the total number of persons who were employed through active employment measures, most were employed through participation in the measure Subsidized employment (663 persons), and in the measure Financial support for job creation (105 persons). Out of 1,257 unemployed persons who were involved in some of the active measures that do not lead to direct employment, the young people had the largest participation in the Internship Program (693 persons).

Out of the total number of young people registered in the youth guarantee, 4,882 are with primary education, 10,258 are with completed secondary education and 4,182 are with higher education.

971 Roma (of whom 492 were women) registered in the Youth Guarantee included, as one of the most vulnerable categories in the labor market. Of these, 149 persons were employed in a period of 4 months

after their inclusion in the Youth Guarantee, and 34 persons were involved in some of the measures that do not lead to direct employment.

Youth Guarantee 2020				
Number of participants registered in YG (entry level)	No. of persons registered in YG got employed within 4 months	No. of young people registered in the YG scheme got offered active labour market measures	YG exit <i>(Percentage of participants who successfully completed the Youth Guarantee)</i>	
25502 persons (12863 women)	7684 (3587 women)	1257 (709 women)	8941 (35%)	

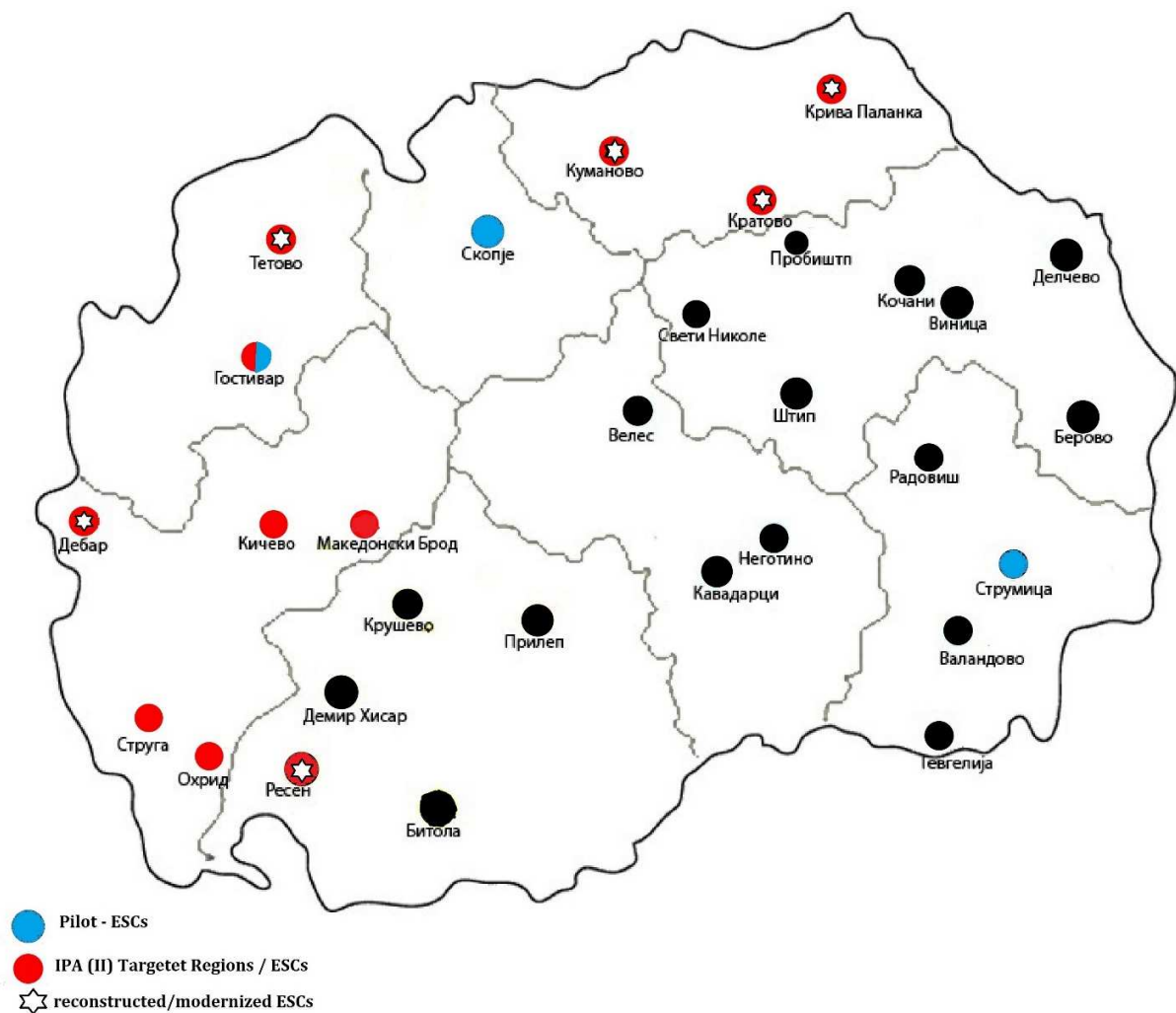
Youth Guarantee in the targeted regions 2020 (with financial support by EU – IPA II SBS)¹²				
Number of participants registered in YG (entry level)	No. of persons registered in YG got employed within 4 months	No. of young people registered in the YG scheme got offered active labour market measures	YG exit <i>(Percentage of participants who successfully completed the Youth Guarantee)</i>	
10354 persons (5184 women)	2570 (1106 women)	495 (282 women)	3065 (29%)	

Youth Guarantee 2021				
Number of participants registered in YG (entry level)	No. of persons registered in YG got employed within 4 months	No. of young people registered in the YG scheme got offered active labour market measures	YG exit <i>(Percentage of participants who successfully completed the Youth Guarantee)</i>	
19322 persons (9663 women)	7135 (3395 women)	929 (546 women)	8064 (41%)	

Youth Guarantee in the targeted regions 2021 (with financial support by EU – IPA II SBS)				
Number of participants registered in YG (entry level)	No. of persons registered in YG got employed within 4 months	No. of young people registered in the YG scheme got offered active labour market measures	YG exit <i>(Percentage of participants who successfully completed the Youth Guarantee)</i>	
7874 persons (3906 women)	2562 (1207 women)	430 (257 women)	2992 (37 %)	

¹² ESCs in the targeted regions (Polog, Northeast and Southwest): Gositvar, Debar, Kichevo, Kratovo, Kriva Palanka, Kumanovo, Makedonski Brod, Ohrid, Struga Tetovo and Resen.

Three underdeveloped regions covered by BS. The Financial Agreement for the Action Program for 2019 for Education, Employment and Social Policy, within the Instrument for Pre-Accession Assistance (IPA II 2014 - 2020), envisages sector budget support for youth guarantee with special emphasis on three regions in Republic of North Macedonia (Northeast - Kumanovo, Kratovo and Kriva Palanka; Polog - Tetovo and Gostivar; Southwest - Debar, Kicevo, Makedonski Brod, Ohrid and Struga, as well as Resen) which are the least economically developed regions, and also have the highest rate of NEETs (youth not employed, nor in education or training).



In three regions covered by SRPC 'EU for Youth', 7,874 young jobseekers were involved in YG last year. (incl. 3,906 women). According to the data, the success of the Youth Guarantee in these three regions and Resen is 37%. However, it should be borne in mind that these data were extracted from the ESA database on March 1, 2022 for the purposes of the report. For 496 people from the three regions, the

period of 4 months has not yet passed, there is still a period in which people can receive an offer, i.e. to be employed or involved in education or training.

Sectoral budget support is aimed at strengthening the institutional capacity of the employment agency in general through training and improving the physical capacity of employment centers. Therefore, in 2021 a total of 2 employment centers were renovated, namely Kumanovo and Tetovo.

Finally, sector budget support aims to improve personal capacities of ESA at local level. The Youth Guarantee 'service' includes measures for activation of young people who are registered as jobseekers for the first time. After being registered in the register of jobseekers, the persons are immediately referred to their first interview with employees of the Employment Service Agency, who profile their employability, using a control questionnaire and prepare Individual employment plans. These plans define the activities that enable the young unemployed person to exit the YG over a period of 4 months.

As a part of implementation of Youth Guarantee Action Plan in the country, ESA annually delivers trainings to those staff working with young jobseekers. Structure of trainings meets needs in order to deliver high quality services and to address some special needs of young jobseekers, incl. those with disabilities. Due to the restriction measures in force in 2021 due to the pandemic trainings were delivered in a form of a 6-day online training. In total 25 participants completed the trainings, provided by seven trainers.

(See Annex 7. 2021 Report on the Implementation of the Youth Guarantee and Technical Report 'NORTH MACEDONIA Young People Not in Education, Employment or Training (NEET)', Mapping and Policy Pointers; EU/ILO Technical Assistance Facility on the Youth Guarantee, March 2022)

1.5. Findings from the 2021 Annual Report on Active Employment Programmes

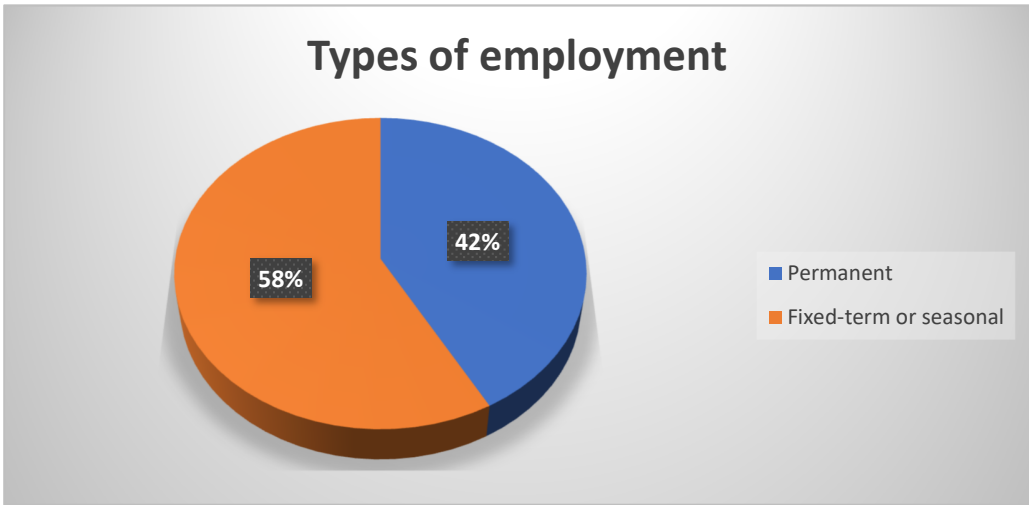
In 2021, Employment Service Agency (ESA) through the employment centers developed and implemented services to increase the competitiveness of the labour force and meet the needs of the labour market, by applying an individual approach to work oriented to the needs of the unemployed and employers. In its services for jobseekers, the ESA was particularly targeted at certain target groups of unemployed persons with reduced opportunities in the labour market. In order to accelerate and facilitate their integration into the labour market, in addition to active employment programs and measures, other employment services were also implemented.

Forms of delivery of employment services was in 2021 adjusted to the conditions of the situation with the pandemic with Covid 19: since provision of the services entailing group activities was difficult, activities of the employment centers were focused on individualized services through information, counseling, motivation and other activities to strengthen the capacity of jobseekers.

ESA keeps records of registered applications for employment (M-1 forms). During 2021, a total of 199,819 applications for established employment were registered. Note that one or more applications may be registered for one person.

Structure of types of employment:

- 83,757 registered applications for permanent employment,
- 116,062 registered applications for fixed-term employment and seasonal work.



In 2021, a total of 4,151 applications for job mediation were submitted. The mediation involved a total of 23,892 persons (incl. 11,347 women and 6,049 young people up to 29 years of age) leading to employment of 2,751 persons (incl. 1,875 women and 882 young people up to 29 years of age). Out of the total number of submitted requests, 1,655 have been submitted by private employers. This type of mediation covered a total of 18,674 persons (incl. 7,421 women and 4,773 young people up to 29 years of age). Out of this number 734 found the job (incl. 344 women and 215 young people up to 29 years of age). The resolution of some of these requests for employment mediation continued in 2022, which increased the number of positively resolved requests with secured workers according to the requests of employers.

In 2021, 5,133 meetings with employers were conducted: 456 of them were conducted in a form of visits to employers, and 4,677 meetings with employers were conducted in the employment centers. Also, group meetings were held with employers in which a total of 75 employers participated. The meetings with the employers were organized in order to inform and acquaint the employers with the benefits in employing various target groups of unemployed persons, information on the active employment measures, the possibilities for finding suitable workers according to their needs, etc. Additionally 2,316 phone calls and/or online contacts have been established in order to disseminate employment service information among employers.

Information and counselling services covered a total of 45,640 jobseekers, incl. 23,647 (52%) women and 14,199 (31%) young people up to 29 years of age. In 2021, motivational trainings covered 328 jobseekers, incl. 147 women (45%) and 106 young

The cooperation with the employers was implemented through the following activities:

- Job mediation,
- Cooperation with employers through their involvement in certain active programs, measures and employment services,
- Continuous information and counselling the employers about all current activities, measures and services of ESA,
- Providing assistance, opinion and clarification of legal regulations,
- Organizing joint meetings, visits and meetings (mutual information, exchange of information, giving directions and suggestions related to the needs of employers).

unemployed persons up to 29 years of age (32%). The motivation of the unemployed persons to actively seek work was implemented through a group sessions, but also an individual approach has been used, if jobseekers needed additional support and counselling.

The programme "Activation of unemployed Roma and other persons at risk of social exclusion" was implemented. The programme covered the establishment of a network of Roma mentors and activities based on international experiences. The programme has been financed under the project of UNDP, MLSP and ESA "Creating job opportunities for all", supported by the Swiss Agency for Development and Cooperation. The service included a total of 3,422 people, incl. 1,721 women (50%) and 1,031 (30%) young people up to 29 years of age. A total of 3,971 persons were informed. Cumulatively 154 persons (incl. 87 women and 78 young people up to 29 years of age) got involved in an active employment measure, and participation of another 186 persons (incl. 93 women and 91 young people up to 29 years of age) led to their employment in in the private sector.

The services for vocational rehabilitation and inclusion of persons with disabilities in the labour market were provided to a total of 268 persons, incl. 107 women (40%) and 51 young people up to 29 years of age (19%). Thereby, 150 persons (incl. 60 women and 29 young people up to 29 years of age) were using work-oriented rehabilitation and employment support. Twenty-nine of them (incl. 6 women and 11 young people) applied for participation in the measure Support for self-employment (entrepreneurship) received a service for functional assessment, of which 20 people started their own business and became self-employed (incl. 5 women and 9 young people up to 29 years). The newly established businesses created 8 additional jobs.

Support to self-employment of jobseekers envisaged the creation of 1,877 new jobs in newly established legal entities, covering also 20 persons with disabilities and 10 additional employments in companies registered by persons with disabilities financed through UNDP savings. ESA provides financial start-up non-refundable in the amount of 307,500.00 denars or 615,000.00 denars (if a legal entity of two partners is established), as well as 3000 denars to cover part of the costs for company registration. The funds were paid in cash to start a business, on the bank account of the legal entity registered with the program. Public calls were announced on 11.03.2021 and on 25.05.2021. People with disabilities had the opportunity to apply throughout the year. A total of 3,654 people were registered (incl. 1,282 women, 1413 young people up to 29 years of age, 11 Roma, 24 people with disabilities). A total of 1,747 business plans were prepared by the APPRSM advisors, 24 of which were for people with disabilities. As of 31.12.2021, 1,877 persons were employed, incl. 20 contracts with persons with disabilities and 8 persons as additional employments in the companies that were registered by persons with disabilities. Out of a total of 1,869 people supported by a business grant (excluding additional employment), 805 were women, 689 were young people and 37 were Roma. At the beginning of 2022, it is expected that another 20 contracts will be concluded for grant beneficiaries who are waiting for solutions for starting a business in accordance with the legal regulations from other institutions.

The measure "Wage subsidy" offers financial support of 19,000.00 denars per month, for a period of 3, 6 or 12 months for employment of persons from particular target groups, i.e. the total financial support for one person for a period of 3 months was 57,000 denars, for 6 months 114,000 denars, and while for 12 months it presented 228,000 denars.

In order to implement the activities of this active measure, two Public Calls were published for employers, to which a total of 3,092 applications were submitted by legal entities for employment of 3,925 unemployed persons. After selection made by the Commission for selection of participants in active

programs and employment measures, 1,406 contracts were signed with employers for employment of 1,771 unemployed persons. Of these, 823 were women, 912 were young people up to the age of 29 and 79 were Roma. Within the IPA project "Activation of vulnerable groups in the labour market", the Commission for selection of participants in active programs and employment measures received 48 applications for employment of 64 recipients of guaranteed minimum assistance. The Commission selected 19 applications for employment of 20 unemployed persons, incl. 12 women, 3 young up to 29 years of age and 5 Roma persons.

As of 31.12.2021, 5,279 jobseekers - beneficiaries of monetary compensation were registered, according to the basis of use:

- 264 unemployed persons are beneficiaries of monetary compensation on the basis of bankruptcy;
- 3816 unemployed persons are beneficiaries of cash benefits on the basis of seasonal work (seasonal workers and part-time employees);
- 1199 unemployed persons are beneficiaries of monetary compensation on the basis of redundancy.

In 2021, 11,445 jobseekers exercised the right to monetary compensation on the basis of use:

- 503 unemployed persons are beneficiaries of monetary compensation on the basis of bankruptcy
- 1449 unemployed persons are beneficiaries of monetary compensation on the basis of redundancy
- 9493 unemployed persons are beneficiaries of monetary compensation on the basis of termination of fixed-term and seasonal work.

The structure of the unemployed persons who exercised the right to monetary compensation during 2021 is characterized by:

- higher participation of women (6735) compared to men (4710);
- higher participation of persons with completed secondary education (4598), without education and with primary school (3016), incomplete secondary education (1721), persons with completed higher education (1719), persons with completed higher education (236); Masters of Science (148) and Doctors of Science (7),
- higher participation of beneficiaries of monetary compensation lasting from 1 to 4 months (5,742 people) compared to those users who use this right from 5 to 12 months (4,215 people).

The number of jobseekers who have acquired the right to cash benefits until retirement is a total of 1488 persons.

The Operational Plan for active programs and measures for employment and labour market services for 2021 has been implemented (including Youth Guarantee). The implementation of all active employment programs and measures for 2021 reached more than 94.6% of originally planned number of participants (planned 11,993, involved 11292 persons).

With the implementation of the Operational Plan for 2021, the following results have been achieved:

- 1,877 people were employed with the program for support of self-employment;
- 2,037 persons are employed in the programs for subsidized employment, employment and growth of legal entities;
- 157 people were employed with the support program for employment of persons with disabilities;
- 922 unemployed people were involved in various training programs and measures;
- 1,287 unemployed were included in the internship program;
- 500 unemployed people were included in the community work program (Municipal Beneficial Work);
- 725 unemployed people were engaged in the public works program;
- 3,787 young people were supported through the youth allowance program;
- 4,979 women were included in the employment measures.

In terms of employment services, in 2021, the following services were delivered:

- 45,640 people received a job search assistance service;
- 328 jobseekers were included in motivational trainings;
- 38 jobseekers were involved in trainings for Preparation for employment and work;
- 1,054 jobseekers used the Vocational Orientation and Career Counseling service;
- 3,250 people used the service Activation of unemployed Roma and other people at risk of social exclusion;
- 781 jobseekers, beneficiaries of guaranteed minimum assistance used counseling and motivation services;
- 20 jobseekers were involved in supporting the implementation of the Labour Market Skills Survey.

In the period January - December 2021, the expenditures of the ESA amount to 3,361,469,203.00 denars.

Compared to the same period in 2020, expenditures increased by 2.4%, or by 78,244,081.00 denars. The funds in the amount of 3,045,050,258.00 denars were spent on providing the monetary compensation with the contributions for pension and disability and health insurance and for the active programs and measures for employment:

	January - December 2020		January – December 2021		Change ratio:
	Amount in MKD	Share	Amount in MKD	Share	(3:1)
	1	2	3	4	5
1. Cash compensation	1.575.778.461,00	47,99%	1.385.985.571,00	41,24%	88,0
2. Health insurance contribution	156.959.931,00	4,78%	137.972.384,00	4,10%	87,9
3. Social insurance contribution	259,468,00	0,01%	148.374,00		57,2
4. Active employment programmes and measures	1.271.100.919,00	38,72%	1.520.943.929,00	45,25%	119,6
4.1. Employment of disabled people	155.507.177,00	4,74%	156.929.793,00	4,67%	100,9
4.2. Wage subsidy	418.950.000,00	12,76%	387.771.000,00	11,54%	92,5
4.3. Vacancy survey	175.304,00	0,01%	176.143,00		100,5
4.4. Public works	3.025.920,00	0,09%	4.674.560,00	0,14%	154,5
4.5. Self-employment	390.877.925,00	11,91%	569.404.768,00	16,94%	145,7
4.6. Training for demanded occupations on the labour market by private providers	14.465.218,00	0,44%	4.661.091,00	0,14%	32,2
4.7. Community service	26.507.250,00	0,81%	45.092.250,00	1,34%	170,1
4.8. Employment and growth of legal entities	70.710.516,00	2,15%	43.829.395,00	1,30%	61,98
4.9. In-work training	1.817.221,00	0,06%	1.100.542,00	0,03%	60,5
4.10. Training for occupations required by the traffic profession	1.311.100,00	0,04%	1.195.700,00	0,04%	91,2
4.11. Internship - as a support for employment	41.773.524,00	1,27%	29.687.742,00	0,88%	71,0
4.12. Training for acquiring skills in the field of informatics, advanced IT skills	17.544.930,00	0,53%	35.752.080,00	1,06%	203,77
4.13. Training for professional qualifications according to the requirements of the employers	5.685.750,00	0,17%	3.292.650,00	0,10%	57,9
4.14. Law on Youth Allowance	117.105.535,00	3,57%	134.564.751,00	4,00%	114,9

4.15. Wage subsidy-IPA	4.218.000,00	0,13%	2.394.000,00	0,07%	56,8
4.16. Active measure: Pilot training for demanded occupations and crafts in the Strumica region	364.099,00	0,01%			
4.17. Active measure: Electronic learning services with interactive training sessions-IT	1.061.450,00	0,03%			
4.18. Active measure: Co-financing for advanced IT skills training			5.360.600,00	0,16%	
4.19. Support for self-employment (entrepreneurship) –UNDP			15.971.971,00	0,48%	
4.20. Trainings for demanded occupations –UNDP			6.843.807,00	0,20%	
4.21. Entrepreneurship support and the establishment of legal entities providing community care services			20.704.115,00	0,62%	
4.22. Training and employment of people to provide community care services			46.316.171,00	1,38%	
4.23. Self-employment support - transferred funds to APPRSM			5.220.800,00	0,16%	
TOTAL:	3.004.098.779,00	91,50%	3.045.050.258,00	90,59%	101,4

(See Annex 9. Annual ESA Report for 2021)

1.6. Findings from the 2022 Annual Operational Plan for Active Employment Programmes, Measures and Services

The 2022 Annual Operational Plan for Active Employment Programmes, Measures and Services is built upon practical experiences from last year, current labour market developments as well as sector reforms strategy based mainly on the Programme of the Government of North Macedonia, revised Employment and Social Reform Programme 2022, ILO Global Job Pact, Youth Guarantee Action Plan 2020 – 2022 and Programme of pre-accession assistance. The Plan sets the programmes, measures and services for employment that will support for job creation and employability of the unemployed people, especially youth, the beneficiaries of guaranteed minimum assistance, and support to the job seekers whose employment got terminated due to COVID-19 pandemic (since 11 March 2020).

The operational plan places special emphasis on young unemployed people up to 29 years of age, the long-term unemployed, as well as beneficiaries of GMA. Among basic principles of implementation of employment policy the 2022 OP underlines equal access of women and men and participation of young

people up to 29 years of age at minimum level of 30% of all services delivered. At least 5% of participating jobseekers must be Roma women and men. The 2022 OP will be implemented in collaboration of wide range of stakeholders, labour market partners and donors.

The financial envelope for implementation of employment programmes and measures in 2022 totals 1,839,184,606 MKD. A summary of the targets and related finance for 2022 is presented below:

ID	Measure	Objective	Target for 2022	Budget (MKD)
1.SELF-EMPLOYMENT (ENTREPRENEURSHIP) SUPPORT				
1.1	Self-employment (entrepreneurship) support	Support to the unemployed in starting their own business.	2,000 employees in newly established legal entities.	672,332,118
2. JOB CREATION SUPPORT				
2.1	Wage subsidy	Employment support for hard-to-place unemployed persons.	1,528 registered jobseekers.	362,116,800
2.2	Employment and growth of legal entities	Support in creating new jobs in micro, small and medium enterprises, social enterprises, and civil society organisations.	263 registered jobseekers from the following target groups: young people up to 29 years of age; people over the age of 29; GMA beneficiaries; unemployed persons who lost their jobs as a result of the Covid-19 pandemic (since March 2020); and Roma.	48,652,653
2.3	Support for employment of persons with disabilities	Increase the employability and employment opportunities of registered unemployed persons with disabilities.	350 registered jobseekers.	305,000,000
3. TRAINING PROGRAMMES				
3.1	On-the-job training for a known employer	To equip unemployed persons with the skills required to perform their work tasks in line with their employer's needs.	70 registered jobseekers.	2,940,000
3.2	(a) Vocational training in accordance with employer's requirements	To provide vocational training by verified training providers in accordance with employers' requirements.	150 registered jobseekers.	11,041,944
3.2	(b) Vocational training in accordance with employer's requirements	To provide vocational training in accordance with employer's requirements. Training will be implemented in close cooperation with the private sector.	200 registered vulnerable jobseekers.	15,233,088
3.2	(c) Online skills training in accordance with employer's requirements	To provide online skills training in accordance with employer's requirements.	100 registered jobseekers.	5,186,944
3.2	(d) Development of skills training	To provide in-job training, internship, validation of non-	200 jobseekers.	4,006,197

ID	Measure	Objective	Target for 2022	Budget (MKD)
	to improve the employability of returnees from abroad	formal education and informal learning outcomes in order to improve employability of returnees from abroad.		
3.3	Occupations-in-demand training	To meet the needs for occupations in demand, social services, qualifications leading to "green jobs" and e-commerce.	500 jobseekers.	25,500,000
3.4	Driving lessons for C and D categories	To increase the employability of registered unemployed persons, thus meeting the demand for drivers with C and D category driving licenses.	100 registered jobseekers.	4,263,200
4. DIGITAL SKILLS DEVELOPMENT TRAINING PROGRAMMES				
4.1	Advanced IT skills training (co-financed) for unlicensed training providers	To upgrade the skills of jobseekers up to 34 years of age (with a minimum of secondary education) in the area of information technologies, in order to increase their competitiveness and help them integrate faster into the labour market.	424 registered jobseekers.	50,025,965
5. INTERNSHIP				
5.1	Internship	Gaining practical work knowledge and skills required to perform work tasks in certain jobs.	1,620 registered jobseekers.	48,907,529
6. WORK ENGAGEMENT PROGRAMME				
6.1	Public works	Inclusion of unemployed persons with low qualifications in local infrastructure and environmental protection projects.	1,000 registered jobseekers.	13,200,000
7. CARE ECONOMY				
7.1	Community work	Increasing the employability of unemployed persons who are keen to provide social and health services at the local level.	600 registered jobseekers.	57,699,095
7.2	Training and employment of persons to provide community care services	Support for unemployed persons to acquire vocational qualifications and skills so as to be able to provide community care services and help them find employment in the care sector.	150 registered jobseekers.	54,155,778
8. SUPPORT OF NEW JOBS CREATED BY GREEN INVESTMENT				
8.1	Support of new jobs created by	To boost sustainable employment with positive environmental impact	a) Financial aid: - 100 registered jobseekers;	26,638,032

ID	Measure	Objective	Target for 2022	Budget (MKD)
	green investment (pilot measure)		<ul style="list-style-type: none"> - up to 100 companies. b) Support of green skills trainings: <ul style="list-style-type: none"> - 212 employed persons as well as jobseekers. c) Support of counselling for green investments: <ul style="list-style-type: none"> - 100 companies. 	
9. PAYMENT OF YOUTH ALLOWANCE				
9.1	Payment of youth allowance	Stimulate the employment of young people in the manufacturing field after they have graduated from high school.	3,500 young people up to 23 years of age.	132,284,263

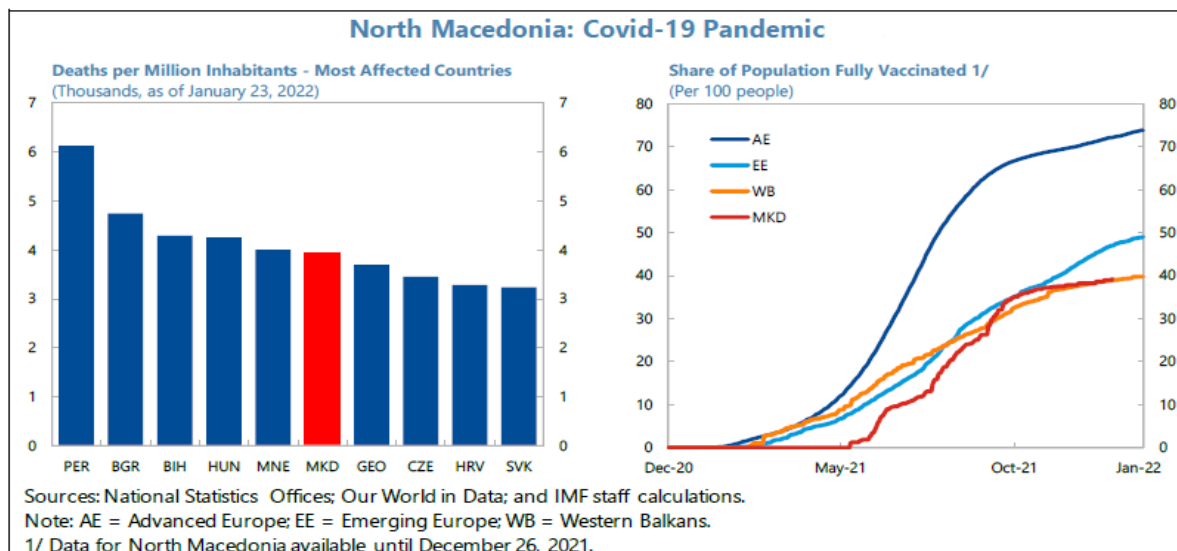
In relation to employment services budgeted at the level of 17,738,784 MKD, ESA will continue to provide the following services:

- Job search assistance
- Motivational training
- Preparation for employment and work training
- Occupational guidance and career counselling
- Activation of unemployed Roma and other people at risk of social exclusion
- Employment mediation
- Employer services
- Labour market skills demand surveys
- "SIM" – counselling and motivation for GMA beneficiaries

Cumulative budgeted expenditures of ESA for 2022 equals 1,856,923,390 MKD (30,133,614.25 EUD, as of 1st May, 2022).

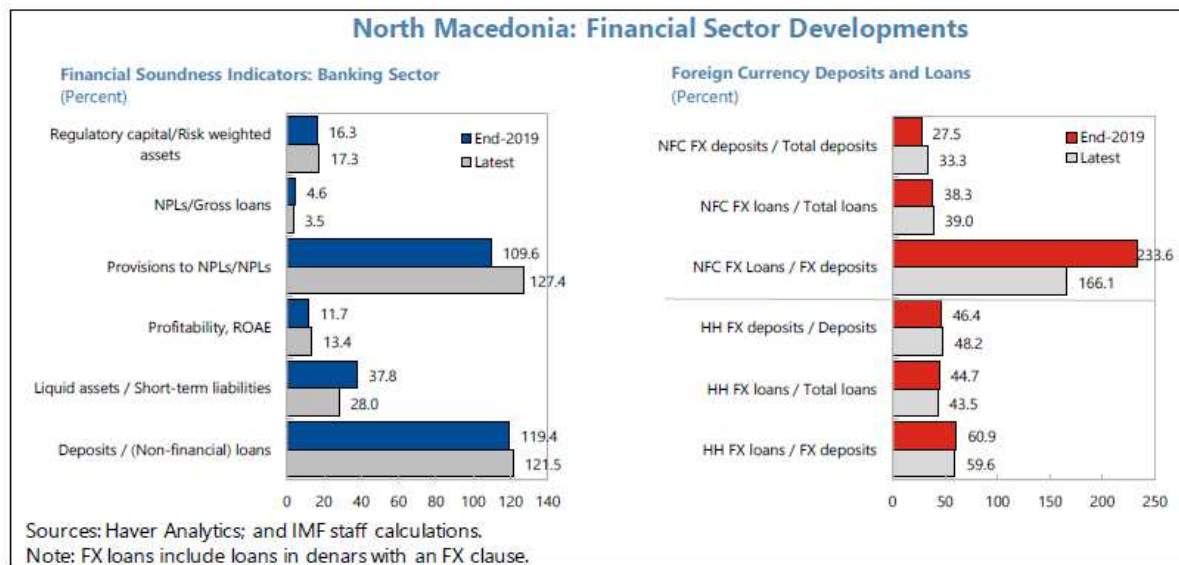
2. Progress in ensuring macro-economic stability

North Macedonia's economic upswing came to a sudden halt in 2020, as the pandemic hit domestic and foreign demand and the development has negatively influenced economy of the country in first quarter of 2021, as well, with reversion to economic growth during rest of the year. Driven by strengthening domestic demand and foreign investment, North Macedonia's economy had been on a path of accelerating growth in the 2 years prior to the crisis. Rapid reaction of the government in 2020 led to proper management of pandemic and prevented long-term impact on economic performance and social stability. At the same time, it has created solid base for reversal of economic development after pandemic. However, economic and social development in 2021 has been deeply influenced by unpredictable development of COVID-19 pandemic, as it has been visible in every European country.



Forceful policy support has cushioned the economic impact of the pandemic. Fiscal lifelines helped prevent large job losses and protect the most vulnerable, while monetary and financial measures kept credit flowing to the economy. After a 6 percent drop in real GDP in 2020, the economy recovered by an estimated 4 percent in 2021, driven by domestic consumption, reflecting improved mobility, a return of the diaspora, and continued policy support. Private investment continues to lag, and while external trade has recovered, certain export-oriented sectors remain negatively impacted by global supply disruptions, which, along with rising energy and food prices, weakened the external position and pushed up inflation to 3.2 percent in 2021. The recovery is expected to continue in 2022, although the year starts out on a weaker footing than previously anticipated due to the global resurgence of the pandemic. Real GDP is expected to grow by 4 percent. The sharp rise in Covid-19 cases, combined with low vaccination rates, pose downside risks to the near-term outlook. Inflation is expected to rise to 4.3 percent in 2022, before stabilizing around 2 percent in 2023.

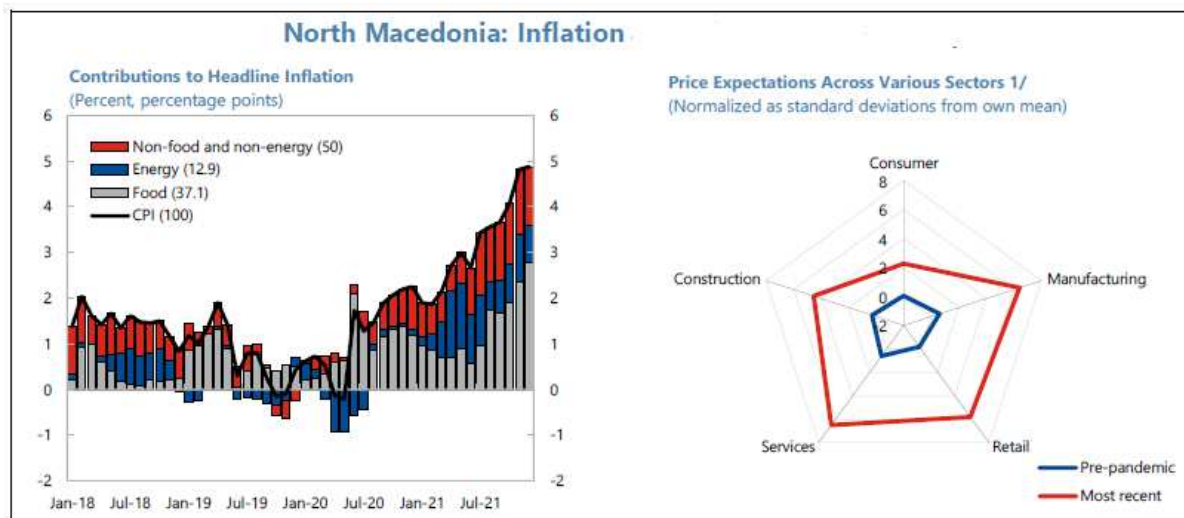
Fiscal policy remains supportive. As fiscal lifelines were gradually unwound and revenues performed strongly, the fiscal deficit was reduced from 8.2 percent of GDP in 2020 to 5.5 percent of GDP in 2021. Private sector credit growth is solid, helped by an accommodative monetary policy stance. The banking system remains well-capitalized, with a low rate of non-performing loans. Growth in credit to households remains solid and credit to nonfinancial corporations is recovering, supported by strong deposit growth. Lending rates on new loans have remained broadly unchanged during the pandemic. The downward trend in deposit euroization pre-pandemic has been reversed, with the move accelerating in recent months.



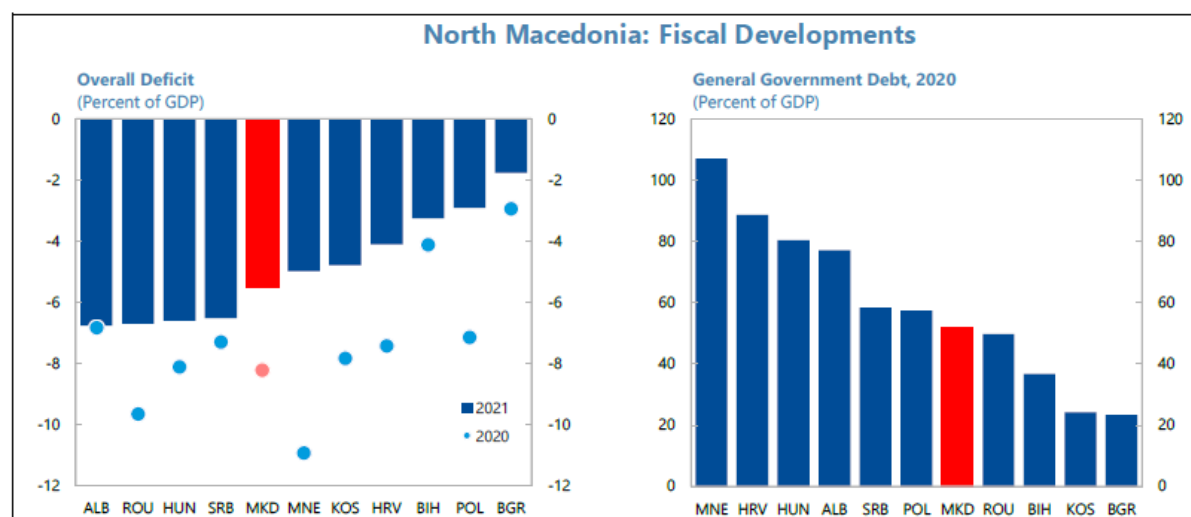
As in many other countries, rising energy and food prices have driven up inflation. After remaining at a modest level over the past years, inflation increased to 4.9 percent (y/y) in December. The rise was primarily due to higher global energy and food prices, while higher administered electricity prices were counteracted by a temporary cut in VAT on electricity. Core inflation also rose during 2021, including due to direct effects of higher energy and food prices on core components, and inflation expectations shifted upward. Wage growth was 5.8 percent (y/y) in November, with trend real wages continuing to outpace trend productivity.

Rising import prices combined with supply-chain disruptions have weakened the external position in recent months. In the first half of 2021, the current account deficit shrunk, driven by higher remittances and services trade. In the third quarter, remittances kept a steady pace, but higher prices on imported goods, notably energy, drove up imports. The trade deficit was further widened by supply-chain disruptions, particularly in the automotive sector, which held back exports. The REER depreciated by 2.2 percent in the eleven months through November 2021, after having appreciated by 1.5 percent in 2020. Furthermore, after a period of pressure on the exchange rate in the fall, partly reflecting higher energy imports, FX market conditions normalized. While highly uncertain given the lack of full-year data for 2021, as well as the difficulty in disentangling the impact of the pandemic, these developments suggest that the external position was broadly in line with fundamentals and desirable policies in 2021.

The NBRNM concurred that higher inflation is driven by global factors, pointing to the lack of domestic demand pressure. Headline inflation has surprised on the upside in the past months, as a result of higher-than-anticipated global commodity prices, whereas core inflation has evolved broadly as expected. High wage growth is currently not seen to drive price setting. Uncertainty about the evolution of global commodity prices presents risks to near-term inflation forecasts. Over the medium term, inflation is expected to converge to 2 percent. The NBRNM considers the external position to be in equilibrium. After the temporary increase in 2021, mainly on the backdrop of higher import prices, the NBRNM expects the deficit to narrow more than assumed in staff's baseline on the back of faster export growth toward the end of the forecast horizon.



The fiscal balance improved in 2021 thanks to a rebound in revenues. The sizeable support provided in the wake of the pandemic, coupled with automatic stabilizers, brought the fiscal deficit above 8 percent of GDP in 2020. Based on preliminary estimates, the deficit improved to 5.5 percent of GDP in 2021, driven by strong revenue performance. While capital spending remained below budgeted levels, it increased noticeably from 2020, reflecting crisis-related measures, a normalization of investment activity, and possibly a new, incentive-based mechanism whereby capital spending appropriations can be reallocated across budget users based on in-year execution. The entire amount of the recent SDR allocation was transferred to the Ministry of Finance in December and covered spending on pandemic-related subsidies, vulnerable households, health and vaccines, and capital projects, in line with IMF advice.



Monetary policy remains accommodative, with international reserves in the comfort zone. The spread with the policy rate for the euro, the reference currency for the de facto exchange rate peg, has narrowed substantially. However, the rate cuts undertaken during the pandemic have not passed through to market and lending rates. Following pressures on the exchange rate in 2020, reserves were replenished thanks to

a normalization of foreign inflows, a large Eurobond placement, and the SDR allocation. A higher trade deficit from elevated energy prices contributed to renewed pressures in the fall.

The de facto peg has served as an anchor of stability over the past decades, and the level of international reserves remains appropriate to support the peg. None of the global factors driving inflation would respond to changes in domestic monetary policy. However, clear communication about the persistence of inflation drivers and any changes in views about inflation will be critical to shaping expectations, thereby preventing second-round effects through wages. The NBRNM is expected to stand ready to tighten policies if inflation in North Macedonia is expected to become persistently higher than inflation in the euro area, which is currently not the case, or significant and sustained pressures materialize on foreign currency reserves.

The banking system remains well capitalized and profitable. Helped by prudent capital levels pre-pandemic and temporary restrictions on dividend payments, capital adequacy ratios exceeded 17 percent at end-September. NPLs reached historically low levels in 2020 but have since edged slightly higher to 3.5 percent. The banking sector appears overall well positioned to meet a potential rise in NPLs as policy support is phased out. NBRNM stress tests released in August found that the banking system's capital levels would remain above the minimum requirements through 2022 in a stressed scenario, reflecting prudent provisioning and sound profitability.

Continued efforts to ensure that banks recognize any problem assets will help bolster confidence. The regulatory flexibility provided during the pandemic had a large uptake and helped borrowers and banks. It is important now that banks fully recognize any problem assets and, if needed, ensure a timely clean-up of their balance sheets. The NBRNM is benefitting from IMF technical assistance to strengthen its stress-testing capacity. This, together with increased supervisory dialogue, as part of an improved Supervisory Review and Evaluation Process, and full IFRS9 implementation, should strengthen the assessment of individual banks' capital needs. The NBRNM should also consider publishing its guidance to banks.

The Economic Reform Programme (ERP) 2022 – 2024 has been adopted by MF in January 2021. A 189-page document presents the medium-term macroeconomic and fiscal framework, as well as the sectoral structural reforms for promoting both competitiveness and growth. The programme is prepared in line with the Government Programme 2020 – 2024, the Revised Fiscal Strategy for the period 2022 – 2024 (with outlook to 2026), and the 2022 Budget of the Republic of North Macedonia, Tax System Reform Strategy 2021 – 2025, Fiscal Sustainability and Economic Growth Support Plan: Policies, Recommendations, Measures and Indicators, Economic Growth Acceleration Plan 2022 – 2026, as well as other national strategic documents, such as the National Programme for Adoption of the Acquis Communautaire, the Stabilisation and Association Agreement and the national sectoral strategies: Public Finance Management Reform Programme 2018 – 2021, Strategy for formalisation of the informal economy 2018 – 2022, Health Strategy 2021 – 2030, Strategy for Energy Development, Water Strategy for the Republic of Macedonia 2012 – 2042, National Strategy for Sustainable Development for the Republic of Macedonia, Small and Medium-sized Enterprises Strategy, Education Strategy 2018 – 2025 and Action Plan, Industrial Strategy 2018 – 2027, National Employment Strategy 2021 – 2027 etc. In addition, ERP is in line with the United Nation's Sustainable Development Goals, South East Europe – SEE2030 Strategy, Multi-annual Action Plan for a Regional Economic Area in the Western Balkans Six, European Green Deal, Digital Agenda for Europe, and Economic and Investment Plan for the Western Balkans.

European Commission's annual assessment of the Economic Reform Programme 2021 – 2023, the recommendations from the joint conclusions of the Economic and Financial dialogue on 12 July 2021, as well as the recommendation indicated in the 2021 Progress Report on the Republic of North Macedonia were taken into consideration during the preparation of the Programme. ERP is a joint product of multiple institutions, with its overall preparation being coordinated by the Ministry of Finance (MF). In the selection of the key sectoral structural reforms, institutions took into account the challenges and problems in the corresponding areas, whose overcoming would impact to increase country's competitiveness and economic growth, as well as create new jobs.

Following challenges pointed out by the Commission in its annual assessment of the previous Economic Reform Programme 2021 – 2023, there are identified as key challenges entailing necessary reforms in order to support an inclusive and sustainable mid-term economic growth: 1) strengthening of human capital for inclusive development, 2) fostering the green transition and 3) improving the competitiveness of domestic companies, their integration in the global value chains and formalization of the economy.

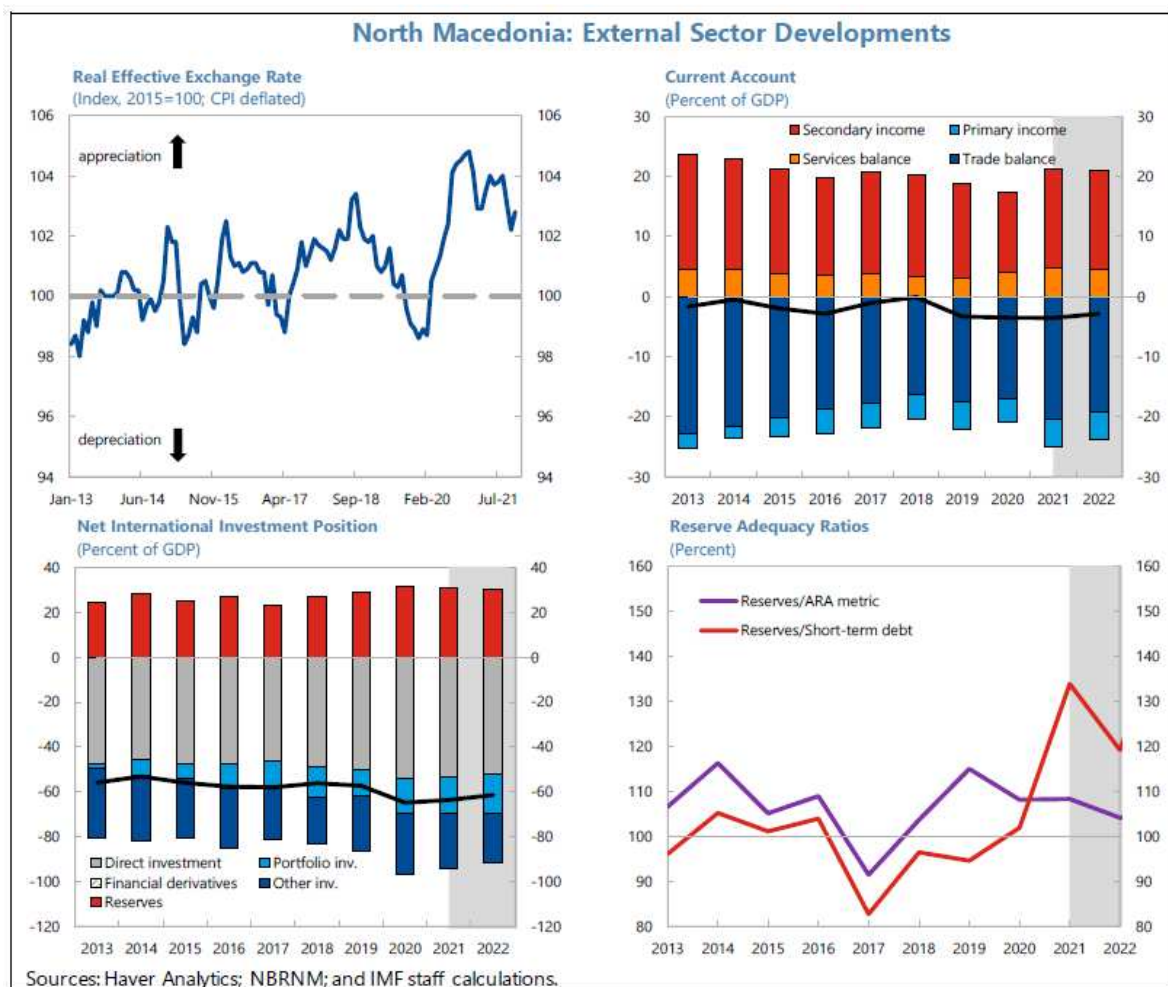
The first challenge relates to the quality of the educational system which, as one of the corner-stones in the development of human capital, should adapt to the needs on the labour market. This includes the need for reforms not only in the primary education, vocational education and training (VET), and higher education, but also in the legal framework concerned with the school-to-work transition. The COVID-19 pandemic imposed the necessity to implement reforms in the educational system, such as the introduction of remote learning, which directs the future reforms to take into account the newly introduced innovative teaching methods.

The second challenge deals with the efforts made to reach inclusive and sustainable economic growth under lower CO2 emissions and limited effects of the global warming. Concepts which occupy an important place in this regard are the development of a circular economy, more efficient waste management, lower air pollution, and improvements of the water supply and sanitation system. The progress in this area has been severely hindered by the COVID-19 pandemic, which delayed the construction of wastewater treatment plants as a result of the concerns regarding the increased vulnerability to COVID-19 due to the poor water management and sanitation.

The third challenge is related to the productivity growth of domestic companies aimed at increasing their competitiveness and thence facilitate their integration with the global value chains, as well as to tackle the large informal sector in order to cope with the unfair competition and increase the collection of public revenues. Domestic companies' productivity was significantly affected by the COVID-19 pandemic, which caused a decline in demand for products and services, weaker confidence in supply chain partners and disruptions in the sourcing of raw materials. In order to overcome these challenges, ERP 2022-2024 includes 20 measures which, among other things, in the upcoming period aim to carry on the activities on the implementation of regional centres for VET, harmonize the legislation and accreditation rules and evaluation with the European standards for higher education, improve the flexibility on the labour market through legislative actions in the area of labour law, increase the energy efficiency and the exploitation of renewable energy sources, and improve the primary healthcare.

The economic policies and measures included in the Fiscal Sustainability and Economic Growth Support Plan, Public Investment Plan and Economic Growth Acceleration Plan as a general framework are aimed at addressing the foregoing challenges but also at increasing the growth potential of the domestic economy.

The economic recovery is expected to continue in 2022, although it starts the year on a weaker footing than expected due to the global resurgence of the pandemic. The recent rise in omicron cases is assumed to dampen near-term prospects. Growth overall is forecast at 4 percent in 2022, as in 2021, driven mainly by household consumption and investment. While the employment recovery is expected to be more gradual, household consumption would be driven by higher disposable income (reflecting the recovery in remittances and high wage growth) and the release of some pent-up savings. Investment is expected to pick up significantly, driven by both public and private investment. The gradual unwinding of fiscal support comes in response to improving economic prospects, which should dampen the effect on growth. Net exports are expected to contribute negatively to growth, as strong domestic demand leads to high growth in imports. Over the medium term, the growth is forecast to converge to 3½ percent. The cumulative output loss from the pandemic—a measure of scarring—would likely be sizeable, reflecting a persistent effect on capital accumulation and a slow recovery in some high-contact sectors. The current account deficit is projected to reach 2½ percent of GDP by 2026, as improvements in the trade balance are counteracted by slow growth in remittances.



In line with global trends, inflation is likely to remain higher for longer than previously thought, coming down in the second half of 2022. Overall, headline inflation is expected to rise to 4.3 percent on average in 2022, from 3.2 percent in 2021. This is based on the projected path of global food and energy prices

and the 9.5 percent hike in regulated electricity prices which took effect in January. It also incorporates the temporary price freeze on basic food products decided by the government. Core inflation is expected to ease slightly in 2022, mainly due to base effects, but to remain at about 2½ percent over the forecast horizon. High wage growth, including from ad hoc hikes in the statutory minimum wage, could lead to higher inflation for longer.

The authorities project higher growth, especially as public investment is scaled up over the medium term. The government expects the Growth Acceleration Plan to play a significant role in the recovery through higher public infrastructure investment, accompanied by accelerated private capital formation through an improved business environment, higher confidence, and more foreign investment. This would generate positive spillovers on employment and productivity, bringing annual average GDP growth to 5.4 percent over 2022–26. The NBRNM expects annual GDP growth of 4 percent in the medium term.

The NBRNM should take the lead on macro prudential issues. The forthcoming amendments to the National Bank Law are expected to grant the NBRNM a more formal macro prudential mandate. A large share of possibly unhedged FX or FX-linked loans to households remains a key risk, and the NBRNM should maintain measures to limit FX lending and implement its 2018 denarization strategy. Rising debt, albeit from low levels, and the debt structure among households and corporates needs close monitoring. Mortgage lending and real estate prices picked up significantly in 2021, requiring further scrutiny to assess lending practices.

(See Annex 2. 2021 Economic Reform Programmes of Albania, Montenegro, North Macedonia, Serbia, Turkey, Bosnia and Herzegovina and Kosovo - The Commission's Overview & Country Assessments; Economic-Reform-Programme-2022-2024; WESTERN BALKANS REGULAR ECONOMIC REPORT - 2021)

3. Satisfactory progress in the implementation of the Public Finance Management (PFM) Strategy 2018-2021

In April 2021 the Government adopted the 2021 Action Plan for implementation of the PFM Reform Programme.

The 2021 Action Plan was prepared by the Ministry of Finance of the Republic of North Macedonia, in close collaboration with the following institutions: Ministry of Economy, State Audit Office, State Statistical Office, Customs Administration, Public Revenue Office, Public Procurement Bureau, State Appeal Commission for Public Procurement. The 2021 Action Plan provides continuation of the planned PFM reform agenda and ensures its sustainability.

The progress made in the first semester of implementing the 2021 Action Plan for the PFM Reform Programme was elaborated in the Semi Annual Monitoring report for the period January - June 2021, approved by the Government in October 2021 after prior consultation with the PFM Sector Working Group (which includes representatives of civil society organizations), held in September 2021 and approval by the PFM Council. All reports on monitoring the implementation of the PFM Reform Program are published on the MoF website.

The progress made in implementing the 2021 Action Plan for the PFM Reform Programme is elaborated in the annual monitoring report on the implementation of 2021 Action Plan for the Public Financial

Management Reform Programme for the period January-December 2021. A special annex to the Report presents the achieved results for the period 2018 - 2021.

- New Draft Organic Budget Law (OBL) was adopted in January 2021 and then submitted to the Parliament for adoption, which is expected in 2022. The MoF has started preparing the relevant implementing legislation, with twinning support under the ongoing IPA 2018 project *Strengthening Budget Planning, Execution and Internal Control Functions*, and other donor assistance.
- New Draft Law on the System of Internal Financial Control in the Public Sector was submitted to the Parliament at the beginning of January 2021 for adoption, which is expected in 2022.
- New comprehensive Strategy for development of the public procurement system was prepared.
- The draft Public Private Partnership (PPP) Law was prepared and published on ENER for public consultation. In addition, a public debate with relevant stakeholders was held in April 2021. The initial text of the Law has been amended in accordance with comments received and following completion of entire necessary accompanying documentation, it will be submitted to the Government for adoption.
- An initial version of the draft Law on concessions for goods of common interest has been prepared by the Ministry of Economy. Inter-institutional working group is being established, which should proceed with finalising the draft Law.
- Following the adoption of the Tax System Reform Strategy by the Government in December 2020, the 2021 Action Plan for the Implementation of the Tax System Reform Strategy was adopted in the second half of March 2021. This strategy is being implemented as part of the current IPA 2018 Twinning Project.
- Fiscal Strategy and Public Debt Management Strategy for the period 2022 - 2024 with prospects until 2026 were prepared by the MoF and adopted by the Government on 1st June 2021. 2020 Annual Report for public debt management was adopted by the Government on 22nd June 2021. In December 2021, Revised Fiscal Strategy and Revised Public Debt Management Strategy for the period 2022 - 2024 with prospects until 2026 were adopted by the Government;
- The implementation of the Integrated Financial Management Information System (IFMIS) is a top-priority project for the MoF within the PFM agenda. The IFMIS is regulated through the new OBL, which sets the legal basis for its implementation. Functional and technical documentation for the IFMIS has been prepared, with the aim of improving the efficiency of business processes and ensuring the interconnection between the fragmented IT systems used in public finance. The basis for establishment of a new organizational unit in charge of project implementation is set.
- In order to start implementing the Public Investment Management Action Plan, Minister of Finance has established two working groups in May 2021, for implementing the PIM Action Plan, and for undertaking preparatory activities for establishing a PIM unit within the Ministry of Finance. Technical assistance has been provided by the IMF for strengthening the institutional set-up for public investment management, starting from July 2021.
- Plan for fiscal sustainability and support of economic growth: policies, recommendations, measures and indicators, was adopted by the Government in October 2021;
- 2022-2026 Plan for accelerated economic growth was adopted by the Government in October 2021.

The Government and the Ministry of Finance have started the process of preparation of the new PFM Reform Programme for the next programming period 2022 - 2025 in September 2021. Preparatory activities started in March 2021, with carrying out SIGMA and PEFA assessments, which provided a comprehensive diagnosis of the current situation in all PFM sub-systems and identified the reform priorities for the next period. The Programme together with the Action Plan

for 2022 are prepared by the Ministry of Finance, with the active participation of the Ministry of Economy, Customs Administration, Public Revenue Office, Public Procurement Bureau, State Audit Office, State Appeal Commission for Public Procurement, which were supported by technical assistance from SIGMA.

All unfinished reforms will continue in the next period with the new 2022 - 2025 PFM Reform, which will ensure continuity of the reforms started with the previous Program. The new PFM Reform Program will address additionally identified weaknesses during internal and external assessments (SIGMA, PEFA) with new PFM reforms in the field of planning and reporting on revenue, economic analysis and macroeconomic forecasting, monitoring fiscal risks, establishing an Public Finance Academy, Tax and Customs Policy and Revenue Administration, Public Procurement Policy and Public Private Partnership, Establishment of an Integrated Financial Management System - IFMIS, Budget Planning, Public Investment Management, Budget Accounting, Public Debt Management, Public internal financial control, external audit and PFM at the local level.

The draft Programme and the draft 2021 annual monitoring report were published on the website of the Ministry of Finance on April 15, 2022, thus starting the process of public consultation. All interested parties have been given the possibility to submit comments and suggestions to the Ministry of Finance. Furthermore, on 13 May 2022, the 7th PFM policy dialogue was held, aimed to discuss the draft Programme with the 2022 Action Plan and the draft Annual Report for 2021. Following the comments received, draft documents were finalized and submitted to the Government for adoption.

(See Annex 3. 2022-2024 FISCAL STRATEGY OF THE REPUBLIC OF NORTH MACEDONIA (with prospects until 2026) Skopje, May / Ревидирана-Фискална-стратегија-на-PCM-за-2022-2024-со-изгледу-до-2026; Action-Plan-for-2021-PFM; Draft 2021 Monitoring Report on Implementation of the 2021 PFM Reform Programme Action Plan)

4. Progress with regard to the public availability of accessible, timely, comprehensive and sound budgetary information

The authorities highlighted their commitment to accountability and transparency in public spending. A comprehensive report on the fiscal impact of the economic measures implemented in 2020 was made public in the first half of 2021. A package of transparency measures, including the disclosure of information on crisis-related funds and their recipients, has also been implemented - <https://finansiskatransparentnost.koronavirus.gov.mk/#/payments-details>.

Tools for public access to budgetary information.

The government – namely the MoF – continued to implement activities to provide easy access to all budgetary information. Online tools allow anybody to access information at any time and provide not only information about the state/public budget but also preliminary information on public budget spending. All the information is provided in Macedonian and Albanian languages, and English is also used for key budgetary information. From 2018 onwards, the MoF has been regularly publishing the Citizen’s Budget - <http://budget.finance.gov.mk/#published>. This provides information about the budget planning, distribution and income. As of November 2019, the MoF operates a new transparency tool Open Finance <https://open.finance.gov.mk/mk/home>, designed to provide the public with an overview of all budget institution transactions within the Central Budget. The portal includes public debt data (amount of public

debt, public debt trends and projections, repayments, borrowings and how public debt is financed) and data on the transactions undertaken by municipalities. Also, through the Fiscal Counter, a transparency tool established in February 2021, that provides high-frequency data for budget revenues and expenditures and the execution of capital expenditures on a daily basis, with the general government debt being presented on monthly basis, MoF is continuously increasing openness about budgetary matters to the public, with the overall aim of achieving an even higher level of fiscal transparency. With the Tax Compliance Calendar, published in April 2021, MoF informs the business community, as well as the general public about all changes in the tax regulations planned to be undertaken by the end of the year, so that they can plan their activities more efficiently and effectively throughout the year. Thus, MoF helps to increase transparency and certainty in the country's business climate.

Also, the Fiscal Strategy has been improved continuously and includes data on the total revenues and expenditures of public enterprises and companies at the central level, as well as information on the amount of capital investment by public enterprises and state-owned companies, also at the central level. MoF regularly publishes quarterly data on the revenues and expenditures of public enterprises and state-owned companies and information on local government budgets (fiscal tables for local government).

(See Annex 3. 2022-2024 FISCAL STRATEGY OF THE REPUBLIC OF NORTH MACEDONIA (with prospects until 2026) Skorje, May / Ревидирана-Фискална-стратегија-на-PCM-за-2022-2024-со-изгледу-до-2026; Action-Plan-for-2021-PFM; Draft 2021 Monitoring Report on Implementation of the 2021 PFM Reform Programme Action Plan)

5. Sector Reform Policy dialogue matrix

The Sector Working Group on Education, Employment and Social Policy (SWG EESP) is the sector policy dialogue structure that brings together the relevant national institutions, the donors and civil society actors active in the sector: the MES, MLSP, ESA, SLI, SEA, SSO, MoH, the EU Delegation, international donors (UN agencies, incl. the ILO, WHO and WB, USAID, and the embassies of Switzerland and GB), as well as social partners and NGOs.

It has a large mandate, ranging from the identification of priorities to coordinating and reviewing progress in sector reforms. It is the main platform for channelling the IPA programming in the sector, including the preparation of the SRPC. It is the main policy dialogue instrument for the implementation of the sector reforms, channelling the discussions of the stakeholders on progress, achievements, risks, indicators as well as on the donors' support for North Macedonia's reform process.

In 2021, there were held two EESP SWG meetings. Due to ongoing COVID-19 pandemic both were held online.

First of 2021 meetings (8th EESP SWG meeting cumulatively) was held on 25th May. The main purpose of the meeting was to discuss draft of the self-assessment report related to 2021 SRPC 'EU for Youth' disbursement request. The meeting opened ministers of labour (Ms. Shahpaska) and education (Ms. Carovska) together with Head of Cooperation in the EU Delegation to the Republic of North Macedonia, Mr. Nicola Bertolini. Heads of IPA structures of both ministries (Ms. Popovska and Ms Slavkovska) presented the report, TA TL Ms Bozhanova presented TA project and KE2 of TA Mr Ondrus presented

budget support modality. Development of indicators implemented by ESA has been presented by M Petkovski.

Head of Section OPS2 in the EUD, Mr Hudolin, stressed that beneficiaries will need to further increase the efforts on cooperation with MF and to address the resources where they are needed. Program Manager within EUD on the SRPC on Education, Mr Citarella pointed out that this is not an easy modality, because it implies strong ownership of the program by the national authorities. He underlined that important results presented in self-assessment report were achieved under very difficult conditions.

Mr Aegerter, Deputy Head of Mission to the Swiss Embassy, in line with interventions of other stakeholders congratulated ministries on the achievements and pointed out importance of donor coordination which will enhance the efficiency of the reforms in VET.

EESP SWG members presented their satisfaction and agreement with the report itself and did not present any additional comments to be incorporated.

The 9th EESP SWG meeting was held on 30th June. Introductory words of Ms Jagoda Shahpaska, Minister of Labour and Social Policy and Mr Nicola Bertolini, Head of Cooperation, Delegation of European Union (EUD) stressed importance of the meeting focusing on presentation of draft text of IPA III 2022 Action Document “EU for improved health and gender equality and social protection”. Mr Bertolini added that unfortunately the process of approval of IPA III as a new instrument had been very long. All the regulations were not approved in time, the Parliament and the Council had agreed on the main points how to work with IPA III.

Representatives of involved MLSP departments presented particular actions foreseen with IPA III 2022 Action Document. One of priority actions will improve OSH system and practices in the country in line with EU standards and practices. It will include building of capacities as well as transfer of knowledge and legislative arrangements. Another action will improve effective and efficient system of promotion and implementation of gender equality, empowerment of women and ending gender-based violence. Action was drafted with an attitude that gender equality is cross-cutting issue as a priority. Third action is proposed for improvement of social services, incl support for deinstitutionalization process. Mr Maleski, representative of CSO Reactor, congratulated the ministry for excellent document and provides a hope to work together with civil society sector as partners in developing all topics presented.

Ms. Kamberi, Head of Department in MLSP, shared the information in relation to conclusions of Second Ministerial Meeting on Roma Integration held on 28 June and following the endorsement of Declaration of Western Balkan (WB) countries on Roma integration in EU within the enlargement process (Poznan Declaration), the ministry participated at this meeting.

Public Finance management reform is also the subject of policy dialog including representatives of the Commission, international finance organizations and national economic partners (civil society, business sector, academia). PFM Policy Dialog is managed by the Ministry of Finance. Regular PFM Policy Dialog meeting is held on annual base in order to assess implementation of previous year’s Action Plan for PFM Reform Programme and review annual Action Plan for current year.

There was the 6th PFM Policy Dialogue held on 19th March 2021 with following conclusions:

- The Government re-confirms its political commitment to coordinate the implementation of the public finance management (PFM) reforms with public administration reform and following the joint conclusions of the Economic and Financial dialogue.
- The Government, under coordination by the Ministry of Finance, will continue to conduct regular, inclusive and transparent policy dialogue in the area of PFM with all relevant stakeholders.
- National authorities are committed to implement efficiently the 2021 Action Plan to the end of successful finalisation of the current PFM Reform Programme 2018 - 2021.
- The EU encourages the Government to enhance the administrative capacities of the institutions involved in the process of PFM reforms through sustainable policy for retention of staff, training and operationalization of the Public Finance Academy.
- The Government commits to launch public consultations and adopt the following key legal acts and strategies in 2021: Law on Public Finance Academy; Law on Public Private Partnership and Concessions; Law on concessions of Goods of Public Interest; Strategy on Public Procurement; 2021 Action Plan for implementation of the Tax System Reform Strategy.
- The government will adapt the Organic Budget Law article on fiscal rules according to the European Commission's comments and adopt relevant by-laws and methodological tools needed for the implementation of the Organic Budget Law and PIFC Law.
- Ministry of Finance, supported by the EU and the World Bank, will remain fully committed to implementing the new IFMIS.
- The government commits to implement PIM Action plan under the leadership of Ministry of Finance.
- The Government will start the process of updating the PFM Reform Programme for the next programming period with conducting Public Expenditure and Financial Accountability Assessment, starting in April 2021. In addition, it requests the donor community to provide coordinated technical support for preparation of the new PFM Programme.

(See Annex 1. Policy dialogue (SWG EESP meeting participants and minutes)

6. Coordination mechanism

Working group #1. According to the guidance note for BS operation, the beneficiaries have established a coordination mechanism with EUD through the TA team for the SRPC 'EU for Youth'. The technical assistance team serves as the permanent secretariat for WG #1 operating as a platform for coordinating SRPC implementation, supervising preparation of disbursement requests and reporting on indicators. Members of WG#1 represent: the MoES, MoLSP, MoF, ESA, AEC. Other stakeholders, donors and non-key TA experts also participate occasionally depending on the meeting agenda.

WG#1 meetings. There were four WG#1 meeting held in 2021. Introductory meeting was held in form of a workshop for budget support beneficiaries on implementation and indicators. Rest of WG#1 meetings assessed development of self-assessment report – at the beginning focusing on collection of necessary data and information as well as finalization of national reports in order to provide transparent and credible information. Last two WG#1 meetings focused on elaboration of self-assessment report itself.

Coordination meetings assists beneficiaries to report properly implemented activities as well as to assess SRPC indicators and prepare disbursement request in time.

Timely submission of 2021 disbursement request shows that establishment and operations of WG#1 present successful coordination mechanism.

However, in order to be as flexible as possible beneficiaries and TA used also small scale coordination group consisting of (1) heads of IPA units (MES, MLSP, ESA), EUD and TA team. This group started to meet regularly on monthly base in September. Head of NIPAC Ms Kirkovski has been invited to some meetings, as well. Main purpose of this coordination mechanism has been ongoing monitoring of implementation of activities related to SRPC indicators. The beneficiaries with assistance of EUD and TA were thus able to identify serious delays of implementation of some of indicators. Therefore, small coordination group served as a platform for preparation of request for SRPC indicators modification as well as of related detailed action plans for improvement of SRPC implementation.

There has been established another WG#2 for coordination of design, piloting and establishment of tracer systems for initial and continuous vocational education and training by VET providers and Youth Guarantee and employment generation programmes. The primary aim of this activity is to develop and pilot tracer system methodologies and tools that will ensure that information from tracking VET graduates, as well as skill need forecasts, is collected and analysed, as means to improve the quality of VET provision and VET qualifications, as well as review young people's transition from education or an apprenticeship to employment, further study in the educational system, seeking employment and being employed or self-employed.

The WG#2 includes representatives and experts from the leading institutions involved in the implementation of the SRPC 'EU for Youth': the Ministry of Labour and Social Policy (MLSP); the National VET Center; the Adult Education Center; the Ministry of Education and Science (MoES); the Employment Service Agency (ESA); the pilot VET and AE providers; the relevant employers' associations and chambers and project TAT. The WG#2 can invite experts from other relevant institutions to take part of its work, such as: the Bureau for Development of Education (BDE); the State Education Inspectorate (SEI); the Agency of Youth and Sport (AYS); the National Youth Council of North Macedonia (NYCM); the Social partners' organisations.

The WG#2 had an initial meeting on 28th October adopting rules of procedures and action plan for implementation of pilot tracer study.

(See Annex 1. Minutes from the meetings of WG#1 & WG#2)

III. PROGRESS IN SPECIFIC INDICATORS

1. Progress against specific objectives

A brief description of the force majeure situation in implementing the SRPC in North Macedonia

The “EU for Youth” program in North Macedonia started in the beginning of March 2020 immediately before the declaration of a state of emergency in the country because of **COVID-19**. Immediate remedial actions have been undertaken by the Government in order to mitigate the negative effects in the sectors of education, employment and social security with a direct impact on implementation of the SRPC. The need for introduction of recovery measures became even greater after the pandemic outbreak in September 2020, which also put to the test the education system and the launch of the 2020-2021 school year.

Enormous efforts have been made by the Government to adjust the **legislative framework** to the new situation, thus priority in legislation process was put on application of Covid-19 mitigation and recovery policies and measures. Understandably, in the year 2021 this has led to delays and even the freezing of adoption the pending legislation in education for example, the Law on Adult Education and the new VET Law which has reflected in the non-fulfillment of the related 2021-objectives under the SRPC in particular, the **establishment of the Regional VET Centres (RVETCs)**.

At the same time, the **staffing of the RVETCs** according to the new functionalities foreseen by the legislation and the **start of accreditation procedures** according to the RVETCs’ specialisation, was not started before the adoption of the two mentioned laws. This makes it impossible to achieve the related targets under the SRPC within 2021.

The delay in legislation process has been accompanied by **budgetary measures** - budget cuts in regular activities - and redirection of funding to cover the anti-Covid measures, which led to delays and non-execution of construction works within the deadlines provided in the SRPC - for example, the **reconstruction of local PES offices**.

Nevertheless, the procedural ground for the **refurbishment of the RVETCs** was completed – change of the institutional status, development of technical documentation, elaboration and agreement of the reconstruction projects, obtaining technical and administrative permits, development the tender documentation and lunch of the tendering process - the **economic crises caused by the Covid-19** has created serious barriers to completing the processes for physical establishment of fully functional RVETCs. The majority of construction companies either have closed entirely or reduced their activities, as well as their employees. The global **closure effect of construction markets** has led to a dramatic rise in construction material prices, delayed deliveries and a lack of capacity or unreliable logistics both, from domestic and foreign markets. As the European Federation of the Construction Industry has signaled to the European Commission, Covid-19 has created huge problems in the field of construction globally. This problem is felt even more strongly in North Macedonia which led to difficulties in tendering process and burdens for the successful completion of contracting the reconstruction works under the terms of SRPC.

The **equipping of the RVETCs** has been also delayed following the delays in completion the construction works in 2021. However, the preliminary work for creation the ground for supply of equipment to the RVETCs has been accomplished – agreed standards for premises and equipment per specialisation of the centers, draft technical specifications for the necessary supplies. **Estimation of the necessary funds** for equipment of the RVETCs is also in a process which is much challenged by the forthcoming **energy crisis** all over the European countries and **inflation** as a result of this and the recovery measures for the European economic as a whole, which is leading to unpredictable **increase in commodity and supply prices** on the national market, too. To this end, the national employers organisations, who are permanent partners in the governance of the education system, currently are forced to provide crisis management policy to secure the businesses, rather than to contribute to overcome the barriers in establishment of functional RVETCs.

Despite the enormous efforts and commitment of the institutions and the Government of the North Macedonia, the **force majeure circumstances** set out here have made it impossible to achieve some indicators of progress within the SRPC in the period 2020-2021.

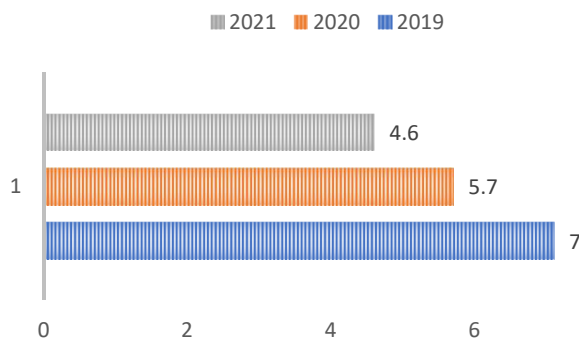
After reviewing the situation and carefully assessing the risks and future activities planned by the institutions to overcome the delay in the SRPC progress, the beneficiaries elaborated a **new action plan** (*Recovering Action Plan for the implementation of the SRPC*) to achieve the objectives of the program. Based on the AP scenarios the MoLSP and the MoES requested changes in performance indicator's targets – more specifically to the indicators 3, 4 and 8, identified in a risk of delay. (See Annex 10, Letter # 13-4008/3 from 1.10.2021 by the MoLSP and Letter# 11-14397/1 from 05.10.2021 by the MoES). The modification request was made based on the clause in the FA, p.41 (Annex 2, 'Specific conditions for the disbursement of tranches')¹³, followed by a correspondence between the Government of NM (National IPA coordinator, letter # N° 11-100/12 of 28 October 2021) and the EC (Ares(2021)7377451-30/11/2021). The suggestions by the EC is '*to proceed with the disbursement of the 2021 tranche in 2022 as per the schedule, to request postponement of the 2022 indicators towards 2023 and to reflect on a possible use of the undisbursed funds (a final tranche for 2023 based on new indicators/targets)*'. However, in compliance with the FA, the process must be requested by the NIPAC to the EU Delegation and authorised by the latter through an exchange of letters between the two parties..

The process for formal amendment to the Financing Agreement (FA) is still ongoing and has not been completed at the time of preparing this self-assessment report. However, in preparation of the self-assessment report, the presentation of progress of specific SRPC indicators was assumed that the proposal by the EC for amendments to the contract and the FA would be formalised.

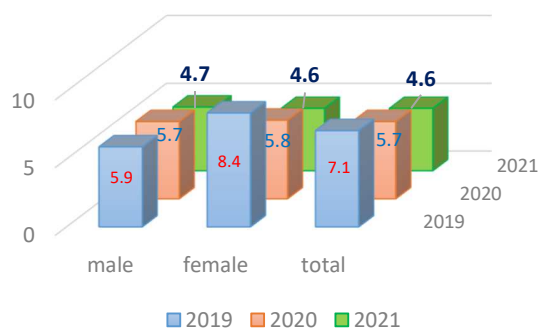
¹³ '*In exceptional cases, where exceptional events or changing circumstances have prevented meeting previously agreed targets, it may be possible to waive or neutralise an indicator condition. In this case, the related amount can either be transferred to the next tranche or reallocated to the other indicators of the same tranche...*'

1.1. Improved quality, relevance and inclusiveness of the national vocational education and training system (description, evidence)

% OF EARLY SCHOOL LEAVERS



% of early school leavers - structure



Progress was made in 2021 in reducing the rate of early school leavers; the rate dropping from 7.1 per cent in 2019 to 4.6 per cent in 2021. This has already exceeded the target of 6.8 per cent set by the ESRP for 2022. Despite this progress, challenges remain concerning this indicator in terms of maintaining the positive trend and achieving an even greater decrease.

I1 - Early leaver rates from education and training

Baseline (year): National average 8.5 per cent (2017)
 Final target (2022): Decrease in the early leavers rate by 1 percentage point compared to the national average
 2020 annual target: N/A
 2021 annual target: N/A
 2021 result: 4.6 per cent
Outcome: This indicator has no impact on the preparations of the disbursement request

(See Annex XXX. [Statistics/MoES administrative data](#))

1.2. Improved employment opportunities for young men and women

I2 - Percentage of YG participants who successfully completed YG (exit level)

Baseline (year): Pilot exercise: 36 per cent (2018); target regions: 0; roll-out 1st half 2019 – 29 per cent
 Annual targets: 2020 – 20%; 2021 – 20%; 2022 - 25%
 2021 annual target: At least 20 per cent of young people not in education, employment, or training, registered for 2021 under the YG scheme in the target regions
 2021 result: 37 per cent
Outcome: Achieved

SRPC 'EU for Youth' covers three selected regions, including Resen identified as most underdeveloped in the country. This indicator counts the number of young people who registered in the YG scheme during the calendar year 2021 in targeted regions and successfully deregistered from the scheme with a positive outcome (i.e., employment, continued education, or training) within four months. The target for 2021 was

20 percent and the result achieved was 37 percent, meaning that 2,992 persons (out of total 7874) successfully exited the YG scheme within 4 months in the three regions and the 11 employment services centres. In the period from 01.01.2021 to 31.12.2021 in the Youth Guarantee were included 7874 young jobseekers (of which 3906 women).

However, it should be borne in mind that these data were extracted from the ESA database on March 1, 2022 for the purposes of the report. According to the above, given that for 496 people from the three regions, the period of 4 months has not yet passed (which for these people, included in the youth guarantee ends by April 30, 2022), and there was still a period in which people can receive an offer, i.e. to be employed or involved in education or training, it is important to note that, in order to obtain an accurate report for the period from 01.01.2021 to 31.12.2021, it is necessary to take the remaining period, as it may affect and change the final state or increase the success score of the program.

Nationality	Total	Macedonian	Albanian	Roma	Turkish	Other
No. of persons registered in YG got employed within 4 months	2562 (1207 women)	1236 (578 women)	1164 (558 women)	24 (9 women)	98 (40 women)	40 (22 women)

Nationality	Total	Macedonian	Albanian	Roma	Turkish	Other
No. of young people registered in the YG scheme got offered active labour market measures	430 (257 women)	235 (141 women)	169 (103 women)	10 (4 women)	14 (8 women)	2 (1 women)

Nationality	Total	Macedonian	Albanian	Roma	Turkish	Other
YG exit (Percentage of participants who	2992 (1464) (37%)	1471 (719 women) (49%)	1333 (661 women) (32%)	34 (13 women) (12%)	112 (48 women) (37%)	42 (23 women)

successfully completed the Youth Guarantee)						
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(See Annex 4. Youth Guarantee annual report for 2021)

2. Progress against induced outputs

2.1. Improved offer of accredited VET programmes and providers

I3 - Regional VET centres established in the target regions	
Baseline (year):	0 (2019)
Final target (2022):	3 Regional VET centres obtained accreditation for at least two VET qualifications (profiles)
2021 annual target:	Three (3) selected Regional VET centre are established and upgraded.
2021 result:	The 3 RVETCs established (2020), reconstruction started for 2, preparation for procurement of equipment started.
Outcome:	Not achieved

The technical documentation, architectural and construction projects for renovation of the 3 RVETCs has been completed in time. The tender for selection of suppliers of works for renovation the RVETCs were completed and selected companies were contracted for the two RVETCs – in Kumanovo, and in Ohrid. The third RVETC in Tetovo is still waiting permissions and finalisation of administrative procedures with the municipality in order to open the tender for selection of the works company. There is a political will at the high system level of education governance to finalise the Tetovo RVETC project and open the tender for reconstruction, too. Should be noted, that the funding of works for reconstruction of the three RVETCs are secured in the MoES budget.

In parallel, in 2021 the technical specifications for the procurement of the equipment according the specialisation of the RVETs were completed. The tender dossiers are under preparations. The third indicator is very complex, and has been mostly impacted by the post-Covid affects. The TA to the SRPC paid specific attention to this indicator, also having in mind the low capacities at the MoES public procurement section for maintaining in parallel many different tender procedures – i.e., preliminary realistic market analysis, preparation of technical specifications, budget estimation, elaboration of tender documentation, finalisation the tender dossiers, technical dialogue, tendering, evaluation, contracting and monitoring the contracts, etc. Thus, the TA to the SRPC provided additional assistance to MoES by expertise for the preparation of technical specifications according to the RVETCs specialisation and in compliance with the Standards for premises and equipment developed by specialisation of the RVETCs. Market research was made, and budget estimate was enclosed to the TS; finally, the entire tender dossiers per suggested number of tenders were finalised with the MoES. The equipping of the RVETCs will follow the finalisation of reconstructions works. Careful planning of supplies is a precondition for the successful achievement of this indicator. In order to improve the monitoring on processes under I3, as well as for management of the risks of delays, a detailed Action was prepared and agreed among the MoES, the TA to the SRPC and the EUD. To this end, the progress of this indicator, like the all specific indicators under

the SRPC, are regularly monitored, problems discussed and improvement actions are undertaken on regular basis by the WH#1 coordination mechanism, but also on bilateral cooperation basis among the MoES and the TA to the SRPC.

(See Annex 5. Annual report on implementation the Education Strategy in 2021 (full, Mk) and Summary from the report on conducted activities for the education strategy 2018 -2025 for the year 2021 (extracts, En)

I4 -Number of VET qualifications open for VNFIL	
Baseline (year):	0 (2019)
Final target (2022):	Cumulative 6 for the two years (3 for 2021 and 3 for 2022)
2021 annual target:	3 VET qualifications open for non-formal and informal learning.
2021 result:	0
Outcome:	Not achieved.

The 3 Regional VET Centres are specialised to deliver vocational education, specifically for eight formal education qualifications and *nine non-formal education qualifications* within five professions and based on eight space and equipment standards specially developed for the Regional VET Centres. The introduction of Validation of Non-formal and Informal learning (VNFIL) in North Macedonia is directly related to the development of the Macedonian Qualifications Framework (MQF)¹⁴. The country adopted a *Roadmap for Implementing a System for VNFIL* in 2016¹⁵, following the adoption of a concept paper for Non-Formal Adult Education and Informal Learning¹⁶ in 2015. A guidance note was developed for VNFIL processes and the specifications for the methodology package in 2017, which takes account of the various EU institutional frameworks, VNFIL procedures and instruments. The VNFIL is meeting a strategic national objective for “building diversified and flexible pathways for learning and professional guidance”¹⁷. The full implementation of a VNFIL system is provided under the New Adult Education law, which is currently in consultation procedure and thus, still not adopted.

The I4 is challenging, because its implementation in the Regional VET Centres originates directly from the New Law for Adult Education, which must firstly be adopted. The delay in adoption of the law in 2021, put this indicator is a risk, since, after the law is finally adopted, there will be a period of approximately six-months to develop the related bylaws and protocols and put them into operation. In order to avoid further delays in VNFIL in 2022 and onwards, the MoES and the AEC are already working on preparations the draft bylaws, procedures, and documentation with mobilisation of technical assistance from different projects with inputs to the policy reforms in the field of VNFIL and development of the RVETCs. Under the TA to the SRPC a capacity assessment research was conducted with the RVETCs in order to define the additional need for capacity development. For all three RVETCs the results show definite priority need for the development of institutional and personnel capacities to fully operate the VNFIL in their selected fields. Planning of activities for the RVETCs in order to prepare them as VNFIL agents on the Macedonian

¹⁴ Law on National Qualifications Framework, Official Gazette of the Republic of Macedonia, n. 137/2013 and 30/2016

¹⁵ Ministry of Education and Science and Centre for Adult Education in cooperation with the ETF, 09.05.2016.

¹⁶ Concept for non-formal adult education and informal learning in the Republic of Macedonia, AEC, and ETF, 2015.

¹⁷ Strategy for Development of Vocational Education and Training in a Lifelong Learning Context 2013-2020, objective B2.

education market are already started – the scope and content of training of councillors, assessors, the scope of work for preparation of specific documentation by selected specialties, etc. will be supported by the relevant donors’ projects currently running in the sector of education. Pursuing synergies among the donors’ inputs to the policy reforming in the sector of education, in particular, to make the RVETCs operational, the TA to SRPC in cooperation with the ETF and the EUD in Skopje, established donors’ coordination mechanisms, which to support also the MoES in implementation, monitoring the progress and planning the next policy cycle. Two meetings were organised so far, and the donors’ interventions are mapped towards the main policy reform areas, such as the RVETCs network, the QA in education, TT, the MQF, capacity building, etc.

2.2. Competences of staff of the RVET centres aligned with human resource management plans and accreditation criteria

The 2020 target was the preparation of a v for the three Regional VET Centres. The assessment was made during 2020 and the official training needs reports have been prepared by the MoES in cooperation with the Swiss Development agency¹⁸.

I5 - Percentage of staff in the RVET Centres trained in line with the HR development Plan (of whom percentage trained to work with students with special educational needs)	
Baseline (year):	N/A
Final target (2022):	100 per cent of the staff in the Regional VET centres must be trained (30 full-time working days for teaching staff and 20 full-time working days for non-teaching staff spread out over the 2-year period). At least 35 per cent of staff (teaching and non-teaching) must be trained to work with students with special educational needs during the two-year period. 100 per cent of the staff trained; 35 per cent of the staff trained to work with adults and children with special educational needs.
2020 annual target:	The analysis of the training needs in terms of upgrading the selected VET schools into Regional VET Centres must be completed – the target was not considered achieved in 2020.
2021 annual target:	The Human Resources Development Plan for each of the Regional VET Centres adopted
2021 results:	<ol style="list-style-type: none"> 1) Three functional and training needs analyses of the Regional VET Centres in Tetovo, Kumanovo and Ohrid were carried out during 2020 and adopted officially in 2021. 2) The HRDP for each RVETCs adopted
Outcome:	Achieved

The three TNA reports present the findings from the training needs assessment carried by Helvetas for teachers and managers in the three selected Regional VET Centres. For the teachers, the TNA covers three aspects: (1) technical (professional) competences by sectors; (2) pedagogic, andragogic, and didactic skills; and (3) skills for working with persons/students with disabilities. For the managers, the TNA covers various two aspects: (1) general (or generic) managerial skills; and (2) skills specific to managerial position or the

¹⁸ The TNA reports were officially adopted in March 2021.

jurisdiction. Altogether, the scope of the TNA reports covers five VET professions, including seven formal qualifications and nine non-formal qualifications depending on the specialisation of the Regional VET Centres. The TNA was carried-out in 2020 and TNA reports were presented to the self-assessment report for 2020 (submitted in May'2021; but the TNA reports were officially delivered by Helvetas to the MoES in March 2021, thus the disbursement of funds related to this target were suspended in the last year variable tranche. Based on the proposed solution by the EC, now we are reporting the target 2020 as achieved and eligible for disbursement in 2021. As the full TNA reports were presented to the SAR#1 last year, here, we present as an evidence only the letter for official submission of the TNA to the MoES.

The target 2 is related to the preparation of the HRD plans for the RVETCs and preparation of training plan for their capacity building according the HRDPs. The TNA results delivered by Helvetas provided inputs to the work of the BDE, which is in charge of preparation and realisation the professional development activities of the RVETCs staff members according to the HRDPs. The HR development plans for all schools in North Macedonia are developed on annual basis by the BDE, which are also responsible for planning and organising the teachers CPD accordingly. The HRDPs for the 3 new RVETCs have been developed and coordinated with the RVETCs' directors; the training of teachers and administrative staff is provided based on the law of BDE (Article 27) and the relevant training have been already budgeted and started.

(See Annex 6. Official Submission of the TNA Reports; Proof of the RVETCs' HRDP)

2.3. Youth Guarantee implemented

I6 - Number of participants registered in the YG (entry level)	
Baseline (year):	5,266 (2018), 10,007 (1 st half of 2019), of whom 5,255 were in the target regions
Final target (2022):	cumulative new 9,700
2021 annual target:	3,000 (in the target regions)
2021 result:	7,874 (in the target regions)
Outcome:	Achieved

This indicator represents the number of NEETS aged 15-29 who registered for the first time in one of the 11 employment offices in the target regions under the YG programme. The annual target for 2021 was set at 3,000 registered young persons. However, in three targeted regions, including Resen for the period from 01.01.2021 to 31.12.2021 7874 new participants - young jobseekers were registered in the Youth Guarantee (of which 3906 are women).

Out of the total number of young people included in the Youth Guarantee in these regions, 1991 have primary education, 4318 have completed secondary education and 1565 have higher education.

Youth Guarantee in the targeted regions 2021 (with financial support by EU – IPA II SBS)

Number of participants registered in YG (entry level)	No. of persons registered in YG got employed within 4 months	No. of young people registered in the YG scheme got offered active labour market measures	YG exit <i>(Percentage of participants who successfully completed the Youth Guarantee)</i>
7874 persons (3906 women)	2562 (1207 women)	430 (257 women)	2992 (37 %)

(See Annex 7. Youth Guarantee annual report for 2021).

I7 – Number of Youth Guarantee staff trained	
Baseline (year):	22 (2019)
Final target (2022):	cumulative new 70 (6 full-time training days)
2021 annual target:	20
2021 result:	25
Induced output:	Achieved

The Youth Guarantee starts with the measures for activation of young people who are registered as unemployed for the first time. After being registered in the register of unemployed persons, the persons are immediately referred to their first interview with employees of the Employment Agency, who profile their employability, using a control questionnaire and prepare Individual employment plans. These plans define the activities that enable the young unemployed person, in a period of 4 months.

Activities include group and individual counseling; providing job search assistance services; motivational trainings; involvement in any of the measures for labor market integration (employment, education and training measures).

Like the training held in 2020, due to the situation caused by the pandemic with COVID 19, the Employment Agency of the Republic of North Macedonia conducted a 6-day online training (through the communications platform ZOOM <https://zoom.us/>) for counselors from the centers for employment that are responsible for the implementation of the Youth Guarantee. An email with an invitation and instructions for announcing the training was sent to each participant (Annex I - invitation to participate in the training).

The objectives of the training were the following:

- Discussion on the basic pillars of the Youth Guarantee and the role of the Employment Agency as well as the obligations of the partner institutions; Overview of the essential elements from the course of realization of the services provided by the Youth Guarantee;
- Review of the basic elements of the system for monitoring the success of the Youth Guarantee. Presentation and discussion of the obligations under the Financial agreement from IPA 2 - EU for youth;
- Presentation and discussion of the Youth Guarantee Implementation Plan and the necessary reforms for successful implementation, as well as presentation of the proposal of the European Council for introduction of the Reinforced Youth Guarantee;
- Exchange of experiences between employment centers.

In general, the workshop was clustered around four basic topics:

- **Basic pillars of the Youth Guarantee**
The first sessions of the training served to introduce the participants to the political framework for youth employment established by the Youth Guarantee in North Macedonia, the roles and responsibilities of the ESA and other partners.
- **The course of realization of the services and the results so far**
These sessions provide a detailed overview of the implementation of the Youth Guarantee services (registration, activation, job mediation, involvement in active programs and employment measures). Additionally, the learning was enriched by the exchange of experiences between the participants.
- **Performance monitoring system**
These training sessions were dedicated to discussing the key features of the Youth Guarantee monitoring system, as well as the reporting resulting from IPA 2 and sector budget support.
- **Reforms in accordance with the Youth Guarantee Plan**
These sessions provided an overview of what follows the introduction of the reinforced Youth Guarantee in the country. The training enabled the exchange of information, knowledge and experiences between the participants and the moderators. This was realized through a combination of presentations, discussions and exchange of experiences between colleagues.

The evaluation of the workshops was done through continuous consultations between the trainers and the participants. In the opinion of the trainers, as well as the participants of the training, it was useful for the counselors who work on the youth guarantee. For these reasons, it is necessary to conduct these trainings continuously at least once a year, because it helps participants not only to obtain new information about the youth guarantee, but also the mutual exchange of experiences helps them in their daily work, i.e. daily performing work tasks related to the youth guarantee.

(See Annex 8. Report about the training on the "Youth Guarantee" for advisers from the Employment Agency, conducted in the period: on 20 - 27.12.2021).

I8 - Number of ESA centres modernised/upgraded (in the target regions)	
Baseline (year):	3 (2018)
Final target (2022):	cumulative new 6 (3 in 2020 and 3 in 2021)
2021 annual target:	3
2021 result:	2
Induced output:	Not achieved in 2020 (due to COVID-19). The output was partially achieved in 2021

Sectoral budget support is aimed at strengthening the institutional capacity of the Employment service agency in general through improving the physical capacity of employment centers. Regarding the indicator that refers to the upgrade/modernization of the employment centers, in 2021 a total of 2 employment centers were renovated, namely Kumanovo and Tetovo.

The contract for renovation of the Employment Center Kumanovo was signed in 2020, and the upgrade/modernization was completed in April 2021. The renovation of the Employment Center in Tetovo started with in July 2021 and finished in October 2021.

With the approved Budget for 2022, the envisaged amount for this item is 50,000,000.00 denars for reconstruction of employment centres. Currently there is ongoing procedure for developing the assessment and project documents necessary to launch the procurement procedure, which is foreseen to start by the end of June. Following the foreseen activities, the upgrade/modernization of four employment centers in the targeted regions will start in September 2022 and will be finalized by the end of the year.

(See Annex 9. Annual ESA Report for 2021)

Value of the disbursement request for 2021	
Fixed tranche	Value
Progress against the general conditions	EUR 1,000,000
Variable tranche indicators	Value
I1 - Early leavers from education and training rate	EUR 320,000
I2 - Percentage of YG participants who successfully completed YG (exit level)	EUR 630,000
I3 - Regional VET centres established in the target regions	EUR 1,000,000
I4 - Number of VET qualifications open for VNFIL	EUR 140,000
I5 - Percentage of Regional VET Centres staff trained in line with the HR development Plan (of whom percentage trained to work with students with special educational needs)	EUR 200,000 + EUR 90,000
I6 - Number of participants registered in the YG	EUR 810,000
I7 - Number of YG staff trained (in the target regions)	EUR 90,000
I8 - Number of ESA centres modernised/upgraded (in the target regions)	EUR 213,000 or EUR 319,666
Grand Total	Value
Fixed tranche and variable tranche	EUR 3,263,000 EUR 4,599,666*

*the amounts in red show the maximum eligible disbursement for 2021 if the targets were fully met

2.4. Overview of target achievements

Table: Overview of indicators, milestones for 2021, means of verification, a brief description of the activities and results/targets achieved, as well as target benchmarks for 2021

Indicator	Annual target for 2021	Result 2021	Means of verification	Target benchmark for 2022	Feasibility of indicator and proposals for improvement/changes
I1 - Early leavers from education and training rate	N/A	4.6 per cent	Eurostat database/state statistics office.	Decrease in the early leavers rate by 1 percentage point compared to the national average. The ESRP target is 6.8 per cent for 2022.	No changes needed.
I2 - Percentage of YG participants who successfully completed YG (exit level)	20 per cent	37 per cent in the three regions	Internal data from Employment Service Agency; report on the implementation of the YG programme 2020-2022.	Average for the 3 years (in the three regions): 22.3 per cent. The ESRP target is 30 per cent (national level target).	No changes needed.
I3 - Regional VET centres established in the target regions	Three (3) selected Regional VET centre are established and upgraded	Standards for premises and equipment adopted per specialisation of the RVETCs; Projects for reconstructions of the 3 Regional VET centres adopted; Procurement for reconstructions of 2 RVETCs completed, companies for work are contracted, constructions works	MoES annual reports on the progress of Education Strategy 2018-2015, annual report to the 'Subcommittee on innovation, information society and social policy between the European Union and the Republic of North Macedonia (March 30, 2022) Chapter 3.26 Education and culture.	3 Regional VET centres obtained accreditation for at least 2 VET (profiles).	Not achieved in 2021. Changes in targets/modifications are needed! Exchange of correspondence between the Government and the EC is completed; amendments to the SRPC and the FA are expected to be finalised in 2022.

Indicator	Annual target for 2021	Result 2021	Means of verification	Target benchmark for 2022	Feasibility of indicator and proposals for improvement/changes
		ongoing in 2 RVETCs; procurement of works in 1 RVETC (Tetovo) not started yet – awaiting administrative permissions. TSs and tender dossiers for procurement of equipment – ready; budget funds secured for the first procurement in 2022; the process is ongoing.			
I4 - Number of VET qualifications open for VNFIL	3 VET qualifications open for non-formal and informal learning	0	The full implementation of a system for VNFIL is provided under the new Adult Education Law, which has not been adopted yet!	Cumulative 6 for two years.	Not achieved! Changes / modification of targets is needed.
I5 - Percentage of Regional VET Centres staff trained in line with the HR development Plan (of whom percentage trained to work with students with special educational needs)	1.The analysis of the training needs in terms of upgrading the selected VET schools into Regional VET Centres must be completed. 2.the Human Resources Development Plan for each of the	1.Three functional and training needs analyses carried out in the regional VET centres in Tetovo, Kumanovo and Ohrid during 2020 were officially adopted in March 2021, thus not considered achieved for disbursement in previous SAR. 2.HRDPs prepared by the BDE and	3 TNA presented in 2021 SAR for the execution in 2020; the official letter for submission of the 3 TNA by Helvetas is enclosed. Reports of the MoES and VET Centres.	100 per cent of staff trained; 35 per cent of staff trained to work with adults and children with special education needs.	No changes needed.

Indicator	Annual target for 2021	Result 2021	Means of verification	Target benchmark for 2022	Feasibility of indicator and proposals for improvement/changes
	Regional VET Centres adopted.	coordinated with the RVETCs directors			
16 - Number of participants registered in the YG	3,000 (in target regions)	7,874 (in the target regions)	Internal data from Employment Agency; report on the YG implementation plan 2020-2022.	3,000 (in the targeted regions).	Depending on the situation with COVID-19 and other influencing factors, this indicator will be carefully observed and, if necessary, modifications will be proposed at a later stage.
17 - Number of YG staff trained (in the target regions)	20 persons	21 persons 6 days training on YG	Employment Service Agency report.	Cumulative 70.	The cumulative value of indicator will be achieved if the same employees at the ESA centres are trained more than once, i.e., continuously in different upgrading courses.
18 - Number of ESA centres modernised/upgraded (in the target regions)	3	2	Information from the Employment Service Agency; report on the YG implementation plan 2020-2022, and the ESRP Annual Report 2020.	Cumulative 6.	A re-assessment of the unmet targets, against the original target, shall be requested since there is a positive implementation trend and given the fact that the target was not reached because of external shocks (global pandemic) and for reasons beyond the Government's control

IV. LIST OF ANNEXES

Tranche	Area	Annex number	Supporting document
Fixed tranche: General Conditions	Public policy	Annex 1	Report on Revised ESRP for 2021
			National Employment Strategy 2021-2027
			Comprehensive Education Strategy 2018-2025
			Policy dialogue (SWG EESP meeting participants and minutes; WG#1 & WG#2 meeting minutes)
	Macroeconomic stability	Annex 2	2021 Economic Reform Programmes of Albania, Montenegro, North Macedonia, Serbia, Turkey, Bosnia and Herzegovina and Kosovo - The Commission's Overview & Country Assessments
			Economic-Reform-Programme-2022-2024
			WESTERN BALKANS REGULAR ECONOMIC REPORT - 2021
	PFM Budget transparency	Annex 3	2022-2024 FISCAL STRATEGY OF THE REPUBLIC OF NORTH MACEDONIA (with prospects until 2026) Skopje, May / Ревидирана-Фискална-стратегија-на-PCM-за-2022-2024-со-изгледи-до-2026
			Action-Plan-for-2021-PFM
Article IV IMF Consultation			
Variable tranche: Indicators	Indicator 1	Annex XX	Statistics/MoES administrative data
	Indicator 2	Annex 4	Youth Guarantee annual report for 2021
	Indicator 3	Annex 5	Annual report on implementation the Education Strategy in 2021 (full, Mk) and Summary from the report on conducted activities from the education strategy 2018 -2025 for the year 2021 (extracts, En)
	Indicator 5	Annex 6	Official Submission of the TNA Reports
			Proof for the RVETCs' HRDPs
	Indicator 6	Annex 7	Youth Guarantee annual report for 2021
			Technical Report 'NORTH MACEDONIA Young People Not in Education, Employment or Training (NEET)', Mapping and Policy Pointers; EU/ILO Technical Assistance Facility on the Youth Guarantee, March 2022)
	Indicator 7	Annex 8	Report about the training on the "Youth Guarantee" for advisers from the Employment Agency, conducted in the period: on 20 - 27.12.2021.
	Indicator 8	Annex 9	Annual ESA Report for 2021
General indicators	Annex 10	2 Letters for change of performance indicator targets SBS by MoES and by MoLSP; EC Reply to Mr Dimitrov on the postponement of indicators	