



SECTOR "EDUCATION, EMPLOYMENT AND SOCIAL POLICY"
Minutes of the XI Meeting of the Sector Working Group (SWG)

Venue: ZOOM Meeting, hosted by the Ministry of Labour and Social Policy (MLSP)

Date: 23.5.2022, Monday, 13:00 - 14:40

Meeting moderated jointly by Ms. Popovska, MES representative, and by Ms. Slavkoska, MLSP representative.

Invited 125 attendees, 66 attendees were present during online plenary meeting.

Opening statements

Ms. Popovska, MES representative, opened the meeting with a short introduction for the meeting's purpose, as well giving a floor for opening statements by Minister of Labour and Social Policy and Minister of Education and Science, as well representative of the Delegation of European Union (EUD).

Minister of Labour and Social Policy, Ms. Trenchevska, pointed out that the outlook in 2021 for the country improved significantly in the area of employment and the labour market. She noted that the number of new employment contracts increased by nearly 15 percent suggesting a recovery of labour demand. As well, wages continued to grow during 2021 with increased labour demand. The Government increased the minimum wage by 18.5 percent in February 2022 and introduced the mandatory annual indexation of minimum wage with consumer prices and average national wage growth. In regard to the improvement of labour legislation, the Minister informed on the preparation of new Labour relations Law, which would strengthen the rights of workers, with an emphasis on persons engaged in non-standard types of contracts.

Having in mind the new challenges imposed by the energy crisis and rising energy and food prices, she noted the targeted support to the most vulnerable households had been ensured due to receiving guaranteed minimum assistance, as well as for the pensioners.

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

Minister of Labour and Social Policy noted that North Macedonia endorsed in July 2021, the Western Balkans Declaration on ensuring sustainable labour market integration of young people and thus, the country has committed to taking steps to further enhance the implementation of the national YG. She emphasised that a new Youth Guarantee Plan for the coming four years would be presented during 2022 and it would demonstrate that the Government's priority would be to support continuously young people into employment.

She pointed out that the plenary session was to take stock of the progress made in 2021, with focus on youth employment and opportunities created for the young people. As well, she noted that the discussion would help to understand the need to adjust the planned policy interventions, especially those linked to the EU for Youth programme.

Minister of Education and Science, Mr. Shaqiri, pointed out that the Ministry of Education and Science regarding implementation of the projects, risk increase as a highest priority.

Regarding progress, Regional VET Centre are functioning since January 2021, and operationalization and adoption of the Concept for establishing Regional VET Centres is published on the website of the Ministry. The new draft law for the vocational trainings is prepared with separate articles for the Centres.

The MES with the technical support project prepared a technical specification and tender documents for the supply of the three Centres.

For the next period, the Minister further clarified that the MES would start working on planning the resources for 2023 as part of the state budget, such as supply of equipment, and reconstruction of the schools and etc. Furthermore, in relation to capacity of human resource training and improvement of the skills of teachers from the Regional VET Centers and support staff there has been increase of communication with stakeholders who have been providing support such as E4E project and UNDP.

Finally, the third report of implementation of the Strategy for education is also prepared for publishing on the MES webpage and for this year there are the intentional plans for the review and revision of the strategy.

Mr. Alexander Albu, EUD representative, mentioned the intensive dialogue with both ministries regarding to the programme implementation and fully understood the concerns for reaching some indicators, at least partially due to the impact imposed by COVID pandemics in North Macedonia.

Following to that, he noted a joint work done related to the proposal and an agreement with the headquarters for an extension of part of the program for another year in particular the education part and the indicators related to regional VET



Centres. In that respect, an Addendum was prepared and submitted at the end of April to the NIPAC and national authorities of North Macedonia. He noted that EUD had still expected to receive countersigned Agreement ASAP.

In regard to fully and efficiently implementation of the programme, he informed that the experts and the ministries designed a detailed roadmap action plan to ensure that all programme activities foreseen would be met, including targets that would lead to full completion of the programme. He highlighted that this plan is expected to be prepared and agreed, as well dully monitored and implemented to make sure that the programme would be successful which is considered as very important by the European Commission (EC), as well as for North Macedonia.

Mr. Albu noted on the importance of not only monitor, but to do things in regard to the legislation mentioned which is considered as very important, crucial and basic for the successful implementation of the programme, in particular for the VET Centres such as VET Law and other regulation to be adopted ASAP in the Parliament. The EUD would expect to receive the presentation of a state of play and to continue with debate. He reminded on the opportunity to re-initiate the programme start and also to look broader at the sector policy, how to be planned and how the program would contribute to broader sector policy framework.

Ms. Popovska, MES representative, noted that several important issues had been raised, having in mind that sector budget modality is difficult implementation modality. Further, she elaborated briefly the agenda and highlighted the opportunity for presentation of Second Self-Assessment Report for Sector Reform Contract for Employment and Education "EU for Youth".

➤ Presentation of Second Self-Assessment Report for IPA 2019 Sector Reform Contract for Employment and Education "EU for Youth"

The second part of agenda consisted of the presentation of Second Self-Assessment Report The fulfilment of general and specific conditions set in the IPA Programme 2019 "EU for Youth" was presented in education sector (vocational education and training reforms) and employment sector, notably the Youth Guarantee.

➤ Presentation of Sector Policy Reforms in Education and VET

Ms. Popovska, MES representative, gave a presentation on the current progress regarding sector policy reforms in education and VET and of achievements in education related to the relevant indicators.

First, she noted that in the previous years the Regional VET Centres had been established alongside several reforms being made in vocational training. Furthermore, the Ministry of Education and Science continues to prioritize the reformation of vocational training. This includes continued and expanded communication with vocational schools and companies.

Focusing on the vocational education and training as it relates to the labour market needs, there has been a significant increase in students enrolled in dual education and an increase of companies involved increased to 220. The number of dual classes has increased significantly as well from 11 to 97. Accordingly, the Announcement for enrolment of students in secondary education has been harmonized with the needs of the labour market, especially in VET.

In regard to Indicator 1 (early leavers from education and training rate by sex (18-24)), the target has been overachieved. However, the challenge remains to keep the percentage up in the future.

In regards to Indicator 3 (Regional VET Centers established in the target regions), it has not been achieved and it remains the biggest challenge. Positively there have been significant donations from foreign investors such as the Swiss project for all three of the Regional VET Centers. Two of the Centers, Ohrid and Kumanovo, have begun their operations with Ohrid beginning in the first quarter of 2021 and Kumanovo the first quarter of 2022. However, there is an obstacle with obtaining the permit in Tetovo, nonetheless there are discussions with the municipality and additional administrative preconditions that they are trying to overcome. The plan is to have continuation of activities in 2022 for reconstruction and supply of equipment. Furthermore, six experts have been working on the technical specification for the supply contract. This was a six-month exercise, and in December they did a verification workshop. Some lots under the tender have been successfully wrapped up, and the current challenge is preparation of the documentation for public call according to the national legislation.

In regard to Indicator 4 (number of VET qualifications open for validation of non-formal and informal learning) the MES has chosen 9 qualifications within 5 professions based on 8 qualification standards. There remains a challenge in the timely adoption of the new Law on Adult Education.

In regard to Indicator 5 (percentage of Regional VET centres staff trained in line with the Human Resource development plan) the target was not achieved in 2020, but it was achieved in 2021. The MES has received support from diverse group of actors. It has been decided that all teachers need to have 30 hours in a company and 10 hours in inclusive education. There is significant support from Swiss project and support from UNDP on inclusive education. The challenge here is to finalize individual development plans.

➤ Presentation of Specific Indicators in Employment Area for YG

The representative of Employment Service Agency of the Republic of North Macedonia (ESARNM), Mr. Goran Petkovski, gave a short presentation on the progress of achievements in employment related indicators for YG. He noted



that the Indicator 2 is regarding successful exit of YG.

Out of total number of young people involved in YG in 2021, total of 2,562 young people were employed, out of which 47% were women and about 70% were young people up to age of 24.

Out of total number of employed persons, 224 people were employed through job mediation, 225 people were employed through some of the active labour market programmes and measures (ALMPM) and 77 persons started own business.

From total number of employed persons through ALMPM, most participated in the measure subsidized employment (about 80%) and the measure for financial support for job creation.

Out of total number of young people in YG, 430 were involved in some ALMPM that did not lead directly to employment, but it had increased their employability and is considered as successful exit from YG.

Out of 430 young people involved in different ALMPM, about 60% were women and about 80% were young people up to age of 24.

He emphasised that in general, about 85% of people involved in ALMPM were usually involved in internship programme and others were involved in different type of training programmes.

According the data presented, he summarized that the successful implementation of YG programme in three targeted regions is about 37% and thus, the Indicator 2 could be considered as achieved.

Although, it was not counted, he mentioned that all participants in YG were involved in services of ESARNM, such as career guidance, profiling, motivational trainings, and so on.

In regard to Indicator 6 (number of participants registered in the YG), the target of 3000 people enrolled in YG was overachieved as 7,874 people enrolled in targeted regions. About 3,906 were women (or 49%) and 5,786 were young people up to age of 24 (or 73%).

In regard to their educational level, he noted that about 1,881 had primary education, 4,318 had secondary education and 1,565 had higher education. Thus, he emphasised that the indicator for 2021 could be considered as achieved.

In regard to Indicator 7, he highlighted that could be considered as achieved and it is related to strengthening the human capacities of ESARNM due to implementation and monitoring of YG. In December 2021, online six full-day training was conducted successfully for 25 ESARNM employees working directly on YG in targeted regions.

In regard to Indicator 8 (Number of ESARNM centres modernised/ upgraded in targeted regions), he noted that the target of 3 ESARNM centres modernised/ upgraded for 2021 was partially achieved. Only two employment centres were renovated (in Kumanovo and Tetovo). Partial achievement is attributed mainly to budget cuts of ESARNM budget and failure to obtain reconstruction permits from the, municipality of Struga. However, in 2022 additional 4 ESARNM centres in targeted regions will be renovated for which about 50 million MKD were earmarked for reconstruction. He informed about the ongoing detailed assessment and preparation of project documents that would enable to launch procurement procedure in June and commencement of renovation after September. At the end, he highlighted the importance of physical capacities for the ESARNM staff and clients.

Presentation of Employment Policy Performance

Ms. Slavkoska, MLSP representative, provided brief information related to the sector employment policy linked to the General Conditions. Main policy document in employment area is National Employment Strategy 2027 (NES 2027) adopted last year covering the period until the year 2027. Next important document is the Revised Employment and Social Reform Programme 2022 (rESRP 2022) covering the period until 2022. The Annual Report on the rESRP 2022 Implementation for the year 2021 was sent along with the Second Self-Assessment Report, as a source for verification. She also noted that another important document is the Youth Guarantee Implementation Plan. The Youth Guarantee Implementation Plan 2020-2022 was in implementation, while the Youth Guarantee Plan 2023-2026 was under preparation. She recapped the progress towards achievement of headline (core) indicators in the employment sector which affected the payment of fix tranche for 2021

Some improvements could be seen in the labour market (LM). The employment rate (15+) stagnated and remained on a same level as in 2020. This was mainly due to employment flows in private sector. As well, the employment rate of men had risen in 2021 compared to 2020. The employment rate of women fell by 0.1% and so did the youth employment rate.

On the other hand, the unemployment rate has dropped to the historical lowest level at 15.7% and it was driven by the decline of youth unemployment rate and also of the unemployment rate among women.

Informal employment rate at the same time fell to 12.1%. On the other hand, the long-term unemployment rate had worsened a little bit.

Among the youth indicators, youth unemployment rate declined, albeit still being rather high; the NEET rate got improved compared to previous year.

In regard to main policy measures adopted and implemented in 2021, more than 11,000 unemployed people benefited from ALMPM and 44% were women. The financial envelope for ALMPM had increased in 2021 and same trend could be noted in 2022.

The Youth Guarantee was implemented in whole country and more than 19,000 young persons got registered in YG. The



performance was noted as better than previous 2020 year, as 41% of young people received an offer within 4-month period.

At the same time, the ESARNM provided job search assistance to more than 45,000 people and it did some strengthening of its human capacities, though there is a space for further improvements.

Other relevant policy documents were mentioned, such as the adoption of National Strategy for Development of Social Enterprises 2021-2027 which is important from the Ministry's perspective to provide especially a space for employment of vulnerable citizens.

In regard to activation at LM, especially of recipients of Guarantee Minimum Assistance (GMA), it could be noted a progress. The ESARNM and Social Work Centres (SWC) established a good cooperation, especially in terms of data exchange and they managed to develop more than 2,000 individual activation plans for GMA recipients. About 6.5% of all participants in ALMPs were GMA recipients. The recent study about the impact of social assistance on activation of GMA recipients recommended a number of actions to improve the process.

In terms of legislation, drafting of the New Labour Law resumed in 2022. Also, the MLSP prepared new Law on Employment and Insurance against Unemployment, which basically regulates labour market in the country.

She highlighted the good progress in terms of strengthening the national social dialogue, especially in regard to collective bargaining. There could be noted an increase of a coverage of collective bargaining with agreements in 2021 than the previous one. Also, the Economic-Social Council (ESC) was participating actively in all important reforms, and especially, within the discussion related to setting new minimum wage.

She mentioned that a good progress could be marked in terms of informal employment, which was due to implementation of Strategy for Formalization of Informal Economy.

The improvements were highlighted in the work of State Labour Inspectorate (SLI) and their human capacities had been strengthened, as well the number of field inspections being reinforced.

The gender gap in the LM is present, despite some improvements in past years due to coordinated actions in main policies. The new Labour Law would contain novel provisions on harmonization of work and family life.

She also pointed out that the MLSP also worked in the area of Early Childhood Development and Care (ECDC) and community-based services for disabled and elderly people, opening possibilities for women to be more active in LM through care economy.

She highlighted again the newly-adopted NES 2027 which has three main outcomes: 1. To improve the quality of education and training outcomes for all, 2. To enhance the role of economic and enterprise development policies in generating decent jobs, and 3. To strengthen the inclusiveness of LM policies, activation strategies and LM institutions. The Action Plan 2021-2023 had an estimated budget of around 135 million EUR. A set of indicators was defined that would measure its performance by 2027.

At the end, she summarised the last-year progress and the targets accomplished of most of set indicators. where each indicator has a monetary value for a given year and a target. The progress of targets achieved was summarized in monetary values for each indicator (Indicator 1 = 320,000 EUR, Indicator 2 = 630,000 EUR, Indicator 5 = 200,000 EUR, Indicator 6 = 810,000 EUR, Indicator 7 = 90,000 EUR and Indicator 8 = 213,00 EUR). She also mentioned that reassessment of the targets would be requested, especially for Indicator 8 and referred to the clause in the Sector Reform Contract that would allow such reassessment considering the major unexpected change in the overall context in 2020 due to Covid-19 pandemics and subsequent budget cuts, as well having in mind that ESARNM had demonstrated progress and undertaken many actions in 2022. She noted that the annual tranche would be paid proportionally to the achievements. The total tranche amount for 2021 of 4.6 million EUR would be requested in 2022 and the country could expect an annual tranche of around 3 million EUR based on the achievements to be paid to the Ministry of Finance (MF).

Once the report could be finalized based on all contributions, then the MF could be asked to request the disbursement for 2021 tranche from EC by the end of May, as well all requested documents would be submitted to demonstrate the performance.

As important, she mentioned that some indicators that could not be fulfilled, the issue was raised in regard to modification of targets for some indicators for which there was a correspondence with EC services with an involvement of SEA/ NIPAC office.

Comments/ Discussion and Any other business

Ms Evgenija Kirkovski, representative from SEA/ NIPAC's office, informed that the revised Financing Agreement (FA) was received in the NIPAC by the EUD. The file had been prepared and sent to the NIPAC cabinet in order an Amendment on FA to be signed in which the proposed changes would be addressed in the Sector Budget Reform Programme (SBRP). She would inform timely on the signature of FA.

Mr. Luca Citarrela, Programme Manager in EUD on the SRPC on Education, emphasized the leadership and work done of both ministries in preparation of self-assessment report. He noted that the self-assessment report was a first document coming from national institutions as an example for all sector working groups in certain area. EC/EUD would pay attention to the quality of presented documents by both ministries and it would be good to give a space for its adjustment due to maybe missing information. He pointed out that the EC would assess two aspects, the one of general policy reforms



and other hand, an assessment of specific indicators.

He noted that data for education and relevant statistic information need to be strengthened which will be solid base for evidence-based reforms.

He pointed out that on Indicator 5 it is important to mention that it was achieved three months after and this was accepted as an exceptional case because of COVID-19.

He posed several questions in regard to education. First, he asked if there are human resources developed for each Regional VET Centers as the situation was not presented clearly. Second, on Indicator 5 because the technical document to opening this qualification could be ready but cannot be formalized because of the slow adoption of the law whether there is a way to formalize this through an internal process.

Ms. Slavkoska, MLSP representative, informed that the State Statistical Office (SSO) updated the indicators in education sectors, which are presented in the 2021 Annual Report for Implementation of rESRP 2022.

Mr. Luca Citarrela, Programme Manager in EUD on the SRPC on Education, emphasized again that the requirements to the indicators have to be clear in both request and the financial tables that it is related to the 2020 requirements and on the basis of exceptional circumstances foreseen in the financial agreement related to the covid situation you are requesting a one year delay for the indicator as seen in the financing agreement.

Ms. Popovska, MES representative, elaborated that per each Regional VET Centres there is one paper, one human resource development plan for two years. Currently the MES does not have this type of paper. This is not prescribed into one document.

On the needs of schools, every school needs to provide a new need at the end of the year, which has been finished. On the Capacity Assessment by TA Project arrived late, now there must be a wrap up of all components of the human resources development plan (2 year). She elaborated on the legislative aspect whereby the Cabinet plans to put both laws on vocational and adult to be presented to the Government. If there is possibility to overcome verification, there should be an internal technical meeting. There could be a piloting but, in the program, it is described as implementing hence it must be discussed if piloting is described as implementation.

Mr. Branislav Ondrus, TAT expert, elaborated on the need for legislation framework. TA project had two meetings with secondary education department in the MES and they agreed to assess how to prepare for smooth implementation after formal adoption of legislation. Taking into consideration the general frame the process of development of related documents, qualifications for validation will be started.

Ms. Popovska, MES representative, added that if they go with this approach, they will prepare the system in detail so that when implementation comes, they are prepared. Parallely they could start trainings for teachers from the non-formal part in schools that will provide counsel in the process of validation.

Mr. Branislav Ondrus, TAT expert, elaborated additionally to use this time as preparation, even for formal piloting, currently there are talks to train in the Regional VET Centres for specializations such as managerial skills, working with disabled students. These can be done even without formal approval of legislation from parliament.

Mr. Luca Citarrela, Programme Manager in EUD on the SRPC on Education, mentioned an important issue on programme level which is transparency on the current achievements in regard to the Regional VET Centers. He adds that it would be prudent to bring back the monthly meetings with the presence of the Ministers. Furthermore, he states that there is a need for cooperation with more and other donors than the ones mentioned. He emphasizes the need to mobilize the action plan in the MES, and there must be proper coordination with the other donors, hopefully led by the MES.

Ms. Popovska, MES representative, agreed that they should go back on track with the monthly meetings as the presence of the Ministers provides an environment for more facilitated and easier work.

Mr. Alexander Albu, Head of Section in EUD, requested to clarify the complementarity between the new NES 2027 and the rESRP 2022 in the employment area, as a background for proper analysis by EC/ EUD of general conditions and achievement of specific indicators.

Ms. Slavkoska, MLSP representative, elaborated that in regard to the general conditions, the rESRP 2022 was still valid and a comprehensive 2021 Annual Report had been prepared. The NES 2027, as a strategic document is in implementation since its adoption. She noted that this document was complementary to the rESRP 2022 and reforms foreseen in it. As the validity of rESRP would expire in 2022, she informed that new ESRP would not be developed and the NES 2027 would be considered as leading strategic document for implementation and monitoring. She agreed to include more details about such distinction in the self-assessment report.

In regard to Indicators 5 and 8, the re-assessment of the target' indicators would be proposed/requested in the self-assessment report and mentioned in the request for disbursement to MF. But, according to the FA, it should be communicated through the SEA/ NIPAC office to EUD.

Mr. Branislav Ondrus, TA expert, elaborated additionally on previous intervention that beneficiaries are aware of the importance of donor coordination. He added that the first activity for donor coordination has been implemented two weeks ago. He further elaborated that a few days ago a meeting was held with donors on education where there was a capacity report on verification process. He emphasized that it is a visible need that beneficiaries and technical assistants are aware of.

Ms. Aneta Damjanovska, representative from the Embassy of Swiss Federation/ SDC, noted that coordination of



Regional VET Centres is an important aspect, especially considering that the level of progress is different in other areas. She elaborates that the MES plan to work more strategically in the future. Additionally, they will work on the law on VET as well.

Ms. Slavkoska, MLSP representative, agreed that improving the donor coordination was a challenge in both sectors (education and employment), as valid and complex process for all areas involving many stakeholders.

Ms. Popovska, MES representative, noted that a good communication with donors is established, but visibility of activity not on the level they would like. She added that the challenge especially in the area for vocational education is demanding and requiring frequent meetings with proper individuals from the donor community and from the IPA projects. She stated that they are trying to be in line with US long-term partners but also need to engage all donors like UNDP and UNICEF.

Mr. Luca Citarrela, Programme Manager in EUD on the SRPC on Education, noted that the EC/ EUD would also assess the quality of supporting documents to the Self-Assessment Report, and asked for their control and monitoring to be considered as an important aspect in regard to statements and information on indicators provided, in particular.

Ms. Slavkoska, MLSP representative, explained that in parallel with the preparation of Self-Assessment Report, special attention was paid on collecting relevant supporting documents in order to demonstrate fulfillment of statements given within it (which would be annexed to the disbursement request).

Concluding remarks

- Any comments by SWG members on the Second Self-Assessment Report for Sector Reform Contract for Employment and Education "EU for Youth" shall be given by 26 May 2022 (Thursday). As well, the comments and suggestions provided during the plenary session would be taken in consideration. Comments should be sent through an e-mail to Ms. Popovska and Ms. Slavkoska.
- Finalization of the Self-Assessment Report and submission of the disbursement request to EC/ EUD by 31 May 2022.
- Next plenary session of SWG had been planned for September 2022, and if ad-hoc meeting would be foreseen, the SWG members would be timely informed.

Mr. Branislav Ondrus, TAT expert, stressed the MF request to speed up the process and tight deadlines should be agreed jointly.

Annexes:

Annex 1	Agenda
Annex 2	MLSP presentation
Annex 3	Second Self-Assessment Report for Sector Reform Contract for Employment and Education "EU for Youth", financed within IPA II Annual Action Programme for 2019
Annex 4	2021 Annual Report for Implementation of the Revised Economic and Social Reform Programme 2022 (rESRP 2022)