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Macedonia**

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SRPC “EU for YOUTH”

FIRST SELF-ASSESSMENT REPORT

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Coordinating Institutions for the technical implementation:

Ministry of Labour and Social Policy and the Ministry of Education and Science
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Other responsible institutions:

Bureau for Development of Education

Centre for Vocational Education and Training
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Adult Education Centre

State Examination Centre

National Agency for European Educational Programs and Mobility and
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I. INTRODUCTION

1. Purpose of the Self-assessment report

The purpose of this report is to perform a self-evaluation about the level of the achievement of the targets set by the Sector Budget Support operation for the year 2020. The Sector Reform Performance Contract “EU for Youth” (SRPC) is set to support the Government of North Macedonia in improving the employment of young women and men, by improving quality, relevance and inclusiveness of the national vocational education and training system and by improving employment opportunities for young women and men.

The Sector Reform Performance Contract contributes to the investments in vocational qualification, skills, and preparedness of young people to enter the labour market. It contributes to improved offer of accredited Vocational Education Training (VET) programmes and providers, upscaling selected Regional Vocational Education Training Centres into *Centres of Excellence* able to ensure modern work-based learning practices and quality education, and strengthening the competences of staff of the regional VET centres aligned with the human resources management plan and the accreditation criteria. Further, the contract is supporting the smooth transition from school to work, through implementing a Youth Guarantee scheme for young people, neither in employment, nor in education or training (NEETs) and is contributing to increased employment rate for young women and men.

This self-assessment report is prepared for the purpose of the disbursement request for 2021 providing evidence for the progress achieved in the first year of implementation of the SRPC in 2020. The report provides a record and beneficiaries’ insight of the policy and technical measures implemented with the aim to fulfil the contractual conditions as well as to fulfil wider objectives as defined by the relevant strategic documents and action plans. The **Strategic framework in the area of youth employment and vocational education and training, and the YG targeted values and performance indicators, are defined by a set of national strategic documents:**

- the revised Employment and Social Reform Programme (ESRP 2022)
- the Economic Reform Programme (ERP 2020-2022)
- the Employment Strategy 2016-2020 and the annual Operational Plans for Active Employment Programmes, Measures and Labour Market Services
- the Comprehensive Strategy for Education 2018-2025
- the YG implementation plan (2020-2022)

This report is prepared on the basis of the Financing Agreement for the SRPC, the Action Document ‘IPA 2019/041-263/07.03/MK/Youth’, and in compliance with the Guidance Note on Budget Support Operations for the assessment of General and Specific conditions (fixed and variable tranches), developed by the EUD to the Republic of North Macedonia¹. Information on the progress against general conditions and specific performance indicators set by the SRPC during the reporting period, key challenges, problems faced, risks, areas that need improvement and the necessary corrective measures are presented in the narrative part of this Report. An overview of indicators, milestones for 2020, means of verification, a brief description of the activities and achieved results, as well as target benchmarks for 2020 are presented in a table at the end of the report. Extracts/full reports from the national progress

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

reports and documents for the recent policy development initiatives and results are presented as evidences in the annexes to this report (in Macedonian language).

2. SRPC overview

North Macedonia is the first non-EU Member State which has established a Youth Guarantee scheme (YG) to address the employment challenges faced by young people (15-29 years old) and reduce the costs that youth unemployment and underemployment impose on society. As part of the European Union's budget support portfolio in North Macedonia, the Sector Reform Performance Contract 'EU for Youth' (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 neither in employment nor in education and training (NEET) with an offer of employment, continued education and training, or a traineeship within four months of becoming unemployed or leaving school.

Designed at the end of 2017, the Youth Guarantee implementation has been envisaged in two Phases.

The Youth Guarantee was first introduced as a pilot in three municipalities in 2018; the First phase (2018-2019) is considered instrumental aiming at: introducing the policy reforms required to enable the roll-out of the Youth Guarantee nationwide; mapping-out disengaged young people and their needs; establishing partnerships to reach-out to disengaged young people; expanding the range of available services and programmes, and piloting in selected locations the implementation of targeted labour market integration pathways. In 2019, YG was implemented throughout the country, with a special focus on **three regions (Polog, Northeast and Southwest, including Prespa)**, where the largest number of young people were recorded for the NEET category. In the Second phase (2020-2022), the Youth Guarantee is rolling-out throughout the country, targeting all young NEETs (15-29) legally residing in North Macedonia; entry in the Youth Guarantee is possible by registering at local employment centres of the Employment Service Agency.

The Youth Guarantee is financially supported through the IPA II programme "EU for Youth", for the period 2020-2022 in the selected three regions. The amount allocated for this SRPC is EUR 15 million in addition to the national investments in Youth Guarantee and VET education. Thus, the SRPC is conceived as a co-financing with allocated national resources, allowing optimisation of the efforts and increasing the chance for successful completion of the targeted policy initiatives. A complementary Technical Assistance (TA) EUR 1.5 million is provided by the EU to support the national authorities, to strengthen their capacity for implementing sector reforms related to the Sector Budget Support/the SRPC 'EU for Youth', and to assist the monitoring and assessment of implementation and achievement of the performance indicators foreseen by the SRPC.

The disbursement of the Sector Budget Support operation involves fixed and variable tranches. While the initial tranche is always fixed, all following disbursements include a fixed (depending on the general conditions) and a variable (depending on the progress of the agreed indicators) component. The disbursement plan of SRPC 'EU for Youth' envisages 4 payment tranches:

- The *first tranche* (2020) is fixed at 20% of the total SRPC value. This substantial amount is based on the need to provide substantial incentives to support the sector reforms and the planned activities, particularly on the background of advanced 2019 budget approval procedure and the estimated low risks to the macroeconomic stability and public finances and well progressing

PFM reform programme. In June 2020 the disbursement of the first fixed tranche amounting to EUR 3 million has been advanced by the European Commission.

- The *second, third and fourth tranches* (respectively 2021, 2022 and 2023) are payable upon the progress of the contract and the sector policy reform. These tranches comprise of 2 elements:
 - *fixed element*, amounting to 1 M EUR per year for each of the three years, and a
 - *variable component*, which depends on the extent to which the defined indicators and targets have been achieved

Payment of each fixed tranche is conditional on meeting the general conditions for disbursement:

- Satisfactory progress in the implementation of the Employment and Social Reform Programme and continued credibility and relevance thereof,
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances,
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme,
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

The payment of each variable tranche is conditional on meeting the indicators for success as included in the adopted action "EU for Youth".

This self-assessment report is provided to the Disbursement request prepared by the national authorities for the fixed and variable tranche in 2021 and presents the achieved progress of the agreed general criteria and specific performance indicators. The self-assessment report draws conclusions from the main sources of evidence that are described in the *Financing Agreement* and is aiming to allow the European Commission to adequately assess the progress on the Budget Support operation – SRPC 'EU for Youth'.

3. Strategic Framework for sector policy reforms

3.1. Overview on reforms and policy developments in education

In January 2018, the Government of the Republic of Macedonia adopted the new Strategy for Education for the period 2018-2025 and corresponding Action Plan. The process of adoption has been preceded by public debates and analysis of the content of the document by experts, national and international, stakeholders and working groups. The new Strategy for Education and its Action Plan encompass all fields and levels of education. The vision of the Strategy itself is that the education is key for the strengthening of the national economy and the wellbeing of the Macedonian citizens. Therefore, it is essential to put efforts for development of inclusive and integrated education system which is "student-centred", which implements modern programmes that will enable the future generations to acquire knowledge, skills and competencies compliant to the needs of the democratic multicultural society, labour market and for the new challenges of the global scientific and technological setting. The document covers six main pillars of education system – Pre-school Education; Primary Education; Secondary Education; Vocational Education and Training; Higher Education and Research; and Adult Learning and Education. These are followed by a seventh pillar, covering general issues in the education

system. Following the recent EU initiatives² and the national Strategy for Education 2018-2025, the Ministry of Education and Science made national reforms in same directions.

Two main objectives are envisaged in the process of the educational reform: a) improving the quality of education at all levels and b) implementing the reform of the VET system. The first aspect is meant to address the poor results of the educational system in terms of basic competences and skills which are reflected in the poor performance of the country in the international assessments (PISA and TIMSS). The second main aspect of the educational reform is meant to address the clear mismatch between educational training outcomes and the need of the labour market, negatively characterized by the issue of youth unemployment and youth migration.

In 2020, the national reforms in early childhood education and care were made towards the development of a national platform for e-learning EDUINO and enhancement of capacities in the kindergartens. National reforms in school education are characterised with the adoption of the amendments to the Laws on Primary and Secondary Education, which ensure the smooth organisation of teaching in the country and in times of emergency, the case of the COVID-19 pandemic. At the same time the following concepts were adopted: Concept for Development of a Distance Education System in Primary and Secondary Schools, Concept of Primary Education, Concept of State Testing in Primary Education.

The new Law on Higher Education adopted in 2018 introduced changes in democratisation of university governance. In 2020, the implementation of the HE Law continued with the constitution and staffing of the two quality assurance bodies (Accreditation Board and Evaluation Board) within the Agency for Quality of Higher Education (AQHE). AQHE works on developing the set of new bylaws and Book of rules on accreditation and external evaluation of HEIs. Establishing of the National Council for Higher Education and Research Activity and a fully functional Quality Assurance system are in early stage of implementation. In order to mitigate the impact of COVID-19 pandemic on students' standard and wellbeing, a Decree and three amendments for the application of the Law on Higher Education during the state of emergency were adopted in 2020 for covering part of the costs for studying and part of the accommodation costs for student dorm and for private accommodation intended to state funded students coming from low-income family households.

In 2020, the national reforms in vocational education and training and adult learning are characterised with the mapping, selection, preparation and establishment of the three *Regional centres for vocational education and training*: Vocational High School "Mosa Pijade" – Tetovo (Polog region); for North-East Vocational High School "Kiro Burnaz" – Kumanovo (north-Eastern region), and Municipal Catering and Tourism School "Vanco Pitosevski" – Ohrid (South - Western region). In the school year 2019/2020, in line with the continuation of *dual vocational education concept*, the dual education was conducted in seven vocational education schools (in Kavadarci, Ohrid, Prilep, Bitola, Veles, Skopje, Gostivar), for three educational profiles: technician for industrial mechatronics; technician for manufacturing machinery and electrician - electric motor on power grids. The amended draft of the Law on adult education has undergone a process of additional revision in 2020 within the Ministry of Education and Science and its adoption by the Government is expected to happen in the course of 2021.

² The first initiative is the revitalization of the European Education Area with six dimensions: quality, inclusion and gender equality, green and digital transitions, teachers, higher education, a stronger Europe in the world; The second initiative is the new Action Plan for Digital Education (2021 - 2027) with initiatives for high quality, inclusive and affordable digital education in Europe.

National reforms related to *transversal skills and employability* are implemented through the Revised Operational Plan for Active Labour Market Employment and Services Programs and Measures 2020 as a framework of the employment policies of the Republic of North Macedonia, created by the Government, embedded in a series of other national strategic policy documents, and in line with international strategic agendas. It aims at supporting the creation of new workplaces, increasing employability and labour market competitiveness of the unemployed individuals, with a special emphasis on the young and socially disadvantaged, long-term unemployed. In 2020, the setting up of a national system for *Validation of non-formal and informal learning* continued and should be wrapped up by its piloting in 2021 as a final step before the introduction of the system.

Inclusive education. Inclusive education is a high priority in the educational policy. European perspective of the country is visible through adoption of the *Concept for inclusive education*, implementation of the project “*Be IN, be INclusive, be INcluded*”, awarding the grants for realisation of activities contributing to the development and promotion of multiculturalism, multi-ethnic integration and tolerance and implementation of the 21st century schools programme. A Concept for inclusive education was adopted in July 2020. All bylaws have been adopted in accordance with the new Law on Primary Education to support the process for transformation of special schools into primary schools with a resource centre that will provide didactic support to the institutions where students with disabilities are enrolled. Inclusive teams have been formed in Primary and Secondary schools and individual educational plans have been prepared for students with disabilities. Primary schools with a resource centre and centres to support the learning for students with disabilities will continue to contribute to the process of education of students with complex needs, but will also have an additional role in supporting regular schools and all stakeholders involved. Their professional knowledge and previous experience will contribute to the schools to improve the capacity for promotion of participation and learning success of all students with special educational needs.

The Ministry of Education and Science has identified the following groups as students with special educational needs (i.e. vulnerable students): students with disabilities- students with permanent physical, mental, intellectual or sensory impairments, and when in interaction with various societal barriers, their full and effective participation in the society on an equal basis with others is impeded; students with behavioural disorders or emotional problems or with specific learning difficulties and students whose origin is from disadvantaged socio-economic, culturally and/or linguistically deprived environment³. The current Education Strategy for the period 2018-2025 and the latest Law on Primary Education incorporate a contemporary approach towards inclusion in education. The Law on Primary Education defines inclusive education as a process that takes into account the diverse individual needs for development of students, by ensuring equal opportunities for exercising the fundamental human rights to development and quality education. Inclusive education entails changes and adjustments to the content, structures, and strategies of the teaching process for students with disabilities, along with a common vision and conviction that the state is under the obligation to provide education to all children.

The Law on Secondary Education⁴ was harmonized with the envisaged provisions for inclusion from the Law on Primary Education adopted in 2019. In that way, continuity in the education of the students is ensured. The Law on Secondary Education envisages that secondary education shall be organised based on plans and curricula designed to, *inter alia*, ensure access to secondary education to students with special education needs. The law provisions existence of secondary schools for students with special

³ Law on Primary Education, Article 35

⁴ Article 32

needs, which are primarily technical and crafts vocational schools; free transport of students with special needs (and their assistance) regardless of the distance from the school. The Law on Student Standard refers on the roles of student dormitories, for students learning outside of their place of living. It stipulates that the dormitories can form groups of students with special needs. The Law also determines the different type of scholarships students can receive based on their needs and socio-economic background, and with the aim of inclusion in education. The Law on Child Protection, Art. 65: Kindergartens organize care and education of children with physical and mental disabilities, based on the type of disability. The number of children in a group is reduced if there is a child with special needs in the group. Art. 32: The law envisions a special allowance for a child with special needs, which has disabilities in the physical or mental development, or combined developmental disabilities, up until 26 years of age. Article 168, paragraph 13, stipulates that kindergarten-based education for children with disabilities is carried out under the Early Learning and Developmental Program for Children with Disabilities based on the Early Learning Standards and Development, prepared by the Bureau for Development of Education and adopted by the Minister of Labour and Social Policy.

A *Concept for Inclusive Education* has been adopted by the Minister of education and science⁵. The document on Professional Standards and Qualifications for Teachers and Professional Associates includes a special aspect of social and educational inclusion, which incorporates competences such as knowledge of different concepts and models of inclusive education; recognizing students which need additional support in the learning; prepares students to accept children from vulnerable groups and children with special needs, etc.

One of the priorities enlisted in the Education Strategy (2018-2025) include: Increase Enrolment of Pupils, Improve Inclusiveness and Interethnic Integration of Primary Education, including the following measures: Adapt Primary schools' buildings for pupils with physical disabilities; Improve conditions and schools' capacities for implementing inclusive education for children with special educational needs; Establish a system of allocated use of block subsidies funds for inclusiveness by the municipality and the schools; Introduce a mechanism for financial and other forms of support to schools for implementing interethnic integration activities; Establish a sustainable model for continuing (completing) primary education by children in correctional facilities; Introduce a sustainable model for identification of individuals obliged to complete their education, who are excluded from the primary education schools, and their monitoring until completion of mandatory education. The Government of Republic of North Macedonia developed a *Strategy for One Society and Interculturalism* in order to tackle the issue of division across ethnic lines, in different areas: education, culture, youth, media, local self-governance, etc. In the area of education, the Strategy envisions joint curricular and extra-curricular activities among students learning in different languages of instruction, partnering among schools and learning the language of the "other".

COVID-19 combat measures. The COVID-19 pandemic and restrictive measures to fight its spread have led to an economic crisis that run the risks of reversing positive trends in all social areas in North Macedonia. The economic impacts of COVID-19 are expected to create further vulnerability and push more people into poverty, including children. The closure of educational facilities, social distancing and confinement is harming the social, educational and health wellbeing of students, being the vulnerable ones the most affected by this situation.

⁵ Decision no. 18-6577 / 1 dated 6.7.2020.

The COVID-19 pandemic imposed completely new conditions for the educational process, but also challenges in finding solutions for uninterrupted teaching and quality education. The additional challenges in organising distance learning only emphasised the need for further and faster digitalisation of the educational process. Digital integration is the basis of new education, but it must be applied in a way that is of immediate benefit to students. The construction of the new concept of the primary school also includes the preparation of the students for a combined approach to learning through the digital platform or through distance learning in different conditions.

In September 2020, the Assembly of the Republic of Macedonia approved the amendments to the Laws on Primary and Secondary Education, which ensure the smooth organisation of teaching in the country and in times of emergency, such as the case of the COVID-19 pandemic. The legal changes provided exceptions to the regular educational process⁶. The legal amendments make exceptions regarding the beginning and end of the school year during extraordinary circumstances so that the school year can start and end at a time different from the time when the school year usually begins⁷.

With these legal changes, in a case of extraordinary conditions, the teaching in the primary and secondary school will be able to be organised with the physical presence of the students, or at a distance by using means of electronic communication. According to the amendments to the laws, the organisation of classes with physical presence of students will be possible only if the criteria and conditions are met in accordance with the protocols and the plan for teaching for primary and secondary schools, adopted by the Government. The amendments to the two laws envisage the class to last less than 40 minutes, for greater protection of students who will attend classes with physical presence. The legal changes also provide the possibility of reducing the teaching days in the school year from 180 to at least 100. The legal changes have been prepared based on studies by international organisations such as the World Health Organization (WHO), the United Nations Children's Fund (UNICEF), the International Committee of the Red Cross (ICRC) and research related to COVID-19.

National platform for support of distance learning⁸ was developed by MoES, BDE and MoLSP (teachers and educators) with the support of UNICEF. 'EDUINO' is a collective portal for digital educational content, collaboration, and professional development of educators. It has been developed with a purpose to create space, resources, and tools for quality education through joint creation and innovation. Currently, the EDUINO platform is used by over 15,000 teachers and 30,000 students.

Concept for Development of a Distance Education System in Primary and Secondary Schools⁹. The Concept for development of a distance education system in primary and secondary schools in the Republic of North Macedonia was adopted on 21 July 2020 by the Ministry of Education and Science. The crisis caused by the spread of the COVID-19 highlighted the needs and challenges in such conditions to ensure the right to education. Hence, the need to prepare a strategic document that will be a framework for organising distance education. This document provides guidance on establishment of a distance learning system in primary and secondary schools in country, in terms of educational policies, organisation and implementation of distance learning and is the basis for establishing a national platform for distance learning and its application at the national level. The concept contains guidelines in the three key areas in which the system will be developed: educational policies, technical support/educational technology and pedagogy. It should be noted that the establishment of a national platform for primary and secondary

⁶ Such as in a crisis, an epidemic, i.e. a pandemic, fires, floods, or other major natural disasters.

⁷ To be decided by the Government.

⁸ www.eduino.gov.mk

⁹ Decision No 08-4895/2 as of 21.7.2020.

education, as the basis of the distance education system, does not imply the use of the platform only in times of crisis, natural disasters or emergencies, but the national platform and all its functionalities will be also used in the daily work of schools, in combining regular teaching with e-content, in offering different sources and approaches to learning, in checking the achievements of students, as well as in monitoring and evaluating the educational process by the competent educational institutions. The purpose of the platform is to establish a flexible system of distance education, easy to use, adaptable to individual needs, as well as usable for learning in school.

Strategy for Education for the period 2018-2025 and corresponding Action Plan¹⁰. The primary goal of education policy of the Republic of Macedonia is to provide opportunities to all for acquiring a suitable educational level, and to ensure that all possess competences commensurate to the demands of society and the labour market. The Strategy for Education for the period 2018-2025 and corresponding Action Plan see the education as a key for the strengthening of the national economy and the wellbeing of the Macedonian citizens and therefore it is essential to put efforts for development of inclusive and integrated education system which is “student-centred”, which implements modern programmes that will enable the future generations to acquire knowledge, skills and competencies compliant to the needs of the democratic multicultural society, labour market and for the new challenges of the global scientific and technological setting. The Strategy looks at introduction of professional orientation and career guidance and advisory services in all secondary vocational schools, and also seeks to improve the admission system for secondary vocational education by developing a new admission concept.

New Law on Primary Education. A new Law on Primary Education¹¹ contains provisions such as improving the teaching process and the way the teaching is organized, reinforcing the fundamental constitutional values in the educational process, such as inclusive education, providing quality education for all, non-discrimination, banning humiliating treatment of pupils and school staff, establishing a principle of full inclusion of pupils. Disability through a comprehensive support system taking into account the individual needs of the pupil, professionalism of the school leadership, elimination of any policy opportunities Influences, establishing a system of pupil organization and participation, promoting apprenticeships and changing the way they take an internship, external measures of pupil achievement to improve the educational process (international and state checks), support pupils participation at international competitions in the field of mathematics, informatics and natural sciences, promoting the health of pupils through the so-called "tandem teacher", i.e. the teaching of physical and health education will be realized of pair of physical education teacher and primary school teacher. The new law started to be implemented from the academic year 2019/2020. Bylaws and concepts arising from the new law are currently being drafted.

Concept of Primary Education. The new Concept of primary education¹² recognises the need for change based on, new knowledge for the development of quality education, world and European trends for education based on competencies, the digitalisation of education, as well as all previous experiences and aspirations to improve the quality of teaching and learning in schools that should become a place for learning and development of motivated students ready to acquire the expected competencies. Also, the new concept fully respects the observations and opinions of teachers that have been collected with the research conducted during November 2020. Thus, the new concept of primary education offers changes in several areas related to the: integration of teaching and learning subjects, the selection of subjects of interest to the student, learning through research and projects, reducing the burden of

¹⁰ <http://mrk.mk/wp-content/uploads/2018/10/Strategija-za-obrazovanie-MAK-WEB.pdf>

¹¹ Official Gazette of the Republic of Northern Macedonia” No. 161/2011 dated 5.8.2019

¹² The concept was adopted by decision no. 08-3980 / 1 from 3.03.2021

teaching materials with factual data, adapting teaching to the needs of all students, using a variety of teaching materials, active participation of students in school life, cooperation and professional development of teachers and motivating them with career development, thus enabling the opportunity to build a school after measure of children. A special chapter on Ensuring Gender Sensitivity/Equality is incorporated in the NEW Concept for Primary Education. As key areas of action in primary educational system, the following can be pointed out:

- mastering basic skills (mathematics, language literacy and science), including digital competencies,
- mastering transversal skills, such as: critical thinking, entrepreneurship, creativity, and civic activism through approaches that are transdisciplinary, student-centred, and challenge-based,
- fostering language learning and multilingualism to ensure mobility in education and the labour market and to overcome the cultural barriers facing Europe more easily today,
- accepting a European perspective in education as complementary to national and regional perspectives to provide insight into European values and European everyday life,
- ensuring education and training institutions are safe environments free from violence, hate speech, disinformation, and discrimination.

For adoption of the new Concept of primary education the Ministry of Education and Science organised the broad debate with all relevant partners and stakeholders at the end of 2020. The New Concept for Primary Education is published on the website of the Ministry of Education and Science for public. The adopted concept will be implemented in the next 6 years and will start from the school year 2021/2022.

Concept for civic education in primary education and guidelines for implementation. Based on the Law on Primary Education and the Education Strategy 2018-2025, the Bureau for Development of Education¹³ in cooperation with the Macedonian Centre for Civic Education, developed a Concept for Civic Education in primary education and guidelines for implementation¹⁴. The concept of civic education in primary education is aimed at helping to understand the complexity of incorporating civic education into the education system and accepting that the establishment and maintenance of a democratic culture is the responsibility of the whole school. It provides specific guidelines for the implementation of civic education in school and a more comprehensive explanation of conceptual solutions. The ways of implementation of the civic education are covered through the curricula for the subject Civic education and other subjects; extracurricular activities; ways of school management; forms of cooperation with the community; teaching methods and monitoring and evaluation of students' achievement of civic competencies. The methods that will be applied in teaching Citizenship Education in the Macedonian schools is expected to contribute to development of the pupils' personality and fundamental human values, their integrity, dignity, equal rights, to strengthen pupils' sense for justice, tolerance and responsibility, and to prepare them for life in a democratic civic society.

Conception of extracurricular activities in primary education. Originated from the importance of extracurricular activities for improving the quality of education and full development of the student, the *Bureau for Development of Education* (BDE) in cooperation with the Children's Foundation "Pestalozzi" conducted research on the current situation around the organization and implementation of extracurricular activities in schools in North Macedonia. The need for the development of a Concept for extracurricular activities in primary schools has been identified based on the Law on Primary Education¹⁵ and on the research findings, experiences from other countries, current practices with extracurricular

¹³ <https://www.bro.gov.mk/graѓanско-obrazovanie/>

¹⁴ Adopted by the Minister of Education and Science with Decision No. 18-5147 / 1 dated 20.5.2020.

¹⁵ Article 41, paragraph 1.

activities in schools, as well as the priorities set out in the Education Strategy 2018-2025. The planning, organisation, and implementation of extracurricular activities in schools for the academic year 2020/2021 are guided by the principles and goals defined in the Concept of extracurricular activities in primary education¹⁶.

Concept of State Testing in Primary Education. Improving the quality and increasing the efficiency of education, in accordance with modern world educational standards, are key goals of educational policy in the Republic of Northern Macedonia. In order to achieve these goals, especially in primary education, the Ministry of Education and Science should conduct a comprehensive state testing that will systematically monitor student achievement against the standard requirements by using standardised procedures and methodologies, as well as educational achievements in general. Such data will provide evidence for the development and promotion of educational policies in RSM in order to achieve modern world educational standards. The only form of assessment that is not yet a regular and permanent feature of North Macedonian education system is state testing (*National Assessment*) on a large scale. In order to overcome that situation the Ministry of Education and Science developed the Concept of State Testing in Primary Education¹⁷. This document sets out the Concept that will support state testing. It describes the objectives of the state testing, the guiding principles according to which it will work and the general methods to be used in conducting the studies that are part of the state testing. Such state testing will provide an assessment of the effectiveness of the current education system and a basis for its further qualitative improvement. The large-scale state testing described in this Concept is fully compatible with the Government's strategy, as set out in the Law on Primary Education.

Law on Secondary Education. In 2019/2020 the Law for Secondary Vocational education was amended¹⁸, which envisages the establishment of a Skills Observatory for the following purposes: providing information regarding the programs offered by secondary education, as well as adult secondary education, supporting policy development by providing an appropriate analytical and information background to secondary education institutions, their programmes and performance, assisting students in choosing profession and appropriate schools and higher education institutions, in order to increase the possibility for their future employment, facilitating the harmonisation of labour demand and training programmes at local and national level and the availability of information on the employability of certain professions, the expected waiting time for employment, the level of income by educational profile and the like. The amendments also give provisions to the established *Regional VET Centres* as legal entities¹⁹ which will provide vocational education and training in the country.

Regional VET Centres. Three Regional VET centres (RVETCs) have been established to provide high-quality VET education, streamline innovations in the education process and enable young people enter the labour market with relevant for the market qualification. They are expected to have the capacity to multiply their positive experience in the VET country system and serve as a driver in VET sector. The model of RVETCs is developed with the aim to improve the provision of formal and non-formal VET, to reduce the existing skill gaps in different sectors of the economy, and to better respond to the demands for supply of labour force in particular areas of the economy. The RVETCs are designed as a model of innovative cooperation with businesses, including also partners that are not usually involved in VET management, such as NGOs, Social Work Centres, universities, research centres, etc. The different

¹⁶ Adopted by the Minister of Education and Science with decision number 12-2897 / 2 from 5.3.2020.

¹⁷ Adopted by decision No18-5737/1 as of 12.6.2020.

¹⁸ Official Gazette of the Republic of Northern Macedonia" No. 275/20.

¹⁹ Official Gazette of the Republic of North Macedonia' No. 275/2019 from 27.12.2019.

stakeholders may be directly involved in the contents of the non-formal vocational training programmes so that demand and supply of skills would be matched better.

At the 24th session of the Government, held on 24 November 2020, Decisions were adopted by which the founding rights and obligations towards the municipal schools "Vanco Pitosheski" Ohrid, "Moshka Pijade" Tetovo and "Kiro Burnaz" Kumanovo were taken over by the Government of the Republic of North Macedonia and with which these three municipal schools continue to operate as Regional Centres for Vocational Education and Training, i.e. as state high schools. Based on the decisions, the three schools amended the statutes and the Ministry of Education and Science issued decisions for consent. The design of a Regional VET Model was supported by the UNDP to address some of the core issues of the unemployment and bridge the "skills gap" through the design and testing of training provision models including post-secondary education and Regional VET Centres.

Development concept for the establishment of business led Regional VET Centres in North Macedonia was elaborated by the UNDP under the project "Bridging the Skills Gap to Create New and Better Jobs"²⁰. The concept of the RVETCs has been developed in a direct response to the priority 2.7. of the Education Strategy 2018-2025: "to support MoES in the activities towards better provision of the VET Education up to the needs of the employers." The model of RVETCs is developed with the aim to improve the provision of formal and non-formal VET, to reduce the existing skill gaps in different sectors of the economy, and to better respond to the demands for supply of labour force in particular areas of the economy. The RVETCs are designed as a model of innovative cooperation with businesses, including also partners that are not usually involved in VET management, such as NGOs, Social Work Centres, universities, research centres, etc. The different stakeholders may be directly involved in the contents of the non-formal vocational training programmes so that demand and supply of skills would be matched better.

The Regional VET centres were selected with the support of the European Training Foundation (ETF) mapping out the potential in the VET sector and on the grounds of criteria such as current reasonably high-performance level, private sector engagement and local support.

Guidelines for planning, organisation, realisation, monitoring and recording of ferial practice²¹ and was presented to the secondary vocational schools on March 4, 2020. One of the most important priorities in the education system is to increase the scope and quality of the realization of the practical training and thus, improving the supply of the labour market force. In this context, changes and improvements in vocational education and training should be aimed at promoting practical training, from practical training in order to acquire skills and competencies for easier adaptation to the labour market. Depending on the profession, qualification, type and the level of vocational education and training, practical training is realized through the following forms: practical teaching, learning through work with an employer, summer and professional practice. The function, organisation, and contents of ferial (summer) practice is one type of WBL. It is organised after the end of the school year, and by rule, it is conducted continuously and in relevant companies. By exception, ferial practice may also be organized by the school itself if it possesses an organised and relevant production or other service related processes. The main goal of the Guidelines is to make the process of planning, organisation, implementation, monitoring and recording the summer practice easier for the schools and encourage students in their professional and career development during their secondary vocational education.

²⁰ <https://www.mk.undp.org/content/north-macedonia/en/home/projects/Bridging-the-Skills-Gap-to-Create-New-and-Better-Jobs>

²¹ Adopted by the VET Center, no. 01-138/1 from 5.2.2020.

Concept of work based learning²². The purpose of this concept is to ensure that schools, employers, and institutions start with an equal approach in the implementation of learning through work (WBL), especially for schools that pilot the modernised four-year VET, but also to help in the implementation of the ferial practice. The modernised four-year VET started to be realised in all secondary vocational schools in the school year 2019/2020 with the students in the first year. In the school year 2021/2022 these students will realise work-base-learning programmes. The process of piloting the modernised four-year VET started in 2017/2018 for three professions - three priority sectors in six schools, and according to the dynamics, these students in the school year 2019/2020 are in the third year where the WBL is provided in the area of practical training.

Concept for Dual education. Concept for Dual education was adopted by which the Government pursued the implementation of the dual education in secondary vocational education. Companies are able to provide scholarships for high school students who will be obliged to work in those companies for a certain period of time after their graduation. In the school year 2019/2020, vocational education is conducted in seven vocational education schools (in Kavadarci, Ohrid, Prilep, Bitola, Veles, Skopje, Gostivar), for three educational profiles: technician for industrial mechatronics; technician for manufacturing machinery and electrician - electric motor on power grids.

Modular curricula. As from the academic year 2020/2021, modular curricula based on learning outcomes for general education and vocational subjects for the second year in technical education have been introduced. A reformed four-year VET programme was rolled out across all schools in the country.

Concept of Secondary Education is in the final stage of preparation, and the draft version is expected to be shared with stakeholders by the end of May 2021. This concept will be the basis for drafting a new Law on Secondary Education.

New Law for Secondary Vocational Education was prepared in Q4 2020 and currently it is under public debate.

New Law for Adult Education. The new Law on Adult Education has been adopted by the Government in 2020, which is currently in a Parliamentary procedure. The proposed changes primarily refer to the validation of non-formal and informal learning, introduction of work based learning but also to the improvement of the process of verification of special programmes for adult education, as well as to the role, goals and tasks of the Centre for Adult Education. In addition, with the adoption of the National Qualifications Framework, a need was established to harmonize the Law on Adult Education with the Law on National Qualifications Framework (NQF). It also provides a legal basis for the implementation of the *Second Chance program*.

Validation of Non-Formal and Informal Learning. Several laws and policy documents provide the basis for Validation of Non-formal and Informal Learning (VNFIL) in North Macedonia. These include the Law on National Qualification Framework (NQF), the Law on Adult Education, the Strategy on Education 2018-2025, the Strategy on Adult Education, the Strategy on Non-formal and Informal learning, and the "Roadmap for implementing a system for validation of non-formal and informal learning in the Republic of Macedonia" (MoES, EAC, 2016). Among the other priorities, the Education Strategy proposes establishing a validation

²² Adopted by the Minister with Decision no. 08-4305 / 2 from 13.4.2020.

system of non-formal and informal learning until 2020, having defined the following distinctive activities in the AP:

VNFIL – Action Plan	VNFIL – progress until 2020
Establishing a coordinating body for VNFIL	Finished. Coordinating body for VNFIL is established.
Development of procedures for VNFIL	Finished. Draft procedures for VNFIL are developed.
Development of methodology for VNFIL	Finished. Draft methodology for VNFIL is developed.
Piloting the validation system through three qualifications	In progress. Piloting is realized on two qualifications: façade worker and waiter in two secondary VET schools in Skopje. In the preparatory phase that started in April 2020, working groups revised the two qualification standards: façade worker and waiter.
Development of legal and financial basis for implementation of validation	In progress. The new Law on adult education is in parliamentary procedure.
Capacity-building and institutional support to implement VNFIL	Finished. Training for VNFIL Councillors, training for VNFIL Assessors and Awareness rising training for the key stakeholders have been conducted.
Launching of campaign for awareness rising about validation, its opportunities, and benefits	This activity will be conducted after new Law on adult education is adopted by the Parliament.

New Law on Teachers and Professional Associates in Primary and Secondary Schools. A new Law on Teachers and Professional Associates in Primary and Secondary Schools²³ was adopted, which significantly promotes the professional development of teachers and professional associates in primary and secondary schools and introduces a model for their career development and promotion (upgrade). A working group has been established to work on further development of all relevant bylaws. The Law is under active implementation:

Program for training of teachers and professional associates. A Program for training of teachers and professional associates for 2020/21 has been adopted by the Bureau for Education Development (BDE). **e-system for career development.** The e-system for career development has been developed and launched in 2020. In this period the system has been actively public announced for teachers from primary schools. The system is user friendly so teachers can easily apply and attach the documents, so the commission can evaluate online application. In the next period, the MoES will continue to take care for sustainability.

Concept for reforming the initial teacher training. Activities for drafting a new Concept for reforming the initial teacher training faculties have started.

Law on Higher Education. In 2020, the government adopted the bylaws of the Law on Higher Education and the establishment of the *Agency for Quality in Higher Education, Board for Accreditation of Higher Education and Board for Evaluation of Higher Education* which were considered as priorities. Furthermore, the process continues with the reform of the method of financing the higher education institutions and the adoption of bylaws for the Law on Higher Education.

Law on Youth Participation and Youth Policies has been adopted in 2020 by a Government Decree for proclamation of the law on youth participation and youth policies²⁴. The subject of regulation of this law

²³ Official Gazette of the Republic of Northern Macedonia' No.161 / 2019 from 5.8.2019

²⁴ No:08-327/1 from 14 of January, 2020, Official Gazette 10/16.01.2020, Skopje

are the forms of youth organization, participation of young people in the process of creating youth policies and decision-making related to them, strategic documents at national and local level, activities and measures undertaken by state administration bodies and the units of local self-government for promotion the youth position in the society, as well as informing and joint planning of activities related to and for the youth. According to the Law on Youth Participation and Youth Policies²⁵ youth work is defined as an organized and systematic process of educating and supporting the authentic development of young people in order to realize their full personal and social potential and their active involvement in the life of the community.

3.2. Overview on reforms and policy developments in employment

In the period 2016-2020, the employment policy of North Macedonia has been guided by the principles set forth by the **National Employment Strategy (NES)**, centred on three strategic objectives: (i) increasing the efficiency and effectiveness of the employment policy, especially for groups at risk of labour market exclusion; (ii) improving the job creation capacity of private sector firms, and (iii) aligning educational outcomes to the requirements of the labour market.

The increase in efficiency and effectiveness of the employment policy rested around three broad policy reforms. The first reform related to the structure, organization and service delivery model of Employment Service Agency (ESA) of North Macedonia. These reforms recognized that – in order to increase the quantity and quality of service delivery to groups at risk of exclusion, like long-term unemployed, young people, women and national minorities – the Agency had to be provided with additional human and financial resources as well as new tools to manage the workflow, introduce activation strategies, and implement, monitor and evaluate new active labour market measures. The second reform envisaged the strengthening of the labour market information system to forecast labour demand needs, steer policy and programme design and guide the career choices of young people and adults alike. The third set of reforms focused on policy actions to address the double pronged objective to address informal employment in the domestic work and care sectors and promote women's participation to the labour market. Finally, the strengthening of the Labour Inspectorate and the promotion of adult training in enterprises was considered instrumental to the reduction of informality and the increase of labour productivity.

For the improvement of the job creation capacity of firms, the NES (2016-2020) envisaged a further lessening of the administrative burden on enterprises, dedicated services for SMEs, investment in innovation and infrastructural development (given their potential on the improvement of employment quantity and quality); and support to firms in sectors with high value added.

In terms of alignment of educational outcomes to labour market requirements, the NES (2016-2020) encompassed the acceleration of the roll-out of the National Qualification Framework, the improvement of education quality at all levels, and especially in the VET system, the further development of vocational standards, the expansion of work-based learning and an increased offer of adult education and training.

The **Revised Employment and Social Reform Programme 2022 – (r) ESRP** was adopted by the Government of the Republic of North Macedonia in December 2019 and was a precondition for signature of the SRC. It set the key reforms and policies that will be implemented in three priority areas:

²⁵ Закон за младинско учество и младински политики

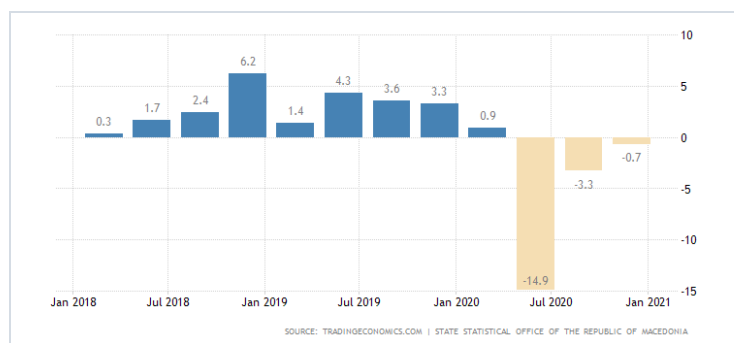
1. Labour market and employment
2. Human capital and skills
3. Social inclusion and social protection

Priority area 1: Labour market and employment includes four strategic goals: Improvement of the unemployment situation, especially with the most vulnerable categories (youth, long-term unemployed and others), Tackling informal employment, Improvement of the quality of work and services of the PES and strengthening social dialogue and improvement of collective bargaining. In 2020 significant progress has been achieved in improving the unemployment situation, despite the decline in economic activity, probably due to the anti-crisis packages implemented by the Government. Progress has also been made with respect to reduction of informal employment and strengthening social dialogue. Limited progress has been made in improving the work and services of the ESA, which with the same human resources was supposed to serve a larger number of clients and at the same time continue to implement the two big reforms - Youth Guarantee and Activation of Minimum Guaranteed Assistance Beneficiaries.

The priority area 2 "Human Capital and Skills" includes three specific goals: Providing high quality inclusive education and equal access to education for all; Implementation of the National Qualification Framework – basis for quality assurance in the education and training system; and Strengthening the employability of the labour force and building flexible lifelong learning pathways. Significant progress has been made in the first two specific goals, where the targets have either already been met or are very likely to be met. Further and rapid progress is needed with regards to the third specific goal, specifically in relation to the population involved in lifelong learning (where the percentage is quite low, lower compared to 2019, and is well below the 2022 target value), as well as the employment rate of persons (20–34 years) who recently graduated secondary or tertiary education.

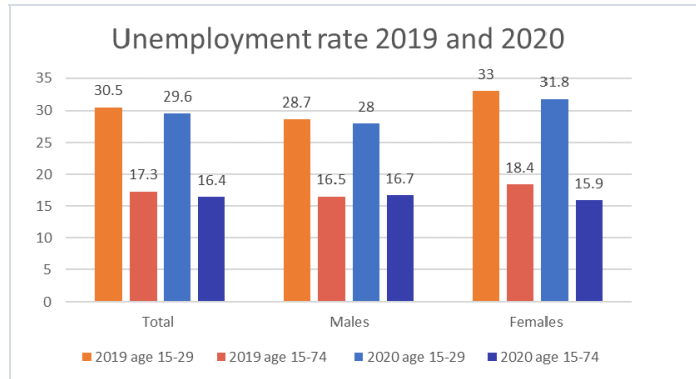
Priority area 3: Social inclusion and social protection includes six specific goals: Enhancing the efficiency and effectiveness of the social assistance system; Improving the availability of social services; Support to and promotion of deinstitutionalization; Promotion of social inclusion of Roma; Tackling the key challenges relating to the sustainability of the pension system; Tackling the key challenges in the field of health system and public health care. Progress has been made in achieving of all of these goals. However, further efforts are needed in order to meet the final targets set for 2022, especially in the area of improving the availability of social services and promoting the social inclusion of Roma.

Section II of this report provides an overview of the progress achieved against the set ESRP objectives and targets.

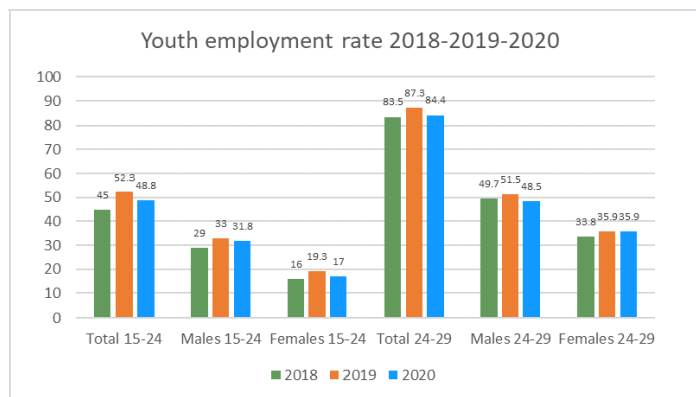


Macedonia's gross domestic product shrank by 0.7 percent year-on-year in the fourth quarter of 2020, following a 3.3 percent contraction in the previous three-month period and a record 14.9 percent slump in the second quarter. Household consumption continued to fall (-4.3 percent vs -4.1 percent in Q3) and gross capital formation also dropped (-13.0 percent vs 4.2 percent). Meanwhile, net external demand contributed positively to the GDP as exports rose and imports declined, while government spending grew further (6.6 percent vs 13.5 percent)²⁶.
 source: State Statistical Office of the Republic of Macedonia

²⁶ <https://tradingeconomics.com/macedonia/gdp-growth-annual>



Despite the economic and health crisis caused by the COVID-19 negative impacts, some of the labour market measures show improvements, for example – the total unemployment rates, youth unemployment rates and employment of women.



On the other hand, some other indicators show worsening e.g. total employment rate, employment rate of men, youth employment rates, NEETs rate.

Measures to combat the impact of COVID-19. The main challenge for employment policy in 2020 presented impact of COVID-19 pandemic on labour market. The pandemic interrupted the positive employment trends experienced by North Macedonia in the last two decades. By the third quarter of 2020, the number of workers had declined by 3 per cent (approximately 25,000 jobs), with higher drops (around 4.5 per cent) among young people, confirming the fact that young individuals are the first to lose their job in times of crisis and among own account workers.²⁷

The most affected economic sectors in terms of job cuts were agriculture, transport and manufacturing. Employment decreases were more pronounced for adult men compared to women and for young women compared to young men.

The effects of the pandemic are not yet visible through the unemployment rate. On the one hand, a significant share of jobs was preserved through the stimulus package deployed by the Government (the employment retention measures enacted may have prevented the loss of about 50-60,000 jobs during

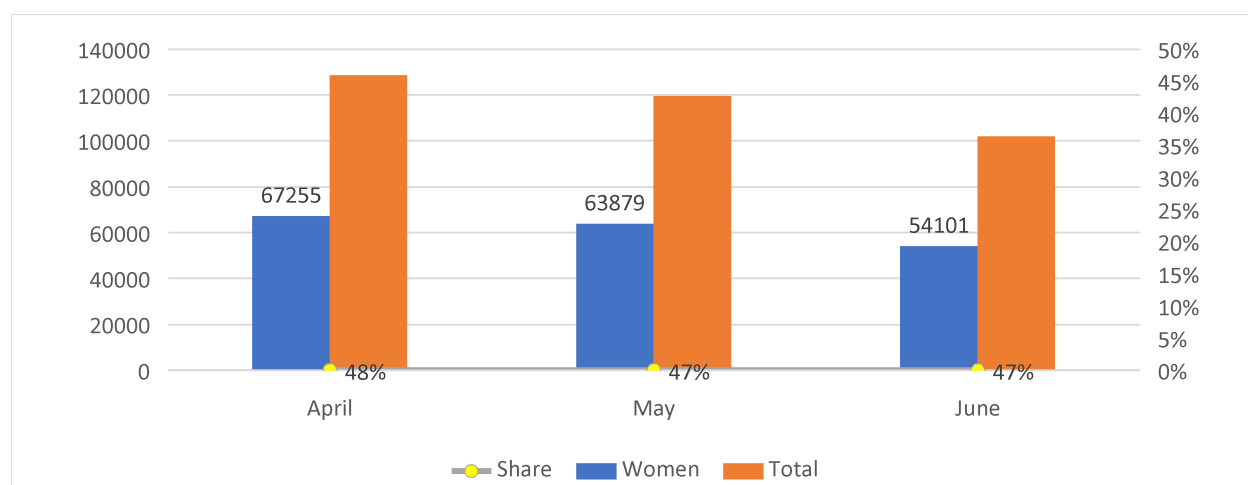
²⁷ Draft National Employment Strategy 2027

the second quarter of 2020). On the other hand, some of those who lost their job left the labour market, as the number of inactive persons increased in 2020 by 4 per cent (or 19,800 persons).²⁸

The Government has quickly responded with aim to retain jobs and offer workers proper social protection in case of lost earnings to avoid risk of poverty.

Namely, the Government introduced two important employment-retention measures during the Covid-19 pandemic. The first measure, introduced at the end of March 2020, envisaged **waiving 50 per cent of social security contributions for all workers earning at the average wage**. As the crisis intensified, the government deployed in April 2020 a **subsidy in the amount of 14.500 MKD (equivalent to the minimum wage) for each worker** (excluding managerial posts) in companies that in March and April 2020 experienced a drop of turnover of at least 30 per cent compared to 2019 but had not dismissed workers. The initial coverage (April-May) was extended to June 2020. Two other subsidy rounds followed in (last quarter of 2020 and first quarter of 2021). The first round covered over 122 thousand workers per month, while the second covered 65 thousand workers monthly. The estimates suggest that this measure directly saved about 50-60.000 jobs (of the 75,000 at immediate risk).

On average, women used 47% of the total wage subsidies for workers over the period April-June. The total number of jobs in the economy held by women (320,000 in Q2 of 2020) was far lower when compared to those held by men (461,000).²⁹



To improve the effectiveness of the Unemployment Benefit (under the scheme for insurance against unemployment) to protect workers during a downturn, the Government **relaxed the eligibility criteria for the unemployment benefit**, extending the benefit to all those workers that had terminated their contract “by mutual consent” between March and April 2020, for maximum two months.

Furthermore, during the Covid-19 crisis the **eligibility criteria of the Guaranteed Minimum Assistance (GMA) were relaxed** to protect individuals from falling into poverty. The new criteria envisaged: (a) means-testing based on the prior month income (rather than the prior three months); and (b) allowing beneficiaries to own the house/apartment of residence and one small vehicle. The relaxation of the eligibility criteria for the Guaranteed Minimum Assistance benefit led to greater coverage by 15% and it

²⁸ Ibid.

²⁹ Mojsoska-Blazhevski, N. (2021) *Budgeting for Gender Equality in a time of Pandemic: Hindering progress or closing the gaps? Country Report for North Macedonia*. Skopje: UN Women (forthcoming).

had positive effects on the income of the poorest segment of the population. This measure was later on introduced in the Law amending the Law on Social Protection (“Official Gazette of Republic of North Macedonia” no. 302/20) in order to ensure easier access to exercise the right to guaranteed minimum income under extraordinary circumstances (in crisis situations, declared epidemic i.e. pandemic, fires, floods or other bigger natural disasters) and has enabled especially those who were engaged in formal employment and lost their income to claim this GM Assistance. The Government also provided one-off financial support in July 2020 (targeting GMA beneficiaries, registered unemployed, low-paid workers and young people registered in public education institutions) and in December 2020 (registered unemployed and jobseekers, pensioners with low income, single parents and youth left out from the July support).

The **employment programmes**, especially those leading to job creation have played an important role in building resilience and in mitigating consequences of the economic crisis caused by the COVID-19. The Operational plan for active measures and labour market services 2020 was successfully implemented. Nearly 11,000 unemployed received some kind of support (details are presented in section II). The new Operational Plan for active programs and measures for employment and labour market services for 2021 was adopted with a total budget of EUR 24.7 million and will target about 12,000 unemployed persons.

Social dialogue was used to good effect in the crisis response. The Economic and Social Council (ESC) met regularly and contributed to achieve consensus about the targeted measures to protect workers and enterprises particularly hard hit by the crisis and to promote recovery. In addition, the consultation of social partners and other stakeholders regarding the new Labour Law has intensified since September 2020. With regards to the development of the tripartite social dialogue at local level, Local Employment Pacts were signed in 4 municipalities whose implementation is coordinated by the Local Economic and Social Councils. The Local Employment Pact in Bitola has been piloted and yields positive results.

Minimum wage played an important role in maintaining the living standards of workers. In July 2020, the minimum wage was increased by 3% (nominal) to 14,934 MKD net (21,776 MKD gross) in accordance with the conditions set in the Law on Minimum Wage (Official Gazette No. 75/20).

As one of the priorities is **promoting workers’ rights and guaranteeing decent and fair working conditions for all workers**, the MLSP in consultations with all stakeholders has continued preparing the **new Labour Law**. The law will be harmonized with relevant European and international labour standards. Among others things, it will cover the issues of work-life balance and will contribute to the promotion of equal opportunities for women and men in the labour market.

Enhancement of Gender Equality. The overall implementation of the Gender Equality Strategy 2013-2020 was evaluated and it will be a basis for preparation of new Strategy for Gender Equality 2021-2026 and corresponding National Action Plan 2021-2023. In January 2021, the Assembly adopted the Law on Prevention and Protection from Violence against Women and Domestic Violence³⁰ in accordance with the Convention on Preventing and Combating Violence against Women and Domestic Violence (Istanbul Convention). At the same time, the MLSP continued investing in public pre-school education and care facilities (761 new spaced were created), on one hand and social care services (new services were set up in 19 municipalities), especially for older population, on another. From labour market perspective, such

³⁰ “Official Gazette of Republic of North Macedonia” no. 24 of 29.1.2021.

expansion means creation of new jobs as the care sector is labour intensive. At the same time, it enables greater labour market participation of women.

The very first **National Strategy for development of social enterprises** was drafted and was subject to public consultations. Its goal is to develop sustainable eco-system which will encourage and enable social enterprises in the country, which among other is important for work integration of individuals in vulnerable situation. The Strategy foresees measures and activities grouped in four strategic priorities: Creation of social entrepreneurship culture; Development of capacities of social enterprises and factors in the eco-system; Development of social enterprise markets and Building financial eco-system for social enterprises. The Strategy will be adopted in 2021.

3.3. Communication

To implement policies and programmes in the field of employment, education and social protection, various communication activities have been carried out during 2020, such as communication campaigns, preparation and dissemination of materials and press releases, meetings at the local level or with the business community (to a limited extent and with a smaller audience in order to comply with protocols to prevent the spread of covid-19), interviews and media appearances, etc. The main communication channels in 2020 were the websites of the ministries, social media, online media and relevant digital information-platforms, specialised media platforms, conducting focused and thematic events and initiatives.



'Chance for all is an integrated promotional campaign which is aiming to produce a series of products that will convey the "success story" to real beneficiaries of employment measures. The promotional activities were realised depending on the dynamics and availability, as well as filling in the scope of employment programs and measures. At the end of the year, a short-term campaign was launched to promote successful results, generally placed on social media.

During 2020, the joint campaign "Deal with a professional!" continued to promote professional occupations and vocational education realized by several partners who implement structured activities. The coordination body composed of representatives of various entities worked towards the creation and implementation of additional communication channels and products for more successful targeting of students, but also to business entities that should provide appropriate preconditions for attracting qualified professional staff. The information is published on:

<https://zanimanja.mk/> and <https://www.facebook.com/snajdisesostrucno/>



УЧИ ПАМЕТНО, РАБОТИ СТРУЧНО

(LEARN SMART, WORK PROFESSIONALLY)

Under the slogan "Learn smart, work professionally" a series of meetings were organised with companies to open required profiles in vocational schools. Namely, through social dialogue with the companies and the business community at the local level, the Ministry of Education and Science together with the municipalities worked on determining the profiles that would be opened in the secondary vocational schools in the academic year 2021/2022.

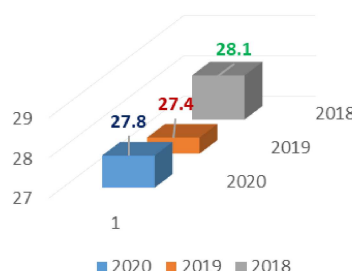
In 2020, it was especially important to inform citizens and all other stakeholders in a timely manner about the recommendations, protocols and measures adopted by the Government for the protection and prevention of COVID-19 pandemic, as well as measures to mitigate its consequences. The website <https://koronavirus.gov.mk/> is maintained by the Public Relations Department of the Government of the Republic of Northern Macedonia. In addition, ministries published information and communications related to the coronavirus on matters within their remit, in particular on work and study protocols, on how to exercise social protection rights, etc.



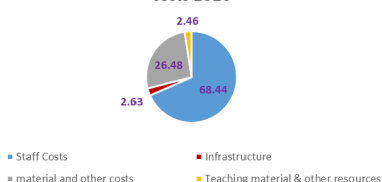
3.4. Funding

The share of budget for the secondary education (general and VET) remains almost stable for the last three years - 27-28% from the total budget for education; in 2020 it shows a slight increase of 0.4% in comparison to the year 2019

Secondary (general and VET) - % from the total education budget 2018-2019-2020



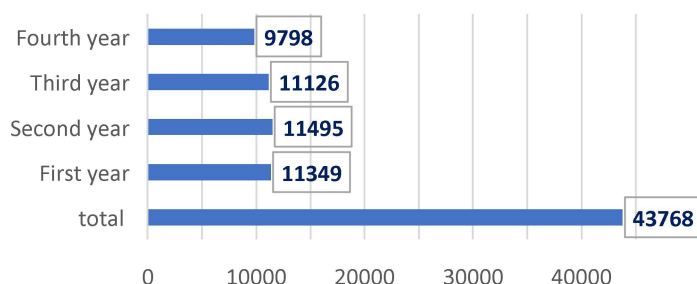
Secondary (general and VET) - distribution of costs 2020



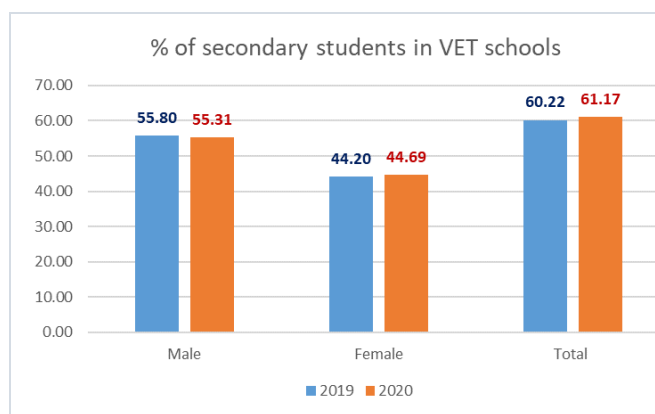
If we look at the structure of the budget for the Secondary education (both, general and VET) in 2020, the largest share of funds falls on staff costs (68%), followed by the costs for materials (26%)

In 2020 the total number of students in VET secondary education is 43768, distributed in four year education cycle – first year (25.9%), second year (26.2%), third year (25.4%), and fourth year (22.4%).

Total number of students in secondary vocational education



The participation share of students in VET secondary education is approx. 61% in 2020 and shows an increase with almost 1% in comparison to the previous year. The gender balance remains stable in 2020 – approximately 55% male, and 45% female, while the female share shows a slight increase by 0.5% in 2020.



Source: Education and training indicators and statistics, MoES

One of the goals of the Employment and Social Reforms Programme 2022 is to improve youth employment and promote more and better jobs for young people. The foreseen measures for achieving the goal are: further strengthening of the coverage and participation of young unemployed persons in the design and implementation of services and active employment measures. As noted above, the Ministry of Labour and Social Policy annually creates Operational Plans for Active Programs and Measures for Employment. It is important to note that the Operational Plans do not apply exclusively to young people but it always place special emphasis on young unemployed persons up to age of 29 years. *The Operational Plan for 2020³¹ has been presented on 26th January 2020, and revised in September 2020³² where the Government increased the total budget to 1.80 billion MKD. Before revisions, the Operational plan had a budget of 1.45 billion MKD. The measures focus on further qualification, self-employment, digital skills and internship³³.*

Law on Youth Allowance was adopted in 2020 by the Government³⁴, which provides for young people up to 23 years of age after graduation to be awarded 3.000 Denars for work in production. The aim is to stimulate enrolment in secondary vocational schools and encourage employment in production or support for young people employed in manufacturing areas. The money for youth allowance are provided by the Employment Service Agency, and monthly 13,200,000 MKD were earmarked for this measure.

The new Law on Youth Participation and Youth Policies envisages that: (1) *For the implementation of this law, funds in the amount of at least 0.3% shall be allocated annually from the Budget of the Republic of North Macedonia.* (2) *From the budgets of the municipalities, the municipalities in the City of Skopje and the City of Skopje, funds in the amount of at least 0.1% on annual level shall be allocated³⁵.*

³¹ Operational Plan for Active Employment Programmes and mEasures and Labour Market Services 2020

³² Revised Operational Plan for Active Employment Programmes and mEasures and Labour Market Services 2020

³³ <https://national-policies.eacea.ec.europa.eu/youthwiki/chapters/republic-of-north-macedonia/32-administration-and-governance>

³⁴ Official Gazette 18/2020

³⁵ <https://national-policies.eacea.ec.europa.eu/youthwiki/chapters/republic-of-north-macedonia/17-funding-youth-policy>

4. Institutional Setup

The institutional framework that regulates *education and employment of the youth* consists of several vital institutions who have also responsibilities related to the employment of youth. The main national stakeholders in the education, employment, and social policy reform process in North Macedonia, are the following:

Ministry of Education and Science (MoES) is the leading institution in charge of all aspects of education policy and 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, organisation, financing, development and improvement of teaching, education, and science, etc. The Ministry implements several projects for preparing the youth for employment, preventing drop-outs, programmes for adult education and inclusion of vulnerable groups in education. Moreover, it also implements programmes on mentoring of the Roma youth and inclusion of youth with disabilities in regular education. As of 2017, the Ministry also implements the principle of Dual Education.

The Bureau for Development of Education (BDE) is a body of the state administration subordinated to the MoES, assigned with performing expert tasks of significance to the development and promotion of upbringing and education in the country. BDE 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 postsecondary education, education of children with special educational needs, etc. National Examination Centre(NEC) is mainly responsible for organizing and providing different types of assessments of students (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 (candidates for principals) of educational institutions. NEC is an independent structure subordinated directly to the Government of NM but is funded through the BDE budget. The Vocational Education and Training Centre (VETC) is tasked with analysis and research in the system of VET, development of occupational standards, development of standards for vocational qualifications, and curricula, teachers training, counselling, and mentoring, international cooperation, and support to social partnership. The State Education Inspectorate (SEI) is a legal entity under the MoES jurisdiction. Inspectors and advisors work in the SEI as persons responsible for supervision over the implementation of the education related legislation as well as 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 Ministry has the leading role in reforming the VET system; the MoES will be also supported in these tasks by the National VET Centre, Adult Education Centre, and *Bureau for Development of Education* (BDE), responsible for the development and expansion of education at all levels – in particular its responsibilities for monitoring, expert review, research, promotion and development in the field of secondary vocational, post-secondary and adult education activities; by the *State Education Inspectorate* (SEI), tasked to supervise the implementation of education laws and regulations and quality control – educational inspection includes supervision over the quality of the educational process and the effectiveness through evaluation of the work of the educational institutions, and supervision over the application of the laws, other regulations and general acts in the field of education and upbringing; and by the *Adult Education Centre* (AEC) in charge of accreditation of non-formal VET and adult education providers.

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

Ministry of Labour and Social Policy (MoLSP) is the leading institution with respect to the elaboration, management, coordination, monitoring and evaluation of employment and social policy and 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 Ministry, the Labour Department is responsible for planning and implementation of employment policies, labour law, and labour relations. Within this sector, there is a particular unit for the labour market that is responsible for planning, monitoring and evaluation of employment policy and the national action plan, analysis of labour market trends, especially concerning groups at risk of exclusion from the labour market, as well as monitoring and evaluation of active labour market policies (ALMPs).

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

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

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 preparing the self-assessment reports and annexes to the requests for disbursement.

Employment Service Agency (ESA) is an independent implementing agency funded primarily from unemployment insurance contributions and the State Budget and is accountable to the Government. The Agency participates in creation of strategies, action, and operational plans, while being the leading institution in implementing the annual Operational Plans for the Active Labour Programmes and Measures (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 administering passive and active programmes for the labour market.

Under the YG implementation, 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. Therefore, it is able to address

unemployment on a much larger scale, being able to offer services to citizens both in urban and rural areas.

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

Adult Education Centre (AEC) is a public institution working on promoting a functional and modern system of adult education. The AEC is focused towards increasing the employment and developing entrepreneurship, as well as towards meeting the needs of the labour market and contributing towards the economic, social, and personal development. The Centre is responsible for harmonising and integrating the public interests with the interests of the social partners in adult education, to coordinate the cooperation with the international institutions and organisations in the field of adult education, to provide a quality education system for adults in accordance with the European standards and practices, and to create high quality and competitive workforce on the labour market with support of social partnership. In implementing the YG, the AEC is responsible for the development and accreditation of AE training programmes and providers³⁶, and its goal is to expand the opportunities for young beneficiaries to return to the education system and achieve a recognised qualification.

Complementary work between the Adult Education Centre and the National VET Centre. Regarding collaboration between the Adult Education Centre and the National VET Centre, the National VET Centre is in charge of formal VET education, while the Adult Education Centre is in charge of 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 Adult Education Centre accredits the programmes for non-formal VET (for now only modules/part qualifications).

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 Policies³⁷ recognises the youth organisations as a main driver 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 creation policies and decision-making, and to promote and advocate for youth rights. The **Coalition of Youth Organisations (SEGA)** is a national platform of youth organisations active in the field of lobbying for changes in youth policies, dedicated to supporting youth activism, improving access to information and participation of young people in activities to solve their problems. In 2018-2019, the NYC and SEGA were responsible to organise and deliver outreach services to disengaged young people and assist them to register in the YG service delivery system.

³⁶ Accreditation of Adult Education providers is delegated to the AEC with the new Law on Adult Education.

³⁷ Official Gazette of the North Macedonia, # 10 from 16.01.2020

National Agency for European Education Programmes and Mobility is a public institution, established with the aim to promote and implement the 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 introduce measures for better access to jobs for the youth. The main goal of Government Advisor is to serve as a bridge between the Cabinet of ministers and the stakeholders. Its main functions are to coordinate and participate in the implementation of activities focused on youth, such as organising events, coordinating, and participating in meetings with the youth, civil society organisations (CSOs) and other institutions, etc.

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

The Sector Working Group on Education, Employment and Social Policy (SWG EESP) is the sector policy dialogue structure bringing together the relevant national institutions, the donors and civil society active in the sector. It has a large mandate from the identification of priorities to coordination to review 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 the 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 preparation of the PFM Reform Programme and having the mandate to discuss the progress on the PFM Reforms. The monitoring process is based on the PFM reform management and coordination framework, consisted of the structures established at all hierarchical level of decision-making. On policy level, meetings of the PFM SWG are held in a form of PFM policy dialogues with all relevant stakeholders (civil society, business sector, academia, 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 on both the sector and general policy criteria.

II. ACHIEVEMENTS UNDER THE GENERAL CONDITIONS

1. Progress on employment and social policy reform

The Republic of North Macedonia is facing many challenges in the field of education and employment, arising from the ongoing restructuring of the economy and the new requirements for the labour supply, jobs' characteristics, labour market dynamic. The predominant number of small and medium enterprises in the economy of North Macedonia requires changes in the organisation of labour in the workplace, job functions and expectations of employers towards the labour supply. On the other hand, the formulation of employment and education policies is caused by demographic factors such as an aging population, internal and external migration of young people, a mismatch in labour supply and demand of certain competencies, and a relatively high level of social vulnerability among some groups of population in a risk of labour exclusion.

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

The annual report on the Revised ESRP 2022 takes notes of the progress made towards the 2022 targets by each of its 21 strategic objectives across the priority areas 1) Employment and Labour Market, 2) Human Capital and Skills and 3) Social Inclusion and Social Protection. We hereby present the main findings of the report with special focus on those of relevance for the Sector Reform Contract.

Improvement of the unemployment situation, especially with the most vulnerable categories (youth, long-term unemployed and others). The ESRP sets a total of 10 indicators to measure the improvement of the unemployment situation, especially among the most vulnerable categories of persons (young, long-term unemployed and others). Despite the health and economic crisis and the decline of economic activity, key labour market indicators such as total unemployment rate, long-term unemployment rate, employment rate of women, have improved, probably due to the anti-crisis packages implemented by the Government. Exceptions are the overall employment rate (20-64), the male employment rate (20-64) and the NEET indicator which in 2020 show some deterioration after a long period of decline. The youth unemployment rate (15-29) declined to 29.6% and surpassed the target for 2022 set at 30.5%. Targets of all indicators linked to Youth Guarantee and participation of young people in active labour market measures were reached as presented in the following sections of this report.

Regarding the activation of persons with disabilities in 2020, 71.3% of the registered employments of persons with disabilities are in the open economy, compared to the employments in shelter companies, which is a slight deterioration compared to 2019, but in any case exceeds the 2022 target of 60%.

Tackling informal employment. The ESRP sets one indicator for measuring the management of informal employment, namely the share of informal employees in the total number of employees. This share equalled 13.6% in 2020 and hence the target value for 2022 of 16.5% was exceeded.

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

Improvement of the quality of work and services of the public employment services. The ESRP sets a total of 5 indicators for measuring the improvement of the quality of work and services of the public employment service. In 2020, limited progress has been made towards achieving the set target values for 2022. The Employment Service Agency with the same (human) resources was supposed to serve a larger number of clients affected by the crisis and at the same time continue implementing the initiated reforms, i.e. the Youth Guarantee and Activation of the Beneficiaries of Guaranteed Minimum Assistance. Due to the restrictions for preventing the spread of the virus, some labour market services could be implemented only in limited scope and intensity. E.g. group counselling was postponed as they require gathering of higher number of clients. There is a decline in the number of prepared individual employment plans compared to the previous year (3.448 plans in 2020 compared to 7.514 in 2019) for the hard-to-place persons as this required physical presence of the unemployed person in the employment centre and longer counselling session. Furthermore, ESA received 3646 requests for job mediations in 2020 (compared to 4705 in 2019 and the 2022 target of 6000), which is explained with the reduced economic activities of the companies, but also due to the fact that some employers met the needs for workforce through the wage-subsidy programme. On a positive side, in 2020 ESA started digitalizing some of its services and expanding the scope of available e-services.

Strengthening social dialogue and improvement of collective bargaining. The ESRP sets a total of 5 indicators to measure the strengthening of social dialogue at the tripartite and bipartite levels, at national and local level, the promotion of collective bargaining. Thereby, the achievement of the target values for 2022, measured in 2018 is currently partial, especially in the area of trade union density (where a slight decline was recorded from 19.83% in 2019 to 17.29% in 2020), while the coverage with collective bargaining at the employer level and the rate of successfully resolved collective labour disputes through the mechanism for peaceful settlement of labour disputes stagnated. On the other hand, there is good progress in the coverage rate with collective bargaining at the branch level, which rose to 38.46% (from 32.68%) and the target of 37% for 2022 was exceeded already in 2020. Also, the mechanism for monitoring the implementation of opinions/recommendations of the Economic and Social Council (ESC) addressed to the Government was established and is functional and the ESC has become an important and visible factor in the adoption of economic and labour market policies, especially in times of crisis.

Indicator	2018	2019	2020	2022
Trade union organization rate (%)	21,16	19,83	17,29	>26
Coverage rate with collective bargaining at branch level, i.e. department (%)	32,68		38,46	37
Number of collective agreements at the employer level	85	92	92	95-100
Rate of successfully resolved collective labour disputes through the mechanism for peaceful settlement of labour disputes	60%	60%	60%	min. 70%
Established and functional mechanism for following the recommendations of the ESC / regular monitoring of the number of opinions / recommendations addressed to the Government of the Republic of Macedonia	7 op./rec.	10 op./rec.	2 op./rec.	min. 3 op./rec.

Indicator	2018	2019	2020	2022

Providing quality inclusive education and equal access to education for all. The ESRP envisages 3 indicators for ensuring quality inclusive education and equal access to education for all. In 2020 significant progress has been made in this area. Regarding the rate of people leaving school early, the set target for 2020 of 6.8% has already been exceeded (the dropout rate is 5.7% in 2020). Significant progress has been made in the other two indicators and it is almost certain that the targets for 2022 will be met. Namely, the share of people aged 30-34 who have completed higher education increased to 39.7% in 2020 (from 35.7% in 2019) and is close to the target of 40%. The rate of students with special needs included in the regular primary and secondary education increased to 67.1% (from 64.8% in 2018) so that the set target of 70% is achievable. During 2020, partial progress was made in the inclusion of children from marginalized groups, primarily in primary and secondary education. In 2020, the number of scholarships awarded in secondary education to Roma high school students increased from 800 to 900. At the same time, the number of Roma students in special secondary schools decreased. Progress has also been made towards improving integration and interaction between students attending classes in a different language. In the academic year 2019/2020 and 2020/2021, educational and personal assistants for students with disabilities are engaged, included in the regular schools in cooperation with UNDP. The process of transformation of the special primary schools into primary schools with a resource centre has started. Reconstruction and construction/extension of new schools/facilities, as well as sports halls has been performed.

Indicator ³⁸	2018	2019	2020	2022
Rate of early school leavers (%)	7,1	7,1	5,7	6,8
Share of people aged 30-34 who have completed higher education (%)	33,3	35,7	39,7	40
Rate of students with special needs included in regular primary and secondary education (%)	64,8		67,1	70

Implementation of the national qualifications framework - the basis for quality assurance in the education and training system. A functional Skills Observatory has been established, as well as a functional Register of Qualifications. Some progress has been made in increasing the number of sectoral qualification commissions (the number has increased from 9 to 10 in 2020), but further progress is needed to achieve the target of 16 sectoral commissions in 2022. In 2020 there was another additional Sector Commission for Health and Social Protection established. Procedures and guidelines for quality assurance have been adopted in accordance with the recommendations of the European Qualifications Framework and they have been published on the website mrk.mk.

Indicator	2019	2020	2022
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³⁸ Annual report for 2020, Revised Employment and Social Reform Programme, (ESRP2022)

Indicator	2019	2020	2022
Number of established Sectoral Qualifications Commissions	9	10	16
Established and functional Skills Observatory (to anticipate skills needs in the labour market)	not functional it is necessary to enter provisions in the Law on Secondary and the Law on Higher Education	It is functional Provisions have been introduced in the Law on Secondary Education (2020) it is necessary to include provisions in the Law on Higher Education	Established Fully utilized
Functional Register of Qualifications (for review and transparency of qualifications)	Established register	Functional register for qualification standard	Functional register, upgraded with a module for occupational standards and a module for revision of the occupational standards

Strengthen the employability of the workforce and build flexible pathways for lifelong learning.

Significant progress and exceeding of the target for 2022 has been achieved in terms of student participation in secondary vocational schools as percentage of the total number of students in secondary education. This indicator is 62.1% in 2020 (target > 60%). The share in lifelong learning (2.6%) is still below the 2022 target of 4%. Some deterioration was observed in the employment rate of graduates (20–34 years) who have recently completed secondary or higher education, which decreased to 54.5% (from 57.2% in 2019) and is below the target of 55%. In 2020, three Regional Centres for Vocational Education and Training were established. In order to ensure greater compliance of VET with the needs of the labour market, a four-year vocational education has been reformed. The curricula are developed in collaboration with the business community and reflect the needs of the labour market.

Indicator ³⁹	2018	2019	2020	2022
Participation of students of the secondary schools in the VET system (%)	60.0	61.8	62.1	>60%
Participation in lifelong learning (%)	2.4	2.8	2.6	>4.0%
Employment rate of persons (20–34 years) who have recently completed secondary or higher education (%)	49.1	57.2	54.5	55%
Number of Regional Centres for Vocational Education and Training (RVETCs)	N/A	Amendments have been made to the Law on	3 Decision on RVETCs	

³⁹ Annual report for 2020, Revised Employment and Social Reforms Programme, (ESRP2022)

Indicator ³⁹	2018	2019	2020	2022
		Vocational Education and Training; the 3 RVETCs have been determined	adopted; status of the RVETCs have been changed	

Enhancing the efficiency and effectiveness of the social assistance system. The ESRP sets a total of 4 indicators for measuring the efficiency of the social assistance system. The data are available for some of the set indicators. So far, the indicators show some increase in the coverage of households with social assistance, as well as programmes for protection of children and the elderly over 65 years. Social protection reform has significant impact on poverty reduction among children and the older people.

Improving the availability of social services. The ESRP sets a total of 3 indicators for measuring the development of social services. Good results have been achieved in terms of the availability of social services measured by the number of licensed non-state service providers, which rose from 12 in 2019 to 20 in 2022. There is slight progress in the established local councils for social protection (11 local councils), but that trend is expected to accelerate in the coming period to reach the target of 81 local councils. No regional council for social protection was established.

Support to and promotion of deinstitutionalisation. The ESRP sets a total of three process indicators to measure the progress of deinstitutionalisation. Regarding two of them which are interrelated (Number of persons residing in housing units with supported living or group homes and Number of persons accommodated in residential institutions for social protection), there was significant progress in 2019 compared to 2018, but in 2020, they stagnated to 260 persons in residential homes (the target is 0 in 2022) and 226 persons in supported living (the target is 250 in 2022) mainly due to the temporary cessation of the resettlement of users. There is solid progress in the number of users of social services (by type of services: home, community, non-family type of care), which reached 4629 beneficiaries (the 2022 target is 4500).

Promotion of social inclusion of Roma. The ESRP sets a total of 10 indicators to measure the promotion of social inclusion of Roma, divided into three parts: labour market, education, and health care. Progress has been made regarding the two labour market indicators (e.g. about 430 Roma participated in active employment programmes in 2020, which is twice the numbers in 2019 and exceeding the target of 325 in 2022), then some of the educational indicators (Percentage of Roma students successfully completing primary education and the rate of Roma students transitioning from secondary to higher education) and the infant mortality rate of Roma. There has been no significant change with the indicators in the field of Roma housing, as all initiatives are at an early stage of implementation.

Tackling the key challenges relating to the sustainability of the pension system. The ESRP sets two outcome indicators to measure key pension sustainability challenges, which show progress in 2020.

Tackling the key challenges in the field of health system and public health care. The outcome indicator (infant mortality rate) in 2019 fell to 5.6 per 1,000 live births and is below 7 per 1,000 live births according to the set target for 2022. For 2020, the data will be published in June.

(See Annex I Report on implementation of the Revised ESRP for 2020)

1.2. Findings from the 2019-2020 Monitoring report of the Implementation of the Comprehensive Education Strategy 2018-2025

In implementing the Education Strategy, in the period 2019-2020 the MoES continues in educational reforms towards achieving an education which is accessible to all, an education that will build individuals who will respect and nurture civil rights, tolerance and diversity, encourage multiculturalism and acquire knowledge, skills and competencies to become competitive in the labour market, to build an educational system, which on the first line will have teachers and professional services that will jointly help students to acquire knowledge and most importantly enabling them to use knowledge, to develop social and emotional skills, self-discipline, curiosity, skills for critical thinking and independent decision making. The new reforms are increasing the investment in the professional development of teachers and professionals, which are one of the most important links in the quality education system, tailored to the needs of students. The Report for implementation of the Education strategy for the period 2019-2020 provides an overview of the implemented activities for 2019 and 2020. It sets out the appropriate priorities and measures for each of the 7 pillars of the Strategy, and the competent institutions informed the achieved output indicators and the status of the implementation of the planned activities. The report is a useful tool for sectoral coordination with all relevant educational actors in the direction of planning and implementation of educational reforms, but also implications of the results achieved and the success of the implemented measures and activities of the Strategy.

The *Fourth Pillar* of the Strategy is dedicated to the following main priority areas: Harmonization of vocational education and training with the needs of the labour market; Improving the learning environment and the quality of vocational education and training; Increasing the scope of vocational education and training, and Improving the capacities of human resources. The Action Plan for implementation of Pillar 4 envisages 13 measures to be implemented during the period 2019 and 2020.

The following main results were achieved in 2020:

- the *sectoral committees under the MQF*, revision and introduction of *new VET qualifications*, and development of *new occupational and qualification standards* are developed continuously against the sectoral needs,
- implementation of *modular curricula based on competencies* and learning outcomes for general education and vocational subjects in a four-year secondary vocational education (expressed by EQUET and points for all subjects),
- a Manual for cooperation of schools with the companies has been developed⁴⁰,
- a detailed report was prepared and complete technical project documentation for technical equipment and rehabilitation of the three schools that were transferred to Regional VET Centres,
- an analysis of the training needs of the staff from the three Regional VET Centres has been launched,
- new standards for the space and equipment have been developed for eight qualifications selected for the specialisation of the Regional VET Centres⁴¹,

⁴⁰ <https://drive.google.com/file/d/1HMzD8LV4iXo7uuUoE-ZqZ0ovVdwJamLc/view>

⁴¹ <http://csoo.edu.mk/pocetna/istrazivanje/standardi/>

- a concept for learning through work has been developed,
- Guidelines for planning, organization, implementation, monitoring and recording of summer practice have been adopted and presented to high schools and employers,
- a final competition was held for the best student company organized by Junior Achievement Macedonia,
- an analysis of the state of the current system of post-secondary education was performed,
- standards of qualifications from V-B level of MQF (post-secondary education) have been prepared according to the need of the employers,
- continuous implementation of the new curricula based on modular competencies in the upper classes, in all schools for vocational education and training in the country,
- curricula for dual education qualifications have been developed at the request of employers,
- examination programs have been developed to ensure the permeability of qualifications in three-year education to the new qualifications in four-year education,
- three reformed pilot qualifications are realised in the school year 2020/2021 for the 4-year educational programme classes on the basis of which students will take the state Matura in accordance with the new pilot reformed curricula, examination programs have been prepared for the internal part of the state Matura,
- regional meetings were held with employers and school principals in order to measure the needs of qualifications' supply and demand, which will affect the optimization of qualifications and formulation of the enrolment policy in secondary education.

Output indicators achieved:

- 100% of occupational standards are developed according to professional areas (152 occupational standards altogether),
- 100% of the qualification standards have been developed and adopted (52 qualification standards altogether),
- 100% of the curricula are developed and adopted (52 curricula altogether),
- 100% of the reformed curricula for technical secondary vocational education have been developed and adopted (1100 curricula altogether),
- an Action Plan for technical secondary vocational education was adopted, which promotes general and wider technical education and learning based on acquired skills,
- manuals and training materials for quality teaching have been adopted in accordance with the newly adopted curricula,
- 15% increase in the number of companies that provide practical training to students in secondary technical vocational education,
- a Skills Report and Assessment for new jobs have been prepared in the textile and construction industry, as well as in the sector for energy efficiency and renewable energy sources,
- Occupational standards published: <http://csoo.edu.mk/pocetna/standardi/standardi-na-zanimanja/>
- Qualification standards published: <http://csoo.edu.mk/pocetna/standardi/standardi-na-kvalifikaciji/>

(See Annex II. Report for the realized activities under the Education Strategy 2018 -202 for the period 2019 and 2020.)

1.3. Findings on the progress from the implementation of National employment strategy 2016-2020

Ministry of Labour and Social Policy has been elaborating a new National Employment Strategy covering the period 2021-2021. The analysis of labour market indicators and the review of policies for employment made in this context indicate the persistency of specific challenges:

- First – and despite the improvement of performance indicators related to the delivery of employment services and programmes and the targeting of groups at risk – the much-needed policy reforms of the structure, organization and workflow of ESA have been largely neglected. More specifically, the ESA has been required in the last five years to manage efficiently the additional funds as well as increase the pace of delivery of employment services and active measures, with an unchanged level of human resources.
- Second, the combination of several public policies (macroeconomic, sectoral, employment and SME policies) contributed to expand the private sector and to increase quantity of jobs, albeit only for certain groups of individuals (mainly adults). The quality of jobs, however, did not improve at the same pace, with temporary, precarious and low-paid jobs as well as informality remaining high.
- Third, there has been progress in aligning educational outcomes to labour market needs. Skills mismatches are still present, but there are positive changes. The campaign "Study smart, work professionally" has been implemented by the Ministry of Education and Science to identify the need for new profiles that should be part of the enrolment policy in secondary vocational schools, while responding to the needs of the private sector. Nevertheless, the employment rate of recent university graduates remains the lowest recorded at EU level (55.3 per cent in 2019) and enterprises need to provide additional skills when recruiting newly graduate workers.

The overarching goal of the new National Employment Strategy 2027 (NES) will be to promote more and better jobs for all. The first employment policy objectives of the National Employment Strategy, therefore, will be **to improve the quality of education and training outcomes for all**. This policy objective has three targets, namely a decrease of the vertical skills mismatch for the population aged 15-64; an increase in the average score of North Macedonian students in the PISA 2025 assessment; and an increase of the share of adults (25-64) in training.

Better educational outcomes, however, require competitive enterprises able to maximise the competence of the workforce and exploit the returns of technology and innovation advancement for job creation. The second policy objective of the draft NES 2027, therefore will be to **enhance the role of economic and enterprise development policies in generating decent jobs**. This policy objective has three targets, namely an improvement of the ranking of North Macedonia in the competitiveness index; an increase of the employment-to-population ratio (15-64); and a decrease in youth unemployment (15-24).

Equity concerns demands that public policies be geared towards those population groups who are most at risk of poverty and social exclusion. To this end, the third and final objective of the draft Strategy is to **strengthen the inclusiveness of labour market policies**. The achievement of this objective will be measured through a decline of the gender employment gap; a decline of long-term unemployment; and a reduction of the share of people at risk of poverty.

(See Annex III. 2020- Summary findings on the overall implementation of the NES 2016-2020)

1.4. Findings from the 2020 Report on the implementation of the Youth Guarantee

This section presents data and performance indicators for the Youth Guarantee implemented in the whole country with focus on the three least developed regions that have the highest rates of NEET (Northeast, Polog and Southwest, as well as Prespa) and which inter alia is financially supported by the Instrument for Pre-Accession Assistance (IPA II 2014 - 2020).

Progress against overall SRPC objective

Enhanced employment of young women and men

Youth Employment rate (15-29) is an overall impact level indicator to measure the impact of the YG. It is not linked to the variable tranches. During the 2020 there was improvement of the employment rate of young people, which is a continuing trend from 2019, and the youth employment rate (15-29) reached 32.8% in 2020; the same trend is observed for the subgroups of women: aged 15-24 & aged 25-29. This proves the important role YG plays and brings positive benefits, especially among the unemployed youth.

IO - Youth Employment rate (15-29)

Baseline (year):	30.9% (2018)
- Women 15-24	12.2% (2018)
- Women 25-29	41.6% (2018)
Final target (2022):	32.8%
- Women 15-24	13.0%
- Women 25-29)	42.9%
2020 annual target:	N/A
2020 result:	33.5%
- Women 15-24	14.1%
- Women 25-29	48.6%

Altogether, 25,502 young people (of them-12863 women) registered with the YG schemes in 2020. Of these, 7,684 got employed in a period of 4 months, and 1257 young persons took up some of the active employment measures that do not lead to employment but increase their employability. Therefore, the return rate of the Youth Guarantee thus far is 35%.

Out of 7,684 people who were employed, 1,070 were employed through some of the active employment measures, 487 people were employed through the employment mediation service, and 135 became business owners or managers. Majority of the 1,070 people who got employed through active employment measures, were employed through participation in the measure Subsidized employment (642 people), the Self-employment program (207 people) and the measure Financial support for job creation (188 people).

Out of 1,257 unemployed persons who benefited from the active measures that do not lead to direct employment, the young people mostly participated in the Internship Program (846 persons). The planned targets for these programs and measures set in the 2020 Operational plan were exceeded, the only exception being youth participation in skills training. The coverage of young people (15-29) with

programs, measures and employment services, within the annual Operational Plan reached 66.8% for active measures and 35.5% for labour market services.

Given the situation with the COVID-19 pandemic which had a direct impact on the labour market situation in the country, **the effects of the implementation of the Youth Guarantee can be considered excellent** given the big interest of young people to enrol in the scheme. Compared to 2019, when a total of 20,322 people registered in the **Youth Guarantee, 2020s' figure represents a significant increase of 5,200 young people or 25%**. Despite the pandemic, the Employment Agency continued to operate and render its services, including the implementation of active employment programs and measures and labour market services such as job search assistance, counselling and guidance services, preparation of individual plans for employment, monitoring and sanctioning. 3,042 young persons who got enrolled in the Youth Guarantee were offered one of the employment services by ESA.; Career counselling was provided to 67 people, 1204 people were profiled, a total of 1,330 Individual employment plans (IEP) were prepared (of which 15 IEP-2 for hard to be employed individuals).

In the three target regions alone, 10,354 new young unemployed persons were registered in the Youth Guarantee programme, of which 5,186 were women and 5,168 men. Out of the total number of young people included in the youth guarantee, 3,149 were with completed primary education, 5,557 with completed secondary education, and 1,648 were university graduates. Out of the total number of young participants in the Youth Guarantee in the target regions, 2,570 persons were employed (1,106 women), 495 persons (282 women) were involved in some of the active employment measures that do not lead to direct employment, but increased their employability. According to these data, the return rate of the Youth Guarantee in the target regions is 29%.

Table: Performance of YG as per the indicators of the Sector Budget Support Contract

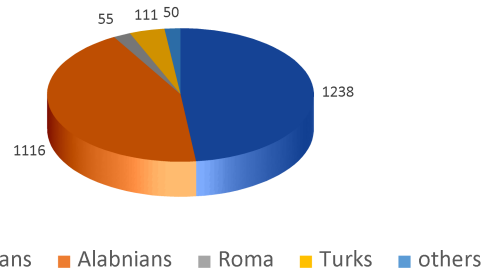
Intervention	Indicator	Target 2020	2020 implementation ⁴²
Implementation of the Youth Guarantee	Number of participants included in the Youth Guarantee (entry)	3,000	10,354
	Percentage of participants who successfully completed the youth guarantee (exit)	20%	29%
	Number of trained persons (employees in ESA) for youth guarantee	30	32
	Number of employment centres that have been renovated / modernised	3	0 ⁴³

⁴² Refers to the North-east, Polog and South-west region

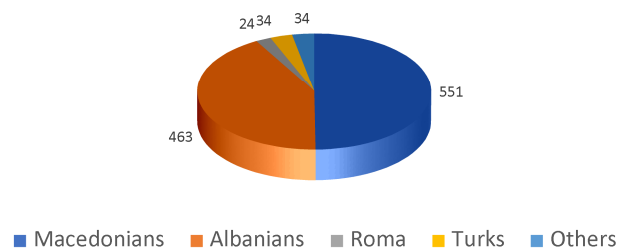
⁴³ Modernisation of the employment center in Kumanovo started in 2020, but will be completed in 2021

Out of the total number of young people included in the Youth Guarantee, 2570 people were employed (1106 women), of which 1238 people were Macedonians (551 women), 1116 people were Albanians (463 women), 55 people were Roma (24 women), 111 people were Turks (34 people) and 50 people (34 women) of other nationalities.

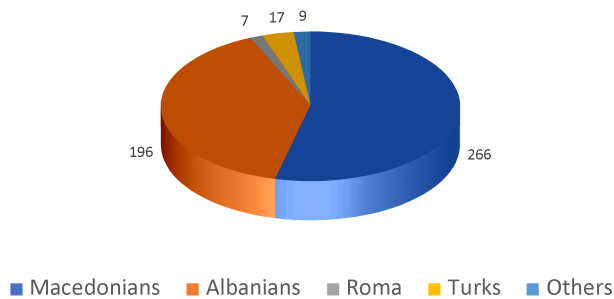
Employed YG participants by nationality (total)



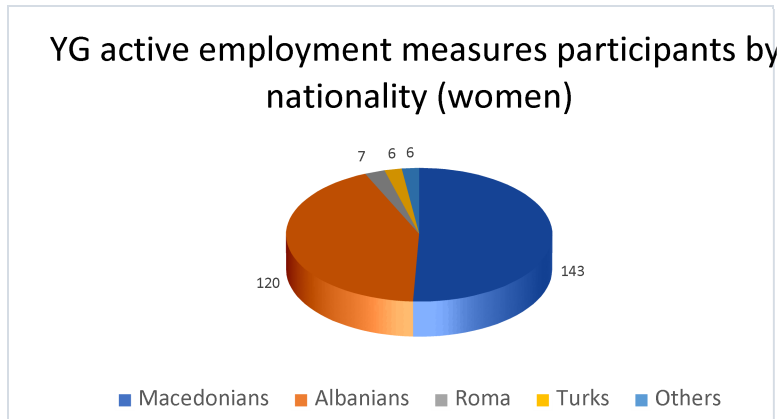
Employed YG participants by nationality (women)



YG active employment measures participants by nationality (total)



Out of the total number of young persons who participated in the Youth Guarantee, 495 people (282 women) have participated in some of the active employment measures that do not lead to direct employment but increased their employability. Of these, 266 were Macedonians (143 women), 196 were Albanians (120 women), 7 were Roma (7 women), 17 were Turks (6 women) and 9 were of other nationalities (6 women).



However, it should be borne in mind that these data were generated from the ESA database on April 15, 2021. For 322 people from the three regions, the period of 4 months ended on 30 April 2021, but could not be reflected at the time of finalisation of the Annual report.

(See Annex IV. 2020 Report on the implementation of the Youth Guarantee)

1.5. Findings from the 2020 Annual Report on Active Employment Programmes

During the past year, the Operational Plan for active employment programs and measures and labour market services for 2020 was implemented (including Youth Guarantee), with 10,953 persons benefiting from various labour market services and active employment programs and measures and 57,087 using labour market services, which *exceeds the annual target* set by the ESRP of 60,000. A total of 20,479,900 € were spent for delivery of the employment programmes and measures.

Operational Plan for 2020 results:

- 1,468 people were employed through the programs for support of self-employment;
- 2,428 persons were employed through the programs for subsidized employment, employment and growth of legal entities;
- 189 persons were employed thanks to the support programs for employment of persons with disabilities;
- 787 unemployed persons were involved in various training programs and measures;
- 1,544 unemployed were included in the internship program;
- 613 unemployed persons were included in the community work program (Municipal Beneficial Work);
- 450 unemployed people were engaged in the public works program;
- 3,474 young people have been supported through the youth allowance program.

According to the results, **the realization of all active employment programs and measures for 2020 (in terms of number of targeted participants) is more than 94.5%.**

Regarding the employment services, in 2020 (as of 31.12.2020) the following services were realized:

- 39,479 unemployed persons were provided with job search assistance,
- 380 unemployed people were involved in motivational trainings,
- 16 unemployed people were involved in trainings "Preparation for employment and work",
- 532 unemployed people were involved in vocational guidance and career counselling.

The active labour market programmes and measures implemented in 2020 can be summarised as follows:

Self-employment: This package of services and programmes include information, business skills training, support to develop a business plan and access to a non-refundable grant ranging from 5,000 to 10,000 euro, as well as a loan facility at favourable interest rates. In 2020, this service line accounted for 31 per cent of total ALMP spending and targeted 13 per cent of total ALMP beneficiaries.

Job creation support (job subsidies): The ESA provides a direct grant to employers recruiting unemployed persons, with higher amounts granted for the recruitment of young people (up to 29 years old). The grant obliges employers to maintain the job for one year after the end of the subsidy. In 2020 this programme commanded 39 per cent of ALMP resources and covered 22 per cent of ALMP participants.

Vocational rehabilitation and employment of persons with disabilities: Programmes include vocational rehabilitation services for persons with disabilities, employment subsidies, adaptation of the working space and recruitment of work assistants. The funding for these services and programme is sources by a dedicated Disability Fund; In 2020, approximately 12 per cent of the total ALMP envelope was invested in the promotion of employment for persons with disabilities, targeting approximately two per cent of the total ALMP beneficiaries.

Training: The ESA's training offer, which comprise on-, off- and mixed training modalities and are targeted to the requirements of employers, occupations in demands, basic and advanced IT skills. All programmes lead to a recognised qualification for trainees. In 2020, approximately 3 per cent of the total budget available for ALMPs was earmarked for training, with training measures covering 8 per cent of the total number of unemployed enrolled in ALMPs.

Internship: The internship programme (targeting young people up to 34) organized by the ESA as a part of active labour market policies is in line with the traineeship programmes implemented in European countries and with the European Quality Framework, in terms of design, compensation levels, duration and social protection entitlements. In accordance with the Law on Traineeship (adopted in 2019), employers can provide traineeship ranging from 3 to 6 months, with a traineeship allowance set at 42-74 per cent of the minimum wage for internship up to 3 months, and to the level of the minimum wage for the duration beyond. In 2020 the share of ALMP expenditure for traineeship amounted to 3 per cent of the total, while interns represented 14 per cent of ALMP participants.

Work engagement programme (Public works; community work): organized at municipal level, are aimed at providing unemployed persons with temporary work opportunities, while providing much needed infrastructure at the local level. The programme targets individuals with no or low skills, including social assistance beneficiaries. In 2019, public works were allocated 3 per cent of the overall ALMP envelope for 10 per cent of total ALMP participants.

(See Annex V. 2020 - Annual Report on Active Employment Programmes).

1.6. Findings from the 2021 Annual Operational Plan for Active Employment Programmes, Measures and Service

The Operational Plan for active employment programmes and measures and labour market services for 2021 sets the programmes, measures and services for employment that will support for job creation and employability of the unemployed people, especially youth, the beneficiaries of guaranteed minimum assistance, and support to the job seekers whose employment got terminated due to COVID-19 pandemic (since 11 March 2020).

The operational plan for 2021 puts special emphasis on young unemployed people up to 29 years of age, long-term unemployed, as well as beneficiaries of a guaranteed minimum assistance. The 2020 plan for the programs and measures for *'Improving youth employment and promoting more and better jobs for young people'* has been exceeded, with the exception of youth participation in skills training. The coverage of young people (15-29) with programs, measures, and services for employment, within the annual Operational Plans reached 66.8% for active measures and 35.5% for services on the labour market⁴⁴.

A summary of the targets for 2021 in relation to the employment programmes and measures can be provided as follows:

ID	Measure	Objective	Target for 2021
1.SELF-EMPLOYMENT (ENTREPRENEURSHIP) SUPPORT			
1.1	Self-employment (entrepreneurship) support	Support to the unemployed in starting their own business	1,762 employees in newly established legal entities
2. JOB CREATION SUPPORT			
2.1	Wage subsidy	Employment support for hard-to-place unemployed persons	A total of 866 unemployed persons registered with ESA (of whom 80 unemployed persons registered with ESA who are beneficiaries of guaranteed minimum assistance).
2.2	Employment and growth of legal entities	Support in creating new jobs in micro, small and medium enterprises, social enterprises and civil society organisations	226 unemployed persons registered with ESA from the following target groups: young people up to 29 years old, beneficiaries of guaranteed minimum assistance, unemployed persons who lost their jobs upon the outbreak of the Covid-19 pandemic (since March 2020) and Roma
2.3	Support for employment of persons with disabilities	Increase the employability and employment opportunities for registered unemployed persons with disabilities	210 unemployed persons registered with ESA
3. TRAININGS			
3.1	On-the-job training for a known employer	To equip unemployed persons with the skills required for performing their	152 unemployed persons registered with ESA

⁴⁴Annual report for 2020, Revised Employment and Social Reform Programme, (ESRP2022)

ID	Measure	Objective	Target for 2021
		work tasks in line with employer's needs.	
3.2	(a) Vocational training in line with employer's requirements	To provide vocational training by verified training providers according to employer's requirements.	100 unemployed persons registered with ESA
3.2	(b) Vocational training in line with employer's requirements	To provide vocational training as per employer's requirements. Training will be implemented in close cooperation with the private sector	80 unemployed persons registered with ESA belonging to vulnerable groups
3.2	(c) Online skills training in accordance with employer's requirements	To provide online skills training as per employer's requirements.	100 unemployed vulnerable group persons registered with ESA
3.3	Occupations-in-demand training	To meet the needs for occupations in demand, social services, qualifications leading to "green jobs" and e-commerce	A total of 400 unemployed persons registered with ESA, out of whom 200 unemployed persons that are beneficiaries of GMA
3.4	Driving lessons for C and D categories	To increase the employability of registered unemployed persons thus meeting the demand for drivers with C and D category driving licenses	50 unemployed persons registered with ESA
4. DIGITAL SKILLS DEVELOPMENT TRAININGS			
4.1	Advanced IT skills training	To upgrade the skills of unemployed young people under the age of 34 in the field of information technology in order to increase their competitiveness and accelerate their integration in the labour market.	300 unemployed persons registered with ESA
4.2	Advanced IT skills training (co-financed) for unlicensed training providers	To upgrade the skills of unemployed persons (with a minimum of secondary education) in the area of information technologies, in order to increase their competitiveness and help them integrate in the labour market faster	100 unemployed persons from ESA's records
5. INTERNSHIP			
5	Internship	Gaining practical work knowledge and skills	1,413 unemployed persons from ESA's records

ID	Measure	Objective	Target for 2021
		required to perform work tasks at certain jobs	
6. WORK ENGAGEMENT PROGRAMME			
6.1	Public works	Inclusion of unemployed persons with low qualifications in local infrastructure and environmental protection projects	1,050 unemployed persons registered by ESA
7. CARE ECONOMY			
7.1	Community work	Increasing employability of unemployed persons who are keen to provide social and health services at the local level	750 unemployed persons from ESA's records
7.2	Training and employment of persons to provide community care services for persons with disabilities and persons with chronic illness in the community	Support for unemployed persons to acquire vocational qualifications and skills so as to be able to provide community care services and help them get employed in the area of care economy	150 unemployed persons registered with ESA, of whom <ul style="list-style-type: none"> • 60 persons for the respite care service • 90 persons for the long-term care service
7.3	Entrepreneurship support and establishment of legal entities that will provide community care services	Support for job creation through the opening of new business entities (future service providers) that will provide community care services	70 unemployed persons from ESA's records
8. PAYMENT OF YOUTH ALLOWANCE			
8	Payment of youth allowance	Stimulate employment of young people in the manufacturing field after graduating from high school	2,500 young persons up to 23 years of age

In relation to employment services, ESA will continue to provide the following services:

- Job search assistance
- Motivational trainings
- Preparation for employment and work trainings
- Occupational guidance and career counselling
- Activation of unemployed Roma and other people at risk of social exclusion
- Employment mediation
- Employer services
- Survey for skill demand on the labour market
- "SIM" – counselling and motivation for guaranteed minimum assistance beneficiaries

(See Annex VI. 2021 Operational Plan for Active Employment Programmes and Measures and Labour Market Services).

2. Progress in ensuring macro-economic stability

Implementation of a credible stability-oriented macroeconomic policy. Medium-term macroeconomic and fiscal policy framework, as well as detailed overview of structural reforms, which should contribute to boosting economic competitiveness and job creation, are presented in the 2021 – 2023 Economic Reform Programme, which was officially submitted to the EC on 29 January 2021⁴⁵. The assessment of the European Commission on the ERP was published in April 2021.

In the Chapter 2 of ERP, there is an overview of the measures taken throughout the ERP implementation period, aimed at implementing the policy guidance being adopted in the Economic and Financial Dialogue in May 2020, including measures focused on mitigating the impact of the COVID-19 pandemic (see 'Chapter 2 ERP 2021 – 2023').

International Monetary Fund assessment. IMF, in its last mission in November 2020, stated that macroeconomic and financial stability has been maintained thanks to skilful policy management, as well as globally accommodative financial conditions. The timely policy actions taken by the Government and the Central Bank have played an essential role in mitigating the economic and social impact of the pandemic⁴⁶.

European Commission assessment. European Commission, in its spring forecast report, stated that during 2021 and 2022, the recovery is expected to regain firm ground. While the recovery is likely to gain speed throughout 2021, driven by domestic demand, output is expected to rise above its pre-crisis level in 2022 only. Real GDP growth would average 3.7%. With further lifting of containment measures, household spending is projected to firm at an accelerating speed in 2021 and 2022, bolstered by further wage increases, employment gains and revival of remittances. Investment is expected to be boosted by at least partial realisation of the government's ambitious plans to invest in road, railway, and utilities infrastructure. The recovery in foreign demand, in particular from Germany and China, supported by the restoration of supply chains, is driving export growth. Public finances are projected to improve in line with the economic recovery and the gradual phasing out of fiscal support⁴⁷.

Commission's forecast report also stated that the labour market held up well so far. The labour market, propped up by government subsidies, proved resilient throughout 2020. Job losses remained contained, but rising each quarter, and the labour force shrank successively. The unemployment rate dropped further, compared to one year earlier. With the recovery firming up, and support to employers and workers continued at least this year, as foreseen in the government's fifth package, employment is likely to grow at an accelerated pace over the forecast horizon.⁴⁸

Based on the IMF's statement, addressing the health crisis remains a top priority, which will be essential for safeguarding the economy and public finances. In the near term, fiscal policy should remain supportive to help revive growth, preserve jobs, and protect the vulnerable. The 2021 Draft Budget

⁴⁵ The ERP document is available in the link <https://finance.gov.mk/economic-reform-program/?lang=en>

⁴⁶ <https://www.imf.org/en/News/Articles/2020/11/19/pr20347-north-macedonia-imf-staff-concludes-virtual-visit>

⁴⁷ https://ec.europa.eu/economy_finance/forecasts/2021/spring/ecfin_forecast_spring_2021_mk_en.pdf

⁴⁸ Ibid

foresees a sizeable increase in capital spending, which, if implemented, could help boost demand and lift the growth potential of the economy, provided that spending is focused on high-quality projects. The Draft Budget also contains a contingency envelope for possible new stimulus measures. This could be used to extend wage subsidies, unemployment insurance, and social safety nets in a targeted manner, with the understanding that additional funds may be needed as the situation evolves. The planned credit guarantee scheme will help support firms' liquidity. Fiscal risks related to budget revenue shortfalls, state-owned enterprises, and Public-Private Partnerships require close monitoring.

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

Over the last 3 years, the Ministry of Finance and other national institutions have been implementing very ambitious PFM reform agenda elaborated in the 2018 - 2021 PFM Reform Programme. Efforts were focused on improving the legislation in several essential areas: planning and budgeting, public procurement, public internal financial control, and public debt management.

- Government adopted the new Draft Organic Budget Law (OBL) in January 2021, being afterwards submitted to the Parliament, for adoption. Public consultation process on the Draft OBL was conducted in the fourth quarter of 2020, by publishing the Draft OBL on the Single National Electronic Registry of Regulations of the Republic of North Macedonia (ENER), as well as by organising additional public debate thereon. MoF has started preparing the relevant implementing legislation, with twinning support under the ongoing IPA 2018 Project, *Strengthening Budget Planning, Execution and Internal Control Functions*, and other donor assistance.
- The new Draft Law on the System of Internal Financial Control in the Public Sector was published on ENER on 3 November 2020. On 15 December 2020, a public debate on the Draft Law was conducted with the respective stakeholders. Draft Law was finalised and reviewed by the Economic Council of the Government, being subsequently adopted by the Government on 28 December 2020. The Draft Law was submitted to the Parliament at the beginning of January 2021 for adoption.
- All corresponding bylaws deriving from the new Law on Public Procurement and the new Law on Public Procurement in the area of Defence and Security, were adopted and published in the Official Gazette of the Republic of North Macedonia. In addition, the Public Procurement Bureau prepared and published, on its website, updated brochures, and guidelines, corresponding to the new Law on Public Procurement, as well as the Frequently Asked Questions (FAQ), related to the implementation of the new Law on Public Procurement.
- Law on Public Finance Academy was drafted and published on ENER for public consultation with the relevant stakeholders on 25 February 2021. The wording thereof is currently being harmonised in accordance with the comments received by the respective stakeholders. This Law will regulate the establishment and operations of the Public Finance Academy as an organisational unit within the Ministry of Finance, for the purpose of conducting training programmes in the field of public finance, as well as training programmes and exams within the programmes for issuing certificates/licenses for authorised officials and professions in the field of public financial management.
- 2021 - 2023 Public Debt Management Strategy with 2025 prospects and the 2021 - 2023 Revised Fiscal Strategy with 2025 prospects, were adopted by the Government in December 2020 (*Annex VII*).
- The 2021 - 2025 Tax System Reform Strategy (*Annex VIII*) was officially adopted by the Government on 29 December 2020 upon conducting two public consultations with the respective stakeholders in February and December 2020. Implementation of the Strategy should ensure greater fairness in taxation; improved revenue collection; a tax system that will stimulate investments and innovations, and thus economic growth; strengthened tax accountability, greater tax transparency, higher-quality

services, digitalisation, and green taxation. The 2021 Action Plan on Implementation of the Tax System Reform Strategy was adopted in the second half of March 2021. This Strategy is being implemented within the current IPA 2018 Twinning Project “Improving Revenue Collection and Tax and Customs Policy”.

- Implementation of Integrated Financial Management Information System (IFMIS) is a top-priority project for the MoF within the PFM agenda. IFMIS is regulated in the new Organic Budget Law, which sets the legal basis for its implementation. The ongoing multiple IFMIS-related activities are carried out with steady dynamics. MoF is taking extensive actions aimed at drafting the relevant by-laws (both with the EU Twinning Project and WB TA support), updating the functional requirements for IFMIS and planning the establishment of a separate IFMIS Unit within the Ministry. Procedure for amending the IPA 2018 Financing Agreement (FA) has been commenced, being aimed at reallocating IPA funds to IFMIS (to be blended with a World Bank’s loan), which will be implemented under indirect management with international organisation - World Bank.
- Action Plan for implementation of the Public Investment Management Assessment (PIMA) recommendations (PIM Action Plan), which covers the activities planned to start in 2021 and 2022, was adopted by the Government in December 2020. In order to start implementing the PIM Action Plan, MoF has established two working groups: (1) Working group for implementation of the PIM Action Plan, and (2) Working group for undertaking preparatory activities aimed at establishing an organisational unit within the Ministry of Finance, which will deal with tasks related to public investment management.

The progress as regards the implementation of the 2020 Action Plan for the PFM Reform Programme is presented in the Monitoring Report on Implementation of 2020 Action Plan for Public Financial Management Reform Programme for the period January-December 2020 (*Annex IX*), which along with the 2021 Action Plan for implementation of the PFM Reform Programme (*Annex X*), were discussed with the stakeholders on the 6th PFM Policy Dialogue, which took place on 19 March 2021 and subsequently adopted by the PFM Council and the Government. The 6th PFM Policy Dialogue concluded (*Annex XI*) that the Government should start the process of updating the PFM Reform Programme for the next programming period by carrying out the Public Expenditure and Financial Accountability Assessment, which commenced on 19 April 2021 with technical assistance funded by the IMF, WB, EU and SECO. In addition, it requested the donor community to provide coordinated technical support for preparation of the new PFM Programme.

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

Tools for public accessibility of budgetary information. Government – namely Ministry of Finance – continued to implement activities provided easy access to every budgetary information. Online tools allow anybody to access information any time and provide information not only about state/public budget but also preliminary information on public budget spending. Every information is provided in Macedonian and Albanian languages, key budgetary information is provided in English, as well. Starting 2018, MoF has regularly published Citizen’s Budget - <http://budget.finance.gov.mk/#published>. It provides information about the budget planning, distribution, and income. In February 2020, MoF launched a new transparency tool about the public debt javendolg.open.finance.gov.mk, prepared with support from IRI and USAID. In June 2020, the “Open Finance” Portal was broadened with data on the transactions of municipalities.

Extension of data provision. The new 2021-2023 Fiscal Strategy is additionally improved with data on total revenues and expenditures of public enterprises and companies at central level in the first quarter of 2020, as well as data on the amount of capital investments presented under the investment programmes of public enterprises and state-owned companies at central level. In October 2020, Ministry of Finance started publishing data on revenues and expenditures of public enterprises and state-owned companies on a quarterly basis and data on the execution of the local government budget (fiscal table for local government) on a quarterly basis. Additionally, Ministry of Finance upgraded its website.

Activities aimed at improving transparency in the public financial management will further continue:

- In March 2021, the Ministry of Finance launched the Fiscal Counter, a new transparency tool published on its website for producing high-frequency data, presenting the budget revenues and expenditures and the execution of capital expenditures on a daily basis, with the general government debt being presented on monthly basis. The purpose of the tool is to continuously increase Budget openness to the public, all to the end of achieving even higher level of fiscal transparency.
- As of recently, Ministry of Finance has published the Tax Compliance Calendar on its website, a new tool on transparency and increased certainty of the business climate in the country. All envisaged changes in the tax regulations, to be undertaken by the end of the year, are contained in the Calendar. The goal is to inform the business community, as well as the general public, for they to be able to plan their activities more efficiently and more effectively throughout the year.

The 6th PFM Policy Dialogue also demonstrated that the Government, under coordination by the Ministry of Finance, would continue to conduct regular, inclusive, and transparent policy dialogue in the area of PFM with all relevant stakeholders.

5. Sector Reform Policy dialogue matrix

Education, Employment and Social Policy Sector working group. EESP SWG is the main policy dialog platform co-leading by ministers of education and employment. Members represent most important state institutions (MoES, MoLSP, ESA, SLI, SEA, SSO, MoH), EU Delegation, international donors (UN agencies, incl. ILO, WHO and WB, USAID, embassies of Switzerland and GB), as well as social partners and NGOs.

Work of EESP SWG was last year deeply influenced by extraordinary situation due to COVID-19 pandemic. MoLSP and MoES had to focus on quick adoption and subsequent implementation of pandemic measures. The necessity to respond to the situation at their level made SWG members less available. Implemented restrictions have raised need to find new forms of SWG meetings conduction and members (above all those representing non-governmental sector) needed time to adapt to new conditions. From these reasons there were only two meetings held instead of four planned, both online.

First meeting (6th, 18th June) focused on IPA programming 2021-2022 and MoLSP and MoES presented first drafts for IPA new programming period. MoES is focusing on successful implementation of strategic reform documents, such as Educational Strategy, the ESRP, as well as the Action Plan of the Innovation Strategy with the main aim to provide access to quality education, including VET, and Lifelong Learning opportunities on all levels, with the focus on strengthening the system to become more flexible and

inclusive for all, including kids with special educational needs, marginalized and vulnerable groups, migrants, refugees and those from socio-economic disadvantaged background.

Priority objective in the employment and labour market areas is to raise employment level and the quality of jobs and productivity, in the area of social policies is related to reducing poverty and social exclusion with attention paid to gender equality and anti-discrimination policies and practices. All these priorities and proposed interventions are aligned with, coherent and contribute to the umbrella strategy - Revised Employment and Social Reform Programme 2022, and in compliance with all relevant national sub-sector strategies. They fit the overall EU enlargement process and committed reforms. Concerning the indicators, the Strategic Response lists indicators of the Performance Assessment Framework discussed by the SWG in 2019.

Second meeting (7th, 16th November) focused on IPA III Strategic response. Participation of The Minister of Labour and Social Policy, Ms. Shahpaska, as well as of The Minister of Education and Science, Ms. Carovska presented importance of EESP SWG in terms of policy development. IPA III Strategic response has 3 thematic priorities: (1) To raise employment level and the quality of jobs and productivity, (2) To reduce poverty and social exclusion and (3) To ensure comprehensive, inclusive, and integrated modern education (with special set of indicators for Roma integration).

Involvement of stakeholders. At least 10 days prior to every SWG meeting secretariat distributes documents to be discussed in written form to all members. The agenda of meetings is adopted in form of consensus. Strategical documents may be discussed even twice, if requested by members (that was the case with the IPA III Strategic response), with delivery of written comments after first discussion. Social partners, NGOs as well as donor's representatives are invited in unlimited number to intervene and every intervention is followed by response/clarification from proposer's side. Every question is answered immediately and comments are incorporated in final version of discussed documents or taking into consideration.

Donors involvement. Donors are encouraged to use SWG as a platform for sharing their development cooperation programmes and ensuring complementarity and synergies of actions. It was proposed that the one of 2021 SWG meetings will be used for presentation of the plans for actions of other donors. MLSP and MoES will re-launch data collection of donor activities in the sector. The quality of discussions in the SWG as well as the good preparation of the documents was acknowledged by the EUD.

Public finance management Sector working group. Minister of finance established by his decision on 2 October 2020 the PFM SWG. IPA Unit at the Ministry of Finance serves as standing secretariat of the SWG. This SWG is serving as policy dialog platform included every line ministries (MoF, Ministry of information society and administration, Ministry of Economy), state institutions (Public revenue office, SSO, Public procurement bureau, SEA, State Appeal Commission for Public procurement, State Audit Office, Customs Administration of the North Macedonia), EUD, NGOs, social partners, WB, IMF, as well as foreign national donors (embassies of Switzerland, Germany, USA, Sweden, Netherland and GB).

Meeting of PFM SWG in 2020. The 5th PFM Policy Dialog was held on 7th October, 2020 and stated satisfactory implementation of "regular, inclusive and transparent policy dialog with all relevant stakeholders", launch of public consultations new legal acts and strategies (new Budget Law, new Public Internal Financial Control (PIFC) Law, Tax System Reform Strategy, Public Debt strategy, By-law on defence and security and Action plan for implementation of PIMA recommendations) as well as EU recommendation to enhance administrative capacities of the institutions involved in the process of PFM

reforms through sustainable policy for retention of staff, training and establishment of PFM School. All stakeholders welcomed the proposal of the MoF to focus next PFM SWG (to be held in 1. Q 2021) on discussion about the Annual monitoring report for implementation of the 2020 Action Plan and the 2021 Action Plan.

6. Coordination mechanism

Working group #1. According to Guidance Note for Budget support operation beneficiaries have established coordination mechanism with EU Delegation operated by technical assistance to the SRPC 'EU4Youth'. Technical assistance team serves as permanent secretariat for WG #1 serving as a platform for coordination of SRPC implementation, paying special attention to disbursement request preparation, incl. reporting on indicators. Members of WG#1 represent: MoES, MoLSP, MoF, ESA, AEC with occasional participation of other stakeholders, donors, and non-key experts of TA according to the meeting agenda.

(See Annex XII. Terms of Reference for the Working Group #1 on Monitoring and Assessment of the achievements of the general and specific conditions under the Sector Reform Performance Contract).

WG#1 meetings. First WG#1 meeting was held on 24th of March 2021, in a form of workshop for beneficiaries of the BS on implementation and reporting on indicators. TA key experts presented terms of reference as well as objectives, tasks, processes, and timing of BS implementation with special focus on preparation of disbursement request with proper dossier. Next WG#1 meetings were held every two weeks focusing on preliminary assessment of progress of reporting on indicators as well general conditions of BS operation. In reporting period WG#1 served mainly as a platform for (1) coordination of elaboration of national reports and collection of proper data serving as validation sources according to the Guidance Note for BS operation, (2) assistance in elaboration of national reports and data collection, (3) clarification any related issues, (4) coordination and assistance in self-assessment report elaboration, (5) permanent structured communication among beneficiaries, EUD and TA team. Discussion and conclusions are captured in the meeting minutes.

(See Annex XIII. Meeting minutes from the meetings of WG1).

III. SPECIFIC INDICATORS' PROGRESS

1. Progress against specific objectives

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

In 2020, progress was made in improvement the rate of early school leavers. This rate has been reduced from 7.1% in 2019 to 5.7% in 2020. This has already exceeded the target set by the ESRP for 2022 of 6.8%. Besides the progress, there are still challenges remaining with this indicator in terms of maintaining the positive trends and to expect even more decrease. Having in mind the age group 18-24, the particular impact of progress in 2020 will be seen as a result in the upcoming years. The MoES should try through the ongoing measures to maintain the lowest rate of early school-leavers and will follow this target and continue to provide measures to maintain the positive result of this indicator.

I1 - Early leavers from education and training rate

Baseline (year): National average 8.5% (2017)

Final target (2022): Decrease in the early leavers rate by 1 percentage point compared to the national average

2020 annual target: 6.8%

2020 result: 5.7%

1.2. Improved employment opportunities for the young men and women

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

Baseline (year): Pilot exercise: 36% (2018); Target regions: 0; Roll-out 1st half 2019 – 29%

Final target (2022): Average for the 3 years: 22.3%

2020 annual target: At least 20% of the young persons neither in education, employment nor training, registered for 2020 under the Youth Guarantee in the target regions

2020 result: 29%

This indicator counts the number of young people who have been registered in the YG during the calendar year 2020 and have successfully deregistered from the YG scheme with a positive outcome: employment, continued education, and training, within 4 months. The target for 2020 was 20% and the achieved result is 29% meaning that 3065 people successfully exited the YG scheme within 4 months in the 3 regions or 11 employment services' centres; from them, 2570 were employed within 4 months and 495 people were involved in some of the ALMM which is considered as successful exit from the YG scheme.

Although indicator no. 2 appears to be overall satisfactory, the success of labour market placement will be deeply influenced by funding direct job creation (self-employment programmes, start-up programmes, job incentives) since the economic situation in target regions will make employers very sensitive for the employment of inexperienced young people. This may be challenging for starting new

businesses, as well. The labour market is deeply influenced by economic downturn due to COVID-19 pandemic. Even if it does not present barriers for delivery employment services defined under YG Action Plan, success of direct job placement will depend on further economic/labour market developments. And according to a recent survey, while most enterprises expected to make a full recovery, they expected the recovery would be relatively slow. About 41 per cent of enterprises expected the recovery would take more than a year and 35 per cent expected it would take 6–12 months⁴⁹.

Youth Guarantee 2020 (cut-off date 1 st April 2021)			
Number of participants registered in YG (entry level)	No. of persons registered in YG got employed within 4 months	No. of young people registered in the YG scheme got offered active labour market measures	YG exit (Percentage of participants who successfully completed the Youth Guarantee)
25,502 persons (12,863 women)	7,684 (3,587 women)	1,257 (709 women)	8,941 (35%)

Youth Guarantee in the targeted regions 2020 (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)
10,354 persons (5,184 women)	2,570 (1,106 women)	495 (282 women)	3,065 (29%)

2. Progress against Induced outputs

2.1. Improved offer of accredited VET programmes and providers

I3 - Regional VET centres established in the target regions

Baseline (year): 0 (2019)

Final target (2022): 3 Regional VET centres obtained accreditation for at least 2 VET qualifications (profiles)

2020 annual target: N/A

2020 result: The necessary legal provisions to allow the establishment of the Regional VET Centres and the accreditation standards framework (criteria, procedures, and responsibilities) have been adopted by the responsible authority and published in the Official Gazette of North Macedonia in 2020.

The reform was formalized through the legal adoption of the changes to the Law for Vocational Education and Training in 2019 for establishment of the three Regional VET centres (RVETCs). This Law was amended and adopted first by the Government and then by the Parliament. With the second legal amendments, the MoES changed the status of the 3 VET schools into regional state VTE centres, meaning as of 1st January 2020 they started working as RVETCs. The 2020 annual target of this indicator is only related to the legal provisions and it has been met has been met. Currently, the MoES is working

⁴⁹ Evolving challenges and expectations facing Macedonian enterprises during the COVID-19 pandemic Second edition, March 2021
https://socijalendijalog.mk/wp-content/uploads/2021/03/Covid-19_report-second_edition_EN.pdf

on preparation of the tender documentation for a public procurement of RVETCs' reconstruction⁵⁰. Also, the MoES is currently working on the preparation of the technical specifications for the necessary equipment that will be required for the fully functional RVETCs.

Achievement of indicator 3 (sub-target for 2021) seems to be challenging considering the state of preparation of construction and equipment procurement for 3 Centres. Regarding the procurement for construction, activities are ongoing, technical drawings have been prepared, the procurement has been put in the yearly plan for National procurement for Q2 2021 and is under preparation (finalisation). In the meantime, the MoES is obtaining permits for the reconstruction on municipality level (one is already obtained) The public call will be published by the end of April or May 2021.

The procurement of proper modern equipment for providing quality VET will require the involvement of technical teachers as well as experts. The delay of this process is caused by the COVID-19 pandemic. In this regard, it will be necessary to assess public procurement procedures to provide assistance to Regional VET Centres' managers in public procurement process. The technical requirements and/or public procurement manual are centralised and will be published by the MoES for all three Regional VET Centres.

Together with the Macedonian Civic Education Centre, the Swiss Development Organisation 'Helvetas' is working on the procurement of the architectural documents needed for the construction, so the project assists the MoES in finding companies that could provide offers for architectural plans and documentation according to the standards of the EU and Macedonian law. At this stage, the Ministry will launch a tender for the physical construction/ reconstruction of the regional VET centres. At the moment the design documentation for reconstruction within the Regional VET Centres is in the final phase. According to our most recent findings, the technical designs have been completed. Official ownership of the Regional VET Centres remains under the MoES since February 2021. The MoES is preparing the tender to be launched in the second quarter of 2021.

It is also observed that although transversal skills were definitely needed to fulfil various functions in the Regional VET Centres, it has still not been decided whether they would be integrated in the set of skills under managerial segment.

I4 -Number of VET qualifications open for VNFIL

Baseline (year):	0 (2019)
Final target (2022):	Cumulative 6 for the two years
2020 annual target:	N/A
2020 result:	9 profiles for non-formal education (VNFIL) are defined for the three RVETCs

This is an ongoing process and this indicator is money related i.e. related to the BS disbursement for 2021. The 3 Regional VET centres were established and specialised⁵¹. The capacities of Regional VET Centres are established to deliver the vocational education, specifically for 8 qualifications for formal education and 9 *qualifications for non-formal education* within 5 professions and based on 8 standards for space and equipment developed for the specialisation of the RVETCs. The introduction of Validation of Non-formal and Informal learning (VNFIL) in North Macedonia is directly related to the development

⁵⁰ The call should be published until June 2021.

⁵¹ Decree on promulgation of the law amending the Law on vocational education and training, No. 08-7121/1, 27 December 2019, Skopje.

of the Macedonian Qualifications Framework (MQF)⁵². Republic of North Macedonia has adopted a *Roadmap for Implementing a System for VNFIL* in 2016⁵³, following the adoption of a Concept Paper for Non-Formal Adult Education and Informal Learning⁵⁴ in 2015. A Guidance Note on Validation of Non-formal and Informal Learning (VNFIL) processes and Specifications for the Methodology package were developed in 2017, which are also considering the different EU institutional frameworks, VNFIL procedures and instruments. The VNFIL is meeting a strategic objective of the country for “Building diversified and flexible pathways for learning and professional guidance”⁵⁵. The full implementation of a system for VNFIL is provided by the New Adult Education law, which is currently under a process of adoption.

The Ministry is facing a big challenge with regards to this indicator, because its implementation in the RVETCs is directly originated from the New Law for Adult Education which must be firstly adopted. This law has been adopted by the Government, but it has not been formalised by the Parliament. The law is waiting to be put into session in the Parliament for some time following which it will be published in the Official Gazette. The delay of formalisation of the new law puts this indicator in a risk, since after its final adoption there will be approximately six-month period for elaboration of related by-laws and protocols, and putting them into operation; in order to avoid the risk for delay in 2021, the MoES and the AEC are already working on this in the background of the necessary preparations.

2.2. Competences of staff of the RVET centres aligned with Human Resource management plan and the accreditation criteria

The annual target for 2020 was the preparation of a TNA for the selected three RVETC; the assessment was made during the year 2020 and the official training need reports have been prepared by the MoES in cooperation with the Swiss Development agency⁵⁶.

15 - Percentage of staff of the RVET Centres trained in line with the HR development Plan (Of them % trained to work with students with special educational needs)

Baseline (year):	N/A
Final target (2022):	100% of the staff of the Regional VET centres must be trained (30 full-time working days for the teaching staff and 20 full-time working days for the non-teaching staff spread out over the 2-year period). At least 35% of staff (teaching and non-teaching) must be trained to work with students with special educational needs for the two-year period. 100 % of the staff trained; 35% of the staff trained to work with adults and children with special education needs.
2020 annual target:	The analysis of the training needs in the perspective of upgrading the selected VET schools into Regional VET Centres must be completed.
2020 result:	Three functional and training needs analysis of the regional VET centres in Tetovo, Kumanovo and Ohrid have been carried-out during the year 2020.

⁵² Law on National Qualifications Framework, Official Gazette of the Republic of Macedonia, n. 137/2013 and 30/2016

⁵³ Ministry of Education and Science and Centre for Adult Education in cooperation with the ETF, 09.05.2016.

⁵⁴ Концепција за неформално образование на возрасните и за информално учење во Република Македонија, AEC and ETF, 2015.

⁵⁵ Strategy for Development of Vocational Education and Training in a Lifelong Learning Context 2013-2020, objective B2.

⁵⁶ The TNA reports were officially adopted in March 2021.

The reports present the findings from the TNA carried for the teachers and managers in the three selected RVETCs. For the teachers, the TNA covers three aspects: (1) technical (professional) competences by sectors, (2) pedagogical, anagogical, and didactic skills and (3) skills for working with persons/students with disabilities. For the managers, the TNA covers various managerial positions in two aspects: (1) general (or generic) managerial skills, and (2) skills specific to the managerial position or the jurisdiction within. The scope of the TNA reports comprises altogether 5 VET professions, including 7 formal qualifications and 9 non-formal qualifications according to the specialization of the RVETCs.

2.3. Youth Guarantee implemented

I6 - Number of participants YG registered in the YG (entry level)

Baseline (year):	5,266 (2018), 10,007 (1 st half of 2019), of them 5,255 in the target regions
Final target (2022):	cumulative new 9,700
2020 annual target:	3,000 (in the targeted regions) /10000 across the country
2020 result:	10,353 (in target regions) / 25502 across the country

This indicator represents the number of NEETS 15-29 who for the first time registered in the 11 employment offices in the target regions under the YG program. The annual target for 2020 was set to 3000 registered young persons, but it was exceeded for more than 3 times, meaning that for the reporting period 2020 the number of youth who entered the YG programme came to 10.353. The main reasons for this increased interest to the programme were the economic downturn and COVID-19, both resulting in increased number of young jobseekers, and the legislative changes in order to allow the young job seekers to benefit from the anti-COVID measures in the field of job retention and guaranteed employment in YG. Thus, the Covid-2019 had a direct impact on the numbers of registered persons in YG and the indicator was overachieved.

I7 – Number of Youth Guarantee staff trained

Baseline (year):	22 (2019)
Final target (2022):	cumulative new 70 (6 full time training days)
2020 annual target:	30
2020 result:	32

In period of 2020 ESA continued to increase staff specialized for YG implementation. It is envisaged that the "Activation" will be improved through structural and organizational reform of the ESA. In 2020, trainings were conducted for 32 employed associates in the ESA for youth guarantee. However, the goal for new employments in ESA has not been achieved. The total number of YG staff in target regions reached number 32. In the reporting period ESA provided training to equip its YG staff with new competencies for work with young jobseekers with a special focus on young jobseekers with special needs. The objectives of the training were the following: Discussion on the basic pillars of the Youth Guarantee and the role and responsibilities of the partner institutions; Overview of the essential elements of the services provided by the Youth Guarantee; Exchange of experiences between employment centres; Review of the basic elements of the Youth Guarantee Success Monitoring System, and Presentation and discussion of the financial agreement from IPA 2 – 'EU for Youth'. A full report on results from the conducted training on "Youth Guarantee" for counsellors from the Employment Agency is available at ESA.

Trainings were delivered on-line due to the restrictions imposed given the pandemic situation in the country. Moreover, due to increased number of clients it was challenging to combine full-day training delivery with proper services provision.

Taking into consideration total number of YG staff in target regions this indicator is interpreted as number of persons per training. Cumulative 70 new trained people thus will mean that every single person will receive more than two or three 6-days trainings over the whole period of SRPC implementation. Trainings will be not repeated, on the contrary according to TNA, staff will be able to upgrade previous competencies.

I8 - Number of ESA centres modernised/ upgraded (in the target regions)

Baseline (year):	0 (2018)
Final target (2022):	cumulative new 9
2020 annual target:	3
2020 result:	0

This indicator was not achieved in terms of annual targets in 2020. The main reason for this status is the extraordinary situation due to COVID-19 which put pressure on the public finance management due to the need to invest in measures to mitigate the negative impact of the pandemic. In order to concentrate the public finance to cover extraordinary mitigation cost, ESA faced several budget cuts in 2020. The annual target was set to 3 ESA centres in the targeted regions to be modernised in 2020. The initially approved budget of 20 mil MKD for reconstruction of three employment centres have been cut down two times during the year 2020 due to the rebalance of the budget. On the other hand, ESA has been aware about the urgent need to implement this activity not only to meet the SRPC target, but also to improve the working conditions of the ESA employees in the local centres and provide accommodating environment for the job seekers in light of the huge increase of their number!

In this situation, the available funding under the indicator 8 was reduced to 9.5 mil MKD, which is allowing reconstruction of one centre during the reporting period. Because of the budget cuts, it has been clear already in 2020 that the annual target for reconstruction of three employment centres is not feasible to be achieved in the year 2020 within the remaining budget of ESA. In September 2020, ESA commenced renovation of only 1 employment centre within the available budget for capital investments in 2020. The employment centre in Kumanovo was selected as one of the centres that needed immediate attention due to the condition of the building. After completion of the necessary procedures for starting the works for reconstruction of one employment centre, in October 2020 the ESA has contracted a company for reconstruction of the employment centre in Kumanovo with an estimate value of works of 7.8 mil MKD. In order to start the reconstruction works after the completion of contractual procedures, the ESA had to wait also for permits for construction from the municipality in Kumanovo, which were delayed. The renovation of employment centre in Kumanovo was not finalised by the end of 2020, thus it will be reported in 2021.

Taking into consideration that in such situation the Indicator 8 will not be met at all in 2020, the ESA and the MoLSP have informed the Government, and the SEA had provided a written information about the case to the EUD (Letter: 11-114/46 from 4th December 2020), requesting a modification of the targets

under the Indicator 8 as follows: 2020 – 0; 2021 – 3, and 2022 – 3. In this way the indicator 8 would be fully achieved within the period of the SRPC by the end of 2022.

However, the achievement of the proposed target for 2021 (3 employment centres to be reconstructed) still remains risky because the current status of ESA budget for capital investments in 2021 is not increased due to the Government decision to prioritise the funding of COVID-19 mitigation measures, in particular the measures improving the labour market conditions hit by COVID. In such situation, a second scenario for modification of the annual targets under indicator 8 could be: 2020 – 0; 2021 – 2, and 2022 – 4. In this way, the full value of indicator will be achieved under the SRPC contract until end of 2022.

Such modification would lead to meeting final target and allowing ESA in cooperation with MoLSP and MoF to find realistic way of financial coverage of modernization and upgrade of selected ESA local centres in line with ESA needs as well as SRPC implementation.

3. Overview of target achievements

Table: Overview of indicators, milestones for 2020, means of verification, a brief description of the activities and achieved results/targets, as well as target benchmarks for 2020

Indicator	Milestone for 2020 Result 2020	Means of verification	Target benchmark for 2022	Feasibility of indicator and proposals for improvement/changes
I1 - Early leavers from education and training rate	A5,7%	Eurostat database/State statistical office	decrease in the early leavers rate by 1 percentage point compared to the national average In ESRP target is 6,8% for 2022	No changes needed
I2 - Percentage of YG participants who successfully completed YG (exit level)	29% in the three regions (35% across the country)	Internal data from Employment Agency; Report for implementation of the YG program 2020-2022	Average for the 3 years: 22,3% In ESRP target is 30%	No changes needed
I3 - Regional VET centres established in the target regions	3 Regional VET centres established by government decision	At the 24th session of the Government, held on 24.11.2020, Decisions were adopted by which the founding rights and obligations towards the municipal schools "Vanco Pitosheski" Ohrid, "Mosha Pijade" Tetovo and "Kiro Burnaz" Kumanovo were taken over by the Government of the Republic of North Macedonia and with which these three municipal schools continue to operate as Regional Centres for Vocational Education and Training	3 Regional VET centres obtained accreditation for at least 2 VET (profiles)	The renovation and procurement for equipping the RVETCs according their specialisation should be finalised in 2021. The adoption of the New Law on Adult Education is a precondition for VNFIL.
I4 - Number of VET qualifications open for VNFIL	9 profiles for non-formal education (VNFIL) are defined for the three RVETCs	The full implementation of a system for VNFIL is provided by the new Adult Education Law which has been adopted by the government and is currently in a parliamentary procedure. ⁵⁷	Cumulative 6 for two years	No changes needed

Indicator	Milestone for 2020 Result 2020	Means of verification	Target benchmark for 2022	Feasibility of indicator and proposals for improvement/changes
I5 - Percentage of staff of the RVET Centres trained in line with the HR development Plan (Of them % trained to work with students with special educational needs)	Three functional and training needs analysis of the regional VET centres in Tetovo, Kumanovo and Ohrid have been carried-out during the year 2020		100 % of the staff trained; 35% of the staff trained to work with adults and children with special education needs	No changes needed
I6 - Number of participants YG registered in the YG	10,353 (in target regions)/25502 across the country	Internal data from Employment Agency; Report for implementation of the YG program 2020-2022	3000 (in the targeted regions) /10000 across the country	Depending on the situation with Covid-19 and other influence, this indicator will be carefully observed and if necessary, modifications will be proposed on a later stage
I7 - Number of YG staff trained (in the target regions)	32 6 days training on YG	Report of Employment Agency	Cumulative 70	The cumulative value of indicator will be achieved only if the same employees of ESA centres are trained more than once, i.e. continuously in different upgrading courses
I8 - Number of ESA centres modernised/upgraded (in the target regions)	0	Information by Employment Agency; Report for implementation of the YG program 2020-2022 and ESRP Annual Report 2020	Cumulative 6	The annual targets for this indicator need to be modified

⁵⁷ Link to the website of the Parliament related to the Law: <https://sobranie.mk/sessiondetailsrabortni.nspix?sessionDetailsId=a779807d-efa6-4f8e-b1fe-fa35fbbf26c3&date=18.3.2021>.

IV. LIST OF ANNEXES

Annex I. Report on implementation of the Revised ESRP for 2020

Annex II. Report for the realized activities under the Education Strategy 2018 -202 for the period 2019 and 2020

Annex III. 2020- summary findings on the overall implementation of the NES 2016-2020

Annex IV. 2020 Report on the implementation of the Youth Guarantee

Annex V. 2020 Annual Report on Active Employment Programmes

Annex VI. 2021 Operational Plan for Active Employment Programmes and Measures and Labour Market Services

Annex VII. 2021 - 2023 Public Debt Management Strategy with 2025 prospects and the 2021 - 2023 Revised Fiscal Strategy with 2025 prospects, were adopted by the Government in December 2020

Annex VIII. The 2021 - 2025 Tax System Reform Strategy

Annex IX. Draft PFM Monitoring Report

Annex X. 2021 Action Plan for implementation of the PFM Reform Programme

Annex XI. The 6th PFM Policy Dialogue

Annex XII. Terms of Reference for the Working Group #1 on Monitoring and Assessment of the achievements of the general and specific conditions under the Sector Reform Performance Contract

Annex XIII. Meeting minutes from the meetings of WG1