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Macedonia

Sector Reform Contract for Employment and Education

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

SRPC “EU for YOUTH”

THIRD SELF-ASSESSMENT REPORT

Completed in May 2023

<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)
AYS	Agency for Youth and Sports
B	
BDE	Bureau for Development of Education
BS	Budget Support
BSO(s)	Budget Support Operation(s)
C	
CSO(s)	Civil Society Organisation(s)
E	
EC	European Commission
EESP SWG	Education, Employment and Social Policy Sector Working Group
EMIS	Education Information Management System
ENER	National Electronic Registry of Regulations of the Republic of North Macedonia
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
GDP	Gross Domestic Product
GMA	Guaranteed Minimum Assistance
H	
HE	Higher Education
HEI(s)	Higher Education Institution(s)
I	
ICT	Information and Communication Technologies
IEP(s)	Individual Employment Plan(s)
IFI(s)	International Financial Institution(s)
IFMIS	Integrated Financial Management Information System
ILO	International Labour Organisation

Acronym	Description
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	
NAEPM	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
PIFC	Public Internal Financial Control
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

Acronym	Description
SEGA	Coalition of Youth Organisations
SEI	State Education Inspectorate
SLI	State Labour Inspectorate
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	
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 2022 have been achieved, namely, the General conditions - Progress on employment and social policy reforms, Progress in ensuring macro-economic stability, Progress in the implementation of the reforms on public financial management including domestic revenue mobilisation, and continued relevance and credibility of the reform programme, and Progress with regard to the public availability of accessible, timely, comprehensive and sound budgetary information, and against the progress of specific conditions related to the eight performance indicator specified in the contract. 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 2023 and it provides evidence of the progress achieved during the SRPC’s third year of implementation in 2022. The report provides a record of progress and as 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 and the Action Document ‘IPA 2019/041-263/07.03/MK/Youth’, amended in 2022, 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 2022, the means of verification, a brief description of activities and results achieved, as well as the target benchmarks for 2022, 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 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 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 supports 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. North Macedonia is the first non-EU Member State to establish an 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), 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 Strategy for Education 2018-2025
- the Youth Guarantee implementation plan (2020-2022²)
- the Youth Guarantee Implementation plan (2023-2026)

3.1. Overview of reforms and policy developments in education sector

The education sector in North Macedonia has undergone important systemic reforms. Educational policies in the country are mainly guided by global educational trends that serve as an incentive for the Government to introduce transparent and democratic principles of governance, as well as student-centred approaches at all levels of education.

Curricula and textbooks reforms in primary education has been initiated, with focus on enabling learning with understanding, instead of factual memorization of data. Additionally, investments are made in the infrastructure and teachers are motivated towards more creative work with students. In particular, as a novelty, the development of a new national assessment, was organised. With the introduction of the National assessment in the third grade, the conditions for the development of the system for monitoring and evaluating of the achievements of students at the national level in primary education will be met. National assessment is integrated into the Law on Primary Education and sets the legal framework for conducting national assessment. The Bureau for Development of Education implemented trainings for professional development of teachers in primary schools within October – December 2022 in cooperation with the service providers. There have been accredited 18 training programs for teachers and prepared Catalog of accredited training programs for the primary school teachers. The teachers were able to select the topic for a training for themselves according to their personal and professional plan for development. The total number of teachers who participated in trainings was 14 083, and the trainings were accomplished in Macedonian, Albanian and Turkish language.

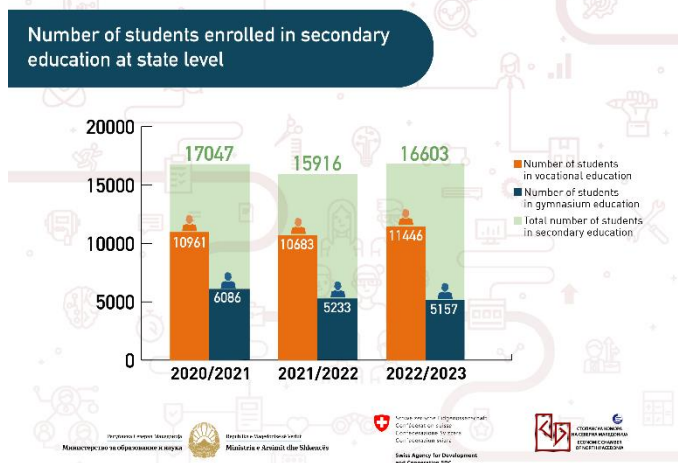
A fundamental reform is also taking place in secondary vocational education in order after their graduation the young people to be ready immediately to join the labor market, but also to have a solid ground for further educational upgrading and lifelong learning.

² The YG Implementation Plan was 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).

Through a social dialogue with the business community, vocational schools and local self-governments, was introduced the concept of dual education, which is based on Work based Learning and has been accepted in a very short time by all parties. In order to speed up the process of optimization and rationalization of the school network and make better use of the limited financial and human resources, in the coming period, based on analysis in the remaining 5 regions, two new Regional Centers will be established. The Concept for Establishment of the Regional VET Centers was adopted in April 2022 after it was discussed with all relevant institutions at country level for system mainstreaming. Additionally, the three Regional VET Centers have developed the planning of professional development for their teaching staff in line with the new services to be delivered as Regional VET Centres. In parallel with the new Law for Secondary Education the Ministry of Education and Science prepared the new Law for Vocational Education and Training and the Law for Adult Education. With the new Law on Secondary Education, for the first time, career counseling, career advisor and coordinator for practical education, digital skills, as well as qualifications acquired after completing secondary education are introduced. In that direction procedures for verification of employers for practical education and mentors are specially regulated. The new laws are aligned with the Law on the National Framework of Qualifications.

Reforms in VET. The Education Strategy and Action Plan 2018-2025 includes chapters on Education, VET and Adult Learning. The government aims to increase the attractiveness, quality and relevance of VET, introduce standards based on learning outcomes and labour market information, increase work-based learning and invest in human and infrastructural resources.

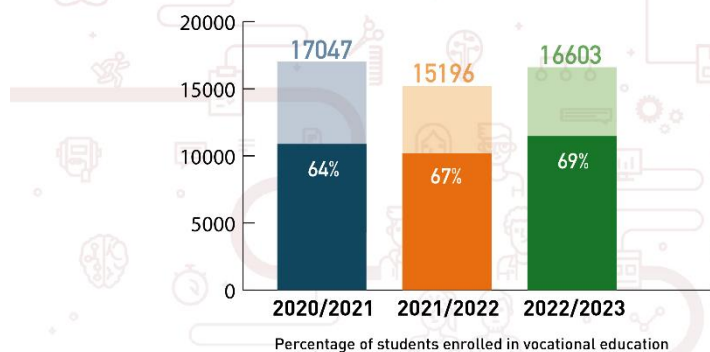
A very important segment in the process of educational reforms are the reforms in vocational education where the workforce is prepared for the needs of labour market. The Ministry of Education and Science is currently implementing reforms in secondary VET aimed to reduce the skills' mismatch. This gap leads to high unemployment among young people and hinders the competitiveness of the economy.



Source: MoES, Helvetas, E4E@mk project

In general, the analyses show that the VET graduates do not fully possess the necessary competencies and skills to be able to be directly involved in the labour market. On the other hand, companies need an average of 3 to 6 months to train in addition these workers, so that they can hire them and directly involve them in the production process. In this context, the need for reforms of secondary VET emerged. Through various measures and projects supported by donors' organisations, the MoES is implementing reforms in VET and post-secondary education.

Enrolled students in secondary education at state level



Significant progress was made in boosting VET education at secondary level: the rate of student's participation in the secondary VET system is marked by a constant increase: 64% in 2021, compared to 62.1% in 2020 and 61.8% in 2019.

During the next two academic years 2021/2022 and 2022/2023, the growth of students enrolled in secondary VET at state level remains stable – respectively 67% and 69%.

Source: MoES, Helvetas, E4E@mk project

Positive results are observed in the **standards** for occupations, qualifications and curricula for vocational education, aligned with the new methodologies and with international standards. The form of qualification is prepared in accordance with the requirements of the Macedonian Qualifications Framework (MQF), while the form of the VET curriculum is modularly designed containing learning outcomes. In a period of one year, more than 150 occupational standards, curricula for 72 educational profiles (qualifications) for vocational education (69 for two-year and three-year, and 3 for four-year duration of education) were prepared and approved (according to legal procedures), as well as curricula for professional subjects according to the training plans. In total, the occupational standards are 316, and the qualifications are 111, including level 5; we have 20 two-year qualifications, 39 three-year qualifications and 42 four-year qualifications.

In an intensive dialogue with companies, secondary vocational schools, chambers of commerce and local governments the MoES considers every year the needs for opening of new **educational profiles** and classes in schools, as well as the need to modernize the curricula and improvement of practical training of students. VET curricula are under revision since 2019, to adjust them to labour market needs. The new modularly designed curricula for all new qualifications/educational profiles have been developed and approved, based on learning outcomes, expressed by ECVET credits and points for general education and vocational subjects from the first to the fourth year, which began to be implemented in the academic year 2019/2020 (first year). From the 2022/2023 school year, **competency-based modular curricula** have been introduced in the fourth year of study as well, which completes the *curriculum reform* in the four-year secondary vocational education. There was further progress towards improving vocational educational and training, but major skills shortages persist to meet labour market needs, entailing a long school-to-work transition. Progress in reforming education curricula and reducing skills mismatches is hampered by lack of funding and capacity. While North Macedonia has progressed very well in terms of the number of people with higher educational attainment, curricula are not well suited to equip graduates with necessary skills to match labour demand. The competences for lifelong learning translated into national standards, and especially those related to the skills of creative expression, critical thinking, communication and collaboration, should be integrated into all curricula and be part of every lesson, in

the same way as language and mathematical literacy. Improving *digital literacy* is a priority under the education strategy, to ensure the digital transformation through a crosscutting approach. Digital integration is the basis of the new education, but not only by simply 'adding' ICT to the existing teaching methods; digital technology must be rebranded in a way that directly benefits students. This includes the preparation of students for a combined learning approach (blended learning) through digital platforms or through distance learning in variety of conditions, as well as the use of digital technology as a support for inclusion of children with disabilities into the regular education. The strategy for development of digital skills and a reference framework for digital literacy throughout the society should be developed and adopted. To increase the digital competitiveness, the Government needs to consider financial and tax incentives for digital enterprises (start-ups and SMEs) and create a platform to promote partnership and collaboration and transfer of technology between the public and private sector in the tertiary education sector.

Adult learning is recognised as key for improving the overall education attainment of the working-age population. Since the 90s of the 20th century, the concept of lifelong learning has been dominant approach, which elevates adult education to the level of an essential tool for competitiveness, employability and economic development in the European Union. Macedonian society can be competitive only if it becomes a society that learns, that creates and apply knowledge. Lifelong learning reduces social differences and empowers them for all citizens to get the necessary information and public services to achieve their own rights, contributes to greater employability of citizens from all strata of the population and thus, for more effective social inclusion and social cohesion. The concept of lifelong learning also led to changes in the understanding of the concept of adult education. Basic postulates in this concept are that education vanity is for everyone, it happens everywhere and throughout life cycle, that life is the main source of learning, and the learning process is more important than the subjects themselves are. Such an approach leads to an important change in the understanding of learning. All the captures the reality that there are different kinds of knowledge and more different contexts of learning: formal, non-formal and informal, and highlights the necessity of all outcomes from learning to be recognized regardless of context. With that, it stands out in the foreground the importance of the concept of validation of non-formal and informal learning (VNFIL). According to the existing regulation, the formal education for adults is an institutionalized education, which is conducted in state and private establishments and institutions as regular and part-time education, according to agreed curricula and programs. In 2022, 136 special programs for adult education leading to the acquisition knowledge, skills and competences have been verified. This measure has been carried out continuously since 2021. Ongoing *supervision of adult education service providers* is also carried out. In 2022 expert supervision was carried out over 23 verified special programs for the education of adults.

The Education Strategy prioritises the development of flexible, modular education and training offers for adults, the validation of non-formal and informal learning (VNFIL) and awareness-raising activities. A *Concept for secondary education of adults*³ has been adopted in 2022⁴. It is developed in the light of understanding the lifelong learning as a flexible and dynamic approach to learning, which purpose is to improve the quality of life of citizens and to enable social development. The Concept also reflects the context of recognition of prior learning (RPL) and validation of non-formal and informal learning (VNFIL). The concept represents a vision based on which postulates and mechanisms the secondary education of adults should develop over the next 10 years. The need for elaboration of a concept for secondary

³ <https://mon.gov.mk/stored/document/Koncepcija%20za%20sredno%20obrazovanie%20na%20vozasni.pdf>

⁴ The concept of secondary education of adults in the Northern Republic Macedonia was adopted by decision no. 13 - 14147/1 on 23.11.2022 from The Minister of Education and Science.

education of adults derived from the gaps in existing legal regulation for adults' engagement in secondary education, according to which the adults in secondary education could only have a status of part-time students. The measures available to adults were inflexible, without opportunities for quality teaching, training and acquiring important skills, and not taking into account the competences that adults already have possessed. The legislation must be harmonized and reformed in terms of incorporating modern tendencies in the education of adults, in order to establish a system based on the concepts of key competencies and results of learning, which also implies the mechanism of RPL, regardless of whether it is acquired through formal, informal or informational means. This will enable adults to acquire professional and educational qualifications, greater mobility on the labour market, active participation of citizens in social processes and improved social inclusion and cohesion. The adult secondary education system should fulfil its intended functions, guided by certain principles and national standards. Standards will be achieved by applying established curricula and programs, applying appropriate measures and recommendations for teaching, assessment, quality assurance and advanced use of digital tools. For the realization of the goals, the process should receive support from relevant stakeholders, policy makers and key institutions, economic stakeholders, the non-governmental sector, and mostly from properly prepared teaching staff.

Youth unemployment remains a challenge that the country has to address and solve. Nevertheless, youth unemployment is constantly decreasing, it still remains high, at 30.9%. The youth unemployment was significantly lowered after the adoption of the "Youth Guarantee Scheme" in the country and it remains the main measure addressing youth unemployment. The country is recommended to continue implementation of the measure for activation of the youth labour market with the inclusion of women, persons with disabilities, and Roma.

The EU and Western Balkans Leaders Meeting on 23 June 2022 reaffirmed the EU perspective of the partners in the region and gave impulse to intensify the cooperation and integration agenda. Particular focus was placed on the inclusion of the youth in the economy. Regarding the youth policies, the Deputy Prime Minister for European Affairs and Chief Negotiator with the European Union, Mr Bojan Marichikj, stressed that the authorities continue to create youth centres for providing support to the youth in all municipalities.

The law on youth participation and youth policies was adopted and the preparation of a [new Youth Strategy 2023-2027](#)⁵ started with opening in October 2022 of the public debate for its preparation. This Strategy will introduce the basic principles and the ground for the realization of the rights, needs and interests of the young people by 2027. In accordance with the Law on youth participation and youth policies, the Agency for Youth and Sport is the institution tasked with the implementation and coordination of the process for the elaboration of the National Youth Strategy, which is an essential document for the development of positive environment for youth development in the Republic of North Macedonia. It is setting the basic principles and directions for the action of all actors in the society that will improve the socioeconomic position of young people and create an environment that will allow them to accomplish their rights, needs and interests.

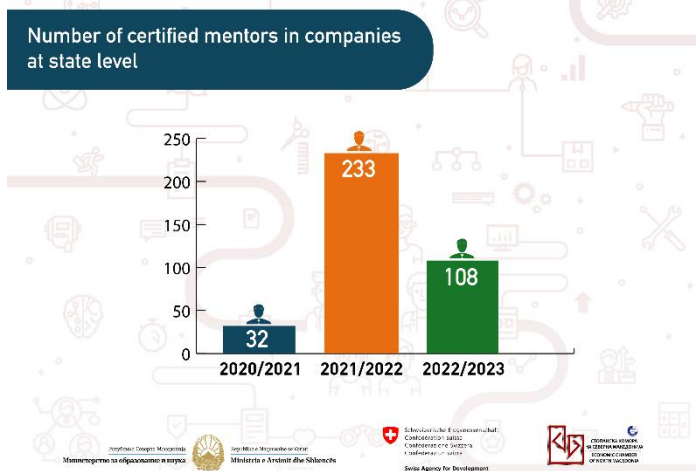
The Republic of North Macedonia made a great contribution to improving employment opportunities for young people aged 15 to 29 with the implementation of the "Work based learning" program⁶. The

⁵ The strategy is preparing with the support of the United Nations Development Program (UNDP), OSCE's mission in Skopje, and the United Nations Population Fund (UNFPA).

⁶ Implemented within the framework of the USAID project - youth employment skills.

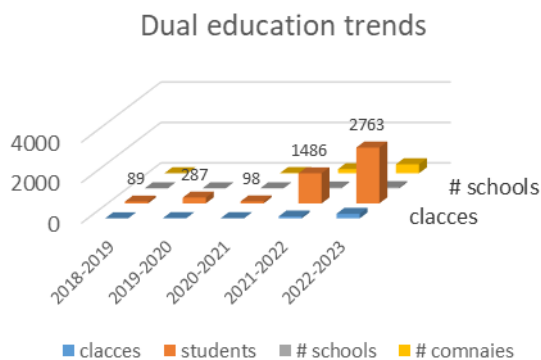
program was compatible with the forms of practical training that exist in secondary vocational education. Within this program, various forms of learning through work were developed such as: company visit, workplace observation, workplace work and self-employment. In the framework of this program, measures were also developed for the training of mentors from companies to work with students.

Companies have an obligation to organize practical training for students directly at the workplace, for which they must provide appropriate conditions - working environment, equipment and machines, and especially important - a company mentor who will guide students through the work process. Company mentors lead realization of practical education in companies. Currently, more than 100 mentors in companies are certified.



Source: MoES, Helvetas, E4E@MK project

In order to increase the employability of young people after completing secondary vocational education, the Ministry of Education and Science put efforts to introduction of a dual model for secondary vocational education. *Dual vocational education* is education oriented to the needs of the labour market and is an investment in the future economy. It supports the smooth transition from school to a first work place after graduation and delivers workforce, which is better prepared to enter the labour market with appropriate skills and competencies and thus, reducing the gap between the supply and demand of labour force. The idea of dual professional education is supported by the Government of the Republic of North Macedonia.



In the academic year 2018/2019, 89 students enrolled in five classes for dual education in two schools; In the academic year 2019/2020, the number of dual classes continued to increase and expanded to 15 classes with a total of 287 students; In the academic year 2021/2022, dual education is realized in 97 classes in 46 secondary vocational schools with a total of 1486 students enrolled in cooperation with 210 companies. In the academic year 2022/2023, dual education is realized in 225 classes in 61 secondary vocational schools with a total of 2763 students enrolled, in cooperation with 450 companies. In the enrolment plan of students in public secondary schools for the academic year 2023/2024, there are planned 259 dual classes with a total of 6475 students in cooperation with over 500 companies.

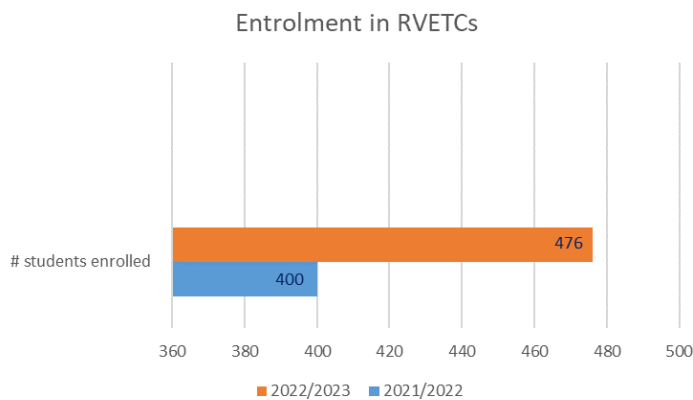
Source: MoES

In the academic year 2021/2022, after a large number of activities carried out in the direction of promoting secondary vocational education and connecting the business sector with secondary vocational schools, 1486 students are enrolled in the dual model of education in 46 schools in cooperation with 220 companies, while in the academic year 2022/2023, the number has increased and 2763 students are enrolled in 61 schools in cooperation with 450 companies. Students who enrol in the dual model of education realize curricula and programs with an increased number of hours spent in real working

the idea of such centres is in one place, all participants (students in regular - formal secondary education, adults and people with special educational needs) to have an equal opportunity to acquire appropriate professional education at all levels (vocational training, three-year vocational education for occupation, technical education, post-secondary education and training, and training within the framework of non-formal education) so that they can find an adequate job in the labour market or continue to higher education.

Three secondary municipal schools, by decision of the Government of the Republic of North Macedonia, were transformed into state secondary schools - Regional Centres for Vocational Education and Training, whose role in the coming period is to offer validation, training for companies, for unemployed persons in addition to formal and informal education, realization of practical training for schools from the municipality and the region that cannot be realized in the school or in a company. The chosen model for the introduction of Regional Centres for Vocational Education and Training initially represents an upgrade that is the growth of already existing secondary vocational schools into Regional Centres for Vocational Education and Training. In the next period, based on the analyses in the remaining 5 regions, the need for establishing new regional VET centres according to the principle of the previous three will be determined, as well as the possibility of a private provider or business organization developing private RVETCs. It is also planned the centres to implement pilot activities for the VNFIL in order to reduce the gap between the offer of VET and the demand on the labour market in the respective region, and training for teaching and other staff from secondary schools in the region. These centres should reflect the needs of the labour market, the needs for quality and relevance of skills and competences of the workforce in demand on the labour market according to the needs of the region.

Transformation of the selected VET schools into RVETCs led to increase of the interest among parents and students to VET offer in particular in the RVETCs, which is demonstrated by positive enrolment trend in the last two school years.



In the school year 2021/2022 altogether 400 students were enrolled in the 1st year of study in all VET programmes in the three RVETCs, and in the schools year 2022/2023 – 476 students were enrolled in the 1st year of study in all VET programmes in the three RVETCs.

Source: MoES

The Regional VET centres provide students with educational programs in line with requirements of national labour market. Under the campaign "Study smart, work professionally", the RVETCs are actively promoting the better opportunities for students' realisation in compliance with the needs and expectations of employers, also establishing effective partnerships with the local businesses for realisation of work-based learning. Through the campaign "Study smart, work professionally" the need of updated profiles was accurately determined and new VET profiles were opened to respond to the local labour demand and to promote the dual model of education.

The positive enrolment trends in the RVETCs are due to the on-going investments in new teaching and learning conditions in the RVETCs, and additionally, the continuous efforts by the MoES to promote the VET attractiveness by establishing a *System for scholarship* to all students, enrolled under all qualifications in the RVETCs. The system will be introduced in 2023 for the school year 2023/2024, and scholarships will be provided for the entire period of study until full completion of VET. The introduction of specific scholarship for modernised VET qualifications in the three RVETCs will attract young people and stimulate them to stay and develop their professional competences and career in the regions, instead of migrating to another labour markets. To this end, introduction of scholarships will contribute to lower drop-outs from the VET programmes and will directly influence the achievement of better learning outcomes.

In April 2022, the Minister of Education and Science adopted a *'Development Concept for the establishment of a Regional Center for VET in North Macedonia'*⁸. The concept for the establishment of RVETCs, was prepared at the initiative of the Ministry of Education and Science, first supported by the European Training Foundation, and later by UNDP. The concept covers: formal and informal education, adult education and the validation of informal and informal learning (VNFIL). The purpose of preparation and adoption of the Concept is to establish a self-sustaining model for vocational education and training (VET) focused on the future, which will be integrated into the national education system, but also at the regional and European level of VET, with clear mechanisms for ensuring of education quality and achievement of learning outcomes. This document states, that the model of establishment of RVETCs is a model for 'transformation/upgrade' of existing vocational schools into regional centres for vocational education and training (here, the focus is on 'training', which is also a form of formal education, but not secondary). The agreed Concept for the RVETCs defines the interrelations between the RVETCs and MoES, such as:

- approval and validation of the multiannual work programme, including the annual work plans,
- the regional planning method of education, revision and rationalization of the school network,
- support of regional national economic policies,
- Regulations of relationships between RVETCs and other vocational education and training schools/providers in the region, including coordination mechanisms of the services, the possibilities of concluding a contract between schools, mechanisms for exchange of teachers and mentors, etc.
- setting up clear mechanisms to assure quality of M&E in terms of financial management by the RVETCs of funds, generated from their external contracts with local counterparts
- Elaboration and agreement of RVETCs work programmes on multi-annual base, including predicting and involving investment component, and annual monitoring mechanisms, etc.

The MoES adopted the Concept for development of RVETCs to overcome the lack of proper legislation ground for establishment of full functionality of the RVETCs; the current capacities of the RVETCs as VET schools only, are insufficient to cover and maintain the all functions foreseen as operating RVETCs (low staffing and insufficient funding, because of lack of the new VET law) does not allow them to perform additional tasks. The Concept provides opportunities to implement actions that lead to progress and prepare the RVETCs according the SRPC 'EU for Youth' indicators, and once the VET law is adopted, to officially finalise the institutional, organisational and financial framework of RVETCs based on the law.

With the support of UNDP in the period from 2021-2022, *training of teachers, professional associates and directors from the three Regional Centres* was carried out for over 130 teachers for Inclusive Education, bearing in mind that RVETCs should offer education for all, becoming an example of inclusive

⁸ https://mon.gov.mk/stored/document/Razvoen%20Koncept%20%20MKD%20%20-%20web_2.pdf

environments. The Center for Vocational Education and Training continued with the training of teachers in vocational subjects who teach according to the modular designed programs, with the support of the project "Education for Employment" (E4E) financed by the Swiss Embassy. A special focus has been placed on professional training for teachers from the three regional centres in order to achieve the indicators from the SRPC 'EU for Youth'.

Continuous monitoring of students' achievements during and after completion of their education.

In the Republic of Macedonia, every institution, organization of employers, chambers of commerce, local government and other interested parties, conduct research for their own needs in the field of vocational education and the labour market, and based on findings they prepare analyses and statistics. This indicates the fact that there is no single system (database) in which all the information gathered from VET and LM is integrated, as well as a system through which the pathways of graduated would be tracked. Within the framework of the IPA project "EU for Youth" a *Tracer system* is currently piloting, which covers the entire VET providers and selected AE providers under the YG scheme.

VET and AE graduate tracer systems are tools, which collect information for analysis of educational achievements of graduates after completion of secondary VET or AE courses, their further education and higher achievements, and their employment. The tracer system should provide valuable data on usefulness of provided VET&AE for future carrier success, esp. to show whether graduates gain proper set of skills in proper 'quality' according to practical needs and expectations of the employers. Therefore, the tracer system represents one of key tools of improvement of employability of young people in the country. The establishment of a tracer system belongs to top strategic priorities of the MoES. In the chapter 3 (Vision, goals and objectives of education development) the Ministry states includes into strategic priorities the aim to "introduce student's tracer system after the completion of the formal education". The Action Plan of the Strategy (Chapter 7) sets "Establish a system of VET graduates' permanent Tracer Study" as a priority 1.5. under the sub-chapter 7.4. Vocational education and training. Through implementation of the Sector Reform Performance Contract (SRPC 'EU for Youth'), the European Commission provides budget support and a technical assistance to the MoES and the Employment agency to "support for systematic application of tracer system methodologies for all VET providers and Youth Guarantee and employment generation programmes." Therefore, the establishment of the tracer system represents particular task of the sector reform strategy (The Comprehensive Education Strategy 2018 – 2025), as well as, formal commitment of the Government (particularly the MoES) to the European Commission.

The tracer system was established as a web-based platform for communication with the graduates. Each VET&AE graduate should easily to register to the system placed on official web of the MoES <https://anketi.mon.gov.mk/#/login>. After the registration, the graduates will provide a set of introductory information about the study and then two times in 3-month period - information about carrier course. The tracer system platform contains also one questionnaire for the employers in order to collect feedback on skills needs and expectations from employers.

Successful introduction of the tracer system requires active and direct involvement of teachers of VET schools and trainers of AE centres in promotion of tracer system and motivation of graduates for active participation. The best option suggested would be to include the presentation and even registration of graduates into the system during the study process. The beneficiary institutions and the Technical assistance experts organised regional presentations for VET school representatives in the start of the tracer study. Additionally, a national Information campaign for all VET&AE providers was conducted countrywide to present the tracer system to all of graduates on the spot. The national information

campaign refers to the introduction of a system for monitoring the careers of VET and AE graduates from the school year 2022/2023.

Career centres, career counselling and career counsellors. The Ministry of Education and Science in cooperation with the Bureau for development of education (BDE) opened and equipped 52 career centres for career counselling of students in public secondary schools in several municipalities in the Republic of North Macedonia. Career counselling programs for high school students in career centres were implemented by trained career counsellors, from the ranks of teachers and professional associates (psychologists/pedagogues) in schools. More than 180 teachers and professional associates (psychologists/pedagogues) have been trained for this purpose. Under IPA funded project "Strengthening lifelong learning through the modernization of the system of vocational education and training and adult education" financed by the European Union, a survey was completed in VET schools, which identified the needs for building the capacities of teachers and professional associates for the establishment and functioning of career counselling centres. Training was carried-out for 117 career counsellors from 52 public secondary vocational schools that have opened career centres and for additional 63 teachers from 24 secondary vocational schools that do not have career centres opened yet.

Professional development of teachers. More than 350 VET teachers with the first year of two- and three-year education cycle have been trained in 2022 for the realization of new modularly designed VET curricula. The focus of the trainings was placed on the learner and the approach based on learning outcomes, which will be essential for the effect of the reformed qualifications. The training of 28 master trainers (counsellors from the Center for Vocational Education and Training and selected teachers from secondary VET schools) was also carried out, who will afterwards train in cascade about 2000 trainees (directors, teachers and professional associates from secondary VET schools) for the implementation of the process of modernization of technical education, as well as for the implementation of modular designed curricula based on learning outcomes and assessment criteria.

Inclusive education. The Ministry of Education and Science, the Ministry of Labour and Social Policy, the Employment Agency of the Republic of Macedonia and the United Nations Development Program (UNDP), together with local communities and civil society organizations, supported education of 60 personal assistants for children in secondary schools. The program refers to providing additional assistance to students with disabilities within the educational process in secondary schools by hiring educational assistants and personal assistants who will help students with disabilities.

Practical training in secondary VET. According to the regulatory framework regarding the implementation of practical training in VET schools, it is stipulated that for the period spent on training, a training contract is concluded between the vocational education and training institution, the employer and the student, or by the parent, in specific cases. Employers can carry out practical training for students, if they meet the conditions in terms of space, equipment and adequate staff. For the sake of systematic data collection, a Register for the verification of employers eligible for performance of practical training is established, which is maintained by the Chamber of Commerce of Macedonia, and a Register of concluded contracts between VET institutions and employers for the practical training of students have been introduced, too. Chambers keep a register of students who have concluded contracts for practical training with the VET institution and the employer. Every three months, the Chambers submit a report on the concluded contracts for practical training to the Ministry and the VET Center.

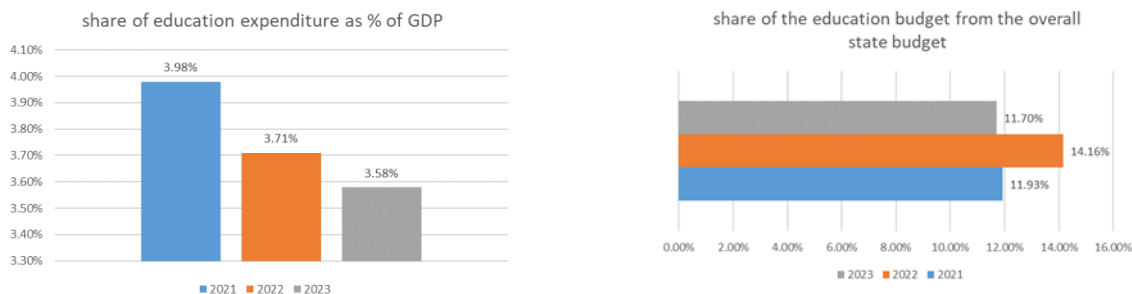
Improving the *quality of vocational education and training* in the Republic of North Macedonia through further expansion of the concept of learning through work in companies will be the focus of the work of

the Ministry of Education and Science in the next period, and support for achieving these goals is provided by of the Government of Switzerland. A memorandum of cooperation was signed until 2026, which will support the quality and promotion of secondary vocational education among young people as part of the long-term strategy of the Government of the NM⁹.

An ongoing IPA 2017 intervention provides technical assistance to the country in the field of VET, namely *capacity building of education institutions* and relevant municipalities, development of a rationalization plan for VET schools, and alignment of VET and Adult Education systems with European Quality Assurance in Vocational, Education and Training standards. The EU Twinning Project “Further support to the implementation of the National Qualifications Framework” is targeted to further strengthening and operationalization of the National Qualifications Framework (NQF) aiming to increase the employability, mobility and social integration of workers and learners in the Republic of North Macedonia. Secondary schools are actively participating in the ‘Erasmus+ Mobility program’. The schools are included in the *school exchange and networking program "Super Schools"*, which is operated together by the regional office for youth cooperation and the German Society for International Cooperation, and which goal is to connect secondary schools from the countries of the Western Balkans in order to improve their capacities for implementation of projects for building intercultural dialogue and regional cooperation. In the framework of the initiative, secondary schools from North Macedonia, Bosnia and Herzegovina, Albania, Serbia, Kosovo and Montenegro organized over 60 activities for the exchange of experiences through networking of over 800 students aged 15 to 17 years. More than 100 teachers were involved in the activity, too. The initiative continues to be implemented until March 2024.

Financing of the education reforms

State financial support for education is insufficient and coordination between the education sector and businesses is weak. In 2022, public spending on education and training amounted to 3.71 % of GDP which is much below the EU-level (5%) and also below peer-country averages. It hinders an adequate implementation of the 2018-2025 education strategy. Moreover, spending is highly inefficient, mainly on account of outdated formulas for the redistribution of public education funds by the municipalities. The share of education funding expressed as a proportion of GDP decreases in 2022, while the education budget increases as a share of the overall state budget in 2022.



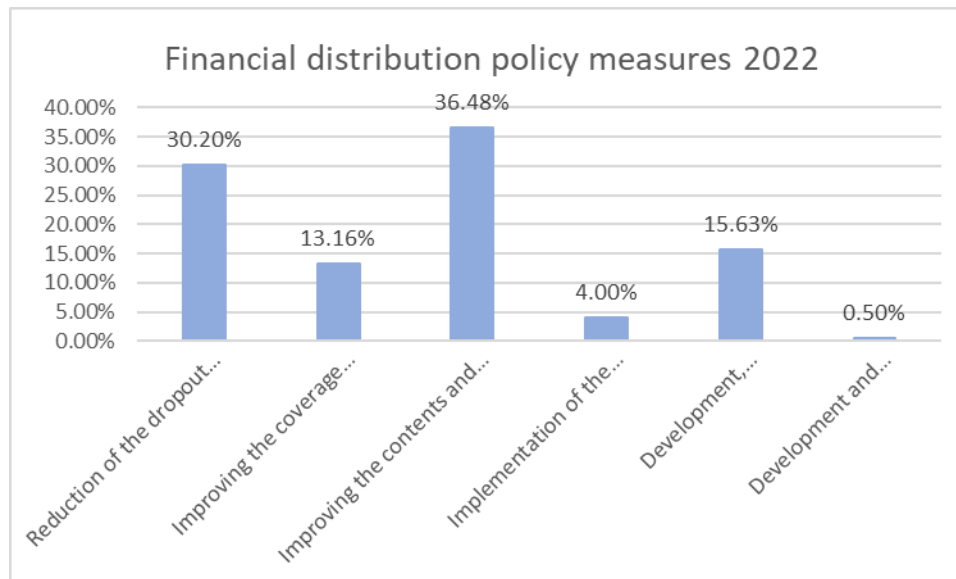
Source: MoES budget, MoES financial data.

It is crucial to note that investing in education does not in itself imply an increase in financial resources allocated for that purpose. More funds, if not used appropriately, do not necessarily mean that they will lead to an improvement in education. One of the ways to improve the efficiency of the results of the educational system is to change the system of financing the schools using a formula. The Ministry of

⁹ <https://e4e.mk/vtora-faza-od-reformite-za-unapreduvanje-na-sistemot-za-razvoj-na-struchni-veshtini-e4emk/>

Education and Science started with a revision of the method of financing primary and secondary education and developed a proposal for a new model for financing, which should be implemented starting from 2023. Through the clearly established standards for the different types of expenses, it is expected to increase the efficiency of spending of the budget funds and to make the monitoring of budget realisation simpler and more transparent, thereby encouraging greater accountability on the part of schools and municipalities. In parallel, with the change in the financing system, optimization of the school network at the municipal level should also be carried out according to approved optimization plans.

The distribution of funds between the individual groups of interventions for policy reforms in education and training in 2022 is as follows:



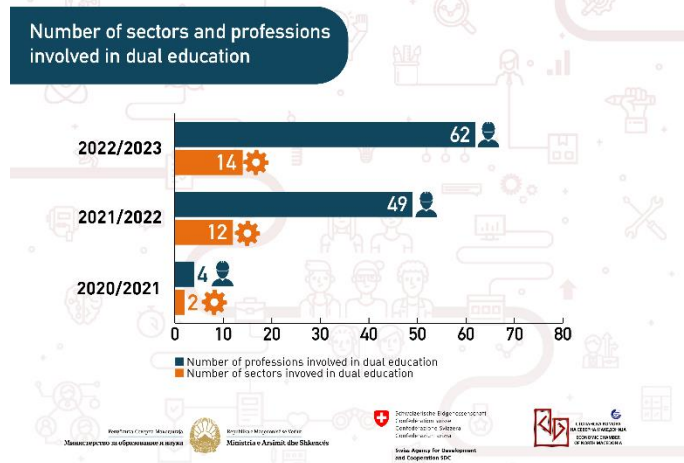
- *Reduction of the dropout rate and the number of early school leavers (13.9 M€),*
- *Improving the coverage and conditions for access to all levels of education for persons (children/pupils/students) with disability (6.06 M€),*
- *Improving the contents and quality of education by strengthening the capacities of human resources (capacities of schools and the teaching staff) (16.78 M€),*
- *Implementation of the National Qualifications Framework for lifelong learning - basis for quality assurance in the education and training system (1.85 M€),*
- *Development, modernisation, and improved attractiveness of VET (7.2 M€),*
- *Development and promotion of informal education and adult education (0.24 M€).*

Source: 2022 Report on Revised ESRP

3.2. Legislation – recent developments in the policy context

The ongoing reform processes in preschool and secondary education, and the drafting of the new Law on Secondary Education, need to be aligned with and build on the progress made in primary education, to ensure continuity throughout the different education cycles. The most significant progress with inclusive education was made in the primary education where activities are under way to ensure full inclusion of children with disabilities in mainstream education by 2023. It should be used as a good inclusive model and replicated in secondary education, ensuring continuity and effective access to education to all children, irrespective of their proof of prior education and legal status, including asylum-seekers, refugees and Macedonian returnees.

In general, **legislative framework** is under modernisation to support the reforms in VET and Adult education sectors¹⁰. A *new Law on Vocational Education and Training* is in the process of being adopted, which should enable vocational education cooperating with labour market.



The Law regulates the concept of a dual education model. In addition, the provisions relating to practical education are specified, to increase the volume of practical education, especially practical education acquired by an employer.

Source: MoES, Helvetas, E4E@MK project

The modernisation of the existing three RVETCs is hampered by slow parliamentary adoption of necessary legislation. The new VET law still has not been adopted. It emphasises work-based learning and the role of five regional VET centres to be established across the country, expecting to provide specific training interventions targeted to the local job market needs in coordination with the business community. RVETCs should also become centres of excellence with major investments carried out in providing support to schools. In the current year, North Macedonia should in particular:

- adopt the new Vocational Education and Training (VET) law and establish and operationalize the regional VET centres;
- finalise and adopt the new Law for Adult Education;
- improve access to quality education for all, in particular children with disabilities and children from Roma communities increase pre-school enrolment and continue improving support for teachers' training and professional development

The new Law on VET has been submitted to the government for adoption on 16.11.2022. The proposed law regulates the concept of dual education, and specifies the provisions that refer to practical education, especially acquired at a well-known employer, with the aim of increasing its scope and quality. In accordance with the postulates of the law, the resources of the VET system are being rationalized in order to overcome the problems resulting from the fragmentation and disintegration of VET institutions, which until now have been focused rather more on local than on the regional needs. Taking into account the central coordination role of the national VET centre, which is now being transformed into a VET Development Center, the new law intervenes accordingly in its competences in order the centre can best respond to the new tasks assigned to it.

In 2022, a proposal for a *new Law on Secondary Education* was submitted, in which the legal framework for the development and adoption of National standards for secondary education is regulated. In December 2022, the public debate on the draft law officially began in order to include the thinking and

¹⁰ <https://eurydice.eacea.ec.europa.eu/national-education-systems/republic-north-macedonia/>

comments of all interested parties. The law refers to the establishment of Career Centres and the introduction of career counsellors as professional associates; it defines for the first time 'career counselling' and 'career counsellor' as a separate category. The law systematically introduces career counsellors, expected results, sustainability and continuity of career guidance. The new Law on Secondary Education also provides for the hiring of educational mediators for Roma students. The new draft Law puts the focus on inclusive education and support for students with disabilities. Involvement of educational assistants and personal assistants in the educational process in schools should be legally regulated, for which it is necessary to monitor their work until the end of the school year, and provide recommendations in the annual reports for improving their results for inclusion and work with students with disabilities.

A call for career development of secondary education teachers will be announced after the adoption of the new law on secondary education. The new law regulates the category 'mentor' and imposes a limit on the maximum number of students in a class (up to 30); this provision will start to apply from the academic year 2023/2024 for students enrolled in the first year of secondary education and will be introduced consecutively each subsequent academic year. The new law on secondary education regulates the participation of student bodies in schools regarding student organization at the level of class communities and student councils. The law also provides for the creation of a Union of Secondary School Students. The law provides for the modernisation of the quality assurance system through self-assessment, integral assessment, national testing and international testing. With the proposal for a new law on secondary education, the support of gifted students is further regulated; financial support for participation in Olympiads and international competitions has also been amended.

It is particularly important that the reforms started in primary education continue to be gradually implemented in other educational levels, as well as for the secondary education including the drafting and adoption of the new law on secondary education, the Concept of secondary education and the development of new curricula based on national standards for student' achievements and on standards for intercultural education.

Both, Law on VET and Law on secondary education are under harmonization and will be adopted as one package¹¹.

The new *Law on Adult Education* was also upgraded and currently is under public consultations. The Law for Adult Education needs to be adopted urgently and further clarity is needed on the next steps of the reform. The problems of RVETCs in the absence of the new AE law are related to their new functions of regional agents for VNFIL (validation of non-formal and informal learning). Nevertheless, the Concept for the development of RVETCs introduces the VNFIL under the areas of activities of the RVETCs, the 'validation' and the 'VNFIL' as system categories, do not exist anywhere in the primary legislation, which is supposed to be done with the new AE law. The absence of law is also making impossible the certification of VNFIL as a result from the validation process and official accreditation of the RVETCs as system players in VNFIL. The government approved the text of the new law on adult education, which regulates the procedure for validation of non-formal and informal learning, and it has been submitted to the parliamentary procedure for adoption. The activities were continuously carried out, and committees were formed based on the received requests for the verification of adult education institutions. On 14 September 2022, a new revised text of the Law on Adult Education was submitted in a governmental procedure. The law has been postponed from the agenda of the session of the General Collegium, held

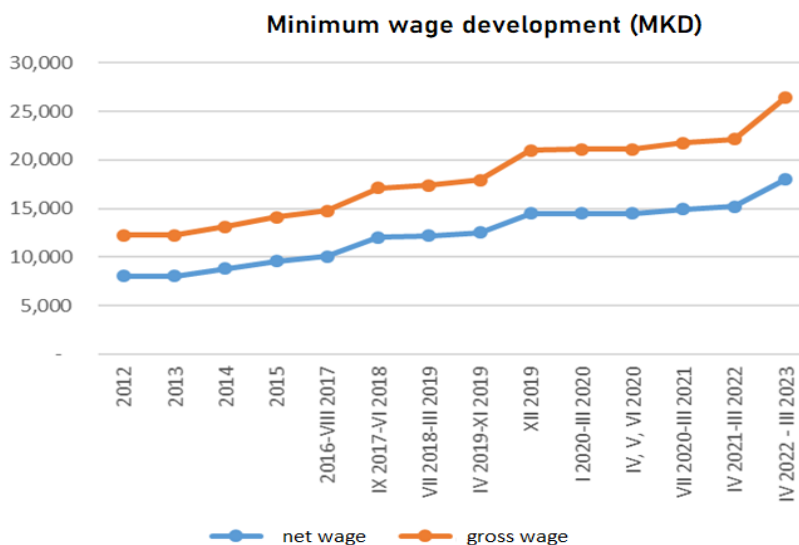
¹¹ Expected in 2023.

on 28.12.2022, in order to harmonize the texts of the proposed law with the Secretariat for Legislation and the Ministry of Information Society and Administration. The delay in adoption by the Parliament of the new AE law, makes impossible the adoption of the by-laws related to VNFIL, as well as the establishment of accreditation procedures for providers of validation services and to establish their Register.

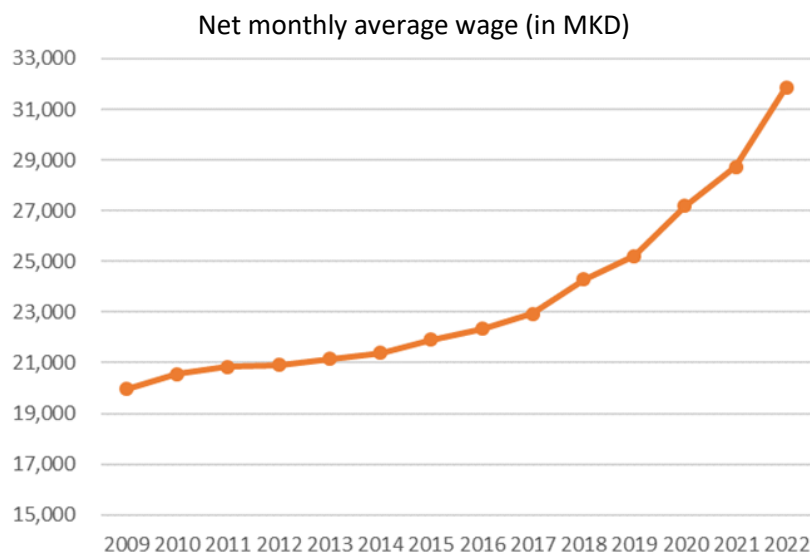
3.3. Overview of reforms and policy developments in employment

The economic development deeply influenced by uncertainties of European and global economy had a counter-influence to the effects of the on-going implementation of labour market and employment policy reforms. Rapid raise of energy prices, as well as of interest rates followed by negative development on capital markets, as well as goods and services markets pressures prevented ambitious investment plans of companies requiring significant increase of labour force. The economic and market uncertainties led to preference of temporary and seasonal employment contracts.

The government paid attention to the wage development having in mind that fair and just remuneration represents not just modern social right of workers, but important incentive to work. In periods of extraordinary costs of living raises, reasonable and work-productivity-based growth of remuneration has significant impact on motivation to work, esp. on motivation to look for jobs actively.



Respecting the common European praxis of wage negotiations between representatives of employers and employees (trade union), the government engaged in social dialogue and the negotiations led to legal adjustment of the minimum wage from MKD 15,194 to MKD 18,000 as of March 2022. The significant increase by almost 20% contributed not just to motivation of low paid workers, but it also impacted the average wage in the country.



Source: State Statistical Office

According to the data of the State Statistics Office from the Labour Force Survey (survey data) in 2022, 808,078 persons are active population in the Republic of North Macedonia, of which 692,034 are employed persons, and 116,045 are unemployed persons.

Key labour force indicators in the Republic of North Macedonia in 2022		
	General population	The age group of 15-24 years
Activity rate	55.2 %	28.4
Employment rate	47.3 %	19.2
Unemployment rate	14.4 %	32.5

Active implementation of the Youth Guarantee programme, especially in a form of reformed employment services and active labour market measures led to visible improvement of unemployment rate among young people. While data of the State Statistics Office show that in 2022 the general unemployment rate dropped from 15.4 in 2021, by 1.0 percentage point, unemployment rate of the age group of 15 – 24 years dropped more significantly from 36.1 in 2021 by 3.6 percentage points.

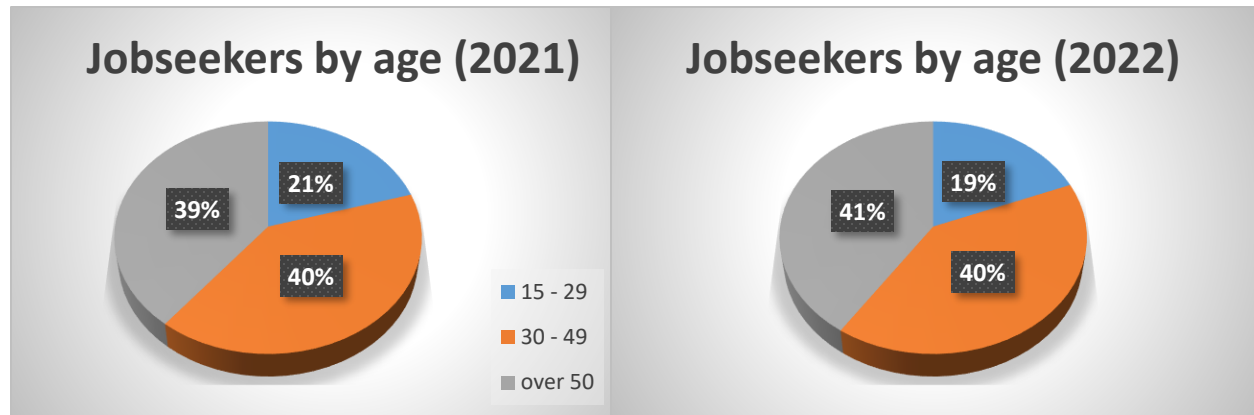
Population activity rates by age group						
	Activity rate		Employment rate		Unemployment rate	
	2021	2022	2021	2022	2021	2022
Total	55.8	55.2	47.2	47.3	15.4	14.4
15-24	29.4	28.4	18.8	19.2	36.1	32.5

25-49	82.0	82.0	70.2	70.4	14.4	14.2
50-64	62.6	61.8	54.6	55.2	12.8	10.7
65 +	4.5	3.9	4.4	3.9	N/A	N/A
15-29	46.8	46.1	33.9	34.4	27.5	25.2
15-64	66.8	66.4	56.4	56.7	15.6	14.5
20-64	72.3	72.1	61.2	61.8	15.3	14.3
Employment rate - participation of employees in the working population aged 15 and over (according to the recommendations of the International Labour Organization -ILO)						

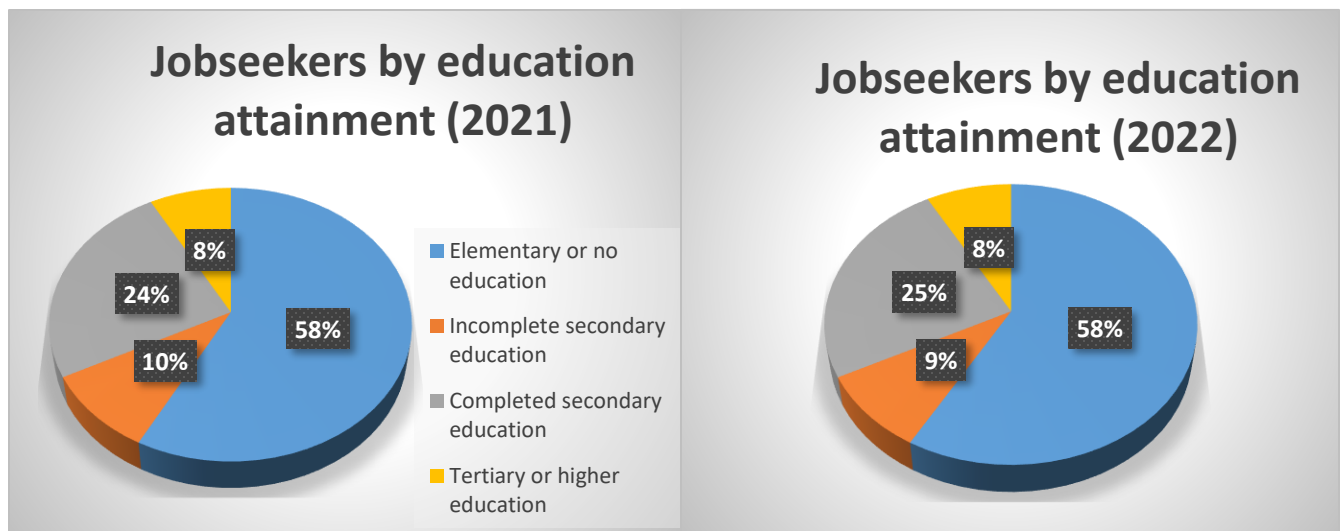
Improvement of labour market situation is visible also from data of the Employment Service Agency of the Republic of North Macedonia (ESA). The number of registered jobseekers dropped annually by 18,249 persons. ESA data show significant improvement in the group of young jobseekers, which shrank by 5,466 persons. Young jobseekers also represented smaller share of the total jobseekers in 2022 compared to the previous year (2021 – 20,4%, 2022 – 18,9%).

Number of registered jobseekers (The ESA database)				
	31. 12. 2021		31. 12. 2022	
Total	130982		112733	
Jobseekers – female	66914	51.1%	57970	51.4%
Jobseekers – male	64068	48.9%	54763	48.6%
Jobseekers - 15 - 29 years of age	26770	20.4%	21304	18.9%
Jobseekers - 30 - 49 years of age	52828	40.3%	45605	40.5%
Jobseekers – over 50 years of age	51384	39.3%	45824	40.6%
Jobseekers with elementary education or with no education	75235	57.4%	65663	58.3%
Jobseekers with incomplete secondary education	12626	9.6%	10,379	9.2%
Jobseekers with completed secondary education	32078	24.5%	27,505	24.4%
Jobseekers with tertiary and higher education	11043	7.9%	9186	8.1%
Jobseekers registered for up to 11 months	33236	25.4%	30381	26.9%
Jobseekers registered for 12 months or more	97746	74.6%	82352	73.1%

Presented data demonstrate the positive impact of the YG programme. Importantly, the YG programme is implemented not just in the form of a purpose-built service for the young unemployed (in order to place individual young person in the labour market), but it entails fundamental changes in the way of reaching out and communicating with inactive young people, as well as the implementation of new methods, tools and measures that become a stable part of the delivery of employment services for unemployed youth. The annual reporting on implementation of active labour market measures and programmes serves the MoLSP and ESA Governing board for evaluation of efficiency thereof and is used as a base for developing new Operational plan of Active Employment Programmes and measures and labour market services (OP).



The OP is developed in collaboration with social partners, esp. active participation of employers' associations, which assures that selection of ALMM and employment services tools, as well as allocation of funds meets the companies' workforce needs. Based on the capacity assessment of the ESA provided by the SRPC 'EU for Youth' technical assistance's (TA) experts in 2022, the ESA recognized urgent need to update and modernize methodology of Skills Needs Analysis (SNA). This survey and analysis made on the base of collected data should provide real picture of skills needs of employers in order to improve efficiency of training services, esp. delivered to young jobseekers. In 2023 the TA experts analysed current model and compared it with model used in most developed countries, as well as neighbouring countries. On the base of structured consultations with ESA experts and employers' association experts they will deliver proposal for modernization of the SNA methodology. This will help ESA to better respond to the fact, that majority of jobseekers belong to the group of less qualified workers (58.3%). At the same time, the fact that 24.4% of registered jobseekers have completed secondary education shows urgent need to adapt skill profiles of jobseekers to the real needs of employers. Even if the ESA (and the government) is ready to allocate more funds for training provision, it is necessary to ensure that selected training will contribute to proper adaptation of jobseekers' skill profiles. Therefore, decision to modernize the SNA methodology represents important reform to improve efficiency of employment policy.



Back in 2022, the above mentioned reform of SNA was identified also in relation with the urgent need to decrease level of long-term unemployment. Remedial measures and slightly improved labour market situation led to drop of share of jobseekers looking for job for more than 12 consecutive months (2022 - 73.1%, 2021 - 74.6%). However, share still close to two thirds represents a big challenge, which could be successfully addressed by better skills shortage identification, because majority of long-term unemployed are low skilled persons.

Registered reports of employment relationships - M1 forms		
	2021	2022
Total	199 819	204 127
Registered jobseekers	41 579	36 514
Previously non-registered jobseekers	158 240	167 613
Employment with indefinite duration	83 757	83 938
Fixed-term or seasonal employment	116 062	120 189

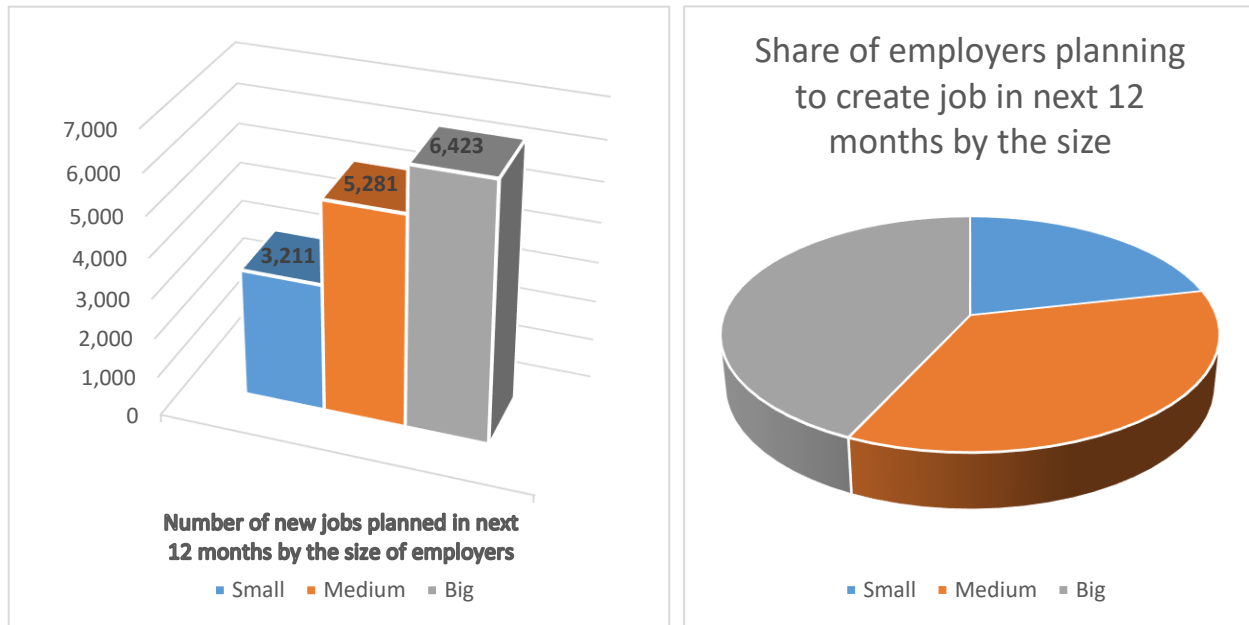
As mentioned, the general development in the labour market is very prudent due to global economic instability. Predictions of further economic development are uncertain in all European countries, as well as in other countries with strong economic ties to the North Macedonia. The Government improved communication with the business sector in order to enhance management of the labour market. However, opportunities of the state to influence labour market development are very limited in unstable economic environment, esp. in a case of such open economy like the Macedonian. Therefore, the recorded data on new employments represent a sign of successful step-by-step modernization of employment policy according to main reform strategies - the Employment and Social Reform Programme 2022 (adopted in December 2019) and the National Employment Strategy 2021 – 2027. On the other hand, the drop of labour market placement of jobseekers represents a challenge to be addressed by putting more emphasis on the scope and quality of delivered trainings for jobseekers.

In order to swiftly respond to quickly changing labour market development, the MoLSP and the ESA put more emphasis on collection of data about recruitment plans of employers. Smooth implementation of employment policy requires not just to have clear picture on skills needed by employers, but to meet current recruitment plans of specific employers. In 2022, the MoLSP and the ESA (tri-partite governing board) improved strategic consultation with employers' associations (incl. national chamber of commerce) in order to involve as many employers as possible in the survey on employers' human resources needs. The purpose of the survey is to provide certain short-term indicators for the needs of new jobs in the next 6 to 12 months, the occupations for planned new jobs and the skills needs that candidates should meet regarding to the planned new jobs.

As mentioned above, in the conditions of the economic and energy crisis, employers are reserved in relation to their plans for future business growth, and from that aspect, the largest number of interviewed employers (61.9%) expect to maintain same demand for their products and services, while 21.3% of surveyed employers expect an improvement of their business activity, i.e. an increase in demand for their products/services, and 16.8% of employers predict a decrease in business activity.

In relation to the need for workforce, 45.6% of the surveyed employers expect in 2023 to create 14,915 new jobs covering various occupations and skills level.

According to the size of the employers, small employers are expected to create 3,211 jobs or 21.5%, medium-sized employers are expected to create 5,281 jobs or 35.4%, and big employers are expected to create 6,423 jobs or 43.1 % of the total number of new jobs expected to be created in the next 12 months.



The analysis of job creation plans of employers by economic activity shows that the largest number of jobs is expected in the manufacturing industry - 7642 or 51.2% - and in wholesale and retail trade, where 1667 jobs are expected or 11.2% of the planned jobs. In administrative and auxiliary services, employers expect 1436 jobs to be created or 9.6% of all new jobs, in sector of information and communications they expect 912 or 6.1% of jobs, in sector of construction 728 or 4.9% of the expected employments in the next 12 months. In the rest of economic sectors employers expect a relatively small number of new jobs.

The analysis of the required education/skills level of new jobs to be created in manufacturing industry (where the largest number of new jobs are planned) shows that boosting manufacturing production will contribute to the creation of low skilled jobs. According to the survey findings, 45.5% of the new jobs will require primary education, while another 44.5% of new jobs will require secondary education. These data show that possible improvement of employers' skills needs (according to the education level) in the future is strictly related to the need of technological upgrade and modernization of Macedonian manufacturing production sector.

However, 74.9% of big employers in construction sector, as well 64.3% of small employers in the same sector presented plans to create new jobs requiring secondary education. Moreover, in sector of administrative and auxiliary service activities, 78.3% of planned new jobs will require completed secondary or even tertiary education.

Cumulatively, survey findings show, that out of a total of 14,915 expected jobs, 4,277 (or 28.7%) will require completed primary education, 6,770 jobs (or 45.4%) will require incomplete secondary education, 2,258 jobs (or 15.1%) are expected to be offered to persons with completed secondary or higher

education, including university degree and 1610 new jobs (or 10.8%) would be available to graduates of postgraduate university education programmes.

The survey provides data also on additional skills needs related to new jobs. The employers present additional skills needs, partially in addition to some secondary educational programmes and much more in relation with high skilled jobs. These additional needs question the scope and quality of secondary and especially of tertiary education in the country, since the needs covers skills like knowledge of foreign language or excellent computer skills.

Additional skills reported by employers (for medium and high skilled jobs)	
knowledge of foreign languages	excellent knowledge of work with computers
the possession of a suitable certificate for acquisition knowledge	additional knowledge and certificates for advanced IT skills

Soft skills reported by the employers (for medium and high skilled jobs)		
communication skills	value	execution
responsibility	trustworthiness	teamwork
flexibility	sales and marketing skills	editing skills
data input and reading skills		

In 2022, the MoLSP continued to improve quality and security of jobs to make a work more attractive. It plays important role esp. regarding to young people. The new generation value quality of work more than old and for young people is the quality and security of work as important as remuneration. This fact is even more important in light of high level of work mobility of young generation and possibilities for looking for jobs abroad. Even if mobility of the workforce represents the advantage of the European integration, policy makers in North Macedonia focus on development of the national labour market, as do policy makers in the EU member states. Mobility of workers should contribute to knowledge and skills development by international knowledge and skills transfer rather to depopulation of countries.

As a part of improvement of jobs quality in the country, the MoLSP continued to align with the EU labour standards. The preparation of the new Labour Law is well advanced. In addition, implementation of the EU funded Twinning project “Enhancing the protection of employees in the case of insolvency of their employer” (ended in May 2023) will establish mechanism for adequate protection of employment rights in cases of insolvency of employers. The mechanism will meet the minimum requirements set out in the Directive 2008/94/EC, and will be in accordance with the national socio-economic context in the country. It was decided that the competent institution for implementation of the guarantee mechanism will be the ESA, and the appropriate legal framework will be created by amending the *Law on Employment and Insurance in Case of Unemployment*, which will be adopted in the forthcoming period.

In order to improve quality and safety of working environment in the country, National Employment Strategy includes further strengthening of labour inspection. In 2022, a total of 24,965 inspections were performed (16,026 in the field of labour relations and 8,939 in the field of Occupational Safety and Health-OSH), whereby deficiencies and irregularities were identified, for which a total of 6,111 decisions were made (3,651 in the field of labour relations and 2,460 in the field of OSH). Due to the violation of the laws on which the inspections of the employers is performed, a total of 550 payment orders were issued (446 in the field of labour relations and 104 in the field of OSH), 84 misdemeanour proceedings (72 in the field

of labour relations and 12 in the field of OSH) and 14 criminal proceedings (5 in the field of labour relations and 9 in the field of OSH).

Review of activities and actions taken by the inspection services in the field of labour relations						
Inspections		Decisions		Misdemeanour payment order	Initiating misdemeanour proceedings	Initiating criminal proceedings
Regular	4,170	Reprimands	3,027	446	72	5
Control	3,504	Order	569			
Extraordinary	8,352	Ban	55			
Total	16,026	Total	3,651	523		

The Occupational Safety and Health Council and the Ministry of Labour and Social Policy actively participated in the coordination and implementation of the procedure for awarding the **annual Award for companies with best implemented OSH system**. The award ceremony took place during the celebration of the **European Week for Safety and Health at Work**, and the event, attended by a large number of representatives from all relevant actors in the field, was also used to further thematically promote and raise awareness of the occurrence of violence and harassment at work and the occurrence and existence of psychosocial risks at work.

The Economic and Social Council on its session held on February 20, 2023, adopted the decision on recommendation to the Government of the Republic of North Macedonia to ratify two ILO conventions: Safety and Health in Construction Convention, 1988 (C167) and Safety and Health in Mines Convention, 1995 (C176). These ILO Conventions cover two economic sectors that, on the one hand, are of great importance for the economy in the Republic of North Macedonia, and at the same time are in the group of extremely risky activities, where workers are exposed to an increased risk of injury, occurrence of accidents, damage to health and many risk factors in the daily performance of work.

The implementation of the *Action Plan for Formalization of the Informal Economy 2021–2022* ended in December 2022. The Report on the Action Plan for Formalization of the Informal Economy 2021–2022 was prepared and submitted to the Ministry of Finance, taking into account the preparation of the new *Strategy for Formalization of the Informal Economy 2023–2025* and the new *Action Plan for Formalization of the Informal Economy 2023–2025* falls under the competence of the Ministry of Finance. In 2022, the share of informally employed in the total employment dropped to 12.6%.

National employment policy pays specific attention to improvement of employment of women. Specific approach takes into consideration specific position of women in the labour market, esp. in communities taking seriously traditional role of women. The government is aware that demographic development represents serious challenge. In order to ensure development of the Macedonian society, it is necessary to combine the need to improve employability of women and to encourage their participation in the labour market with respect of traditions and religion background.

The Programme for Social Security of Women in Agriculture for 2023 is such reform approach, developed with participation of women farmers represented by the National Federation of Farmers. The Government of the Republic of North Macedonia adopted the programme in February 2023. This programme provides the entitlement to maternity benefits for women farmers for the first time, specifically when they are

prevented from performing the agricultural activity due to childbirth. Women with the status of insured individual farmer, acquired in compliance with the Law on Pension and Disability Insurance represent the target group of the programme. These are the farmers who are not recognized by labour relations laws as persons in employment and that was the reason, why they were not entitled to paid maternity leave. Following the adoption of the Programme, a special measure for financial support in the amount of MKD 81,000 for a nine-month maternity leave is provided.

One of the objectives of the Strategy for Gender Equality 2022–2027 is to reduce the gender gap in economic participation of women in the labour market. As regards the gender gap in employment, the socioeconomic inequality between women and men can also be recognized through the vertical and horizontal gender-based segregation in the labour market. The country's active population in the last quarter of 2022 was 808,328, of whom 59% were men and 41% were women. Of the total number of employed persons, 57.7% were men and 42.3% were women¹². The number of unemployed active women was 58,698, which is 51% of the total labour force.¹³ As an activity in the National Action Plan 2022–2024 in compliance with the Strategy for Gender Equality 2022–2027, the State Statistical Office will conduct a Survey of the structure of earnings, which has a periodicity of four years. The Survey will be conducted in 2023.

Digitalization of employment services is important element of employment policy reform aiming at modernising and removing the administrative barriers in communication with employers. The ESA through its web portal (the E-Job portal) provides services for users of the electronic system e-Job.

Following digital services are available for natural persons:

- Searching of job vacancies (submitted by employers in standardized form);
- Overview of personal employment history (registered employment relationships);
- Application for participation in active measures for employment (jobseekers, if so determined in the public announcement for that active measure);
- Development and storage of structured CV/work biography.

Following digital services are available for private legal entities/employers:

- Publishing of a vacant job (in standardized form);
- Request to fill particular job (to submit an M1 form);
- Deregistration of an employment relationship (to submit M2 form);
- Application for active employment measures (if it is specified in the public announcement for that active measure).

Employers use the possibility of announcing vacant jobs (in standardized form), as well as to submit the application/deregistration of an employment relationship (M1/M2), electronically. The number of submitted M1 reports in 2022 in this way (via E-Job portal) is 122,878, which is 63% of the total submitted M1 reports from legal entities in 2022. The number of submitted M1 applications from private employment agencies in 2022 through e-Job portal is 5948 (60%) of the total submitted M1 applications from private employment agencies.

As regards the process for activation of beneficiaries of guaranteed minimum assistance, the system for **electronic data exchange between the centres for social work and the Employment Service Agency** was established for creating individual activation plans, and through joint work, activation plans were created

¹² <https://www.stat.gov.mk/PrikaziSoopstenie.aspx?id=98&rbr=14187>

¹³ Employment Service Agency of the Republic of North Macedonia (August 2022)

for 2417 people. For cooperation development purposes, all Employment Centres and Centres for Social Work appointed coordinators for activation; consultative meetings and trainings for the appointed coordinators will be organized in 2023. Instructions for the Centres of Social Work and the Employment Centres were prepared concerning the preparation and implementation of individual activation plans, as well as the application of sanctions and measures in compliance with the law, which were not enforceable during the pandemic.

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 coordinated the 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 providers¹⁴, 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 Policies¹⁵ 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,

¹⁴ Accreditation of Adult Education providers is delegated to the AEC with the new Law on Adult Education.

¹⁵ Official Gazette of the North Macedonia, # 10 from 16.01.2020

dedicated to supporting youth activism, improving access to information and participation of young people in activities to solve their problems. In 2018-2019, (as well as in 2022), 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 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 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 2022 Report on the Progress Achieved within the Revised Employment and Social Reform Programme (ESRP)

The revised Employment and Social Reform Programme 2022 – (r) ESRP 2022 outlined the reforms and policies in three priority areas, namely: 1. Labour market and employment 2. Human capital and skills and 3. Social inclusion and social protection

2022 was the third year in a row with shocks, which contributed to reduced economic growth, difficult working conditions for companies, and vulnerable categories of the population were especially affected. The challenge in North Macedonia, as with the whole world, was high price growth, the highest in the last two decades, the energy crisis, the slowdown in growth, and of course the highly present uncertainty on the market. However, this analysis indicates that despite the challenges North Macedonia was facing in 2022, progress has been made in achieving the strategic goals in the three priority areas.

Priority area 1: Labour market and employment

ESRP sets four strategic objectives and 10 outcome indicators in the area of the labour market. Despite the crisis, the labour market continued improving, both with regards to the unemployment and wages. However, the phenomenon of inactivity of the population began during the pandemic and became prominent in 2021 and 2022, at first due to health reasons and then due to workforce discouragement.

Indicator	2018	2019	2020	2021	2022	2022 plan
Employment rate (20 - 64) (%)	56.1	59.2	59.1	59.5	61.8	59.8
Employment rate (20 - 64) - MEN (%)	66.6	69.7	68.9	6.,5	71.8	70.4
Employment rate (20 - 64) - WOMEN (%)	45.2	48.4	49.0	49.2	51.7	48.9
Unemployment rate (15+) (%)	20.7	17.3	16.4	15.7	14.4	14.0
Youth unemployment rate (15-29) (%)	37.0	30.5	29.6	27.6	25.2	30.5
Long-term unemployment rate (%)	15.5	13.1	12.4	12.5	11.5	11.0
NEET rate (15-29)	29.8	24.5	26.2	24.3	22.8	22.9

In 2022 significant progress (and partial exceeding of the targets set for 2022) has been achieved in regards to the objective of improving the unemployment situation, especially among the most vulnerable categories. The share of young people not in employment, education or training (NEET) saw a further decrease in 2022. Slower progress was made to improve the operation and services of the Employment Service Agency, which continued implementing the reforms - Youth Guarantee and activation of beneficiaries of guaranteed minimum assistance. However, the targets of all indicators related to the

Youth Guarantee implementation were achieved. The number of young people registered in the Youth Guarantee in 2022 increased by 4 percent compared to 2021 (20 185 young persons in the whole country in 2022), and so did the share of people who received an offer in a four-month period (43%).

Activation and labour market integration of the low-skilled, guaranteed minimum assistance beneficiaries and other vulnerable groups was high on the agenda. The implemented measures are presented in the section 1.4 of this report. It is worth mentioning that in addition to the active labour market measures and services, the national authorities elaborated a draft of a Law on Social Enterprises, which would create a ground for more systemic support to start-up and growth of social enterprises, especially those that would deal with social integration of the most vulnerable hard-to-employee individuals.

In 2022, the Strategy for Gender Equality 2022-2027 was adopted, which establishes a comprehensive framework with activities to promote gender equality and advance the status of women. One of the goals of the adopted Strategy is to reduce the gender gap in the economic participation of women and in the labour market. In 2022, 45% of the total number of participants in active employment measures were women. A Program for the support of social security of women engaged in agricultural activity was prepared (adopted in February 2023), enabling for the first time, the right to paid maternity leave for women farmers. The Ministry of Labour and Social Policy continued investing in new pre-school facilities and care services for the elderly and infirm, which are conducive to greater labour market participation of women.

In regard to the informal employment, ESRP sets one indicator, namely the share of informally employed in the total number of employees, which in 2022 was 12.2%, almost the same as in the previous year, but the target value for 2022 of 16.5% was exceeded already in 2020. The use of governmental measures during pandemic led to high number of registrations of informal workers, and formal jobs have generally been maintained to date. The model for simplified registration of temporary, casual work and seasonal work in agriculture and services with high incidence of informality was elaborated, which should be further translated into a separate legislation.

Indicator	2018	2019	2020	2021	2022	2022 plan
Participation/share of informal employees in the total number of employees (%)	18.6%	16.1%	13.6%	12.1%	12.2%	16.5%

For successful implementation of policies and programs, and in order to deepen the involvement of the general public and specific target groups, a variety of communication activities were carried out, such as communication campaigns, preparation and dissemination of materials and announcements for the media, meetings at the local level or with the business community, interviews and appearances at the media, etc. Communication activities took place throughout the year for all key topics. The main channels of communication were the websites of the ministries, social media, online media and appropriate digital info-platforms, specialized media/platforms focused on thematic events and initiatives. The two line ministries and other competent institutions, relevant international organizations, users, etc. participated in the communication activities.

Among others, specific promotional campaign was carried out, to encourage the activation of beneficiaries of guaranteed minimum assistance in the labour market. <https://www.facebook.com/avrm.lmavg>



Another campaign to promote social entrepreneurship and social enterprises was carried out, as well. The campaign was implemented within the framework of the IPA project "Support of social enterprises". The campaign included organization of the social enterprise fairs, different forms of social media representation, delivery of trainings, workshops and social hospitality events. All relevant information is publicly accessible on dedicated website (<https://centarsp.mk/>) and Facebook page <https://www.facebook.com/PoddrskaNaSocijalnitePretprijatija>



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Priority area 2: Human capital and skills

Progress in this strategic goal is measured through the headline indicator Human Development Index. The value of the indicator in 2022 is not yet available, but its downward trend began in 2020 and continued in 2021, which is also observed with other countries and is associated with the pandemic. The deterioration is attributed to the declining trends of the education and health outcomes due to the pandemic: first the educational outcomes were at risk due to the closure of education institutions and the shift to distance learning, which has had serious consequences especially for children/students in vulnerable situation; and second, the health outcomes, i.e. deterioration of both the mortality and life expectancy due to Covid-19.

Heading indicator	2018	2019	2020	2021	2022	2022 plan
Human Development Index	0.779	0.784	0,774	0,770	to be published in 2023	0.780

Ensuring quality inclusive education and equal access to education for all. ESRP foresees three indicators for ensuring quality inclusive education and equal access to education for all. The target for the year 2022 in terms of the rate of people who leave education early has been achieved and exceeded and is 6.2% (the target is 6.8%). However, it must be noted that the indicator also shows a significant deterioration compared to 2021, when the rate was 4.6%. A slight deterioration compared to 2021 is also noted in the share of persons aged 30-34 who have completed tertiary education, it decreased to 35.7% in 2022 (from 36.9% in 2021) and is below the target for 2022 of 40%. The rate of students with special needs included in regular primary and secondary education has improved and increased to 67 (from 66.6% in 2021), but the predicted target of 70% has not been reached.

Indicator	2018	2019	2020	2021	2022	2022 plan
Rate of early school leavers (%)	7.1	7.1	5.7	4,6	6.2	6.8
Share of people aged 30-34 who have completed tertiary education (%)	33.3	35.7	39.7	36,9	35.7	40
Rate of students with special needs included in regular primary and secondary education (%)	64.8		67.1	66,6	67	70

During 2022, progress was made in the inclusion of children from marginalized groups, above all in primary education. Adapted curricula continued to be applied in teaching, for children who were not included in teaching, and who are over the age limit.

In 2022, 913 scholarships were awarded to Roma university students, while at the same time 21,025 students in primary education and 6,168 students in secondary education were entitled to education allowance under the Law on Child Protection. The educational mediators were engaged by the MoES to reach out, inform and support families and parents/guardians for enrolment of Roma students in the first grade. For the academic year 2022/2023, 40 educational mediators were mobilized in order to support the primary education of Roma (compared to 35 mediators mobilized in the academic year 2021/2022).

More than MKD 280 million have been earmarked for provision of the educational assistance service in the 2022 budget of the MoES. In order to support students with disabilities in formal education institutions, the number of educational assistants has increased to 720 persons in the academic year 2022/23 compared to 500 assistants in the academic year 2021/22. In 2022, 16 schools were renovated in order to provide conditions for the inclusion of students with physical disabilities (providing an accessible floor, elevator and/or adaptation of toilets). For the academic year 2022/2023, 162 students with disabilities in secondary education were awarded scholarship, compared to 137 scholarships in the previous academic year.

Strengthening the employability of the workforce and building flexible pathways for lifelong learning. In the ESRP 2022, four indicators have been established for monitoring progress in achieving this goal, three of which have been achieved and exceeded. In 2022, further progress and exceeding of the foreseen

target has been achieved in terms of the participation of students in secondary vocational schools as a share of the total number of students in secondary education. This indicator was 69% in 2022 (target >60%). Participation in lifelong learning of 2.7% despite the slight improvement compared to 2021 was still below the target of 4%. Excellent progress has been observed in the employment rate of persons (20-34 years) who have recently graduated from secondary or higher education, which has increased to 60%, thus exceeding the target of 55%.

Indicator	2018	2019	2020	2021	2022	2022 plan
Participation of students in secondary schools in the VET system (%)	60.0		62.1	64	69%	>60%
Participation in lifelong learning (%)	2.4	2.8	2.6	2,5	2,7	>4.0%
Employment rate of persons (20–34 years) who have recently completed secondary or tertiary education (%)	49.1	57.2	54.5	58,2	60.2	55%

Under the slogan "Study smart, work professionally", a series of meetings with employers were organized in order to support extension of educational programmes related to the-most-required-professions. Namely, through a social dialogue with employers and the business community at the local level, the MoES, together with the municipalities, worked to determine which programmes will be opened in secondary vocational schools in the academic year 2022/2023. The call for enrolment of students for the academic year 2022/2023 is fully aligned according to the needs of the labour market. The enrolment for the academic year 2022-2023 was supported by the campaign "Study smartly, work professionally" which resulted in the opening of 223 dual classes, which is twice as many as in the academic year 2021/2022, when 97 were opened (in the academic year 2020/2021 just 11).



The implementation of a specific component of the technical assistance to the SRPC "EU for Youth" – establishment of the tracer study/system in the country - is underway. The goal is to establish a system for continuous monitoring of the career development of VET schools' graduates and jobseekers, participating in vocational trainings organized by the Employment Service Agency and provided by selected Adult Education providers. Fully operating system in the near future will provide important information on relations between quality and knowledge and skills profiles of VET programmes (both, formal and informal) on the one hand, and ability of graduates to find a quality job. Thus the VET policy makers will be equipped by useful database for better structuring and quality management of the VET.

Priority area 3: Social inclusion and social protection

The overall progress in social inclusion and social protection is measured by the relative poverty rate. The poverty rate for 2021 has not been published at the time of preparation of this report, but it is expected that it will remain around the 2020 level, primarily as a result of the continued effects of the pandemic crisis (that year the economy did not reach the level before the crisis), as well as the pressures on the markets that occurred in the second half of the year, and which were reflected in the increase in prices.

The Government of the Republic of North Macedonia has adopted the National Program for the Development of Social Protection 2022-2032, a document that represents the basis for the implementation of the key strategic directions for the development of social protection in the upcoming period.

Increasing the efficiency and effectiveness of the social assistance system. The ESRP sets a total of four indicators for measuring the efficiency of the social assistance system. The indicators show an increase in the coverage of households with child protection programmes and programme targeting the elderly over 65 years of age. There is a more significant impact on poverty reduction only among the elderly, while the poverty increased among children and young people. The energy crisis and subsequent price shocks disproportionately impacted families with more children and lower incomes, given the larger share of food and energy costs in their household budget.

In December 2022, the child allowance was provided to 46,500 children, while the education allowance was provided to 30,179 pupils and students. According to the data of the Ministry of Labour and Social Policy, the number of households receiving guaranteed minimum assistance (GMA) at the end of 2022 is 36,409 beneficiaries. The number of GMA users in 2022 has decreased by 700 users compared to 2021.

Indicator	2018	2019	2020	2021	2022	2022 plan
Number of children covered by child protection programs (child allowance/ educational allowance)	43,000/ 3,800	38.855/ 9.408	43.649/ 26.167	48.800/ 28.815	46.500/ 30.179	75,000/ 65,000
Number of persons entitled to social security for the elderly	:	6.495	8573	10.292	11.485	6,000

The reason for the decrease is the end of both the pandemic and the related relaxed eligibility criteria of the Law on Social Protection adopted back in 2020 and 2021 to support persons falling at risk of poverty caused by the COVID crisis.

In December 2022, 11,485 elderly people over the age of 65, who cannot provide means of subsistence on other grounds, were beneficiaries of the social security allowance. The planned coverage of 6000 elderly people in 2022 was exceeded.

Households that receive GMA also receive an energy allowance, and this is an important right to social protection for dealing with energy poverty. The number of user households increased continuously over the years and reached 45,914. Of them, 79.3% were GMA recipients, and 20.7% were recipients of social security for the elderly.

Last year, additional measures targeted at the most vulnerable groups of the population were adopted in order to mitigate the consequences of the economic and energy crisis and the price shock in the country. Amendments to the Law on Social Protection provided support of 1000 MKD to the beneficiaries of the Guaranteed Minimum Assistance for the months of March, April and May 2022. The Law on financial support of socially vulnerable categories of citizens to deal with the energy crisis adopted in November provided for temporary and targeted direct income support for the most affected energy consumers. According to the most recent research supported by the UNICEF, the Government's measures have mitigated the impact of the crisis. If it were not for the Government's measures, the impact of the crisis on household welfare would have been 40 to 70% worse.

Improving the availability of social services. The ESRP sets three indicators to measure progress in the availability of social services. The councils have been established in all 8 planning regions and thus the target for 2022 has been fully achieved. The target for the number of licensed non-public service providers has been significantly exceeded (82 in 2022 compared to the target for 2022 of 30), which ensures greater availability of social services. The budget of the MoLSP for 2023 increased by EUR 5.5 million, i.e. a total of EUR 7.8 million, are allocated for the financing of social services confirming the commitments to further development of services.

Heading indicator	2018	2019	2020	2021	2022	2022 plan
Number of established local councils for social protection	0	9	11	60	60	81
Number of established regional councils for social protection	:	0	0	7	8	8
Number of licensed service providers (by type of service; in the client's home, in the community, out-of-family care)	:	12	20	62	82	30

Support and promotion of deinstitutionalization. The ESRP sets a total of three process indicators for measuring the progress of deinstitutionalization. In 2022, 11 houses for 55 beneficiaries were established, and thus in December 2022, a total of 265 people were placed in houses with supported living, thus exceeding the target for 2022. At the end of 2022, 150 people were still living in residential social care institutions and need to be resettled to supported living service.

The three centres for support of foster families provided the service to 358 families fostering 587 children. With the support of UNICEF, the website www.zgrizuvanje.gov.mk was created targeting foster families.

Promotion of the social inclusion of the Roma. ESRP sets a total of 10 indicators for measuring the improvement of social inclusion of Roma, divided into three parts: labour market, education and health care. Progress is recorded regarding to the indicator of Roma involvement in active employment programs and measures, by exceeding the 2022 target. Some 7,800 Roma persons used the services and measures of the Employment Service Agency, which is an increase by 78% compared to 2021, however, below the targeted 10,000 persons.

Compared to the previous year, there is also progress in the involvement of Roma children (0-6) in preschool education, but it is still below the level of the pre-pandemic period and is far below the target

for 2022. Further effort is needed to improve the situation with the secondary and higher education of the Roma. Cumulatively, 125 Roma students were awarded scholarship by the MoES, and 50 of them were enrolled in the first year.

The transition rate of Roma students from primary to secondary education shows progress from 77.4% in 2019 to 78% in the academic year 2021/2022 and 82.92% in the academic year 2022/2023. The percentage of Roma students who successfully completed primary education decreased compared to the previous year, but is far above the target set for this programme.

The transition rate of Roma students from secondary to tertiary education recorded a significant increase from 33.5% in 2021 to 53.85% and exceeded the set target of 45%. There is good progress in the supported municipal infrastructure projects.

There are two indicators for handling the key challenges in the area of sustainability of pension systems. In 2022, both the % of source income compared to total expenditures of the Pension fund and the % of average pension in the average salary, which measures the adequacy of pensions, improved compared to 2021. However, the set targets were not achieved. This is an expected development, taking into account that there have been no structural changes in the source income of Pension Fund since the adoption of the ERSP2022 (such as changes in the rates of pension insurance contributions). As for the changes in the second indicator, they are primarily the result of a faster increase of wages compared to pensions, so this indicator should not necessarily be considered critical, given that the increase in wages was determined by both market and non-market conditions.

Dealing with the key challenges in the area of the health system and health care of the population. The outcome indicator of infant mortality rate in 2021 recorded a drop to 4.6 per thousand (compared to 5.7 per thousand in 2020), and is below 7 per thousand set as final 2022 indicator. For 2022, the data will be published in June. The reconstruction of the general hospital in Strumica and the polyclinic in Saraj has been completed, and the Kumanovo General Hospital has been gasified. The construction of the Kichevo General Hospital and of the clinical hospital in Shtip, as well as the replacement of outpatient polyclinic facilities from 'Zdravstven dom Skopje' are in the progress. Regarding the integrated health information system "My appointment", an upgrade with six new modules was carried out in 2022, which exceeded the target. During 2022, the Center for Epidemiological Monitoring and Health Crisis Management successfully operated for 24/7 monitoring of the Covid-19 situation.

(See Annex 1. 2022 Report on Revised ESRP)

1.2. Findings from the 2022 Monitoring Report of the Implementation of the Education Strategy 2018-2025

The annual report on the implementation of the Education strategy' action plan in 2022 has been developed by the MoES in accordance with the Guidance on the content, structure and manner of preparation, development, monitoring, notification and evaluation of sectoral and multi-sectoral strategies, adopted by the Government of North Macedonia in May 2022¹⁶. The report contains a summary of the results achieved, and an overview of the progress of indicators in the context of the objectives set, the challenges and risks encountered during the implementation. It should be noted that

¹⁶ State gazette #122/2022 published on 30.05.2022.

the report is for one year and therefore the evaluation of the achievement of the priority goals is periodic. In 2022, phased reforms in basic education continue, the education of students with special needs has been significantly improved, as well as the capacity of resource centres. In the part of secondary education, a new Law on secondary education has been introduced, which is expected to be adopted in 2023. With adoption of this law the reform of the curricula will begin. The reform of secondary vocational education is also being carried out successfully, and in the past year, the enrolment policy was coordinated with local communities and employers. In the field of higher education and research, by-laws were adopted according to the annual work plan, while the financing of higher education institutions still remains a challenge. In the field of adult education, a proposal for new AE law, which regulates the procedure for the validation of non-formal education and learning, was submitted to a governmental approval procedure. Additional efforts are needed to increase budgetary resources for financing adult education.

For the purpose of the present self-assessment report, the progress of the strategic objectives and policies in relation to secondary vocational education and adult learning is considered here as a matter of priority. Nevertheless, an overview of achievements in the context of strategic reforms is presented in chapter (I/3) of this report.

in 2022, National Standards for Intercultural Education were adopted in Secondary Education by decision of the Minister of Education¹⁷. Educational programs and curricula for secondary education will be revised or new ones developed after the adoption of the National Standards for Secondary Education; in their development the National Standards for Intercultural Education will also be taken into account. A law on textbooks in primary and secondary education is being prepared, and the new textbooks for general secondary education will be developed after the adoption of the new curricula. In 2022, the renovation of secondary schools continues in terms of ensuring access for children with disabilities. In the new law on secondary education, the procedure for inclusion of students with disabilities in regular secondary schools is fully regulated; 120 scholarships are provided in 2022 for students with special needs. According to information from the report on improvement of inter-ethnic cohesion in education for the academic year 2021/2022, provided by the Commission for the advancement of Inter-Ethnic Integration in education, there is a significant increase (41%) in common participation in extracurricular activities compared to the previous year. Training was also held for teachers and professionals for the implementation of joint classes for students, for whom training is conducted in different languages, and the application of intercultural education standards.

Achieving North Macedonia's aspirations to improve economic competitiveness and accelerate EU integration greatly depends on building a healthy, highly skilled workforce and developing human capital. However, the latest Programme for International Student Assessment (PISA) showed once again that the country is performing below the Western Balkan, EU and OECD averages, while the new PISA testing in 2022 is expected to identify the likely negative impact of COVID-19 to the learning outcomes, following the fifty-four weeks of school closures for in-person learning and other disruptions to education during the pandemic. The main PISA assessment took place for the first time electronically in April 2022; results are expected in late 2023.

2022 progress in VET

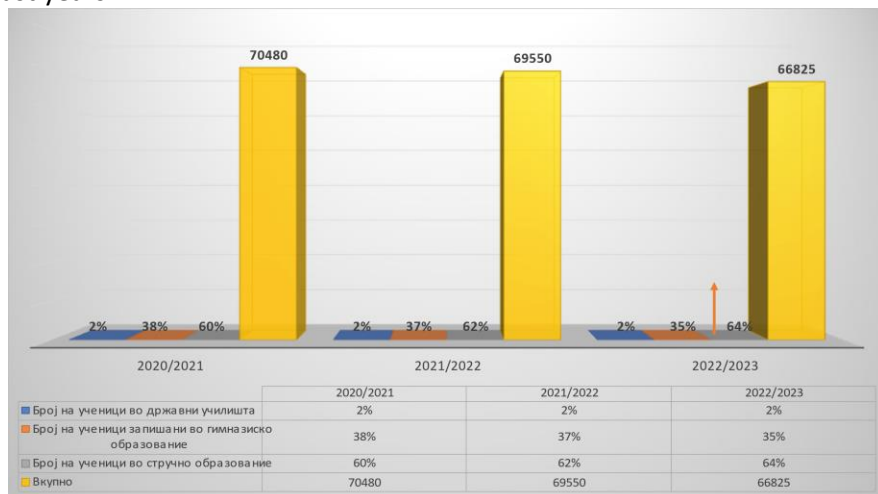
¹⁷ №13-459/2 from 13.01.2022.

The Education Strategy defines four priority areas for the development of the VET system in the country to be achieved until 2025 through the implementation of a set of 11 measures.

Priority 1. 'Compliance of VET to the needs of labour market'. New occupational and qualification standards based on learning outcomes have been developed according to the MQF; 360 occupational standards and 110 competency-based qualification standards have been adopted so far, tailored to the needs of the labour market. Completely new curricula for secondary vocational education were developed in cooperation with representatives of the business sector. Since 2022/2023 school year the new modular curricula based on the new qualification standards, expressed through competence-based learning outcomes with an increased share of practical training were also introduced in the fourth year of study, with which the reform of the 4-year vocational education was completed. With the institutionalization of the Skills Observatory, the strategy envisages creation of a mechanism for determining the needs of qualifications and skills. Some progress has been made in increasing the number of sectoral commissions for qualifications (the number increased from 10 to 11 in 2022), but further progress is needed to reach the target of 16 sectoral commissions. The register of qualifications is functional and upgraded with a module for the register of occupation standards and a module for the revision of occupation standards, which fulfils the target for 2022. The Skills Observatory has not yet entered into functionality due to the need to introduce changes in the law on higher education. Under the motto "Learn smart, work professionally" in 2022 meetings were organized with companies and municipalities to reveal new in-demand professions in vocational schools. In 2022, the implementation of a Tracer system for tracking the careers of VET students after graduation, was started. The aim is to introduce a system for permanent monitoring the realisation of graduates after completing education, continuing their education at higher levels or employment, which will serve as evidences for the formulation of educational policies.

Priority 2. 'Improving the learning environment and the quality of VET'. Reconstruction of secondary vocational schools continues in 2022 according to the approved annual program and plan; 9 schools were reconstructed; the reconstruction of two of the regional VET centres in Kumanovo and Ohrid is ongoing. The quality is ensured at the level of education and training, and at the level of qualifications through internal and external assessment and through self-assessment; 'cooperation with the labour market' is introduced as a separate evaluation criterion. Although with a delay compared to the previously planned terms, the reconstruction and modernization of the three regional VET centres showed some progress - the delay in the tender procedures for the selection of contractors for the construction works was partially made up in 2022. At the moment, the construction and repair work in RVETC Kumanovo are 90% completed, and those in RVETC Ohrid are 50% completed. The expected deadline for the full completion of the construction works in RVETC Kumanovo is at the beginning of the summer 2023, and for the one in Ohrid - in the autumn of 2023. There was a serious delay in the start of construction activities in the third RVETC in Tetovo, due to complicated procedures for issuing construction permits, which is beyond the control of MoES. In 2022, a new request for the issuance of construction permits was submitted and as a result, in December 2022, the construction project of the RVETC Tetovo was approved. A tender procedure is currently underway for the selection of a supplier to carry out the construction works. The expected period for the completion of construction works is at least 12 months. Meanwhile, the technical specifications for supply of equipment for the three RVETCs were prepared according to their specialization. The tender procedures for supply of equipment were prepared and they are expected to be announced in May 2023, and the delivery of equipment will follow the completion of construction works. Details about the development and establishment of full functionality of the RVETCs are presented in chapter (III/1), progress of the specific performance indicators #3, #4 and #5.

Priority 3. Increase the scope of VET. Due to new policies aiming at increase of attractiveness of vocational education and training, introduction of measures to stimulate the interest of young people in vocational training, such as the introduction of the concept of work-based-learning and expansion of dual education, as well as financial incentives introduced in the form of scholarships are the factors for success of VET in last years.



Despite the unsatisfactory statistics on general trends in the secondary education coverage in North Macedonia, the number of students enrolled in VET shows a steady growth trend.

Source: MoES

In 2022, the share of VET schools involved in dual education exceeds 81% of all VET schools.



Source: MoES

Increased interest of young people in VET is also due to the MoES efforts to fully involve the business sector in the overall implementation of VET. In 2022, further progress and exceeding of the foreseen target has been achieved in terms of the participation of students in secondary vocational schools in the total number of students in secondary education. This indicator is 69% in 2022 (target >60%¹⁸).

¹⁸ Revised ESRP.

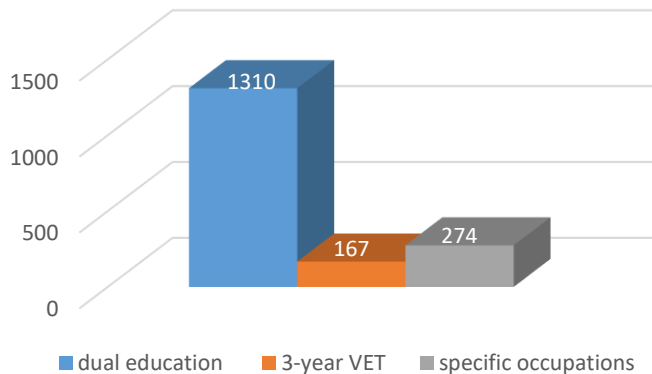
The positive trend of increasing the VET enrolment is even better expressed in the first year of enrolment in the secondary education.

The share of students enrolled in VET in the academic year 2022/2023 reaches 69% of the total number of all entering secondary education.



Source: MoES

Scholarships in VET



in 2022, 1310 scholarships were awarded to students in dual education, 167 to students completing a 3-year VET and 274 to students studying professions - electrical engineering, construction and geodesy, catering and tourism, agriculture and veterinary, machinery, and textile and leather.

Source: MoES

A new Concept for state, school professional and artistic matriculation has been prepared, which will be introduced with the approval of the new law on secondary education. The new law on secondary education also regulates secondary education in penitentiaries and correctional institutions, to be realised through distance learning with the application of means of electronic communication, physical presence or combined.

Priority 4. 'Improvement the capacities of Human Resources'. The Program for continuous professional development of teachers in primary and secondary education was published in January 2022¹⁹. A supplement program was adopted to the training and testing program for principals of primary and secondary schools. Programs on 'Ethics and Integrity' and 'Inclusion of children with special needs' were added, as well as a new program for advanced training of school principals was also introduced²⁰.

¹⁹ State Gazette #17/25.02.2022.

²⁰ State Gazette #260/2.12.2022.

Within the 'Education for Employment' (E4E@mk) project, a digital platform was created for training and professional development of teachers from secondary vocational schools. The inonet.edu.mk platform serves as a digital base for teachers in their professional development, simultaneously providing information on possible training and professional development courses, and the possibility of their implementation online. At the same time, teachers have access to an electronic library of materials for professional development, and there is an opportunity for interpersonal communication to exchange experiences and instructions.

2022 progress in Adult education and training

The Education Strategy defines three priority areas for the development of the AE system in the country to be achieved until 2025 through the implementation of a set of 5 measures.

Priority 1. 'Increasing the qualifications of Adults (knowledge, skills and competences)'. The new law on adult education, which regulates the procedure for validation of non-formal and informational learning, has been submitted in September 2022 to the Parliamentary procedure for adoption. After the adoption of the law a set of by-laws will be elaborated, which should regulate the system for VNFIL. The Concept for the development of RVETCs adopted by the MoES also introduces the VNFIL.

Out of the total number of programs verified by the Adult Education Center for non-formal education for adults that lead to qualifications or part of qualifications and programs that lead to the acquisition of knowledge, skills and competencies, a total of 135 training were carried out in 2022 by various service providers, and 1231 participants successfully completed the training. Days on lifelong learning were conducted in October 2022. Lifelong learning participation of 2.7% although a slight improvement over 2021 is still significantly below the 4% target²¹.

A Concept for secondary education of adults has been adopted in November 2022, which represents a vision based on which postulates and mechanisms the secondary education of adults should develop over the next 10 years. The focus is on measures and activities that will enable adults to actively adapt to changes that will enable personal development and establishment of an inclusive and cohesive society that learns and develops.

Priority 2. 'Improving the content and quality of adult education and learning'. In 2022, 136 new programs of non-formal adult education providers leading to the acquisition of knowledge, skills and competences have been verified. The new AE law regulates the procedures for verification of AE programs, as well as verification of institutions - providers of AE services. Quality assurance in AE is regulated in a separate chapter of the new law.

Priority 3. 'Improving the legislation, organization and management of adult education and training'. Currently, the financing of adult education amounts to 0.5% of the overall financing of policies and measures in the field of the Human Capital development in North Macedonia according to the implementation report of the revised Program for Employment and Social Policy Reforms, (r) ESPR2022. The strategy envisages increasing the budget for AE to at least 1.5% of the total budget for education. Now, the share of AE funding in the budget of the Ministry of Education and Culture is 0.09%.

²¹ Revised ESRP.

A mechanism should be developed to encourage employers to invest in the education and training of adults. It is planned to carry out a feasibility study, and made an analysis for identifying of all interested parties and providing recommendations how to create a favourable climate for investments in AE. In 2022, there is no implementation under this priority.

(See Annex 5. Annual Report for Implementation the Education Strategy 2018 -2025 for the year 2022)

1.3. Findings from the 2022 Report on the Implementation of the Youth Guarantee

The Youth Guarantee (YG) continued to be implemented in 2022 across the country. As of January 2023, a total of 20,185 people (10,316 women) were included, 7,419 of which got employed (3,595 women) and 1,287 (760 women) were included in some of the active employment measures which do not lead to direct employment, but increase their employability. Of the total number of people who got employed, 614 persons were employed through employment mediation, 965 were employed through one of the active employment measures, and 150 established business (incl. self-employed persons). For 4072 people, 4 months have not yet passed since they entered the Youth Guarantee.

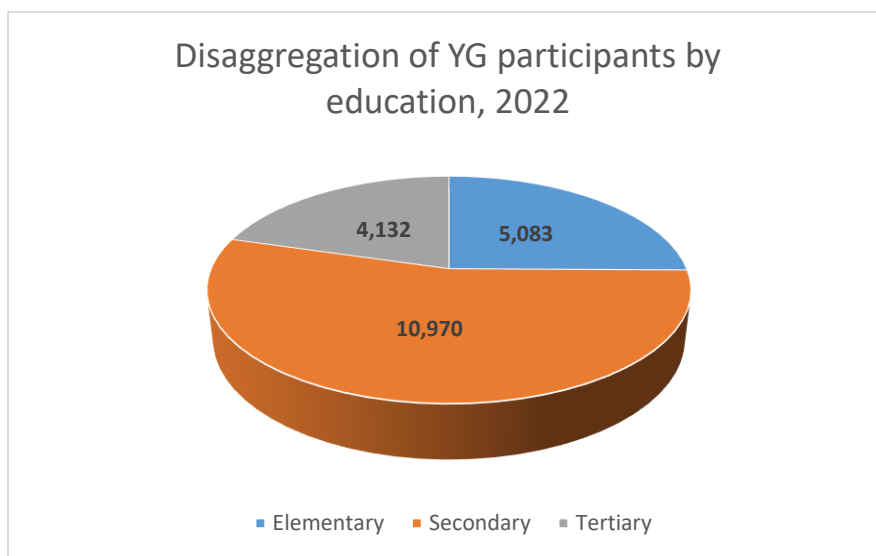
The youth employment rate (15-29 year olds) is an overall impact level indicator to measure the impact of the YG. It is not linked to the variable tranches. In 2022, Macedonian government succeeded to reverse the trend of slight decline of the youth employment rate, recorded in 2021. While in 2021, the youth unemployment rate slightly declined to 33.9% from 34.1% in 2020, last year the youth employment rate grew to 34.4%, far above SRPC indicator of 32.8%.

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
2022 result:	34.4 per cent
- Women 15-24	12.7 per cent
- Women 25-29	57.41 per cent

Even if one of sub-indicators (women in age group 15-24) was not reached, the difference compared to the target value is very slight and is influenced by mix of reasons (asocial culture, family/maternity responsibilities, lack of work experiences etc.) which probably can be addressed just in mid-term perspective and in limited scope. On the other hand, data on another sub-indicator (women in age group 25-29) shows positive trend (52% in 2021 compared to 57.41% in 2022), what is the evidence, how important role YG plays in delivery of missing knowledge and practical working skills by gender-balanced approach.

According to the data and results, the success rate of the Youth Guarantee as of January 2023 was 43% which exceeded the foreseen 30% success rate for the indicated period. As one of the vulnerable categories in the labour market, 969 Roma were included in the Youth Guarantee, 148 of which got employed within a 4 months' period following their inclusion in the program (YG).

Out of the total number of persons placed in the labour market through active employment measures, the largest part got employed under the measure 'Subsidized employment' (738 people), and the measure 'Financial support for creating new jobs' (179 people). Out of 1,237 young jobseekers involved in some of the active measures that didn't lead to direct employment, the largest group of participants was involved to the 'Internship Program' (1,063 persons).



Young jobseekers participated in the Youth Guarantee programme represented also target persons for general employment services provided by the ESA. In 2022 the Agency delivered employment services to 2,621 YG participants. At the same time, career counselling was carried out for 163 people, 969 jobseekers were profiled, and a total of 981 Individual employment plans were drawn up (of which 92 were for the most vulnerable jobseekers). Out of the total number of the YG programme participants last year, 5,083 achieved primary education, 10,970 have completed secondary education and 4,132 tertiary education.

For the purpose of career counselling of the youth and as an important element of the Youth Guarantee, the activities in 2022 are related to maintaining and supplementing the Occupational Outlook Model. In accordance with the adopted Methodology and the Work Plan for Preparation and Updating of the Occupational Outlook for the period 2022-2026, in 2022, 11 new descriptions/outlooks of occupations were prepared and the existing 74 descriptions/outlooks were updated with the latest statistical data. Therefore, the total number of descriptions of occupations is 85 (www.zanimanja.mk). In line with the Work Plan for Preparation and Updating of the Occupational Outlook for the period 2022-2026, 40 new descriptions of occupations will be prepared by the end of 2026.

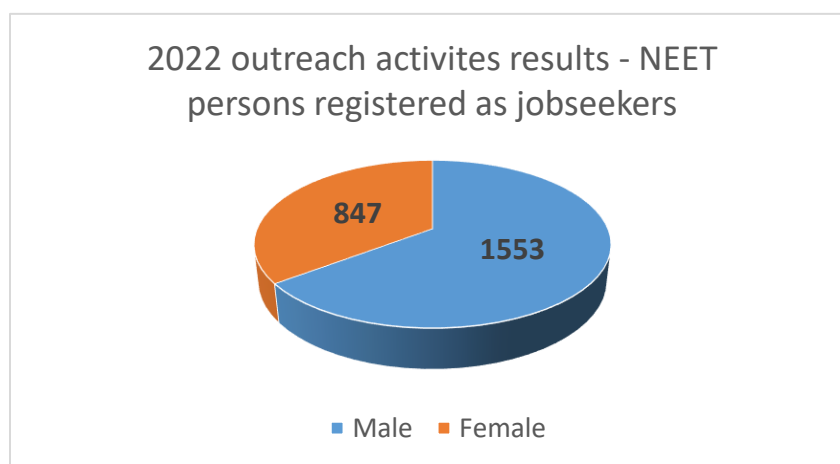
By using the HERMAC model for long-term forecasting of the labour market at the Ministry of Labour and Social Policy, information on long-term labour market forecasting are prepared and submitted, and reviewed by the Economic and Social Council which further serve and are used in the process of creating

employment policies and preparing strategic documents such as the *National Employment Strategy*, the *Action Plan for Youth Employment*, the Occupational Outlook Model, etc. The use of the existing HERMAC model provides data that indicate the labour market forecast and trends for 20 sectors.

The MoLSP and the ESA pay attention to the involvement of NEET young persons to the YG activities/services. The NEET represent the most hard-to-reach target group, because these people aren't in any (regular) contact with the public administration. Therefore, the public administration has no particular knowledge, who these persons are, where and how they live, what they do. On the other hand, as per the Council (EPSCO) recommendation(s), it is necessary to make sure, that the YG programme covers the most socially excluded part of the young generation. For this reason, in 2019, the MoLSP and the ESA established regular cooperation with national umbrella associations of youth organizations and with the assistance of the Swiss development agency Helvetas trained field workers among local youth organizations' activists. The outreach activities were interrupted in 2020 due to pandemic measures, which naturally limited the field work and direct contact with socially excluded people. After termination of state emergency situation, the outreach activities have resumed in 2022.

2022 Youth Guarantee implementation – outreach activities (summary)						
Activity description	Number of targeted persons/employers – plan	Number of targeted persons/employers – results	Results in %	Funds – plan (in MKD)	Funds – real utilization (in MKD)	Utilized funds in %
Dissemination of info on the YG (young NEET persons)	2000	5000	250	2,725,050	2,822,647	104
Registration of the NEET persons in the ESA	2800	2400*	86			
Dissemination of info on the YG (local employers)	244	1141	468			

* 193 Roma persons



The main objective of the outreach activities is to assist young NEET to establish formal contact with the ESA in order to include them to specific employment measures and/or services. However, the specific objective is to disseminate information about the YG to the business community in order to encourage them to offer assisted jobs or internships for young jobseekers.

The Republic of North Macedonia has been the first non-EU MS adopting national YG Implementation plan in accordance with the Council recommendation of 22 April 2013 on establishing a Youth Guarantee 2013/C 120/01. The government adopted the Macedonian national YG Implementation plan in 2018. Based on practical experiences of the four years' programmes, as well as on Council Recommendation of 30 October 2020 on A Bridge to Jobs – Reinforcing the Youth Guarantee and replacing the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee 2020/C 372/01, the Government decided to follow common declaration of the EU and the Western Balkan labour/employment ministers on ensuring sustainable labour market integration of young people. The MoLSP last year, using technical assistance provided by the EC/ILO Technical Assistance Facility, developed new national Plan for Implementation of the Youth Guarantee for 2023-2026, which was adopted by the Government of the Republic of North Macedonia in April 2023.

As a part of process of development of the 2023 – 2026 Implementation plan, the ILO experts with funding by the Austrian Development Cooperation elaborated a report on mapping and policy pointers regarding to the young NEET in North Macedonia. The document provides detailed description of characteristics of NEET in the country with a special focus on those, who are unemployed (jobseekers), as well as those who are inactive. For further improvement of the process of identification young people to be covered by the YG, the document also describes econometric model and approach of profiling the risk of being NEET. Results of profiling should serve as a 'navigation' for implementation of large scope of activities range from formal education through outreach activities to employment services and measures provision in order to target them as best as possible. Proper profiling thus will lead to improved efficiency of the YG activities. Based on specific findings and assessment of previous implementation experiences, the report offers specific conclusions and policy pointers for (1) mapping and early intervention, (2) outreach activities, (3) development and implementation of the YG preparation service and quality offers, and (4) cross-cutting enablers.

Beside the YG implementation itself, work on new national implementation plan represents the most important issue related to the Youth Guarantee in North Macedonia, last year. Successful implementation so far does not ensure success in the future. Process of preparation of new implementation plan represented high level capacity building exercise based on close cooperation with international experts, in-depth analytical approach, and active involvement of social partners and other stakeholders. The 2023 – 2026 Plan for Implementation of the Youth Guarantee in North Macedonia represents high quality comprehensive operational policy document containing a wide range of reforms, measures, services, activities and specific actions. Beside the quality of the document itself, establishment of wide partnership and improved knowledge and skill in strategic approach to the YG, represents additional, but very important benefit for further YG implementation in the country.

The estimated costs for policy reforms and interventions projected in the Plan for Implementation of the Youth Guarantee in North Macedonia amount to MKD 3,807,449,000 (~ EUR 55,710,570). Out of this total amount, 89% will be secured from the current and future state budget, whereas 11% will be secured from other sources of funding (donor funds and employers). The plan shows, that Macedonian government does not limit the YG implementation to narrow understanding of particular services to be offered to young jobseekers. It perceives the YG programme as a comprehensive opportunity to improve

employability of young people in long-term sustainable way. Among others, the implementation plan contains fundamental reforms in a field of education, particularly VET and secondary, as well as systematic improvement of analytical approach.

Name of the reform/initiative	Key objective(s)	Target group, including number of people covered (if available)	Scale	Name and role of organisation in the lead and cooperating partners	Timetable for implementation	Implementation cost, if applicable, and source of funding
Planned reforms						
Law on secondary education	<ul style="list-style-type: none"> To introduce career guidance services to inform students and their families about education and labour market prospects 	Current and future students in secondary education	National	MoE (lead)	2023-2026	3,000,000 MKD Source: Budget of RNM
Law on VET	<ul style="list-style-type: none"> To expand work-based learning as an effective mechanism to increase young people's employability 	Current and future students in VET education	National	MoE (lead) VETC	2023-2026	120,000,000 MKD Source: Budget of RNM
EMIS upgrade	<ul style="list-style-type: none"> To digitalize records on formal and informal education and training participation 	Pupils, students and learners in North Macedonia	National	MoE (lead)	2023-2024	30,135,000 MKD Source: IPA 2017
Planned initiatives						
Ad hoc module on reconciliation of work and family life	<ul style="list-style-type: none"> To collect evidence for policymaking on individuals with care/family responsibilities and distribution and affordability of care services 	Working age population	National	STAT (lead) MLSP	2025-May 2026	
In-depth analysis of YG monitoring data	<ul style="list-style-type: none"> To better understand (i) the factors easing/constraining the delivery of YG at local level, (ii) role played by business structure; and (iii) importance of individual characteristics in outcomes To inform the development of the database 	YG beneficiaries	National	ESA (lead) MLSP	December 2022 – 2025	620,000 MKD Source: EU/ILO TAF

Name of the reform/initiative	Key objective(s)	Target group, including number of people covered (if available)	Scale	Name and role of organisation in the lead and cooperating partners	Timetable for implementation	Implementation cost, if applicable, and source of funding
	profiling system, upgrading the quality of offers, and inform policy making					
Analysis of the feasibility of in-work benefits, including relevant legal requirements	<ul style="list-style-type: none"> To prepare the design for a small pilot to test the effects in-work social benefits in facilitating the transition to work of young YG beneficiaries 	100 young people (18-29) GMA beneficiaries	National	MLSP (lead) ESA	2025-2026	1,500,000 MKD Source: EU/ILO TAF
Career guidance in secondary schools and Regional VET Centres	<ul style="list-style-type: none"> To ensure that students and participants make informed career choices 	40000 young people (15-29)	National	MoE (lead)	2023-2026	96,000,000 MKD Source: Budget of RNM
Expansion of WBL	<ul style="list-style-type: none"> To increase the employability of VET students 	48000 young people (15-29)	National	MoE (lead)	2023-2026	500,000,000 MKD Source: Budget of RNM
Establishment of two additional Regional VET Centres (RVETC)	<ul style="list-style-type: none"> To expand the offer of verified adult learning training 	Persons aged 15-29 non attending formal education YG beneficiaries	Two regions	MoE (lead)	2023-2026	187,200,000 MKD Budget of RNM 61,500,000 MKD Source: IPA II
Validation of non-formal and informal learning occupations	<ul style="list-style-type: none"> To expand the offer of Validation of Non-formal and Informal Learning (VNIL) services to other five occupations 	Persons 15-29 non attending formal education YG beneficiaries	National	MoE (lead)	2023-2026	23,994,000 MKD Source: IPA 2017

Finally, strong political commitment is shown by the fact that the 2023 – 2026 Youth Guarantee Implementation Plan in North Macedonia was adopted by the government and its implementation will be subject to reporting to the government.

Name of key organisations	Type of organisation	Level of responsibility	Role in implementing the Youth Guarantee scheme
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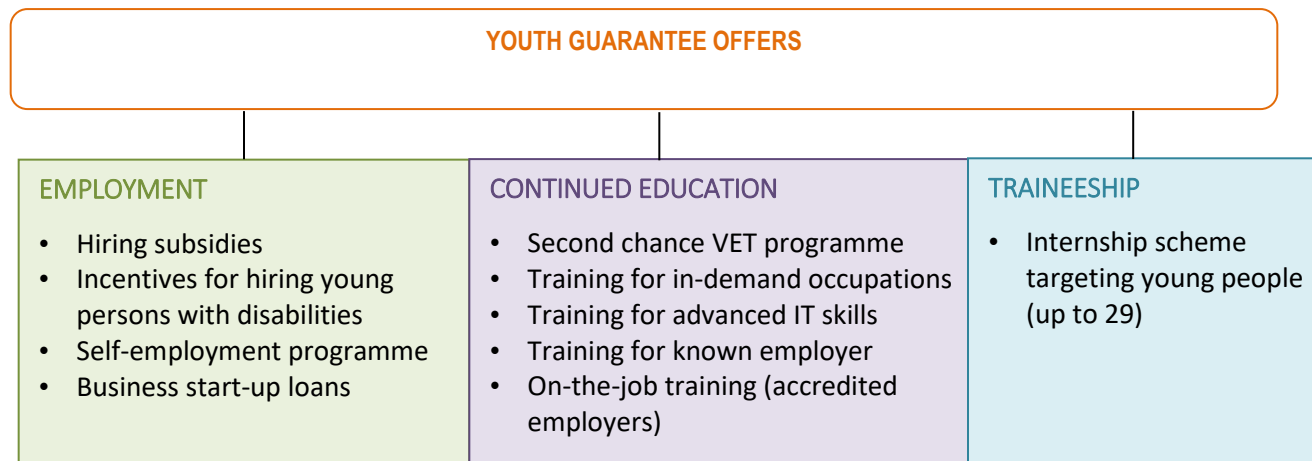
Ministry of Labour and Social Policy	State institution	High	The Ministry of Labour and Social Policy will have the role of coordinating the activities of other institutions in order to successfully implement the Youth Guarantee. MLSP will also be responsible for enabling smooth implementation of the YG service delivery system, by adopting the new Law on employment and insurance in case of unemployment
Employment Service Agency of RNM	Public employment service	High	ESA will be responsible to provide activation services and labour market integration measures to young people (15-29) registering in the Youth Guarantee. Furthermore, ESA will be responsible for monitoring and evaluation of the YG implementation.
Ministry of Education and Science and the Adult Education Centre	State institution Public Institution	High	Provision of high-quality education process, implementing modern methods of learning, critical thinking and integrated IT and digital skills in teaching and knowledge acquiring processes, skills and positions and their practical implementation in real life context, creating a life-long learning culture, investing, at the same time, in continuous development through education and training, including “second chance” programmes.
Youth and Sport Agency, umbrella youth organizations	Competent institutions Civil Society organizations	High	The Agency for Youth and Sports will be responsible for the efficient implementation of the Youth Guarantee, especially in the part of its promotion through the provision of a European Youth Card. Civil Society Organizations will be responsible for mapping and reaching out to disengaged youth. They will offer a line of support for labour market inclusion of vulnerable youth.
Social partners	Associations	Medium	The social partners will be responsible to reach out to the employers and workers and raise the awareness about the Youth Guarantee and monitor the implementation of the initiatives.

The Youth Guarantee programme is embedded in the Operational Plan for Active Employment Programs and Measures and Labour Market Services for 2023.

The implementation of the YG programme is on annual base assessed by the experts of the ESA in order to improve outputs and results. The assessment represents the base for development of new measures and programmes, and/or particular tools, as well as it leads to adjustment of tools regularly used, in order to maintain their efficiency. On the base of such assessment, the Governing board of the ESA decided to raise funds allocated for the YG implementation. At the same time, selected programmes and tools were modified for the year 2023.

In 2023, the implementation of the Youth Guarantee in the frame of the ESA operations will continue to be implemented throughout the territory of the Republic of North Macedonia, with a special emphasis on NEET-young persons. The planned coverage of participants in the Youth Guarantee in the entire territory of the republic is about 10,000 young people. The programme will be considered successful if at least 30% of the people involved in YG successfully exit it within a period of 4 months, that is, they will be employed, re-involved in the educational process or will be included in active employment programs and measures.

For this purpose, a coordinated and joint action of several government institutions is expected, first of all, the Ministry of Education and Science, social partners and civil society organizations. Civil organizations will be involved in the field (outreach) activities, what means looking for young NEET, familiarizing them with the Youth Guarantee as such, the opportunities offered by the programme and motivating them to join the Youth Guarantee (through registration as a jobseeker in the ESA). The young jobseekers who will be included in the YG activities will be given appropriate employment services, which will enable their activation and motivation for inclusion in the labour market through the so-called 'second chance, i.e. re-inclusion in the educational process by attending the training programs provided by secondary vocational schools, as well as active measures for employment, i.e. mediation with employers.



1.4. Findings from the 2022 Annual Report on Active Employment Programmes

In 2022, the Employment Service Agency of the Republic of North Macedonia (ESA) through the employment centres 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 of work oriented to the needs of the unemployed and employers. Its services for jobseekers were particularly targeted at certain groups of unemployed persons with limited 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. ESA pays special attention and resources to the implementation of the Youth Guarantee.

Cooperation of local employment centres with employers represents important form of implementation of the employment policy and its measures. Cooperation with employers is achieved through the following activities and services:

- Receiving job offers/vacancies from employers and identifying their needs;
- Announcement of job vacancies;
- Ensuring quality job mediation according to the expressed needs of the employers;
- Cooperation with employers through their involvement in certain active employment programs and measures;
- Informing employers about the state of the labour market, as well as continuous reporting and information about all current activities, active measures and services that they can use;
- Advising and providing services to employers on the possibilities, conditions and benefits of employing of registered jobseekers;

- Informing about options and the way of using electronic services;
- Advice on the implementation of laws and other regulations;
- Organizing joint meetings, visits and meetings (for mutual information, exchange of information, giving directions and suggestions, etc.);
- Implementation of joint activities with employers (e.g. forums for employers, etc.);
- Other types of services.

Implementation of any services and activities is in line with agency's strategic goals and annual Operational Plan for Active Employment Programs and Measures and Labour Market Services (OP). The OP represents not just technical 'guide'/description of activities and their budgeting. Taking into consideration, that draft of the document is adopted by the ESA Governing Board with participation of social partners' representatives and finally is adopted by the Government of the Republic, the OP is perceived as a policy document translating employment policy goals and priorities into action. Thus, the OP represents (1) publicly visible declaration of political will of the government in a field of employment policy, and (2) common result of the dialog among three social partners on direction of employment policy implementation.

The implementation of the active employment programs and measures in accordance with the Operational Plan for Active Employment Programs and Measures and Labour Market Services for 2022, resulted in achieving the following:

- ✓ 2,001 persons were employed through the self-employment support program;
- ✓ 2,106 persons were employed via the programs for subsidised employment, employment and growth of legal entities;
- ✓ 126 persons were employed through the subsidy program for employment of persons with disabilities;
- ✓ 834 registered jobseekers participated in various training programs and measures;
- ✓ 1,658 registered jobseekers participated in the internship program;
- ✓ 616 registered jobseekers were involved in the community work program;
- ✓ 569 registered jobseekers were engaged in the public works program;
- ✓ 3,550 young registered jobseekers were employed through the youth allowance program;
- ✓ 45 registered jobseekers were supported via the Pilot measure – Support for creating new jobs through green investments.

According to the results, 11,505 persons were involved in all active employment programs and measures, in 2022, out of which 5,171 women.

In 2022, the following employment services were delivered to job seekers:

- ✓ 31,229 people were provided with the job search assistance;
- ✓ 383 unemployed people were involved in motivational trainings;
- ✓ 983 unemployed people used trainings on Preparation for Employment and Work;
- ✓ 2,008 people used the service Activation of unemployed Roma and other people at risk of social exclusion;
- ✓ 349 unemployed people, beneficiaries of guaranteed minimum assistance used counselling and motivation services (SIM programme) and
- ✓ 20 unemployed people were involved in supporting the implementation of the Labour Market Skills Survey.

In the course of 2022, employers submitted a total of 6,828 requests for job mediation. A total of 32,957 persons were involved in the mediation and 2,563 persons were placed in jobs. Out of the total number of submitted requests, 3,186 requests for job mediation were submitted by the employers from the private sector alone. A total of 25,990 registered jobseekers were involved in the mediation and 260 registered jobseekers got employed. Part of the requests for job mediation were further dealt with by the Employment Service Agency in 2023, which increased the number of positively resolved requests according to the requirements of employers.

Summary of the job mediation (2022) – disaggregated data				
Number of requests	Number of jobseekers involved...		Number of placed in jobs	
Total				
6,286	32,957		2,563	
	<i>... women thereof</i>	<i>... persons up to 29 years old thereof</i>	<i>... women thereof</i>	<i>... persons up to 29 years old thereof</i>
	15,560	9,620	1,584	735
Private sector only				
3,186	25,990		260	
	<i>... women thereof</i>	<i>... persons up to 29 years old thereof</i>	<i>... women thereof</i>	<i>... persons up to 29 years old thereof</i>
	10,578	8,014	126	81

A total of 4,414 services were provided to employers, which included informing, advising and providing opportunities for using the services and active employment programs and measures and other employment opportunities for unemployed people available through the ESA, as well as other types of services that were realised through visits and meetings with employers in the employment centres, various types of contacts, such as telephone contacts, on-line communication, and so on.

In parallel with the programs and measures of the Operational Plan for Active Employment Programs and Measures and Labour Market Services, the implementation of the two instruments for provision of loans under favourable conditions for the purposes of self-employment have continued: the Self-employment Loan Project and the Project for Provision of Loan to Legal Entities for Creation of New Jobs. In 2022, a total of 62 legal entities got registered under the Self-employment Loan Project and 84 were employed, while a total of 66 employment contracts for hiring 32 people were concluded under the Project for Provision of Loan to Legal Entities for Creation of New Jobs.

The local employment centres' counsellors made visits to employers from their region, through which their real needs were identified, in order to adequately respond to their requests. It contributed to submission of requests for job mediation of registered jobseekers, as well as their participation in active employment programs and measures. In 2022, 3556 meetings with employers were held. Of these, 436 meetings were held on the spot, and 3120 meetings were conducted in the employment centres. Additionally, group meetings with employers were held with the participation of 54 employers. Additional 804 contacts were established with employers through a forum with employers, telephone contacts, online communication, etc. In total, 4414 services for employers were delivered by the mentioned activities.

A total of 31,229 services were delivered to registered jobseekers within the framework of the Job Search Assistance service. Cumulatively 16,257 (52%) of targeted persons were women, and 9,442 (30%)

were for young people up to 29 years of age. The ESA conducted motivational trainings, which aimed at increasing the motivation and self-confidence of unemployed people to actively look for work. These trainings increased the awareness of the jobseekers, as well as the motivation for usage of the services and active employment programs and measures. In 2022, 383 registered jobseekers participated in motivational training, of which 184 (48%) were women and 146 (38%) were young unemployed persons under the age of 29. The jobseekers were motivated to actively look for a job through group meetings, but also an individual approach was implemented, if the jobseeker needed additional support and counselling, as well as through the participation of the people in the activities of all other employment services.

Activation of unemployed Roma Programme (2022)				
Total number of participants	2,008		Placed in jobs	359
Women thereof	972	48%	Women thereof	157
Young up to 29 thereof	657	33%	Young up to 29 thereof	174

A total of 2,008 jobseekers were involved in the ‘Activation of unemployed Roma Programme’ and other people at risk of social exclusion were treated by Roma mentors and the Acceder program, of which 972 women (48%) and 657 (33%) young people under the age of 29. Cumulatively 2,545 persons were informed about this service, and 2,008 (972 women and 657 young people) were profiled. Part of the participants - 107 people (59 women and 54 young people) – took up an active measure for employment, and part of them - 359 people (157 women and 174 young people) - got employed.

The ESA implemented a number of activities to increase the employability and employment of unemployed Roma through provision of information and involving them in active employment programs and measures and services, in accordance with the Operational Plan 2022. In the frame of the OP implementation, 7,768 services were provided to unemployed Roma people. ESA cooperates closely with other ministries and institutions, in the preparation of programs, projects and other documents related to the improvement of the situation of the Roma and participated in the work of the National Coordinating Body, as well as in the implementation of the ‘Roma Inclusion Strategy 2022-2030’ and in other activities related to the inclusion of Roma.

The support of the ESA to development of skills for career development of the users of its services was implemented through the following activities:

- Providing information about the demand of specific occupations as well as employment opportunities (individual or group counselling);
- Self-help tools to help users make decisions and acquire skills to manage their own career development;
- Application of assessment techniques;
- Career counselling with career action plans.

The measures ‘Preparation for employment’ and ‘Professional orientation and career counselling’ were implemented by the employees of the employment centres, through individual or group work with the users of the services. In 2022, these two services covered a total of 983 registered jobseekers, of which 534 (54%) were women, and 536 (55%) were young people under 29 years of age., a total of 146 persons used the services for professional rehabilitation and inclusion in the labour market of persons with disabilities, of which 52 (36%) were women and 34 (23%) young persons up to 29 years of age.

In 2022, 152 requests for grants from the Special Fund were submitted to the ESA, of which 112 requests for employment of 153 disabled persons for an indefinite period, 37 requests for purchase of equipment

and 3 requests for adaptation to a workplace. Requests submitted to the Management Board of the ESA are decided within the legally stipulated deadline. During the reporting period, 137 request were approved and 13 requests rejected, for not meeting the eligibility criteria set in the legislation.

According to the Article 15 paragraph 1 of the Law on Employment of Disabled Persons, the purpose of the Special Fund of the ESA is to finance activities in order to improve the conditions for employment and work of persons with disabilities, adaptation to a workplace, procurement of equipment and assigning a work assistant to a person with disability who is involved in work training, at his request or at the request of the employer. A total of MKD 175,000,000 were earmarked to the sub-account of the ESA (Special Fund) for the budget year 2022. On January 1, 2022, the balance of this sub-account was MKD 225,043,437. According to the financial records for the reporting period, funds were utilized in the total amount of MKD 133,323,519. For the all approved requests in reporting period, the Management Board of the Employment Agency allocated the amount of MKD 124,794,903.

Thereof, for

- (1) The employment of 126 disabled persons (out of 99 requests) funds in the amount of MKD 68,570,620 were allocated;
- (2) The procurement of equipment (36 requests), funds in the amount of MKD 56,024,283 were allocated;
- (3) The adaptation of a workplace (2 requests) funds in the amount of MKD 200,000 were allocated.

Special fund utilization	2021			2022		
	Number of employers	Number of persons with disability	Funds	Number of employers	Number of persons with disability	Funds
Requests for employment of persons with disabilities	3	3	1.419.880	96	123	67.150.740
Request for workplace adaptation	0	0	0	2	2	200.000
Request for the purchase of equipment	2	0	1.207.758	34	0	31.457.041
Total	5	3	2.627.638	132	125	122.167.265

In order to facilitate the transition of young people from education to employment, the Internship Law was adopted in May 2019. According to it, a person up to the age of 34 can be hired as an intern, for a period of up to 6 months. During the internship, the intern has the right to a monthly allowance, which is paid by the employer and it depends on the duration of the internship period. If the internship lasts of up to three months, the remuneration ranges from 42% to 74% of the minimum net salary. If the internship exceeds 3 months, remuneration equals the amount of the minimum net salary determined in accordance with the law counting from the fourth month.

In order to involve young people in the labour market, and to ensure employment of young people for a longer period and thus to improve their economic position, in January 2020 **the Law on Youth Allowance was adopted**. "Young person" in the sense of this law is a natural person under the age of 23 with completed at minimum secondary education. The financial allowance amounts to MKD 3,000 for full-time

job, if the remuneration is subject to the personal income. The allowance is paid to the young person no later than the 25th of the month, following the month for which the contribution is paid. As of December 31, 2022, 5,596 young people under the age of 23 benefited from the Youth Allowance, of which 2,790 young people were involved into the Youth Allowance system for the first time.

The ESA continued with the implementation of the activities of the project ‘Activation of vulnerable groups on the labour market’. The implementation of the project started on 19.09.2019 with the duration of 54 months. The total budget of the project is EUR 4,191,401 of which EUR 3,000,000 represents EU co-financing through the Instrument for Pre-Accession Assistance (IPA II), EUR 349,768 represents co-financing by the state budget and rest of EUR 841,633 comes from the Budget of the ESA.

Total expenditures for 2022 amounted to MKD 3,302,685,811 (~ EUR 53,702,208). Compared to 2021, expenditures decreased by 1.7%, or by MKD 58,783,392. Total of MKD 2,961,178,347.00 (~ EUR 48,149,242) were spent for paying the unemployment benefit, including contributions for pension and disability insurance and health insurance, as well as for active employment programs and measures.

(See Annex 6. Annual ESA Report for 2022)

1.5. Findings from the 2023 Annual Operational Plan for Active Employment Programmes, Measures and Services

In the reporting period, the Operational Plan for Active Employment Programmes and Measures and Labour Market Services for 2023 (2023 OP) was prepared and adopted; a total budget in the amount of MKD 1,780,000,000 (~ EUR 29 million) was allocated for its implementation, which means continuation of the upward trend of the amount of state budget funds earmarked for active employment measures. This represents an additional increase of the funds compared to 2022, for more than EUR 1 million (the budget for 2022 amounted to MKD 1,715,000,000).

Implementation of the 2023 OP adheres to following principles:

- The principle of diversity and inclusiveness for all social categories in the private sector in accordance with the principles of fair and adequate representation of ethnic, gender, religious, racial or any other vulnerable category of citizens, in accordance with the standards and practices of the United Nations and the International Organization of labour;
- Encouraging balanced regional development, in accordance with the data from the Regional Development Bureau and the degree of development of the planning regions in the Republic of North Macedonia, taking into account the number of registered unemployed persons in employment centres belonging to the region.

The right to participate is determined based on the conditions and criteria defined for each separate program – employment measure and employment service. As a general rule, efforts will be made to achieve equal representation of men and women, in accordance with the Law on Equal Opportunities for Women and Men. Special emphasis is placed on young jobseekers up to 29 years of age, the long-term unemployed as well as beneficiaries of guaranteed minimum assistance. Young people up to 29 years of age should represent at least 40% of participants in each of the programmes and measures and employment services. Employers who did not comply with the obligations from the agreements signed in previous years do not have the right to participate in the active programmes and measures of the OP

2023. The principle ‘first come first served’ can be applied as an additional criterion for selection of participants in the active employment programmes and measures. In its Program covering the period 2022-2024, the Government of the Republic of North Macedonia committed to increase the coverage of Roma in the active measures for employment and services with the introduction of a quota of 5% for coverage of Roma.

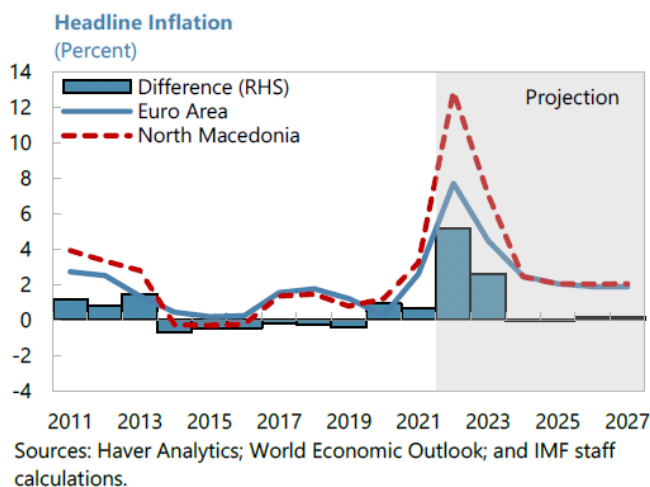
I. Employment programmes and measures	# of persons involved	Expenses (MKD)
1. Support of the self-employment (entrepreneurship)	2.078	709.088.086
2. Support of jobs creation	2.561	659.983.755
3. Trainings	1.992	125.957.170
4. IT advanced skills trainings	805	94.384.500
5. Internship	1.600	57.757.489
6. Work engagement programme	1.000	13.200.000
7. Care services	650	129.079.716
8. Support for the creation of new jobs through green investments	150	36.468.780
9. Youth Allowance	3.500	134.876.827
10. The second chance (pilot programme)	200	6.150.000
TOTAL	14.536	1.966.946.323

II. Employment services	# of persons involved	Expenses (MKD)
Activation of unemployed Roma and other persons at risk of social exclusion	1.500	1.779.792
Labour Market Skills Needs Survey	20	220.000
Youth Guarantee (outreach activities)	2.000	3.099.800
<i>TOTAL</i>	3.520	5.099.592

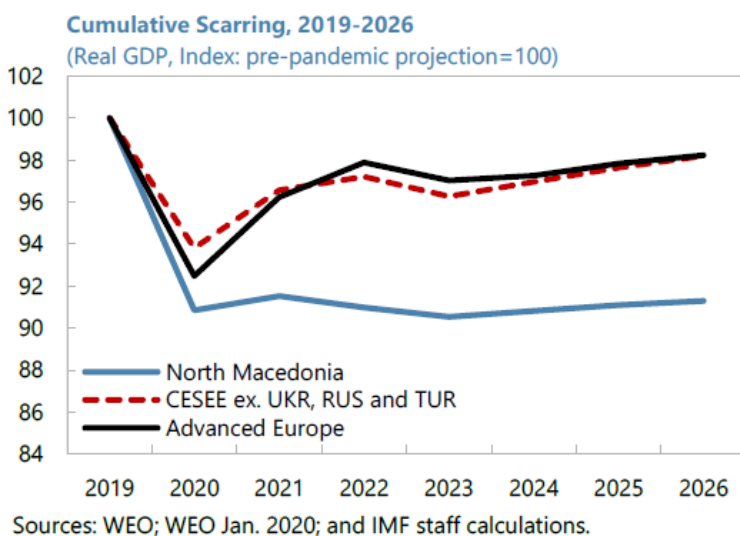
III. Summary	# of persons involved	Expenses (MKD)
Employment programmes and measures	14.536	1.966.946.323
Employment services	3.520	5.099.592
<i>TOTAL</i>	18.056	1.972.045.915

2. Progress in ensuring macro-economic stability

IMF, in its Staff Report dated November 2022, stated that North Macedonia macroeconomic policy is based on sound economic fundamentals, strong institutional policy frameworks, track record of good economic performance and policy implementation, and commitment to maintain such policies in the future. The NBRNM is committed to continue tightening of its monetary policy to address any persistent inflation differential with the euro area.²²

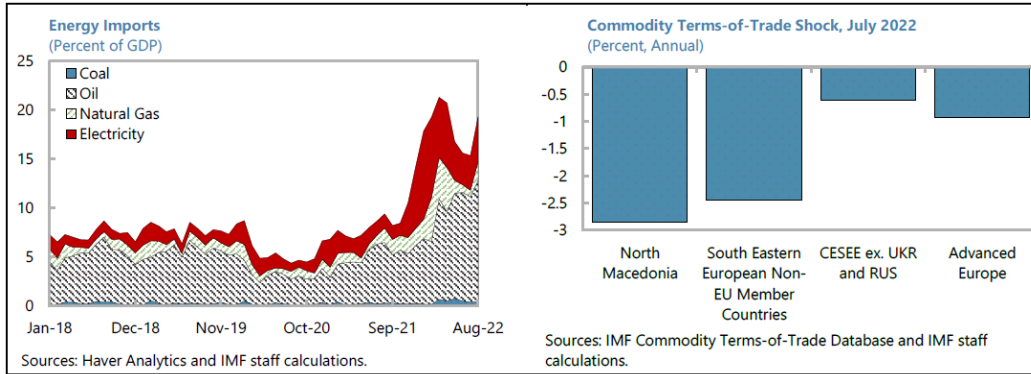


Prior to the pandemic, North Macedonia’s sound policy framework fostered solid and broad-based growth, with moderate public debt and external current account deficits. However, North Macedonia has been hit by two consecutive global shocks. While recovering from the pandemic, the outlook deteriorated again following Russia’s invasion of Ukraine and sharply rising global commodity prices. Given high dependence on energy imports, the external financing need has increased, while at the same time, global financial conditions have tightened, increasing the cost of market financing.²³



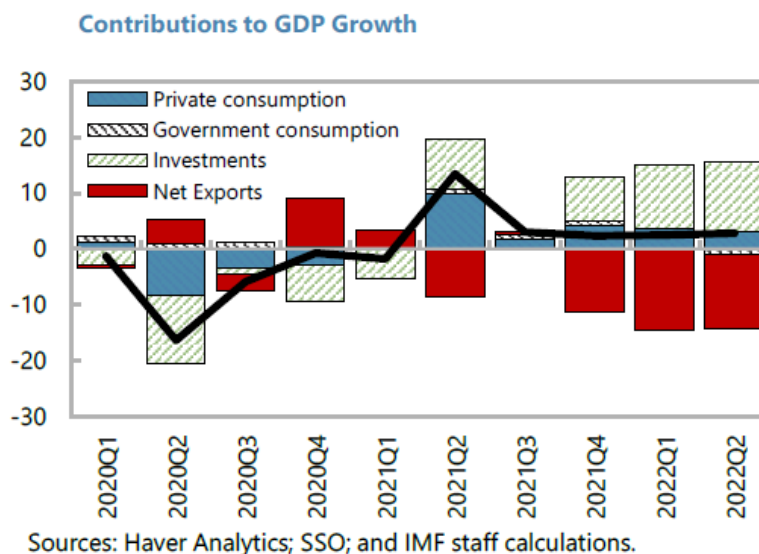
²²<https://www.imf.org/en/News/Articles/2022/11/21/pr22405-north-macedonia-imf-executive-board-approves-precautionary-and-liquidity-line>

²³Ibid.



Based on the IMF's statement, the authorities' policy priorities include safeguarding public finances, reducing energy subsidies and improving energy efficiency while protecting the vulnerable, tackling high inflation, and preserving financial stability. The authorities are focused on continued deficit reduction over the medium term. In order to reduce the fiscal and the external vulnerabilities to energy price shocks, untargeted energy subsidies will be decreased, while strengthening the targeted support for the vulnerable, and improving energy efficiency.

European Commission, in its Autumn 2022 Economic Forecast, stated that in the next two years, assuming that inflation will abate, and that supply chains will be restored, economic activity is expected to gain pace again, with the external environment gradually proving less of a drag on growth. Export growth remained strong in the first half of 2022, but negative contribution from the external side is present, which in 2022 was driven by strong imports and is expected to diminish, mainly as import growth is expected to slow down, in line with weaker domestic demand.²⁴



²⁴https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/autumn-2022-economic-forecast-eu-economy-turning-point_en

Commission's Autumn 2022 Economic Forecast also stated that employment growth and the decrease in the unemployment rate are expected to decelerate. Consumer price inflation has soared since late 2021, mainly as a result of rising food and energy prices, with a marked push in core inflation over the summer. Spill over effects are expected to increase in the first half of 2023. With the projected stabilisation of energy and food prices over the forecast horizon, price increases are set to slow down somewhat in 2023 and beyond. There are also positive prospects for further strengthening FDI inflows, motivated by the start of EU accession negotiations.²⁵

The Government undertook actions to limit the fiscal deficit in 2022 and consolidate public finances in 2023, while protecting those most affected by the commodity price shock. We have introduced block tariffs for electricity and hiked electricity tariffs to mitigate the fiscal and external impact of the shock. We are committed to containing wage and pension benefit increases, given the limited fiscal space and the risks to inflation. To prevent high inflation from becoming entrenched, the NBRNM is tightening monetary policy.

At the session on 1 February 2023, the Government adopted the draft Economic Reform Programme 2023-2025, and the same day the document has been officially submitted to European Commission and published on MoF web site²⁶.

The status of implementation of the recommendations from the joint conclusions is given within Chapter 2 of ERP 2023-2025.



The Economic Reform Program (ERP) 2023-2025 presents the medium-term macroeconomic and fiscal framework (Chapter 3 and 4), as well as reform measures (Chapter 5) in accordance with the Government's priorities, and is prepared on the basis of the Fiscal Strategy 2023-2027, the medium-term budget framework for the period 2023-2027, national sector strategies, regional strategies and documents, the green and digital agenda of the EU, as well as the Economic and Investment Plan of the EU for the Western Balkans. The Program is closely related to the recommendations in the EC Country Progress Report of October 2022, and in chapter 2 it provides the status of implementation of the recommendations of the joint conclusions of the Economic and Financial Dialogue of May 2022. ERP is a joint result of several ministries, institutions and the National Bank, which are part of an inter-institutional working group coordinated by the Ministry of Finance.

ECONOMIC REFORM PROGRAMME
2023-2025

The program contains structural reforms that have been rolled over from the previous ERP 2022-2024, with appropriate additions important for this implementation cycle. The main objective of this approach is to ensure the monitoring of the implementation of the reforms until their final realisation, which ensures the sustainability of the priority reform agenda, but also provides an image of the country's capacities for implementing policies aimed at economic development.

January, 2023

The key challenges of North Macedonia on the way to achieving a decent level of competitiveness and inclusive growth are:

²⁵ibid.

²⁶ <https://finance.gov.mk/economic-reform-program/?lang=en>

- 1) strengthening of human capital for inclusive development,
- 2) fostering the green transition and
- 3) improving the competitiveness of domestic enterprises, their integration into global value chains and formalisation of the economy.

Identified in the previous ERP 2022-2024, they remain relevant and are in line with the challenges noted within the EC Assessment for ERP 2022-2024, and refer to:

- a) improving the quality and relevance of the education system to increase employment and mitigating skills mismatches,
- b) improving the competitiveness of domestic companies, including integration into global value chains and reducing the informal economy, and
- c) modernising the energy sector and transitioning to green energy.

The ERP 2023-2025 represents comprehensive economic reform document linking the structural reform measures with the Key structural challenges (Commission assessment of ERP 2022-2024), ERP Policy Guidance 2022, Enlargement Package 2022, Sustainable Development Goals 2020-2030, European Green Deal/Green Agenda for Western Balkans, European Digital Agenda/Digital Agenda of Western Balkans and supportive IPA III projects, as well as with Economic Reform Programme areas, investments in the areas of Economic and Investment Plan for Western Balkans, IPA and SPP.

(See Annex 2. IMF Country report No. 22/354 on the Republic of the North Macedonia; 2022 Economic Reform Programmes of Albania, Montenegro, North Macedonia, Serbia, Turkey, Bosnia and Herzegovina and Kosovo - The Commission's Overview & Country Assessments; Economic Reform Programme 2023-2025)

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

Public Financial Management Reform Programme 2018-2021 ended in December 2021. Annual Monitoring Report on the Implementation of the 2021 Action Plan with results achieved for the period 2018 - 2021²⁷ has been prepared and adopted by the Government following public consultations, and published on the website of the Ministry of Finance.

In June 2022, the Government adopted the new Public Financial Management Reform Programme for the period 2022-2025²⁸ and the 2022 Action Plan²⁹, following public consultations with relevant stakeholders held in the period April - May 2022³⁰. Ministry of Finance prepared the Programme, together with the 2022 Action Plan, with active participation of the Ministry of Economy, the Customs Administration, the Public Revenue Office, the Public Procurement Bureau, the State Audit Office, and the State Appeal Commission for Public Procurement, supported with a technical assistance from SIGMA. The preparation process started in September 2021, based on PEFA and SIGMA assessments that helped identifying the reform priorities for the next period.

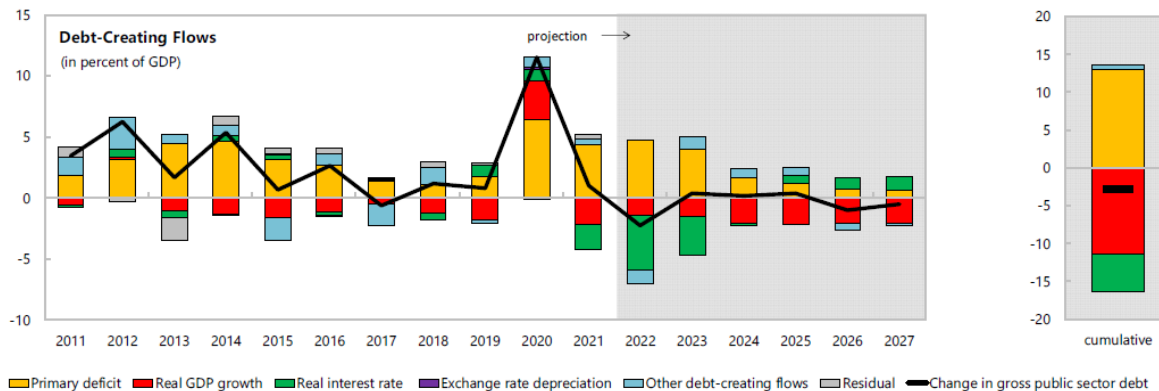
²⁷https://finance.gov.mk/wp-content/uploads/2022/06/2021-PFM_EN-Monitoring-Report-North-Macedonia.pdf

²⁸<https://finance.gov.mk/wp-content/uploads/2023/01/PFM-Reform-Programme-2022-2025-EN-Strukturirana-1-8-za-WEB.pdf>

²⁹<https://finance.gov.mk/wp-content/uploads/2022/07/Action-Plan-for-2022-PFM-EN-obedinet-prioritet-1-8.pdf>

³⁰https://finance.gov.mk/wp-content/uploads/2022/07/Conclusions_of_7th_policy_dialogue_en-final-1.pdf

Staged fiscal consolidation, with a reduced budget deficit as a percentage of GDP from: 4.6% in 2023, 3.4% in 2024, 3.0% in 2025, 3.0% in 2026 and 2.8% in 2027, as well as the improved structure of public finances with a significant share of capital expenditures of 5.3% of GDP at the annual level, represent key elements of public finances in the medium term.



Source: IMF staff.

The Public Financial Management Reform Programme 2022-2025 highlights the credibility of the previous one (2018 - 2021) and the need for reforms in this area to continue. It is an ambitious endeavour covering all aspects of PFM: economic analysis, macroeconomic and fiscal framework, revenue mobilization and collection, budget planning, public investment management, effective instruments under the Growth Acceleration Plan, public procurement including PPP, establishing integrated financial management information system (IFMIS), PFM Academy, budget accounting, public internal financial control, external control and parliamentary oversight and PFM at the local level.

The Programme is structured in 8 pillars:

- I. Economic Analysis, Macroeconomic and Fiscal Framework;
- II. Revenue Mobilization;
- III. Planning and Budget;
- IV. Public Procurement;
- V. Integrated Public Finances;
- VI. Public Internal Financial Control;
- VII. External Control and Parliamentary Oversight;
- VIII. PFM at local level.

The Programme is implemented through annual action plans, and the monitoring is carried out on the basis of semi-annual and annual reports. All documents are publicly discussed with the PFM Sector Working Group and other stakeholders, then approved by the PFM Council and reviewed and adopted by the Government, and afterwards published on the website of the Ministry of Finance (both in Macedonian and English).

Progress made in the first semester of implementing the 2022 Action Plan for the PFM Reform Programme was elaborated in the Semi-Annual Monitoring Report for the period January - June 2022³¹, approved by the Government in December 2022 upon prior consultations with the PFM Sector Working

³¹https://finance.gov.mk/wp-content/uploads/2022/12/2022-PFM-Monitoring-Report-January_June-2022_EN.pdf

Group (which includes representatives of civil society organisations), held in September 2022, and prior approval by the PFM Council.

The Draft Annual monitoring report for implementation of the 2022 Action Plan for the period from January to December 2022 (which represents a final report) together with the Draft Action plan for 2023, has been prepared and published on the MoF website on March 6, 2023 for consultation with stakeholders. Moreover, the documents were discussed at the PFM Sector Working Group meeting, held in April 28, 2023. Both documents will be adopted by the Government, after prior approval by the PFM Council.

On 31st May 2022, the Government adopted the Fiscal Strategy 2023 - 2025 (with prospects until 2027)³². On 14th December 2022, the Government adopted the revised Fiscal Strategy 2023-2025 (with prospects until 2027)³³.

In May 2022, the Government adopted the 2023-2025 Public Debt Management Strategy of the Republic of North Macedonia (with 2027 prospects)³⁴. In December 2022, the Government adopted the revised 2023-2025 Public Debt Management Strategy of Republic of North Macedonia (with 2027 prospects).³⁵

In June 2022, the Government adopted the 2021 Annual Report on Public Debt Management of the Republic of North Macedonia.³⁶

On 15th September 2022, the Parliament adopted the Organic Budget Law (OBL), which entered into force on 27th September 2022 and will start applying 1st January 2025, except for the provisions in Article 121, which began to apply as of 1st January 2023. This Law introduces numerical fiscal rules and fiscal principles, consistent with the EU fiscal rules, thus providing for more predictable and more accountable fiscal policy, allowing for establishment of a Fiscal Council, medium-term budget planning, better management of state and municipal funds, and close monitoring of the financial operations of state-owned enterprises. Fiscal Council is envisaged to be established under the 2023 Budget, as a separate budget user. Within the IPA Twinning Project "Strengthening of Budget Planning, Execution and Internal Financial Control", Ministry of Finance implements trainings for preparation of bylaws, prioritising those that enter into force in 2023.

³²<https://finance.gov.mk/wp-content/uploads/2022/06/%D0%A4%D0%B8%D1%81%D0%BA%D0%B0%D0%BB%D0%BD%D0%B0%D1%82%D0%B0-%D1%81%D1%82%D1%80%D0%B0%D1%82%D0%B5%D0%B3%D0%B8%D1%98%D0%B0-%D0%BD%D0%B0-%D0%A0%D0%A1%D0%9C-%D0%B7%D0%B0-2023-2025-%D1%81%D0%BE-%D0%B8%D0%B7%D0%B3%D0%BB%D0%B5%D0%B4%D0%B8-%D0%B4%D0%BE-2027.pdf>

³³<https://finance.gov.mk/wp-content/uploads/2022/12/%D0%A0%D0%B5%D0%B2%D0%B8%D0%B4%D0%B8%D1%80%D0%B0%D0%BD%D0%B0-%D0%A4%D0%B8%D1%81%D0%BA%D0%B0%D0%BB%D0%BD%D0%B0-%D1%81%D1%82%D1%80%D0%B0%D1%82%D0%B5%D0%B3%D0%B8%D1%98%D0%B0-%D0%BD%D0%B0-%D0%A0%D0%A1%D0%9C-%D0%B7%D0%B0-2023-2025-%D1%81%D0%BE-%D0%B8%D0%B7%D0%B3%D0%BB%D0%B5%D0%B4%D0%B8-%D0%B4%D0%BE-2027-2.pdf>

³⁴<https://finance.gov.mk/wp-content/uploads/2022/07/2023-2025-PUBLIC-DEBT-MANAGEMENT-STRATEGY-OF-THE-REPUBLIC-OF-NORTH-MACEDONIA-1.pdf>

³⁵https://finance.gov.mk/wp-content/uploads/2022/02/Strategija_2022-2026_FINAL_ANG.pdf

³⁶https://finance.gov.mk/wp-content/uploads/2022/09/Godisen_izvestaj_2021_EN.pdf

Draft PIFC Law is in parliamentary procedure, pending adoption. This Law is harmonised with the new OBL and the international standards for internal control and internal audit.

In May 2022, the Government adopted the draft Law on Financial Inspection in the Public Sector, which was prepared within the IPA Twinning Project "Strengthening of Budget Planning, Execution and Internal Financial Control", and submitted it to the Parliament for adoption. **The new Law on Financial Inspection in the Public Sector is adopted in January 2023**, and is in force from February 2023.

With the new law, the basis for starting a financial inspection has been redefined by introducing provisions regarding the form of submitted reports and their ranking, in a manner prescribed in an act adopted by the Minister of Finance, taking into account the efficiency of the procedure and the public interest. Also, a new provision has been introduced which stipulates that a financial inspection can be carried out ex officio, in cases of tampering or after information obtained during a financial inspection, for the existence of a well-founded suspicion of an irregularity, deficiency and/or or suspicion of a criminal act in the financial management of public funds as well as the funds of the EU funds among the subjects of the financial inspection. The Law is in compliance with Regulation no. 910/2014 of the European Parliament and of the Council of July 23, 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC, CELEX no. 32014R0910./, with which provisions were introduced for the digitization of the actions of the Financial Inspection and other public sector entities in the delivery and reception of letters and acts in the form of an electronic document as a text record in accordance with national regulations.

According to the Tax System Reform Strategy (2021-2025), the Ministry of Finance has adopted the Action Plan for 2023. The Action Plan for 2023 is a continuation of the activities that has begun in 2022 and will continue also in 2023 and also the activities and measures that are planned to be performed during 2023. The action plan for 2023 is a process that will include activities that support the objectives defined with the Tax System Reform Strategy, i.e. ensuring a fair, efficient, transparent and modern tax system based on digital technologies and innovations in taxation, in support of accelerated, inclusive and sustainable economic growth.

More concretely, the activities within the jurisdiction of the Public Revenue Office will be focused in the following areas: preparatory works for developing the new Integrated Tax Information System; upgrade and maintenance of e-PDD - integration of the MPIN system; developing, testing and implementing debt management software and debt collection procedures; preparation of a software solution for withholding tax recording, simplification of the entire tax procedure and its digitalization; maintenance and improvement of the Risk Evaluation System; designing an efficient system for calculating and paying income tax for capital gains from investments in securities and investment funds, etc.

The activities of the Customs Office in 2023 will primarily focus in the following areas: drafting a new Customs Law in support of paperless operations and application of advanced digital systems; setting up a Customs laboratory compliant with the requirements of the ISO 17025 standard; introduction of new analytical methods for testing alcohols and denaturants; development and implementation of a System for managing controls and investigations, as well as a data warehouse; implementation of the national domain of the system for customs and excise approvals (SOCADAD - MEOS); improving the functionalities of the One-stop system for permits for import, export and transit of goods – EXIM; development and implementation of changes to the new Computerized Transit System - Phase 5; establishment of a data exchange system within e-commerce; automation of border crossings (scales, automatic ramps, video surveillance); improvement and facilitation of the procedure for revenue collection from customs and

excise debt; establishment of the Track&Trace system, and other activities in the segments of the digitalization of the procedures.

The Ministry of Finance, among other activities, in 2023 will focus on drafting a new Law for Administrative Cooperation for Tax Purposes, as well as on drafting the by-laws for implementing the latest amendments to the Laws on PIT, CIT and VAT.

Namely, in 2022 the Ministry of Finance embarked on ambitious tax policy reforms aimed at improving the quality of the tax system and strengthening the tax revenue mobilization in the segments of profit tax, personal income tax and value added tax. The legislative changes related to the proposed tax policy reforms in these three tax areas have been approved by the Government in 2022, with the amendments to the Law on Personal Income Tax being adopted by the Parliament by the year end. The remaining legislative changes, namely the amendments to the Law on Corporate Income Tax and to the Law on Value Added Tax, are still in a Parliamentary procedure and are expected to be adopted in 2023.

On 27th July 2022, the Parliament adopted modifications and amendments to the Law on Financing Local Self-Government Units. The respective modifications and amendments promote fiscal decentralisation by increasing the fiscal revenues of municipalities, increasing their fiscal discipline, reducing their debts, and increasing transparency and accountability. Under the modifications and amendments, new financial instruments will be introduced, such as municipal bonds for a known buyer and a so-called "stand-by" loan for municipalities. With the latest amendments to the Law on Financing Local Self-Government Units, percentage of PIT revenues, transferred to the municipalities, collected from individuals with permanent place of residence in the respective municipality will gradually increase from 3% to 6% by 2024, reaching 4% from the date the Law enters into force by end-2022, 5% in 2023, reaching 6% in 2024. Municipalities are also transferred 100% of PIT revenues collected from individuals engaged in craftsmanship activity, registered on the territory of the municipality. In addition to the own revenues, the municipalities are transferred additional revenues from the Central Budget in the form of block grants for the transferred competence in the field of education, child care, culture and firefighting, VAT grants (general grants) and capital grants for infrastructure projects. The Law gradually increases the amount of transfers for VAT from 4.5% to 6% of the collected VAT in the previous year starting from 2024, i.e. 5% in 2022 and 5.5% in 2023. In addition to the basic part of 4.5%, two new part are introduced: an equalization part and a performance part.

Ministry of Finance works on putting Integrated Financial Management Information System (IFMIS) in place, financially supported by the World Bank and the EU under the “Building Effective, Transparent and Accountable PFM Institutions” Project. IFMIS is part of the public finance reform, which is to provide for digitalised processes and modernised public finance system. IFMIS will contribute to improving the public finance management efficiency and transparency, which will be attained by connecting the existing defragmented and disconnected systems to a single centralised digital platform. This entails incorporating state-of-the-art technologies in the operations which the Government is committed to. IFMIS is a precondition for a sophisticated and modern public finance management, requiring highly digitalised processes. Integrated Financial Management Information System will, among other things, include budget planning, budget execution (including all expenditures, revenues and single treasury account operations); debt management; connection with other systems for automatic data exchange in the Government; web portal for ensuring secure approach to all authorised budget users and authorised public entities. Established IFMIS system is governed by the new Organic Budget Law. In addition to IFMIS, new State Aid Management Information System and Tax Revenue Management Information System of the Public Revenue Office are to be implemented under the “Building Effective, Transparent and Accountable PFM

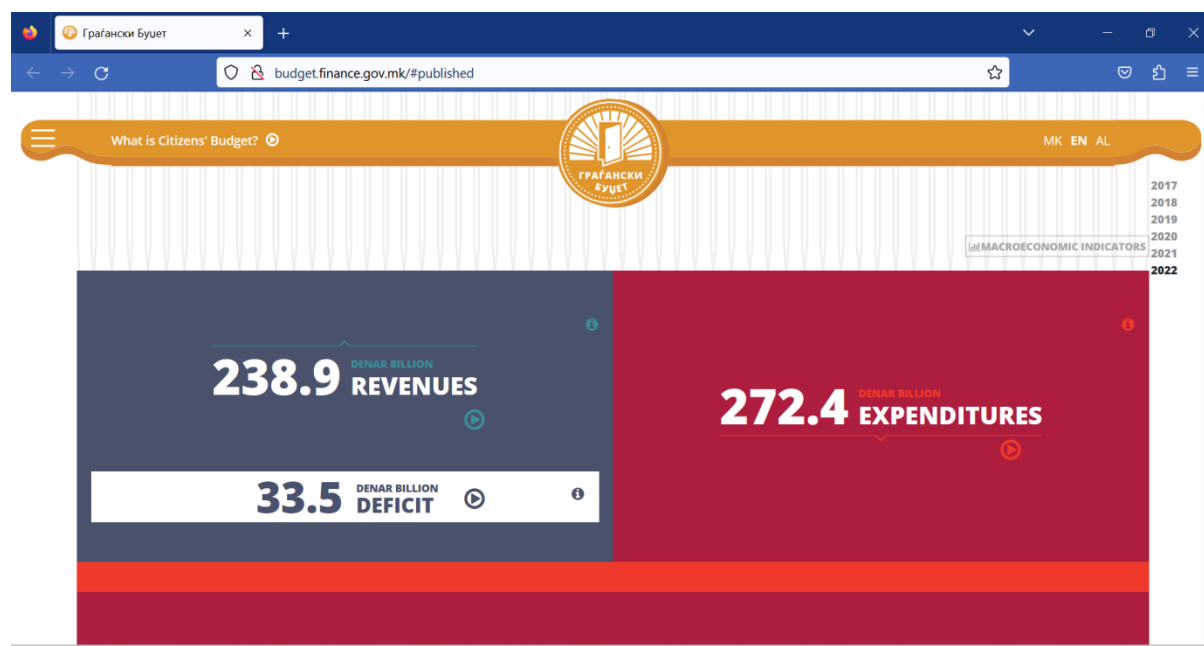
Institutions” Project. Loan and Grant Agreements were signed with the World Bank on 25th January 2023, and the Project can be launched. The loan was declared effective on April 20, 2023.

On 29th December 2022, Minister of Finance adopted new acts on MoF organisational set-up and systematisation, envisaging establishment of PFM Academy and Public Investment Management (PIM) Department. The process of staffing the new PFM Academy and the PIM Department will start in 2023.

(See Annex 3. PFM Reform Programme 2022-2025; 2022 Action Plan for implementation of the PFM Reform Programme; 2023-2025 Public Debt Management Strategy of the Republic of the North Macedonia; Revised 2022-2024 Public Debt Management Strategy of the Republic of the North Macedonia)

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

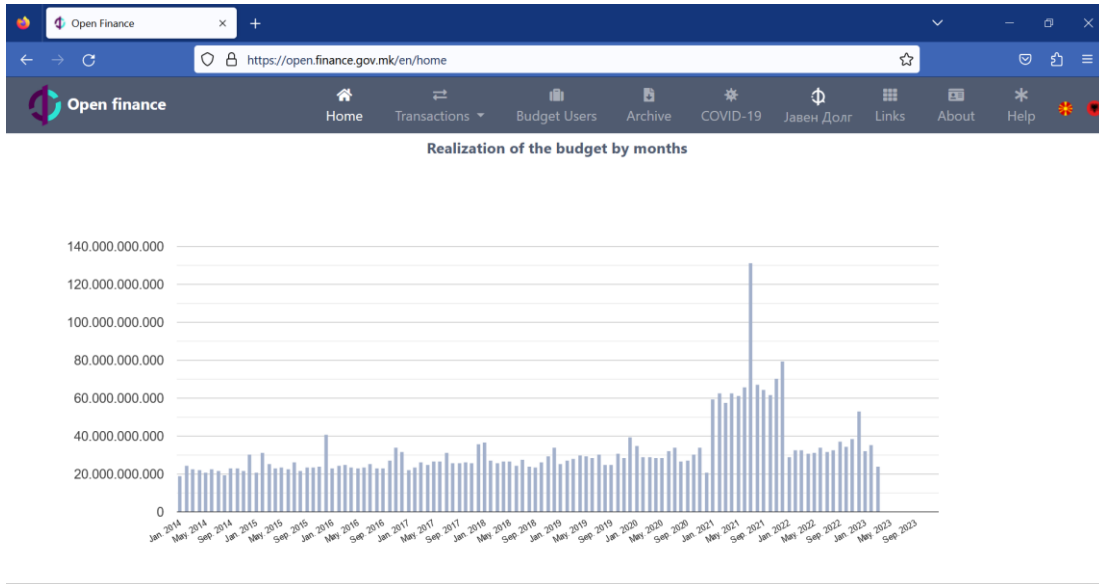
The Government – namely the MoF – continuously implements activities to provide easy access to all budgetary information. Online tools allow anyone to access information at any time and provide not only information about the state/public budget, but also preliminary information on public budget spending. All information is available in both Macedonian and Albanian language, with English version available for key budgetary information. From 2018 onwards, MoF has been regularly publishing the Citizens’ Budget³⁷, which provides information about the budget planning, distribution and income.



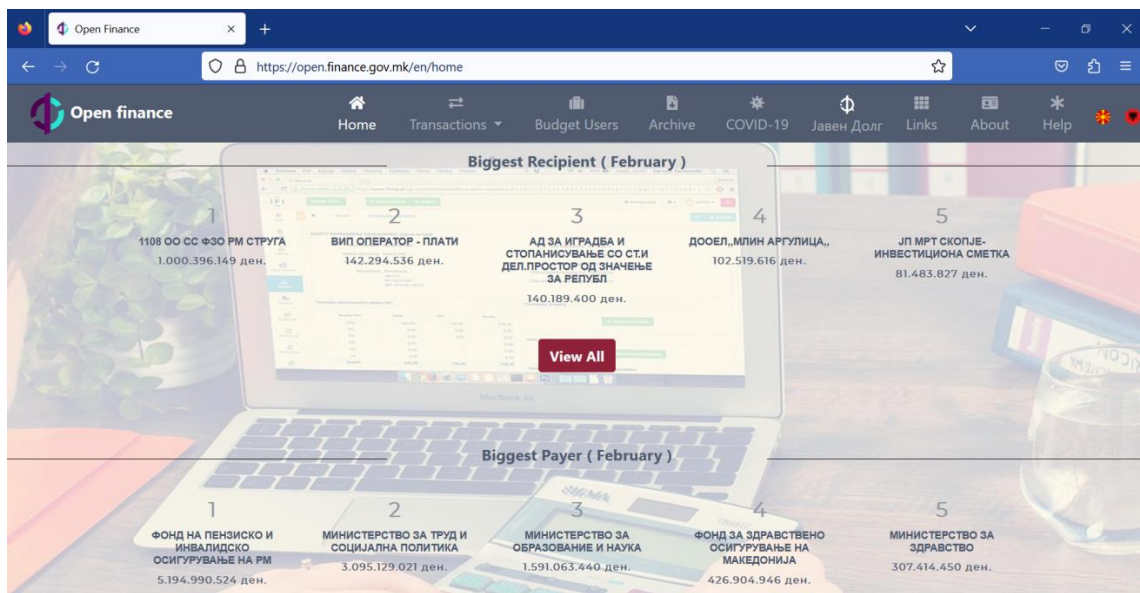
As of November 2019, MoF operates a new transparency tool “Open Finance”³⁸, designed to provide the public with an overview of all budget institution transactions within the Central Budget. The portal includes public debt data (amount of public debt, public debt trends and projections, repayments, borrowings and how public debt is financed) and data on the transactions made by municipalities.

³⁷<http://budget.finance.gov.mk/#published>

³⁸<https://open.finance.gov.mk/mk/home>



Moreover, with the Fiscal Counter, a transparency tool introduced in February 2021, that provides high-frequency data for budget revenues and expenditures and execution of capital expenditures on 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.



Starting May 2017, declared arrears of the public entities are available on the website of the Ministry of Finance on quarterly basis.

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

In 2022, the Parliament adopted the Budget within a reasonable time period ahead of the beginning of the fiscal year. For the purpose of higher transparency and better execution of planned expenditures, input and output indicators by budget users were presented in the 2022 and 2023 Budget in more details for the respective periods 2018-2022 and 2019-2023.³⁹

In January 2023, the Fiscal Strategy Calendar, defining the time frame for preparation and approval of the Fiscal Strategy, is published on the MoF website.⁴⁰

Public Revenue Office has also introduced a monthly calendar referring to tax declarations and tax returns.

In October 2022, the Government adopted the Fiscal Sustainability Plan and Support for Economic Growth⁴¹, which the Ministry of Finance published on its website.

Under the Law on Financial Inspection in the Public Sector, provisions for improving the transparency of the functioning of the financial inspection in the public sector will be introduced by obliging the Ministry of Finance to publish, on its website, information of relevance to the public about the actions implemented and the inspection measures undertaken for the purpose of protecting public financial interests. Also, it stipulates a provision according to which the Financial Inspection publishes the Annual Report on the Work of the Financial Inspection in the Public Sector in April for the previous year on the official website of the Ministry of Finance.

Plan with timelines for the preparation of a fiscal strategy	
Time frame	Activities
until February 1	Budgets and Funds Department submits a circular letter to the departments within the Ministry of Finance and other institutions for obtaining data for the preparation of a 5 years Fiscal Strategy
until March 10	The Ministry of Finance submits a circular letter with guidelines for the preparation of the Fiscal Strategy to budget users for the next 5 years
March 10 - March 20	Budget users of the State Budget prepare fiscal projections based on existing legislation and existing obligations (baseline scenario) and new projects proposals and new financial obligations (new initiatives)
March 20 - March 31	The Ministry of Finance analyzes the received data, develops a basic scenario and new initiatives, as a base for preparing of a 5 years Fiscal Strategy
April 1-April 10	The Ministry of Finance submits the basic scenario, the new initiatives and the fiscal space for new initiatives to the Government of the Republic of North Macedonia for consideration.
April 10-April 15	The Government of the Republic of North Macedonia adopts the basic scenario and the new financing initiatives
April 15-April 25	The Ministry of Finance analyzes the data received from the Government for the basic scenario and the new initiatives, as well as prepares the final version of the Proposed of a 5 years Fiscal Strategy
April 25-April 30	The Government of the Republic of North Macedonia adopts the Fiscal Strategy
no later than April 30	The Government of the Republic of North Macedonia submits the adopted Fiscal Strategy to the Assembly of the Republic of North Macedonia and to the Fiscal Council
no later than April 30	The Ministry of Finance publish the Fiscal Strategy on its website
no later than June 20 of the current fiscal year	The Assembly of the Republic of North Macedonia is reviewing the fiscal strategy

Published on the website of the Ministry of Finance on January 13, 2023

In July 2022, Ministry of Finance broadened of the Quarterly Public Sector Debt Statistics (QPSD) database, jointly developed by the World Bank and the International Monetary Fund, by providing data

³⁹<https://finance.gov.mk/wp-content/uploads/2022/12/%D0%94%D0%BE%D0%BF%D0%BE%D0%BB%D0%BD%D0%B5%D1%82-%D0%9F%D1%80%D0%B5%D0%B4%D0%BB%D0%BE%D0%B3-%D0%91%D1%83%D1%9F%D0%B5%D1%82-2023-2.12.pdf>

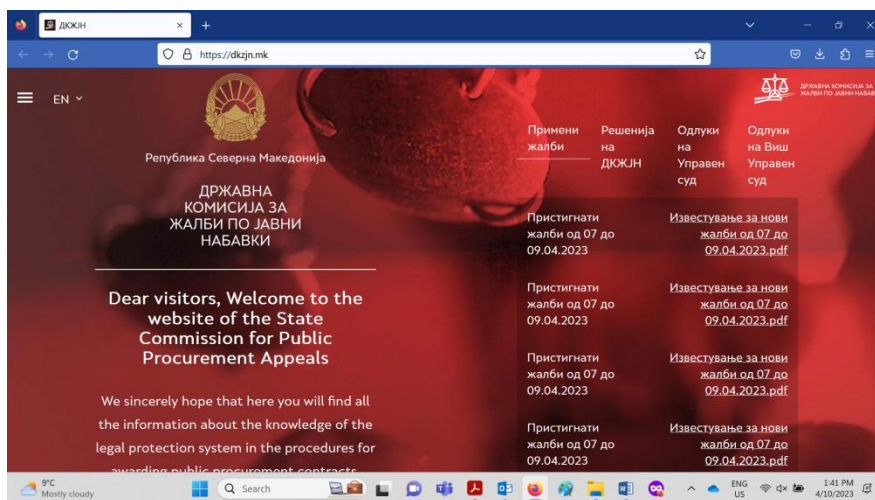
⁴⁰<https://finance.gov.mk/wp-content/uploads/2023/01/PLAN-WITH-TIME-DEADLINES-FOR-THE-PREPARATION-OF-A-FISCAL-STRATEGY.pdf>

⁴¹<https://finance.gov.mk/wp-content/uploads/2022/10/%D0%9F%D0%BB%D0%B0%D0%BD-%D0%B7%D0%B0-%D1%84%D0%B8%D1%81%D0%BA%D0%B0%D0%BB%D0%BD%D0%B0-%D0%BE%D0%B4%D1%80%D0%B6%D0%BB%D0%B8%D0%B2%D0%BE%D1%81%D1%82-%D0%B8-%D0%BF%D0%BE%D0%B4%D0%B4%D1%80%D1%88%D0%BA%D0%B0-%D0%BD%D0%B0-%D0%B5%D0%BA%D0%BE%D0%BD%D0%BE%D0%BC%D1%81%D0%BA%D0%B8%D0%BE%D1%82-%D1%80%D0%B0%D1%81%D1%82-2022.pdf>

for Central Government Debt, General Government Debt and Debt of Non-Financial SoEs. Quarterly Reports on Stock of Central Government Debt in line with IMF SDDS plus Standard are submitted quarterly to the IMF. Quarterly Reports on Stock of Public Debt are published on the Ministry of Finance website (T+30).

Under the new PIFC Law, which is in a parliamentary procedure for adoption, internal financial control will be strengthened by creating a new system of managerial accountability. Namely, the head of the budget user will be accountable to the head of the parent budget user, and the head of the publicly owned enterprise will be accountable to the supervisory board and obliged to adhere to the procedures and guidelines of the parent budget user. The head of the parent budget user is obliged to submit an annual report on the system of internal controls to the Central Harmonisation Unit in the Ministry of Finance. Further reform activities in the PIFC area will be implemented in coordination with the reform activities under the new OBL.

With the new website and introducing an internal information system for document management in the State Appeal Commission for Public Procurement⁴², which is interoperable with the Electronic System for Public Procurement (ESPP), it is possible to pull all relevant data from the ESPP multiple times, especially data related to the public procurement procedure (contracting authority, tenders, subject of procurement etc.), as well as all the data and statistics needed for preparation of annual reports. Specifically, with the new website, economic operators and contracting authorities are enabled to keyword searching for decisions of the State Appeal Commission for Public Procurement, in order to more easily have insight in the Commission’s decisions. On the other hand, this process is expected to provide for a greater time optimisation and become more efficient in the resolution of appeals and the preparation of annual reports. By enabling the keyword search, transparency, efficiency and effectiveness of the work of the State Appeal Commission for Public Procurement have increased and the access to information for all interested parties has improved.



5. Sector Reform Policy dialogue matrix

⁴²<https://dkzjn.mk/>

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 2022, there were held two EESP SWG meetings.

First of 2022 meetings (10th EESP SWG meeting cumulatively) was held on 16th March. The main purpose of the meeting was to discuss main strategic priorities of the sector.

Presence of Mr. Marichikj, Deputy Prime Minister of the Government of Republic of North Macedonia responsible for European Affairs, Ms. Trenchevska, Minister of Labour and Social Policy, Mr. Shaqiri, Minister of Education and Science, as well as Mr. Hudolin. Head of Cooperation of the EUD underlined high importance of sector coordination and dialog.

The priorities of the MoLSP are implemented by:

- further strengthening of the capacities of social partners; a need for reinforcing the bi-partite social dialogue between workers and employers;
- a whole set of different activities focusing on youth employment;
- adoption of OSH Strategy 2021-25, which is fully aligned with recently published EU OSH Framework;
- government has introduced a decree for easier entrance in social security scheme and access to social protection rights, in order to prevent the poverty risks – total number of Guarantee Minimum Assistance (GMA) beneficiaries increased to 35.858 persons;
- 62 new licensed social providers encompassing 2700 beneficiaries; the ministry has concluded 7 contracts for collaboration with these providers and 3 centres for support of care families providing support for 327 families with 559 beneficiaries;
- new model for assessment of persons with disabilities has been introduced according the International Qualification of Functionalities and the Public Institution for Rehabilitation of Children and Youth in Skopje will be transferred through EU support;
- with the support of World Bank, the Social Insurance Administration Project (SIAP) was implemented with expected establishment of a Single Register of Insured Persons in Social Insurance in the medium term;
- the system for support and assistance for victims of gender-based and domestic violence has been strengthened with establishment of 7 counselling centres for psychosocial support for perpetrators and the programme for psychosocial treatment has been prepared, as well trainings of trainers were realized for acting with women and children victims of domestic violence, with perpetrators and awareness raising of professional staff, on central and local level;
- in regard to advancement of Roma integration, several documents are adopted, such as Roma Integration Strategy 2022-30, National Action Plan for priority areas from this strategy, Law for the persons unregistered in registry books, Programme for transformation of undeclared work of Roma, National Action Plan for advancement of rights of Roma women and girls and feasibility studies due

to social housing of Roma settlements, as well as, several projects are ongoing that contribute for better Roma integration.

The priorities of the MoLSP are implemented by:

- all bylaws foreseen in the new Law on Primary Education have been adopted in March 2021 as well as the concept for primary education based on OECD recommendations and National standards for students in primary education, based on the competencies that students should acquire at the end of primary education;
- new curricula for first and fourth grade, based on the National Standards for Primary Education, have been implemented since September 2021; new curricula for the second and fifth grades will be applied from September 2022, and a Guide for Free Elective Courses and examples of free optional curricula that schools should offer to students have been developed, also Training modules have been prepared and training have been delivered for all teachers who teaching in first and fourth grade from the academic year 2021/22;
- most schools procured smart boards, projectors, and smart TVs from the surplus block grants; the ministry provided smart boards for about 20 schools that were not able to equip the classrooms on their own; for students who are not able to use digital materials on their electronic devices (computer, Smartphone, tablet), 10,000 tablets were purchased: for socially vulnerable students 4146 tablets were distributed in 174 schools; the distribution of the other tablets is planned for the next school year;
- the Work Guide for School Inclusive Teams has been revised, 500 educational assistants are provided for students who have a recommendation following the ICF (International Classification of Functioning Disability and Health);
- primary schools with a resource centre have been awarded funds of 2,500,000 MKD for the purchase of equipment, teaching aids, and assistive technology to support inclusive education;
- reform of secondary vocational education and training is supported by the European Union through the IPA instrument, World Bank, UNDP, Swiss Embassy (E4E) Regional Challenge Fund (German Development Bank);
- novelty in the scholarship of students in secondary vocational education is the introduction of six new categories of scholarships in addition to talented child athletes in electrical, agricultural, veterinary, catering, textile, leather, and construction professions were introduced; the monthly amount of the scholarship has been increased to 3,500 Denars;
- in a field of tertiary education priorities focuses on:
 - improvement of teaching competencies, establishing policies, and building a system for quality and recognition of partial qualifications;
 - system for evaluating the quality of scientific research activity;
 - regulating open access policies;
 - review and revise policies for the fundamental values of higher education;
 - rearrangement of the system security for quality in higher education.

Mr. Hudolin addressed positively this approach of presenting the strategic priorities to further access to financial resources. He mentioned that EUD will start with IPA III programming for 2023-24 years and highlighted that it would be good to understand the strategic priority directions of the country. All the priorities presented are aligned and complemented with EU strategic priorities and it would be easy to recognize an opportunity for further EUD support.

Second of 2022 meetings (11th EESP SWG meeting cumulatively) was held on 23rd May. The main purpose of the meeting was to discuss draft of the self-assessment report related to 2022 SRPC 'EU for Youth' disbursement request.

Minister of Labour and Social Policy, Ms. Trenchevska, pointed out that the outlook in 2021 for the country improved significantly in the area of employment and the labour market. She noted that the number of new employment contracts increased by nearly 15 percent suggesting a recovery of labour demand. As well, wages continued to grow during 2021 with increased labour demand. The Government increased the minimum wage by 18.5 percent in February 2022 and introduced the mandatory annual indexation of minimum wage with consumer prices and average national wage growth.

Minister Trenchevska mentioned that the labour market was slowly improving, but high youth unemployment had called for policy intervention. In 2021, there were approximately 94,000 young people in 2021 who were not in employment, education or training (NEET), corresponding to 1/4 of total youth population. This share was on a declining trend compared to 2016, when young NEETs accounted for 136,000 young people. She highlighted that the YG had been successful in 2021 and more than 19,000 young unemployed people were involved. Thus, 41 % of them had a successful exit of the YG.

Minister of Education and Science, Mr. Shaqiri, pointed out that the ministry regarding implementation of the projects, risk increase as a highest priority. The new draft law for the vocational trainings is prepared with separate articles for the Centres. The Minister further clarified that the MES would start working on planning the resources for 2023 as part of the state budget, such as supply of equipment, and reconstruction of the schools and etc. Furthermore, in relation to capacity of human resource training and improvement of the skills of teachers from the Regional VET Centres and support staff there has been increase of communication with stakeholders who have been providing support such as E4E project and UNDP.

Mr. Alexander Albu, EUD representative, mentioned the intensive dialogue with both ministries regarding to the programme implementation and fully understood the concerns for reaching some indicators, at least partially due to the impact imposed by COVID pandemics in North Macedonia. In that respect, an Addendum was prepared and submitted at the end of April to the NIPAC and national authorities of North Macedonia. He informed that the experts and the ministries designed a detailed roadmap action plan to ensure that all programme activities foreseen would be met, including targets that would lead to full completion of the programme.

Heads of IPA department of both ministries (Ms. Popovska and Ms Slavkovska) presented the report, development of indicators implemented by ESA has been presented by Mr Petkovski. TA TL Ms Bozhanova and KE2 of TA Mr Ondrus provided interventions and clarification during discussion. Representatives of non-governmental stakeholders provided comments, additional 5 days for further suggestions were agreed, as well.

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, and 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 7th PFM Policy Dialogue held on 13th May 2022 with following conclusions:

- The Government, under coordination of 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 new PFM Reform Programme 2022-2025 and 2022 Action Plan. Development Partners acknowledge that the new PFMRP 2022-2025 is comprehensive and captures most of the weaknesses identified in PEFA and SIGMA assessments.
- Development Partners encourage the Government to enhance the administrative capacities of the institutions involved in PFM reforms and reinforce the results and monitoring framework of the PFM reform programme.
- Development Partners note that important reforms continue to be delayed due to the lack of enabling legislative framework. This is a risk that could jeopardize the implementation of the PFMRP 2022-2025. Development Partners recommend to carry out a Mid Term Review of the PFMRP 2022-2025 in mid-2023 to reassess the monitoring framework and potentially extend the reform to cover the period 2024-2027.
- The Government commits to adopt the following key legal acts in 2022:
 - Law on Public Private Partnership and Concessions
 - Law on Concessions of Goods of Common Interest
 - Law on State Audit
 - Law on Financial Inspection
- Implementation of the reforms envisaged in the OBL will require strengthening capacities both in MoF and Line Ministries. Development Partners remain concerned about the financial gap under this measure. MoF should establish the Public Finance Academy as a new Department in MoF by 2023 and provide sufficient resources to implement its mandate.
- The Ministry of Finance, supported by the EU and the World Bank, remain fully committed to implementing the new IFMIS. WB and EU will sign an agreement to support the implementation of IFMIS before mid-July. MoF shall establish a “OBL working group” to support the implementation of IFMIS and OBL reforms and develop a detailed IFMIS implementation plan for design and gradual roll out of modules.
- Development Partners note delays in implementation of the PIM Action Plan. The government commits to speed up the implementation of the PIM Action Plan under the leadership of Ministry of Finance. The Ministry of Finance will establish the PIM department with sufficient resources to complete its mandate by December 2022. Development Partners remain committed to provide capacity building and support the process.

(See Annex 1. Policy dialogue (SWG EESP meeting minutes; Conclusions on the 7th PFM Policy Dialogue)

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 three WG#1 meetings held in 2022. The operation of the working group started at the beginning of the year by distribution of work on the self-assessment report and distribution of responsibilities on collecting of data. In February 2022, mapping of so called ‘verification sources’ to be available for reporting on 2021 led to drafting of the Road map for development of the self-assessment report, as well as of the Action plan for disbursement dossier development. WG#1 meeting (no. 6) held on 15 March 2022 adopted above mentioned ‘guide documents’.

The WG#1 meeting (no. 7) held on 13th April 2022 summarizes availability of national reports (SRPC 'verification sources') and beneficiaries' representative defined key findings and key achievements under implementation of national sector reform strategies and action/implementation plans. The meeting served also for discussion on preparation of the EESP SWG meeting planned for May 2022. Based on that the TA key experts focuses on finalization of the draft of the self-assessment report. The agenda of next WG#1 meeting (no. 8) held on 19th April 2022 covers presentation of the draft of the report prepared by the TA key experts. SRPC/IPA coordinators presented beneficiaries' priorities for reporting, as well as additional information/data to be presented in the report. Following discussion served as a basic for finalization of the report. Additionally, participants of the meeting discussed form of presentation of the self-assessment report to the EESP SWG and agreed on coordination and timeline of submission of the disbursement request to the MoF, as well as to the EUD by the MoF.

Timely submission of 2022 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 two small scale coordination groups consisting of heads of IPA units (MoES, MoLSP, ESA), EUD and TA team. Each coordination group covers one of two sectors: education and employment. Such an approach allows flexible response to particular needs of each main beneficiary (MoES and MoLSP/ESA) in a process of SRPC implementation. Different development of education and employment indicators raised the need to pay special attention to coordination and assistance provision to the MoES, while employment indicators are implemented smoothly. In 2022, 6 specific meetings were held with representatives of the MoES incl. policy departments' representatives (e.g. secondary education department) focusing on implementation on SRPC indicators, as well as TA project Activity 2 (establishment of the tracer system). Specific meeting (with participation of representatives of budget and procurement departments) focused on coordination of public procurement in relation with SRPC indicator #3.

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

III. PROGRESS IN SPECIFIC INDICATORS

1. Progress against specific objectives

A brief description of the situation in implementing the SRPC 'EU for Youth' in 2022

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**. The negative effects of the pandemic led to on-going prioritization of Covid-19 mitigation measures, with on-going negative impact on implementation of the SRPC. As the program is designed in a cascading way of reaching result, the delays in year 1 of implementation, had impact on reaching the results in subsequent years. The impact of pandemics was more expressed in the education part of SRPC, but the pandemics affected all spectres of the programme, from legislation to investment.

Priority in legislation process was put on application of Covid-19 mitigation and recovery policies and measures, which led to delays in adoption of pending legislation in education. The Government adopted general ban on public procurement procedures not related to Covid-19 mitigation. In the post-Covid period and particularly in light of the impact of the Russian war of aggression against Ukraine macroeconomic indicators of North Macedonia further deteriorated. Both crisis led to decrease of the growth of the GDP and additional increase of inflation rate, resulting first in the increase of prices of fuel and energy and the increase of transportation costs, followed by general increase of prices of goods and services, including the construction materials and workforce. The budget deficit reached 600 million euro, which was projected in the state budget for the year 2022 and required new budgetary procedure for planning and approving the necessary funds for continuous policy reforms. The Russian invasion in Ukraine indirectly affected the Macedonian economy also due to stagnation of the European economy, since the country's economy is largely dependent on the European market trends.

In 2020, ESA faced large and repeated investment budget cuts against the initially adopted budget according to the Government's decisions to reallocate financial resources to Covid-19 mitigation needs. Despite the enormous efforts and commitment of the institutions to continue the positive trends in reforms for quality education and better employability of young people, the force majeure circumstances made the achievement of significant progress of SRPC challenging. 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 from domestic and foreign markets. The economic crises caused by Covid-19 created serious barriers to completing the processes for the physical establishment of fully functional RVETCs and renovated employment centres. The equipping of the RVETCs has also been delayed following the delays in the completion the construction works. The increase in commodity and supply prices on the national market caused by the energy crisis all over the European countries and inflation challenged the estimation of the necessary funds for equipment of the RVETCs.

With an amendment to the FA SRPC 'EU for Youth' made in April 2022, the European Commission extended the implementation period of the contract with one year. However, the SRPC indicators related to the physical reconstruction and equipping of the RVETCs and regional employment offices proved too ambitious in the post-Covid period and particularly in light of the impact of the Russian war of aggression against Ukraine on the macroeconomic indicators. Both crisis led to decrease of the growth of the GDP and additional increase of inflation rate, resulting first in the increase of prices of fuel and energy and the increase of transportation costs, followed by general increase of prices of goods and services, including the construction materials and workforce. The budget deficit reached 600 million euro, which was

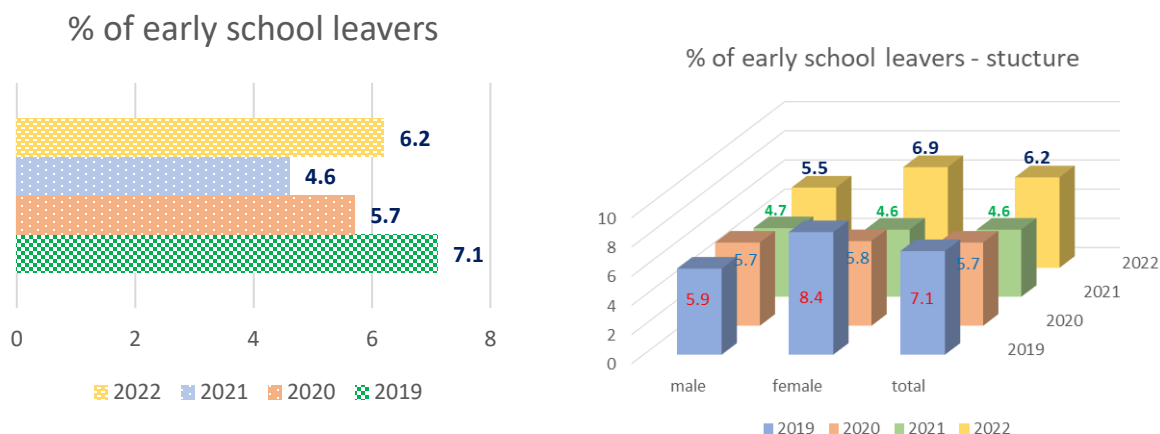
projected in the state budget for the year 2022 and required new budgetary procedure for planning and approving the necessary funds for RVETCs. The Russian invasion in Ukraine indirectly affected the Macedonian economy also due to stagnation of the European economy, since the country's economy is largely dependent on the European market trends. As a result of all this, the consequences of the previous delay in implementation are not feasible to be overcome until end of 2023.

Given that due to the strong political commitment of the national authorities, the ownership of the sector budget support and better coordination within the beneficiary institutions all became noticeably higher, resulting in activities under SRPC progressing better. Considering the positive development trend of the reforms in the last year and due to the fact that the unmet SRPC targets stem from exceptional and circumstances outside the control of the Government, the country proposed to the EC an additional one-year extension of implementation of the SRPC program and modification of indicators. This would give the authorities the chance to catch up on the implementation of the programme and "recuperate" the funds that were linked to unreached targets and were not disbursed due to above-mentioned problems.

The process for formal second amendment to the Financing Agreement (FA) is ongoing and has not been completed at the time of preparing this self-assessment report.

In order to ensure the implementation of the indicators in the new contractual framework and further prevention of delays and non-execution of indicators, the TA team, together with the EUD and the beneficiaries, developed and approved an '*Action plan for monitoring the progress of SRPC specific indicators and management the risks of delays or non-executions*', with a specific attention put on risky indicators and targets (I3, I4, I5 and I8) under the variable SRPC tranches. The AP is a subject for continuous monitoring and optimisation by the beneficiaries, the EUD and the TAT.

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



Source: MoES Statistics and administrative data.

Regarding the early school leavers, the set target for 2022 of 6.8% has been achieved and exceeded, although there is a significant deterioration compared to 2021. 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 (2023):	Decrease in the early leavers rate by 1 percentage point compared to the national average
2021 annual target:	decrease in the early leavers rate by 0.5 percentage point compared to the national average of 8.5% in 2017
2022 annual target:	6.8
2022 result:	6.2 per cent
Outcome:	Achieved

Source: 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%
2022 annual target:	At least 25 per cent of young people not in education, employment, or training, registered for 2021 under the YG scheme in the target regions
2022 result:	41.8 per cent (in January 2023)
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 2022 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 2022 was

25 per cent and the result achieved was 41.8 per cent, meaning that 3,435 persons (out of total 8,219) successfully exited the YG scheme within 4 months in the 11 employment services centres in the three regions. In the period from 01.01.2022 to 31.12.2022, 8,219 young jobseekers (of which 4,091 women) were registered in the Youth Guarantee.

Youth Guarantee in the targeted regions in 2022 (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 (Percentage of participants who successfully completed the Youth Guarantee)
8219 persons (4091 women)	2816 (1336 women)	619 (356 women)	3435 (41.8 %)

Performance of Youth Guarantee by regions in 2022		
Region	Number of participants registered in YG (entry level)	YG exit (Percentage of participants who successfully completed the Youth Guarantee)
Polog	3651	1490 (40.8%)
North-east	2200	981 (44.5%)
South-west and Prespa	2368	964 (41.6%)

The performance of the YG in the North-east region was above, while the performance in the Polog and South-west regions was close to the average for the three regions and the national average.

Nationality	Macedonian	Albanian	Roma	Turkish	Other
YG exit (Percentage of participants who successfully completed the Youth Guarantee)	47.6%	45.2%	2%	3%	2.2%

Observed by ethnicity, 47.6% of the participants with positive exit were Macedonians, 45.2% were Albanians, 3% Turks, 2% Roma and 2.2% belonged to other ethnic groups.

(See Annex 4. Youth Guarantee Annual Report for 2022)

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 (2023):	3 Regional VET centres obtained accreditation for at least two VET qualifications (profiles)
2022 annual target:	N/A
2022 result:	N/A
Outcome:	N/A

The authorities placed priority on the legislation process of Covid-19 mitigation and recovery policies and measures, which led to delays in the adoption of pending legislation in education, in particular some related to the establishment of the Regional VET Centres (RVETCs). Furthermore, the Government adopted general ban on public procurement procedures, which were not related to Covid-19 mitigation. In the absence of new legislation related to the implementation of policy reforms in VET and AE, the Ministry of Education and Science adopted the 'Concept for Establishing the Regional VET centres in the Republic of North Macedonia' as a ground for further progress of reforms and in support to the process of optimising the pending legislation in VET and AE. Additionally, the Concept note on Adult Secondary Education was adopted in December 2022⁴³.

Although most Covid-19 mitigation measures expired in October 2020, the ban of activities related to preparation of tenders made it impossible to start public procurement procedures by the end of the year, which led to delays and non-execution of construction works within the deadlines provided in the SRPC related to the refurbishment of RVETCs and modernisation of employment centres in targeted regions. In addition, with the 2020 budget review the capital investment funds were lowered and funds were transferred to expenditure targeting Covid-19 mitigation needs.

The need for introduction of recovery measures became even greater after the pandemic outbreak, which also put to the test the education system and the launch of the 2020-2021 school year. Nevertheless, the procedural ground for the refurbishment of the RVETCs was completed, the economic crises caused by the Covid-19 has created serious barriers to completing the processes for physical establishment of fully functional RVETCs. 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.

The equipping of the RVETCs has also been stalled following the delays in completion the construction works. Increase in commodity and supply prices on the national market caused by the energy crisis all over the European countries and inflation, challenged the estimation of the necessary funds for equipment of the RVETCs. The national employers' organisations, who are permanent partners in the governance of the education system, were 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 to continue the positive trends in reforms for quality education and better employability of young people, the force majeure circumstances arriving from the COVID-19 pandemics leading to designing and implementing the mitigation measures

⁴³ <https://mon.gov.mk/content/?id=5904>

just after the start of the SRPC at the end of Q1 2020, as well as the lower human and financial resources available than originally planned, made it impossible to achieve some of the annual targets for the period 2020-2021 related to the RVETCs and local employment centres. The previously mentioned cascading design of the targets impacted also the achievement of the targets under same indicators in the following years of implementation. As a result of all this, the consequences of the previous delay in implementation are not feasible to be overcome until end of 2023. The parties assessed the risk of further delay or non-achievement of the I3 as high, due to the fact that the tendering process involves many risks that are beyond the control of MoES - for example, the large number of lots for supply of equipment, the dynamic in the price increase due to inflation, the low potential of local suppliers, the slow budgeting process and approval of funds in the state budget, the capacity of the ministry to prepare and conduct tenders on time and in parallel, etc. For this reason, further modification of the indicator in terms of SRPC contract was determined to be unjustified.

Although with a delay compared to the previously planned terms, the reconstruction and modernization of the three regional VET centres showed some progress - the delay in the tender procedures for the selection of contractors for the construction works was partially made up in 2022. At the moment, the construction and repair work in RVETC Kumanovo are 90% completed, and those in RVETC Ohrid are 50% completed. The expected deadline for the full completion of the construction works in RVETC Kumanovo is at the beginning of the summer 2023, and for the one in Ohrid - in the autumn of 2023. There was a serious delay in the start of construction activities in the third RVETC in Tetovo, due to complicated procedures for issuing construction permits, which is beyond the control of MoES. In 2022, a new request for the issuance of construction permits was submitted and as a result, in December 2022, the construction project of the RVETC Tetovo was approved. A tender procedure is currently underway for the selection of a supplier to carry out the construction works. The expected period for the completion of construction works is at least 12 months. Meanwhile, the technical specifications for supply of equipment for the three RVETCs were prepared according to their specialization. The tender procedures for supply of equipment were prepared and they are expected to be announced in May 2023, and the delivery of equipment will follow the completion of construction works.

I4 -Number of VET qualifications open for VNFIL	
Baseline (year):	0 (2019)
Final target (2023):	6 VET qualifications open for non-formal and informal learning
2022 annual target:	N/A
2022 result:	N/A
Outcome:	N/A

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)⁴⁴. The country adopted a *Roadmap for Implementing a System for VNFIL* in 2016⁴⁵, following the adoption of a concept paper for Non-Formal Adult Education and Informal Learning⁴⁶ 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

⁴⁴ Law on National Qualifications Framework, Official Gazette of the Republic of Macedonia, n. 137/2013 and 30/2016

⁴⁵ Ministry of Education and Science and Centre for Adult Education in cooperation with the ETF, 09.05.2016.

⁴⁶ Concept for non-formal adult education and informal learning in the Republic of Macedonia, AEC, and ETF, 2015.

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”⁴⁷. 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.

Due to the announced schools lock down during the 2020 Covid-19 pandemic, the pilot phase of opening the validation of non-formal and informal learning was suspended, resulting in the impossibility of opening the qualifications in 2021. Delay in adoption of new legislative framework for VNFIL appeared because priority in the legislation process was given on Covid-19 and post-Covid mitigation and recovery policies. The I4 is challenging because its implementation in the Regional VET Centres originates directly from the New Law for Adult Education, which must first be adopted. The delay in the law's adoption puts this indicator at 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. Therefore, the Concept for establishing the RVETCs as a ground for further progress of reforms was adopted in April 2022. To avoid delays in VNFIL in 2023 and onwards, the MoES and the AEC are already working on preparing the draft bylaws, procedures, and documentation with the mobilisation of technical assistance from different projects with inputs to the policy reforms in the field of VNFIL and development of the RVETCs. The capacity assessment research conducted for the RVETCs under the TA project defined the additional need for capacity development in the context of VNFIL. For all three RVETCs, the results showed a definite priority need for developing institutional and personnel capacities to fully operate the VNFIL in their selected fields.

With the monitoring results from the last Self-Assessment Report on the progress of SRPC, elaborated in May 2022, we considered the status of progress of this indicator in a risk of delay or non-execution. The beneficiaries came to a common agreement that in order to guarantee the achievement of the I4, urgent actions for starting the preparation of methodological basis for VNFIL at the existing RVETCs, preparation of councillors, assessors, attracting the business community, etc., need to be undertaken in priority order. The six qualifications for non-formal VET to be opened for VNFIL in the RVETCs were selected in June 2022. Monitoring of the progress in I4 showed that additional support is a critical precondition for the success of this indicator - support to the AEC (which is the main responsible body for the implementation of I4), and the RVETCs, for opening the selected qualifications for VNFIL:

- training of councillors and assessors (including employers and external assessors)
- training of managers and representatives from MoES/AEC/... on management the VNFIL
- Prepare the documentation portfolio for qualifications
- Prepare the programmes for VNFIL
- Organise six (6) WGs (per each of selected qualifications for the VNFIL) – to develop and agree the full set of VNFIL portfolio.

There is a positive understanding of all parties regarding the objective reasons for the delay in implementing targets under this indicator. The general understanding is that the indicator is achievable until the end of 2024. Thus, in the proposed second amendment to the SRPC contract, the annual target 2 of I4 is suggested for modification in terms of the implementation period, i.e. end of 2024.

⁴⁷ Strategy for Development of Vocational Education and Training in a Lifelong Learning Context 2013-2020, objective B2.

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 training needs analysis 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 agency⁴⁸.

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 (2023):	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.
2022 annual target:	N/A
2022 results:	N/A
Outcome:	N/A

Due to the announcement of Covid-19 school lock down in 2020, the achievement of the two-year HRD plan could not be met in 2021. Additionally, because of the lockdown, during the post-Covid period in 2021, there was an outflow of staff from the system, creating burden on staffing of the RVETCs.

The Action plan for monitoring the indicators' progress and managing the risks of delays or non-execution suggested measures and steps for speeding the process for the preparation of the HRDPs according to the requirements of SRPC. The detailed description of I5 in SRPC was considered not clear; some discrepancies were found in the description of the action, unclarities about defining the target groups, the exact scope of training (HRD), the participation of businesses for internships, determination of training duration, etc. In general, the interpretation of I5 needed to be discussed and agreed commonly by the EUD and the MoES before the opening of the process for detailed planning. With the support of the TA SRPC project, the MoES elaborated a proposal for how to interpret the scope of work, which was accepted by the beneficiary and the EUD. In such a way, we achieved consensus on the interpretation of I5, namely:

- it was clarified that 100% of staff consists of permanent full-time staff members in a RVETC per categories described in the indicator
- the wording "2-year period" should be understood 2-school year period, because the programmes, budgets and planning of actions for CPD of teachers is done by school year periods according the legal framework and practice in Macedonia. This will reflect mainly the collection of previous training already delivered to the targets and planning of remaining training by individuals in order to complete the indicator
- the targeted trainees in all categories – the full time permanently employed staff members; this is how the MoES guarantees the sustainability of investments in HR

⁴⁸ The TNA reports were officially adopted in March 2021.

- The training for non-teaching staff: there was a discrepancy in the texts – in one place the document says 15 days, in another – 20 days; however, the target 3 states finally 20 days, so all the texts were equalized
- the interpretation of one training day: “one training day was considered 6 academic hours (x45 min) a day”. This is important to be determined, because in calculating the previous training already delivered, in many cases the training documents state duration of training in ‘training hours’, so the MoES should transfer them into training days and plan the remaining training in individual plans.

The changes were proposed to the EC within the request for second modification of the SRPC ‘EU for Youth’. We agreed on the distribution of tasks for the elaboration of HRDPs and the provision of training for the successful implementation of the indicator until the end of 2023. Under the TA project to the SRPC a Capacity Assessment (CA) was carried-out for the three RVETCs in the beginning of 2022, and as a result, a Capacity Building Response Plan (CBRP) was suggested. The CBRPs for the RVETCs contain the needed competences of their staff members (teachers, masters, and directors), based mainly on the new functions and roles as they are pre-described in the Draft VET law which is pending adoption. The training of teachers and professionals is ongoing.

Due to a number of objective reasons and force majeure circumstances described above, the creation of fully functional RVETCs was not achieved according to the annual goals set in the SRPC for the years 2020 and 2021. However, considering the positive development trend of the reforms in the last years and due to the fact that the unmet SRPC targets stem from exceptional and justified circumstances, the MoES suggested to introduce two new indicators and for an extended period of SRPC with one additional year, by 2024, which would allow to “recuperate” the funds that were linked to unreached targets and were not disbursed due to above mentioned problems. The following was suggested to the ERC and currently is under procedure:

- Add a **new Indicator 9 “Number of students enrolled and supported in accredited VET programmes in established Regional VET centres”** with a target ‘540 students complete 1st year of all VET programs in 3 Regional VET centres in the school year 2023/2024.’ Indicator 9 was introduced as a follow up to indicator 3 for promoting the modernized VET programs among parents and students. It refers to the number of students, enrolled and supported in the accredited VET programmes in the 3 Regional VET Centres. Achieving this indicator, will prove the new role of the RVETCs as system agents in reforms for quality, relevance and attractiveness of VET provision;
- Add **new Indicator 10 “Expansion of Work Based Learning”**, annual target ‘By end of June 2024, 1200 students from target regions are certified to conclude work based learning for the school year 2023/2024.’ This indicator follows up the progress of Indicator 3 and promotes the partnership with businesses through expanding the support for implementation of the Concept of work-based learning (WBL), the improvement and optimizing the standards for delivery of practical students’ training at employers’ workplaces, and ensure effective coordination and cooperation mechanisms for schools, employers, and institutions to implement modernized VET qualifications through work (WBL), as well as the implementation of the Concept for the establishment of a Regional VET Centre in North Macedonia. This indicator will also contribute to the implementation of the new Youth Guarantee Implementation Plan 2023-2026.

2.3. Youth Guarantee implemented

16 - 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):	9700 new participants in targeted regions, 14955 cumulative
Final target result:	26443 new participants in targeted regions, 31698 cumulatively
2022 annual target:	3500 (in the target regions)
2022 annual result:	8,219 (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 2022 was set at 3,500 registered young persons. However, in three targeted regions, including Resen for the period from 01.01.2021 to 31.12.2021 8,219 new participants - young jobseekers were registered in the Youth Guarantee (of which 4,091 are women).

Youth Guarantee in the targeted regions (with financial support by EU – IPA II SBS)	
Number of participants registered in YG (entry level)	
2020	10354 persons (5184 women)
2021	7874 persons (3906 women)
2022	8219 persons (4091 women)

Out of the total number of young persons registered in the YG, 2006 were with completed primary education, 4604 with completed secondary education and 1608 with high education.

Nationality	Total	Macedonian	Albanian	Roma	Turkish	Other
Number of participants registered in YG (entry level)	8219 persons (4091 women)	3174 (1533 women)	4235 (2170 women)	321 (146 women)	313 (156 women)	176 (86 women)

Observed by ethnicity of the YG participants, majority of 51.5% were Albanians, followed by 38.6% Macedonians, 4% Roma, 3.8% Turks and 2.1% participants belonged to other ethnic groups. (See Annex 4. Youth Guarantee Annual Report for 2022).

17 – Number of Youth Guarantee staff trained	
Baseline (year):	22 (2019)
Final target (2022):	cumulative new 70 (6 full-time training days)
2022 annual target:	20
2022 result:	23
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 counselling; providing job search assistance services; motivational trainings; involvement in any of the measures for labour market integration (employment, education and training measures).

In order to improve quality of above mentioned services, following previous years of the YG implementation, additional 6-day training was held for 23 counsellors in the employment centres who are responsible for the implementation of the Youth Guarantee. The trainings were conducted online through a communications platform.

(See Annex 6. Annual ESA RNM Report for 2022, p. 74).

18 - 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)
2022 annual target:	N/A
2022 result:	4
Induced output:	N/A

Sector budget support is aimed at strengthening the institutional capacity of the Employment service agency in general through improving the physical capacity of employment centres. Thus, the renovated centres provide better working environment, as well as more client-friendly venue for efficient delivery of employment services and measures.

Taking into consideration extraordinary market and state-budget circumstances in 2020, that year the ESA faced emergency budget cuts in order to mobilize funds for pandemic mitigation measures, as well as freezing of the construction industry due to general lock-down. As it happened in all countries around the world, incl. all EU member states, construction works were terminated and public procurement was redirected to procurement of specific medical products (e.g. masks, disinfection tools etc.).

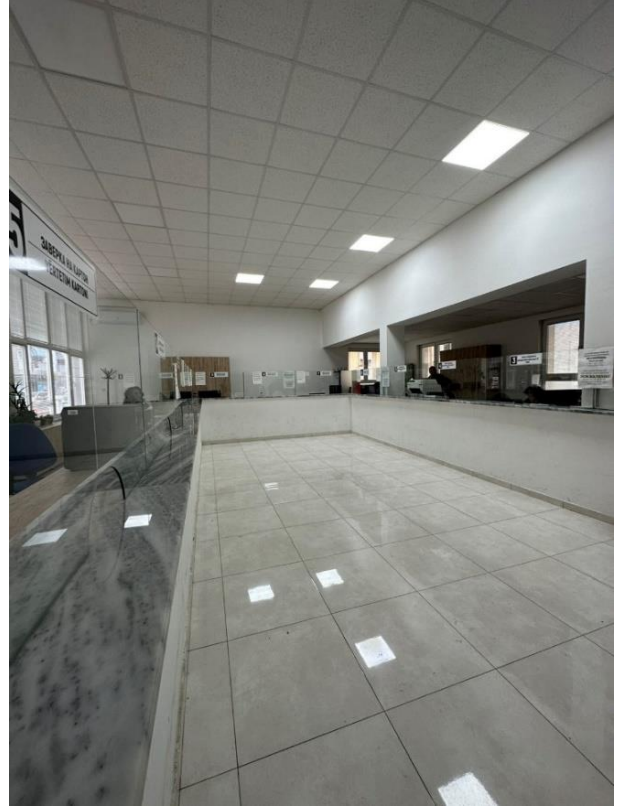
However, development of implementation of the indicator 8 in 2021 showed positive trend with resuming of construction works and finalizing of modernization/upgrade of two local employment centres, namely Kumanovo (finished in April 2021) and Tetovo (finished in October 2021). At the same time, the ESA presented strong commitment to mobilize funds to achieve the indicator in 2022 by allocating MKD 50,000,000 for reconstruction of the remaining four selected local employment centres.

Given that, in 2021 the government submitted to the EC the request to re-asses unmet annual targets (for 2020 and 2021), as provided in the related clause of the SRPC 'EU for Youth', according to which *in exceptional and duly justified cases a re-assessment of the unmet targets, against the original target, will be possible in the following year if there is a positive implementation trend and if the target was not reached because of external shocks or for reasons beyond the Government's control. The use of these provisions must be requested by the NIPAC to the EU Delegation and authorised by the latter through an exchange of letters between the two parties.*

Since this attempt didn't lead to positive conclusion, the government elaborated in 2021 and submitted at the beginning of 2022 request to extend the implementation period for the indicator 8 by one year. However, the addendum to the SRPC 'EU for Youth' signed in April 2022 didn't include such a modification what means, that SRPC 'EU for Youth' beneficiary (the ESA, in particular) was not able to achieve the indicator according to valid text as amended.

However, even if no funds can be requested, which are by rejection of the extension of I8 implementation period lost, the ESA kept its commitment to modernized/upgrade cumulatively 6 local employment centres under the general SRPC implementation period. The contract for reconstruction/modernization of EC Kičevo was signed on 28.10.2022. The total (VAT included) amount of the contract is MKD 16.314.226 MKD. The procurement procedure for renovation of EC Gostivar was launched on 03.11.2022. The contract was signed on 07.12.2022. The total amount (VAT included) of the contract is MKD 6.766.728. The procurement procedure for modernization of EC Makedonski Brod and EC Ohrid (2 LOTs) was launched on 24.11.2022 and contracts were signed on 30.12.2022. The total amount (VAT included) of the contract for renovation of the two ESCs is MKD 11.444.972. The modernization/upgrade of all four local employment centres was finalized by the beginning of February 2023.

Based on above mentioned facts, the EUD proposed to secure undisbursed funds related to I8 by extension of the implementation period of the indicator two (I2 - Percentage of YG participants who successfully completed YG (exit level)). Thus, new annual target for 2023 was set, which should contribute to continuation of successful YG programme implementation. On the other hand, we recommend to consider the development of the I8 implementation as a lesson learned in order to apply more flexible approach in extraordinary global circumstances which are beyond the control of beneficiaries and which witnessed repeatedly since 2020. Naturally, more flexible rules should presume the real possibility for development of such external circumstances and shocks, as well as the Beneficiary response and further progress showing real will to achieve reform targets.



Summary of modernization/upgrade of local employment centres under I8 of the SRPC 'EU for Youth' in 2022				
Employment centre location	Costs of modernization (in MKD)	Date of contracting	Scope of modernization/upgrade	Impact of modernization/upgrade
Kumanovo	10,294,492.16	21 st January, 2021	<ul style="list-style-type: none"> ✓ roof structure ✓ PVC carpentry (windows, doors, entrance doors) ✓ new facade, ✓ water supply and sewage network ✓ new heating system based on wood pellets ✓ radiator heating system ✓ electrical and IT infrastructure 	<ul style="list-style-type: none"> ✓ the energy efficiency of the entire building increased ✓ heating costs significantly reduced ✓ IT infrastructure modernized ✓ the water efficiency of the entire building increased
Tetovo	18,899,862.94	14 th July, 2021	<ul style="list-style-type: none"> ✓ roof structure ✓ building's interior (ceiling, floor, walls, balconies, bathrooms, stairs, doors and entrance doors) ✓ electrical, plumbing and sewage installation ✓ new heating system based on wood pellets ✓ radiator heating system ✓ electrical and IT installation 	<ul style="list-style-type: none"> ✓ physical functionality of building's interior maintained ✓ the energy efficiency of the entire building increased ✓ heating costs significantly reduced ✓ IT infrastructure modernized ✓ the water efficiency of the entire building increased
Kicevo	17.606.330,89	28 th October, 2022	<ul style="list-style-type: none"> ✓ PVC carpentry (windows, doors, entrance doors) ✓ water supply and sewage network ✓ new heating system based on wood pellets ✓ radiator heating system ✓ electrical and IT installation 	<ul style="list-style-type: none"> ✓ the energy efficiency of the entire building increased ✓ heating costs significantly reduced ✓ IT infrastructure modernized ✓ the water efficiency of the entire building increased
Gostivar	7.879.958,40	7 th December, 2022	<ul style="list-style-type: none"> ✓ roof structure ✓ PVC carpentry (windows, doors, entrance doors) ✓ facade ✓ lightning protection installation ✓ water supply and sewage network ✓ fire alarm installation ✓ electrical and IT installation 	<ul style="list-style-type: none"> ✓ the energy efficiency of the entire building increased ✓ heating costs significantly reduced ✓ IT infrastructure modernized ✓ the water efficiency of the entire building increased
Ohrid*	8.910.012,40	30 th December, 2022	<ul style="list-style-type: none"> ✓ PVC carpentry (windows, doors, entrance doors) ✓ lightning protection installation ✓ water supply and sewage network 	<ul style="list-style-type: none"> ✓ the energy efficiency of the entire building increased ✓ heating costs significantly reduced ✓ IT infrastructure modernized

Summary of modernization/upgrade of local employment centres under I8 of the SRPC 'EU for Youth' in 2022				
Employment centre location	Costs of modernization (in MKD)	Date of contracting	Scope of modernization/upgrade	Impact of modernization/upgrade
			<ul style="list-style-type: none"> ✓ fire alarm installation ✓ electrical and IT installation 	<ul style="list-style-type: none"> ✓ the water efficiency of the entire building increased
Makedonski Brod*	2.534.959,66	30 th December, 2022	<ul style="list-style-type: none"> ✓ floors ✓ PVC carpentry (windows, doors, entrance doors) ✓ lightning protection installation ✓ water supply and sewage network ✓ fire alarm installation ✓ electrical and IT installation 	<ul style="list-style-type: none"> ✓ the energy efficiency of the entire building increased ✓ heating costs significantly reduced ✓ IT infrastructure modernized ✓ the water efficiency of the entire building increased

(See Annex 6. Annual ESA Report for 2022)

Value of the disbursement request in 2023

Fixed tranche	Value per achieved targets
Progress against the general conditions	EUR 1,000,000
Variable tranche indicators	
I1 - Early leavers from education and training rate	EUR 350,000
I2 - Percentage of YG participants who successfully completed YG (exit level)	EUR 630,000
I3 - Regional VET centres established in the target regions	N/A
I4 - Number of VET qualifications open for VNFIL	N/A
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)	N/A
I6 - Number of participants registered in the YG	EUR 950,000
I7 - Number of YG staff trained (in the target regions)	EUR 120,000
I8 - Number of ESA centres modernised/upgraded (in the target regions)	N/A
Grand Total	
Fixed tranche and variable tranche	EUR 3,050,000

2.4. Overview of target achievements

Table: Overview of indicators, milestones for 2022, means of verification, a brief description of the activities and results/targets achieved, as well as target benchmarks for 2023

Indicator	Annual target for 2022	Result 2022	Means of verification	Final target 2023	Feasibility of indicator and proposals for improvement/changes
I1 - Early leavers from education and training rate	6.8	6.2 per cent	Eurostat database/state statistics office.	Decrease in the early leavers rate by 1 percentage point	Down by 1 percentage point to the national average by 2024
I2 - Percentage of YG participants who successfully completed YG (exit level)	25 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): 21.7 per cent. 2020 – 20% 2021 – 20% 2022 – 25%	A new annual target 4 is proposed for the second amendment of SRPC in line with the new Youth Guarantee Implementation Plan 2023-2026, i.e. 2023 – 35%
I3 - Regional VET centres established in the target regions	N/A	Project for reconstructions of the 3d Regional VET centre in Tetovo adopted; Construction works in 2 RVETCs ongoing; The tender for selection of construction services for the 3d RVETC in Tetovo – ready; Tender specifications for supply of equipment for the 3 RVETCs prepared.	MoES annual reports on the progress of Education Strategy 2018-2025; MoES annual report on the implementation the MoES annual Work Programs	3 Regional VET centres obtained accreditation for at least 2 VET (profiles).	Proposed with the second amendment to SRPC: By 2024, the 3 Regional VET centres obtained accreditation for at least 2 VET (profiles).
I4 - Number of VET qualifications open for VNFIL	N/A	Preparation of methodological basis and training of staff at RVETCs for VNFIL defined	MoES annual reports on the progress of Education Strategy 2018-2025; MoES annual report on the implementation the MoES annual Work Programs Adoption of the new Adult Education Law	6	Proposed with the second amendment to SRPC: By 2024, 6 qualifications open for VNFIL

Indicator	Annual target for 2022	Result 2022	Means of verification	Final target 2023	Feasibility of indicator and proposals for improvement/changes
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)	N/A	HRDPs at the three RVETCs prepared; Training of staff ongoing.	MoES annual reports on the progress of Education Strategy 2018-2025; MoES annual report on the implementation the MoES annual Work Programs	100 % of the staff trained 35% of the staff trained to work with adults and children with special education needs	Proposed clarification in description of indicator. No changes ion the timeline.
I6 - Number of participants registered in the YG	3,500 (in target regions)	8,219 (in the target regions)	Internal data from Employment Agency; report on the YG implementation plan 2020-2022.	9,700 (in the targeted regions) 14,955 cumulative	No changes
I7 - Number of YG staff trained (in the target regions)	20 persons	21 persons 6 days training on YG	Employment Service Agency report.	Cumulative 70.	No changes
I8 - Number of ESA centres modernised/upgraded (in the target regions)	N/A	N/A	Information from the Employment Service Agency; report on the YG implementation plan 2020-2022, and the ESRP Annual Report 2020.	Cumulative 6.	No changes

IV. LIST OF ANNEXES

Tranche	Area	Annex number	Supporting document
Fixed tranche: General Conditions	Public policy	Annex 1	Report on Revised ESRP for 2022
			National Employment Strategy 2021-2027 ⁴⁹
			Comprehensive Education Strategy 2018-2025 ⁵⁰
			Policy dialogue (SWG EESP meeting minutes – MoM X meeting ⁵¹ , MoM XI meeting ⁵² Conclusions on the 7th PFM Policy Dialogue ⁵³ ; meeting minutes WG#1)
	Macroeconomic stability	Annex 2	IMF Country report No. 22/354 on the Republic of the North Macedonia ⁵⁴
			2022 Economic Reform Programmes of Albania, Montenegro, North Macedonia, Serbia, Turkey, Bosnia and Herzegovina and Kosovo - The Commission's Overview & Country Assessments ⁵⁵
			Economic Reform Programme 2023-2025 ⁵⁶
	PFM Budget transparency	Annex 3	PFM Reform Programme 2022-2025 ⁵⁷ ; 2022 Action Plan for implementation of the PFM Reform Programme ⁵⁸
			2023-2025 Public Debt Management Strategy of the Republic of the North Macedonia ⁵⁹ and Revised 2023-2025 Public Debt Management Strategy of the Republic of the North Macedonia ⁶⁰
Revised 2022-2024 Public Debt Management Strategy of the Republic of the North Macedonia ⁶¹			
Variable tranche: Indicators	Indicator 1	Annex 7	Statistics/MoES administrative data
	Indicator 2	Annex 4	Youth Guarantee Annual Report for 2022
	Indicator 3	Annex 5	Annual report on implementation the Education Strategy in 2022 (full report in Macedonian language; ⁶² extracts translated in English)
	Indicator 4		
	Indicator 5		
	Indicator 6	Annex 4	Youth Guarantee Annual Report for 2022
	Indicator 7	Annex 6	Annual ESA Report for 2022
	Indicator 8	Annex 6	Annual ESA Report for 2022

⁴⁹ https://www.mtsp.gov.mk/content/pdf/2021/trud/strategija_vrabotuvanje_2021_eng.pdf

⁵⁰ <https://planipolis.iiep.unesco.org/en/2018/education-strategy-2018-2025-and-action-plan-6622>

⁵¹ <https://mtsp.gov.mk/content/pdf/2022/sep/%D0%97%D0%B0%D0%BF%D0%B8%D1%81%D0%BD%D0%B8%D0%BA%2016.3.2022%20web.pdf>

⁵² <https://mtsp.gov.mk/content/pdf/2022/sep/zapisnici/%D0%97%D0%B0%D0%BF%D0%B8%D1%81%D0%BD%D0%B8%D0%BA.pdf>

⁵³ https://finance.gov.mk/wp-content/uploads/2022/07/Conclusions_of_7th_policy_dialogue_en-final-1.pdf

⁵⁴ <file:///C:/Users/Lenovo/Downloads/1934-7685-article-A000-en.pdf>

⁵⁵ https://economy-finance.ec.europa.eu/system/files/2022-07/ip180_en.pdf

⁵⁶ <https://finance.gov.mk/wp-content/uploads/2023/02/ERP-2023-2025.pdf>

⁵⁷ <https://finance.gov.mk/wp-content/uploads/2023/01/PFM-Reform-Programme-2022-2025-EN-Strukturana-1-8-za-WEb.pdf>

⁵⁸ <https://finance.gov.mk/wp-content/uploads/2022/07/Action-Plan-for-2022-PFM-EN-obedinet-prioritet-1-8.pdf>

⁵⁹ <https://finance.gov.mk/wp-content/uploads/2022/07/2023-2025-PUBLIC-DEBT-MANAGEMENT-STRATEGY-OF-THE-REPUBLIC-OF-NORTH-MACEDONIA-1.pdf>

⁶⁰ https://finance.gov.mk/wp-content/uploads/2023/02/Revidirana_javen_dolg_strategija_2023-2027-13122022_ANG-1.pdf

⁶¹ https://finance.gov.mk/wp-content/uploads/2022/02/Strategija_2022-2026_FINAL_ANG.pdf

⁶² <https://mon.gov.mk/stored/document/Izvestaj%20za%20realizirani%20aktivnosti%20od%20Strategijata%20za%20obrazovanie%202018-2025%20za%202022-2.pdf>