



ANNEX IA
INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA
II)
2014-2020

REPUBLIC OF NORTH MACEDONIA
EU for Youth

Action Summary

This Action will support the Government of North Macedonia in improving the employment of young women and men. The Action will invest in the vocational qualification, skills and preparedness of young people to enter labour market. It will upscale selected Vocational Education Training Centres into Regional VET centres able to ensure modern work-based learning practices and quality education. Further, the Action will support the smooth transition from school to work, through implementing a Youth Guarantee scheme for young people, neither in employment, nor in education or training. The Action will result in increased employment rate for young women and men.

Action Identification	
Programme Title	IPA 2019 Action Programme for North Macedonia
Action Title	Sector Reform Performance Contract "EU for Youth"
Action ID	IPA 2019/041-263/07.03/MK/Youth
Sector Information	
IPA II Sectors	Education, Employment and Social Policy
DAC Sector	11330 – Vocational Training 16020 – Employment creation
Budget	
Total cost	EUR 16.5 million
EU contribution	EUR 16.5 million Sector Reform Performance Contract : EUR 15 million Technical assistance : EUR 1.5 million
Management and Implementation	
Method of implementation	Direct management
Direct Management EU Delegation in charge	Direct Management by the EU Delegation in North Macedonia
Implementation responsibilities	Implementation responsibilities concerning the SRPC and the technical assistance are to be shared between the Ministry of Labour and Social Policy and the Ministry of Education and Science. Financial execution of the SRPC: Ministry of Finance
Location	
Zone benefiting from the action	Republic of North Macedonia with a primary focus on the NorthEast, Polog and SouthWest + Prespa Regions
Timeline	
Final date for concluding Financing Agreement(s) with IPA II beneficiary	At the latest by 31 December 2020
Final date for concluding delegation agreements under indirect management	At the latest by 31 December 2020
Final date for concluding procurement and grant contracts	3 years following the date of conclusion of the Financing Agreement
Final date for operational implementation	6 years following the date of conclusion of the Financing Agreement
Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed)	12 year following the date of conclusion of the Financing Agreement

Policy objectives / Markers (DAC form)			
General policy objective	Not targeted	Significant objective	Main objective
Participation development/good governance	<input type="checkbox"/>	x	<input type="checkbox"/>
Aid to environment	x	<input type="checkbox"/>	<input type="checkbox"/>
Gender equality (including Women In Development)	<input type="checkbox"/>	<input type="checkbox"/>	x
Trade Development	x	<input type="checkbox"/>	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
RIO Convention markers	Not targeted	Significant objective	Main objective
Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	x	<input type="checkbox"/>	<input type="checkbox"/>

LIST OF ACRONYMS:

EESP	Education, Employment and Social Policy
ERP	Economic Reform Programme
ESRP	Employment and Social Reform Programme
ETF	European Training Foundation
IMF	International Monetary Fund
IPA	Pre-Accession Assistance
MTBP	Medium Term Budget Program
NES	National Employment Strategy
NIPAC	National IPA Coordinator
PAF	Performance Assessment Framework
PIFC	Public Internal Financial Control
PISA	Programme for International Student Assessment
SAA	Stabilisation and Association Agreement
SRPC	Sector Reform Performance Contract
SSO	State Statistical Office
TA	Technical Assistance
VET	Vocational Education Training

1. DESCRIPTION OF THE ACTION

1.1. Objectives/results

The overall objective is to support the Government of North Macedonia in improving the employment of young women and men.

The specific objective is to contribute to the efforts of the Government of North Macedonia to:

1. improve quality, relevance and inclusiveness of the national vocational education and training system.
2. improve employment opportunities for young women and men.

The Sector Reform Performance Contract will contribute to the following expected results:

- Improved offer of accredited Vocational Education Training (VET) programmes and providers.
- Competences of staff of the regional VET centres aligned with Human Resource management plan and the accreditation criteria.
- Youth Guarantee implemented

1.2. Main activities

1.2.1. Budget support

Main activities will include:

- Implementation of the sector reform by the national authorities and regular and transparent reporting on the achievements.
- Policy dialogue on the ongoing reforms in sector Education, Employment and Social Inclusion, with a primary focus on the reforms targeting the employment perspectives for young women and men.

The policy dialogue is channeled through the established Sector Working Group on Education, Employment and Social Inclusion, co-chaired by the Minister of Labour and Social Policy and the Minister of Education and Science. The Sector Working Group involves as well the remaining national stakeholders, donors, business and civil society organisations active in the sector. The mandate of the established Sector Working Group is broad – it involves the establishment of sector priorities, sector and donor coordination in the implementation of national sector policies, reporting on sector targets.

In addition, the bilateral policy dialogue between the European Commission/EU Delegation in Skopje and the Government will be strengthened, especially in the context of an improved accession perspective for the country and review of the requirements under Chapters 19, 25 and 26. This dialogue will also integrate the discussions on the national capacities required for implementation of the sector reforms and the obligations linked to the respective negotiation chapters.

- Dialogue between the EU Delegation, EU Member States present in the country and other donors active in the sector to analyse results and failures, further align activities with objectives to improve synergy of interventions and craft policy-focused messages.
- Sustaining the dialogue with the Government in the areas of public administration reform and justice and home affairs, which are crucial for 1) improving the standards for policy making and policy implementation and reporting, 2) ensuring the real implementation of

the adopted rules and laws, 3) strengthening the protection of human and minority rights and 4) promoting gender equality.

- Extending the dialogue between the Commission/ EU Delegation in Skopje and the Government in the areas of competitiveness, innovation and agricultural development with the objective to support the national efforts to boost national economy, which in its turn could result in creation of more and better jobs and improved quality of life. Particular focus needs to be paid on improving the ecosystem for business and creation of opportunities for young entrepreneurs put in place their ideas and create working business models.
- Transfer of EUR 15 million of the budget support in tranches over the period 2019-2023.
- Regular monitoring of budget support eligibility criteria.
- Provision of technical assistance to national authorities to strengthen their capacity for implementing sector reforms.

1.2.2. Complementary support

The accompanying technical assistance will strengthen the capacities of the Ministry of Education and Science and the Ministry of Labour and Social Policy to effectively develop, budget and implement sector policies, monitor the implementation and report on results of sector reforms. Since numerous players are active in the sector (including national bodies, local government units, social and economic partners, businesses, international agencies/organisations and civil society organisations), there is a general need to improve the quality of coordination. Against this background, the complementary support will cover the following needs:

- Development of the institutional capacities and human resources within both ministries and delegated agencies and services for evidence-based policy making, gender analysis monitoring and reporting. This activity will need to support the implementation of the sector Performance assessment framework (to be operational in 2019), and also focus on possible upgrade in the gender sensitive indicators, statistical and administrative sets of data, use of sex-disaggregated when relevant. It will also support the regular reporting exercise on sector reforms by improving the skills for collection, processing, structuring and visualisation of data.
- Assess gender issues in youth employment policies especially with respect to the mismatch between education and market demands, occupational segregation, strengthening vocational training, and forecasting labour needs. An important employment challenge is to tackle occupational segregation of traditionally accepted “male” and “female” jobs and to break the barriers in opening up professions to both sexes. Young women are often unable to take advantage of training opportunities due to barriers to entry, discrimination in selection and gender stereotyping.
- Further develop the capacities of the national institutions for gender budgeting, financial planning and procurement in order to support the implementation of the sector reform performance contract and make sure that all needed procurement procedures are implemented in time and the needed works and supplies are completed to allow effective interaction with the young women and men included in the planned activities;
- Support for effective communication approach promoting the opportunities for young women and men and creating interest for joining the services. The communication should have a strong outreach and integrate social and conventional media, print materials, public campaigns on VET and the Youth Guarantee, job fairs at national, regional and local levels.

- Support for systematic application of tracer system methodologies for all VET providers and Youth Guarantee and employment generation programmes.
- Support for reinforcement of the participation of municipalities, business and social partners and civil society organisations at local level in improving the quality of the services for young people through transfer of EU experience.

The complementary support component should be contracted as early as possible from the start of the Sector Reform Performance Contract to reflect the importance of institutional support for the implementation of the sector reforms.

1.3. Intervention logic

The **overall objective** of the EU support is to support the Government of North Macedonia in improving the employment of young people

The target employment rate (15-29) is set at 33,3% in 2022 while starting level in 2018 is 32%. Particularly important is the young women employment rate, which is extremely low compared to the average EU rate i.e. for age group 15-24 – 12.2% (EU average – 33%) and 41.6% for women age 24-29 (EU 74.3)

In order to achieve this objective, the Action will support the efforts of the Government of North Macedonia to improve the employability of young people and in raising their motivation and preparedness to enter on the labour market.

The EU will therefore contribute to achieving the following **specific objectives**:

1. To improve the quality, relevance and inclusiveness of the national vocational education and training system.

The vocational education and training system in the country will offer high quality education, which is relevant to the current labour market trends and which allows people with special needs to benefit as well. This will result into increased motivation of the VET students to pursue career in the acquired qualification, which will reflect into an increase in the VET enrolment rate and respectively into a decrease of early leavers from education and training. In parallel, the new inclusive teaching framework would allow increase in the enrolment rate of students with special needs).

2. To improve employment opportunities for young women and men.

Young (inactive and unemployed) women and men will benefit in a more personalised way from various active employment measures based on their individual needs and capacities and with the support of professional guidance and intermediation. This will result into a significant number of young persons finding a path ahead on the labour market, as entrepreneurs or in the education system.

These specific objectives will be achieved through **attainment of the following key results/ induced outputs**:

1. *Improved offer of accredited VET programmes and providers.*

Three Regional VET centres will be 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. The Centres are also

expected to have the capacity to multiply their positive experience in the VET country system and serve as a driver in VET sector.

The Regional VET centres will be 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. An ongoing IPA 2017 intervention provides technical assistance to the country in the field of VET, namely capacity building of education institutions and relevant municipalities, development of a rationalisation plan for VET schools, and alignment of VET and Adult Education systems with European Quality Assurance in Vocational, Education and Training standards. These EU investments will prepare the ground for the establishment of the Regional VET Centres.

The establishment of the Regional VET centres involves a complex legislative, administrative and investment effort by the national authorities. The necessary legislation and accreditation framework needs to be established by the state to allow the legal existence and the quality assurance of the Regional VET centres. Further on, the selected VET centres need to be refurbished and equipped. The training programmes, tools and methods will be upgraded to provide for a range of qualifications relevant to the demand of the 21st century business, to ensure a flexible approach and modularisation, as well as a mix of core skills, technical skills and capabilities needed at each critical life and employment stage. The vocational education, to be offered in the Centres should serve all levels (vocational training, three-year vocational education for occupation, technical education, post-secondary education, trainings) and various participants such as students in the regular formal secondary education, adults and persons with special educational needs. The process will be supported by implementation of activities for validation of non-formal and informal learning. Based on the revised VET Curricula, specific VET curricula for students with special needs will also be developed. Sectors/programmes for professional career and orientation support to graduates will be established. The relations between the Regional VET Centres and the private sector will be extended ensuring better compliance of the teaching programmes and process with the needs of the relevant business in terms of skills and capacities.

The VET management structure and organigrammes will be improved to ensure that the Regional VET Centres are completely equipped with support staff and professional services' specialists (e.g. IT administrators, career advisors, etc.), necessary to implement the new VET curricula, requirements and objectives. Stereotyping is frequently found in vocational guidance and counselling and it discourages young women from taking training programmes that would lead them to higher long-term earnings and improved employability. The VET Curricula should be gender sensitive.

2. *Competences of staff of the regional VET centres aligned with Human Resource management plan and accreditation criteria.*

Training and capacity building measures will upgrade teachers' professional expertise in order to ensure that the skills they give to their learners are in line with the needs of the contemporary workplace. This actually involves the integration of innovations and entry of new technologies in the education process, which requires a new level of teachers' knowledge on current technologies in the selected domains. In addition, there is a need to improve the skills in applied and workplace situated pedagogies and in

using modern teaching methods. Special focus needs to be put on upgrading teaching styles including specific skills for teaching adults and for working with children and adults with special needs. Also, emphasis will be given to gender equality issues.

The country's efforts should equally improve the management culture and knowledge, including skills for strategic planning and programming, fundraising, communicating and promoting VET, effectively interacting with business and local governments.

The Regional VET Centres' capacities to operate partnership platforms for involving business and municipalities in school management and training programmes will need to be strengthened as well. Capacity building measures need to target school management and key partners, namely business and municipalities, which need to be involved in school management. Specific focus will be put on training of in-company mentors and upgrading the understanding of their roles and responsibilities as regards the young trainees and apprentices. Training of the municipality staff will also be required to make the local authorities more engaged and committed to VET and better support the cooperation between the Regional VET Centres, municipalities and local companies.

3. *Youth Guarantee implemented*

In line with the Employment and Social Reform Programme (ESRP) Objective 3.1.2.1 on youth employment and Objective 1 of the Employment Strategy targeting support to vulnerable groups, the Youth Guarantee will be implemented in the country with a focus on 15-29 years old persons who are not in employment, education or training. Priority will be given to three underdeveloped regions – NorthEast, Polog, SouthWest + Prespa, where urgent measures are needed. The Youth Guarantee will step over the lessons learnt from the pilot Youth Guarantee scheme, implemented by the authorities in 2018. The pilot phase covered 5266 young people. The expected coverage in 2019, as outlined in the Economic Reform Programme 2019 – 2021, is 9500 persons annually. One third of them will be included in active programmes and measures for employment. The annual budget allocated to the Youth Guarantee is approximately EUR 4.2 million per year.

The Youth Guarantee will be implemented by the Employment Service Agency (ESA), and in particular by the ESA offices in the three targeted regions. The ESA structural and organisational capacity will be strengthened to allow the smooth implementation of the Youth Guarantee. The foreseen activities include refurbishment and technical and material upgrade of the ESA offices, which will host the Youth Guarantee with the objective to ensure client-friendly work environment and the needed IT tools for smooth operations. Improvements in the management structure and human resources will be coupled with intensive capacity building measures to ensure the human resources necessary to run the Youth Guarantee in the selected locations are in place and they are sufficiently qualified to implement the required services. 70 persons engaged in the implementation of Youth Guarantee, located in 11 Youth Guarantee centres, will be trained.

The authorities will implement activities to reach out to persons neither in employment, education or training, in their direct environment: mapping of these persons and of available services and programmes; identification, delivery of services to contact and attract disengaged young people, provision of individualised support by youth workers; registration of the young people with the Employment Service Agency as job seekers, referral to and registration in the Youth Guarantee scheme.

Young people registered in the Youth Guarantee scheme will be offered activation services and active labour market measures: career counselling, orientation and motivation trainings, job search assistance, employment mediation, labour market measures leading to employment such as recruitment subsidies, self-employment and start-ups loan programmes, delivery of skills training programmes such as trainings for in-demand occupations, training for known employer, advanced IT skills, internship programme targeting young people, as well as other active labour market measures in accordance with ESA internal procedures for the Youth Guarantee.

A total of 9,500 young persons (age 15-29) are expected to be enrolled from the Youth Guarantee.

The **direct outputs** of the sector reform performance contract and the complementary support involve

- Improved policy dialogue on sector reforms
- Improved system for monitoring of the sector reforms
- Improved capacity of the Ministries of Labour and Social Policy and of Education and Science to coordinate, implement and monitor the Education, Employment and Social Policy (EESP) reform agenda with special attention to this SRPC “EU for Youth” and EU budget support programme in general
- Increased awareness of the reforms in the EESP sector among the main stakeholders, as well as the wider public in general

The indicators designed to follow the sector reform performance contract progress derive from the national sector strategies, namely the ESRP, National Employment Strategy 2016-2020 and the Education Strategy 2018-2025. The range includes impact indicator such as the employment rate of young women and men, which is also affected by general macro-economic conditions, beyond the control of the Ministries of Labour and Social Policy and of Education and Science. However, the additional process, outcome and output indicators defined under the variable tranches, such as the reduction of the early leavers rate, the number of participants registered and completing the Youth Guarantee, the establishment of regional VET centres, the number of VET and Youth Guarantee staff trained and the modernisation of Employment Service Agency centres are designed to measure the immediate effect of the country's efforts to intervene on the labour market by correcting disbalances primarily linked to young generation.

2. IMPLEMENTATION

2.1. Rationale for the amounts allocated to budget support

The amount allocated for the budget support component is EUR 15 million, which is aimed to financially support the implementation of the ESRP (2017-2020), the total cost of which is EUR 434 million, allocated for the three axes:

- 1) Labour Market and Employment – EUR 88 million
- 2) Human Capital and Skills – EUR 97 million
- 3) Social Inclusion and Social Protection – EUR 252 million

The financial estimations are based on the costing exercise undertaken in the context of the preparation two relevant key sector strategies:

- The Strategy for Education 2018-2025. The total cost estimation of the implementation for the 7 years is EUR 149.4 million. Of this, the VET-related measures are estimated to EUR 14.37 million.
- The Employment Strategy 2016-2020, which foresees the active measures to boost youth employment including launching of the Youth Guarantee. The annual Operational Plan for Active Employment Programmes, Measures and Services, which is a part of the package for the Employment Strategy 2016-2020, provides the cost estimate for the implementation of the Youth Guarantee. The Economic Reform Programme 2018-2020, (draft) Economic Reform Programme 2019-2021 and the National Action Plan for Employment 2018-2020 reconfirm the financial commitment to the Youth Guarantee, which is EUR 15.5 million for the next 3 years or EUR 5.2 million per year. These costs would cover both outreach activities and active employment programmes and measures.

The value of this SRPC is approximately 50% of the total value of 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 these new policy initiatives.

The complementary support is estimated to EUR 1.5 million or 10% of the value of the SRPC. This high amount is required by the fact that this is the first SRPC for the country and experience and knowledge on implementation of this modality is very limited.

The country has a monitoring system which produces annual results, information and reports. The system is being further strengthened.

2.2. Criteria for disbursement of budget support

The disbursement plan envisages 4 payment tranches:

- The first tranche (2020) is fixed at 20% of the total SRPC value. This substantial amount is based on:
 - Need to provide substantial incentives to support the sector reforms and the planned activities, particularly on the background of advanced 2019 budget approval procedure (the 2019 State Budget contains only small funds for the planned activities; the substantial increase of the national funds for the SRPC activities are only expected in 2020).
 - estimated low risks to the macroeconomic stability and public finances and well progressing PFM reform programme.
- 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 MEUR per year for each of the three years.
 - Variable component, which depends on the extent to which the defined indicators and targets have been achieved. The method of calculation is presented in **ANNEX 1: Performance Indicators used for Disbursements.**

The general conditions for disbursement of all tranches include:

- 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 chosen performance indicators and targets to be used for disbursements will apply for the duration of the action. However, in duly justified circumstances, the Ministries of Labour and Social Policy and of Education and Science may submit a request to the Commission for the targets and indicators to be changed.

Note that any change to the targets should be agreed ex-ante at the latest by the end of the first quarter of the assessed year. The agreed changes to the targets and indicators shall be agreed in advance and may be authorised in writing (either through a formal amendment to the financing agreement or an exchange of letters).

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

2.3. Budget support details

The fixed tranche of EUR 3 million shall be requested upon the signature of the Financing Agreement, provided that the general conditions for disbursement mentioned in 2.2 are met.

The disbursement of annual tranches will occur provided that the conditions for disbursement mentioned in 2.2 are met. Once this level of compliance is confirmed, the annual tranches will be calculated according to the disbursement procedures specified in Annex 2.

Budget support is provided as direct untargeted budget support to the national Treasury. The crediting of the transfers in EUR disbursed into Macedonian denars (MKD) will be undertaken at the appropriate exchange rates in line with the relevant provisions of the Financing Agreement.

2.4. Organisational set-up and responsibilities

The Sector Working Group in EESP, is the sector policy dialogue structure bringing together the relevant national institutions, the donors and civil society active in the sector. This Sector Working Group operates effectively since 2017 and is a good channel for the EU to pass strong and streamlined messages and guide the sector policy dialogue. It has a large mandate from identification of priorities to coordination to review of sector reforms progress.

The Sector Working Group is co-chaired by the Minister of Education and Science and the Minister of Labour and Social Policy and is institutionally supported by the NIPAC's office. It also involves, the Ministry of Finance, the Employment Service Agency, the Vocational Education and Training Centre, the Centre for Adult Education. The Secretariat of this Sector Working Group comprises assigned officials from the Ministry of Education and Science and the Ministry of Labour and Social Policy and the Secretariat for European Affairs (having the Governmental mandate for donor coordination). The Sector Working Group benefits from contribution from all relevant Directorates and Departments in these two Ministries. It meets

at least once every three months on average and operates according to the adopted Rules of Procedure within the NIPAC sector coordination framework.

The EU Delegation, the donors and foreign partners participate and support the Sector Working Group through advice, sharing of knowledge and information. This is the platform which also embeds the donor coordination.

Since March 2018, non-state actors are part of the Sector Working Group, but with limited engagement in the process. As of June 2019, a complex EU-supported mechanism will be put in place to structure the participation of citizens' organisations and improve the contribution of civil society to sector reforms.

The Sector Working Group on EESP is the main platform channelling the IPA programming in the sector, including the preparation of this SRPC. It is the main policy dialogue instrument also with view to 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 reform process. .

2.5. Performance monitoring and reporting

Progress in the implementation of the SRPC will be monitored through the defined indicators.

These indicators are also to be integrated into the Performance Assessment Framework (PAF) being prepared with EU support and expected to be put in place in 2019. The PAF is sector-based and integrates macro indicators (outcome and impact levels) and micro indicators (output level). PAF is developed as a web-based application (to be backed up by a government decision on responsibilities and deadlines) allowing regular electronic input of data, data processing and data analytics. The PAF data will be used in the Sector Working Group on EESP, which is also the inclusive platform of all stakeholders to monitor the implementation of the sector priorities.

The day-to-day technical and financial monitoring of the implementation of the sector reforms and the Employment and Social Reform Programme and the related education and employment strategies will be a continuous process and part of the Government's responsibilities. To this aim, the two Ministries, with the support of the EESP Sector Working Group, shall establish a permanent internal, technical and financial monitoring system and elaborate regular annual progress reports. Every report shall provide an accurate account on the implementation of the Sector Reform Performance Contract, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes), as measured by corresponding indicators, using as reference the list of performance indicators used for disbursements. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

After the signature of the Financing Agreement, for the disbursement of the fixed tranche, the Ministries of Labour and Social Policy and of Education and Science, in cooperation with the Ministry of Finance, shall make available the following documents:

- The annual monitoring report¹ and any other related documentation produced in the framework of the implementation of the ESRP and its action plans.

¹ No annual report will be provided for year 2018

- Report on progress regarding the implementation of a credible stability-oriented macroeconomic policy;
- The annual monitoring report and any other related documentation produced in the framework of the monitoring of the implementation of the PFM Programme 2018-2021 and its annual action plans.

For the disbursement of the variable tranches for the years 2020, 2021 and 2022, the two Ministries, in cooperation with the Ministry of Finance, shall make available the same set of documents not later than 31 May 2020, 2021 and 2022², as well as the documents required as source of verification to demonstrate the achievement of the targets set out in Annex 2.

The documents will be presented and discussed at the EESP Sector Working Group, which is the main platform channelling the IPA programming in the sector and the sector policy dialogue involving authorities, donors and civil society.

The general eligibility criterion related to the education and employment policy, notably satisfactory progress in the implementation of the ESRP, as well as the achievement of the targets for the disbursement of the variable tranches, will be monitored by the EU Delegation and the relevant geographical Unit of DG NEAR.

The general eligibility criterion related to macro-economic stability will be monitored by the EU Delegation and the relevant geographical Unit of DG NEAR with the support of DG ECFIN, in particular through the annual assessment of the country's macroeconomic and fiscal programmes. In this assessment, the recommendations for North Macedonia by the annual ECOFIN Council Ministerial Meeting will also be considered. Policy dialogue in the context of the relevant Stabilisation and Association sub-Committees will also assess overall macro-economic and fiscal performance. Finally, third party assessments will be also taken into consideration, such as the reports from IMF for Article IV consultations.

The general eligibility criteria related to progress in the implementation of the PFM strategy and progress for budget transparency will be assessed by the EU Delegation and the relevant geographical Unit of DG NEAR. This assessment will be also based on the PFM policy-dialogue channelled through the established Sector Working Group on PFM, chaired by the Minister of Finance and also comprising donors and international organisations and civil society. The Sector Working Group on PFM, similar to the EESP is the main platform channelling the IPA programming in the sector, including the preparation Sector Working Group meets several times during the year (at least once every three months) on operational level and on policy level within the framework of the PFM policy dialogue meetings held twice a year.

The Commission may undertake additional verification missions and monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

Two annual monitoring missions, managed by the European Commission, will supervise the implementation of the budget support programme.

The part of complementary support technical assistance will be subject to regular monitoring of performance, which will be an on-going process.

² Statistical data will be provided according to the release calendar of the Statistical office

Optionally, this Sector Reform Programme Contract (SRPC) may be included in the external monitoring (Result Oriented Monitoring System-ROM) by independent consultants hired by the European Commission. If applicable, this monitoring begins at the sixth month of implementation of activities under the project and ends no later than six months before the end of the operational implementation phase.

2.6. Evaluation and audit

The SRPC will be subject to the sector evaluation planned under IPA 2019 annual programme, which will also cover the evaluation of the technical assistance.

The Commission shall inform the implementing partner at least 2 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Appendix 1: INDICATIVE SELECTION OF RESULT INDICATORS (FOR BUDGET SUPPORT)¹ (MAX. 2 PAGES)

The inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the list of result indicators are indicative and may be updated during the implementation. The table with the indicative list of result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets (milestones), when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

	Intervention Logic	Indicators	Baseline (year)	Final Target 2022	Sources and means of verification
				Target 2022	
Im-	To support the Government of North Macedonia in improving the employment of young women and men in the country	I0 -Youth Employment rate (15-29) (Women in employment rate: - 15-24 / - 24-29)	30.9% (2018)	32.8%	Labour Force Survey, Eurostat - State Statistical Office
			12.2% (2018) 41.6% (2018)	13.0% 42.9%	
Outcomes	To contribute to the efforts of the Government of North Macedonia to improve the quality, relevance and inclusiveness of the national vocational education and training system	I1 - Early leavers from education and training rate by sex (18-24) (sex disaggregated)	National average 8.5% (2017)	Down by 1 percentage point	Labour Force Survey, 2017 Eurostat - State Statistical Office
	To contribute to the efforts of the Government of North Macedonia to improve employment opportunities for the young women and men	I2 -Percentage of participants (sex disaggregated) who successfully ² completed the Youth Guarantee (as a % of those neither in education, employment nor training included in the Youth Guarantee)	Pilot exercise: 36% ³ (2018) Target regions: 0 ⁴ Roll-out 1 st half 2019 – 29%	Average for the 3 years: 22,3 2021 – 20% 2022 – 20% 2023 - 25%	Employment Services Agency (ESA) administrative data
I	1. Improved offer of accredited VET programmes and providers	I3 - Regional VET Centres established in the target regions ⁵	0 (2019)	3 Regional VET centres obtained accreditation	Accreditation certificate/decision

¹ The Impact and outcome indicators are aligned with Country Strategy Paper and the sector strategies.

² Detailed interpretation is provided in [ANNEX 1: Performance Indicators Used For Disbursements](#)

³ This figure is not validated officially yet. It represents preliminary results of the pilot YG conducted in 2018 in 3 municipalities (Skopje, Gostivar and Strumica). In the target regions this success rate cannot be achieved due to two factors. First, the local economic disbalances limit the employment opportunities in the regions. Unlike two of the municipalities selected for the pilots (Skopje and Strumica), which focus the economic activities in the country, the targeted regions show the weakest economic growth across the country. Second, due to the ongoing social protection reform, the inflow of young people interested in the YG has increased significantly. According to the Operational plan 2019 for the roll-out of the YG the planned range of participants in the Youth Guarantee on the entire territory of the Republic of North Macedonia is about 9500. Only for the first 6 months of 2019, 10,007 young people have been already registered in the Youth Guarantee. While the total number of people registered in the YG increased significantly, the planned YG capacities to serve young women and men cannot follow the same dynamics.

⁴ The pilot exercise of the YG included only one municipality, which is a part of the target regions, and therefore is not representative for the region. (Gostivar is a part of Polog region)

	Intervention Logic	Indicators	Baseline (year)	Final Target 2022	Sources and means of verification
induced outputs				for at least 2 VET qualifications (profiles)	
		I4 -Number of VET qualifications open for validation of non-formal and informal learning	0 (2019)	6	
	2. Competences of staff of the regional VET centres aligned with Human Resource Development Plans and accreditation criteria	I5 - Percentage of staff of the Regional VET Centres trained in line with the Human Resources Development Plans ⁶ (30 working days for the teaching staff and 20 working days for the non-teaching staff allocated across a 2-year period) % of staff of the Regional VET Centres trained to work with students with special education needs (6 full days of training on teaching/working with students with special needs for the 2-year period)	NA ⁷	100 % of the staff trained 35% of the staff trained to work with adults and children with special education needs	Reports from Ministry of Education and Social Affairs and VET Centres and adults education centres
	3. Youth Guarantee implemented	I6 - Number of participants (sex disaggregated) registered in the Youth Guarantee (entry level) ⁸	5266 (2018–pilot exercise) 10,007 (1 st half of 2019 – roll-out), of them 5,255 in the target regions	Cumulative new ⁹ 9700	ESA administrative data
		I7 -Number of Youth Guarantee staff trained, sex disaggregated, (6 full day training days per person)	22 in the target regions (1 st half of 2019 – roll-out)	Cumulative new ⁹ 90	ESA's Annual Report
		I8 - Number of ESA centres modernised/upgraded (in the target regions) ¹⁰	3 (2018)	Cumulative new ⁹ 9	ESA's Annual Report

⁵ Detailed presentation of the indicator is provided in [ANNEX 1: Performance Indicators Used For Disbursements](#)

⁶ HRD Plans are going to be developed after the mapping exercise is completed and the regional VET centres are selected. ETF is supporting this process.

⁷ Regional VET Schools not yet selected and the level of training intensity cannot be established

⁸ Detailed presentation of the indicator is provided in [ANNEX 1: Performance Indicators Used For Disbursements](#)

⁹ Not including the baseline figure

¹⁰ Detailed presentation of the indicator is provided in [ANNEX 1: Performance Indicators Used For Disbursements](#)

	Intervention Logic	Indicators	Baseline (2018)	Final Target 2022	Sources and means of verification
Direct outputs	Improved policy dialogue on sector reforms	Regular meetings of the Sector Working Group on Economic and Education, Employment and Social Policy (EESP)	At decision-making level 3 sector Working Group held to support the IPA Programming in the EESP sector 6 technical level meetings	The Sector Working Group on EESP meets regularly under the coordination of the Ministries of Labour and Social Policy and of Education and Science to steer and supervise the sector reforms (indicative 4 meetings per year) 12 Technical level meetings	Calendar and Minutes of meetings of the Sector Working Group
		Number and structure of participants	Average 25 persons per meeting, 50% national authorities, 50% donors and international organisations, no civil society	At least 35 per meeting, mixed participation – national authorities, donors, civil society and private sector associations	Attendance lists and minutes of meetings of the Sector Working Group
		Improved quality of policy dialogue (Qualitative indicator)	Policy dialogue on sector priorities active but parallel funding agendas are still available, not always coordinated	Higher synergy among donors and better coordination of the agenda of the different stakeholders (shared programming in place) Focus on implementation of the sector reform along with identification of priorities Quality of decisions and recommendations is improved	Evaluation (Case studies) Annual Sector approach assessment

	Intervention Logic	Indicators	Baseline (2018)	Final Target 2022	Sources and means of verification
	Improved system for monitoring of the sector reforms	Data sets on the sector reforms indicators compiled in time and available	<p>Annual report on Employment and Social Reform Programme (ESRP) and Public Finance Management (PFM) Reform Programme</p> <p>Annual Report on the Employment Strategy</p> <p>The First Report on Education strategy is expected in 2019</p> <p>Monthly and quarterly macroeconomic reports are published by the Ministry of Finance and the Economic Reform Programme (ERP) is assessed by the Commission annually.</p> <p>List of indicators and targets for sector reforms prepared</p> <p>No summarised and easy to reach data on sector reforms on line. Data and information provided with each strategic report. Some summarised data provided to the Sector Working Group on Education, Employment and Social Policy (EESP).</p>	<p>Analytical progress reports are produced for the strategic documents (ESRP, PFM RP and ERP).</p> <p>At least one meeting of the Sector Working Group on Employment, Education and Social Policy per year is dedicated to analysis of the results</p> <p>PAF in place and data used to feed in the discussions in the Sector Working Group and decision-making at sector level</p>	<p>ESRP Annual Report</p> <p>Sector Strategic Reports</p> <p>PFM Reform Programme Annual reports</p> <p>Fiscal data published by the Ministry of Finance / ERP and ERP assessment</p> <p>Sector Working Group Calendar and meetings</p> <p>PAF Online</p>
	<p>Complementary support</p> <p>Improved capacity of the Ministries of Labour and Social Policy and of Education and Science to coordinate, implement and monitor the EESP reform agenda with</p>	Quality of the materials put for discussions in the Sector Working Group on EESP and submitted to the EU Delegation Regularity of compilation of the data sets on the sector indicators (Performance framework)	Good quality materials related to priority identification, and coordination of funding sources. The first ESRP annual report was prepared and presented to the Sector Working Group. It provided an updated list of sector indicators	<p>Regular reporting of the implementation of the sector reforms</p> <p>Data sets on the SRPC indicators and the remaining strategy indicators are regularly collected and publically available (PAF)</p>	<p>Technical Assistance Report</p> <p>Performance assessment framework (a publicly accessible software)</p>

	Intervention Logic	Indicators	Baseline (2018)	Final Target 2022	Sources and means of verification
	special attention to the Sector Reform Programme Contract (SRPC) “EU for Youth” and EU budget support programme in general.		http://mtsp.gov.mk/content/pdf/dokumenti/2018/ESRP%20Report%202017%20(EN).pdf The report on implementation of the National Employment strategy was prepared by the Ministry of Labour and Social Policy and presented by the Government. PAF still under development		
	Increased awareness of the reforms in the EESP sector among the main stakeholders, as well as the wider public in general.	Number of visits to the sector PAF website Number of communication products Number of people covered by the communication policy	0 (2019) 0 (2018) 0 (2019)	>5000 +5 > 80,000	PAF Web-counter Communication Strategy and outputs

LIST OF ANNEXES

- 1. Performance indicators used for disbursements**
- 2. Disbursement arrangements and timetable**
- 3. Complementary activities**

ANNEX 1: PERFORMANCE INDICATORS USED FOR DISBURSEMENTS

Indicator 1 : Early leavers from education and training rate by sex (18-24)

Policy: Education Strategy and Action Plan 2018-2025. Priority III. Increase Enrolment in Vocational Education and Training Priority/Measures 3.2

Objective: Improve the enrolment in Secondary Vocational Education.

Action: Provide appropriate vocational education at all levels (three- and four-year vocational education, post-secondary education, trainings) for all participants such as students in the regular formal secondary education, including those with special educational needs. Collaborate intensively with the companies/employers and private sector at all levels including establishment of curriculum, training process and apprenticeship programme, innovative school management. Provide professional career and orientation support to graduates.

Department responsible: Ministry of Education and Science

Description of the Indicator

Indicator Type: Outcome

Measurement Unit: Percentage

Periodicity of measurement: Yearly

Last known result: National average: 8.5% (2017)¹, Eurostat/ State statistical office statistics on early leavers from education and training, Labour Force Survey. The number of students enrolled in secondary school across the country for 2016/2017 school year is 76,394.

Development and quality of the indicator

Method of data collection: State statistical office, Labour Force Survey

Departments responsible for collection: State statistical office

Method of calculation: The calculation of the rate of early leavers is done by the State statistical office according to the Eurostat methodology for Labour Force Survey.

The disbursement will be proportionate to the level of achievement of the target value i.e. if 65% of the target value is achieved the disbursement will be 65% of the value associated to this indicator for the year. Since the

¹National State Statistical office, LFS 2016, early leavers rate reached 9.9%, <http://www.stat.gov.mk/Publikacii/2.4.17.02.pdf>. The number of students in the regular upper secondary schools at the beginning of the school year 2015/2016 was 80 295.

objective is to decrease the early leavers rate by 1 percentage point (to 7,5%) by end 2022, the 2021 target is to be considered an interim milestone. If this interim milestone is not achieved but the final target of 2022 is reached, the full amount allocated for this indicator can be disbursed with the final payment, based on a re-assessment of the unmet targets and the reasons behind.

Means of interpretation A decrease in the early leavers rate indicate improvements in institutional level factors, which relate to the school or VET institution environment, the educational practices, and teachers – all elements, which the SRPC targets.

Documentation schedule

Target: By 2021, decrease in the early leavers rate by 0.5 percentage point compared to the national average of 8.5% in 2017.

By 2022, decrease in the early leavers rate by 1percentage point compared to the national average of 8.5% in 2017.

Indicator 2: Percentage of participants who successfully completed the Youth Guarantee (exit level)

Policy: Employment and Social Reform Programme (ESRP)
 Objective: Improvement of youth employment and promotion of more and better jobs for young people (3.1.1.1)²
 Expected result: Youth Guarantee implemented
 Action: Young people registered in the Youth Guarantee scheme will be offered activation services and active labour market measures: career counselling, orientation and motivation trainings, job search assistance, employment mediation, labour market measures leading to employment such as employment subsidies, self-employment programme, internship programme, and delivery of various vocational education and training programs, such as trainings for in-demand occupations, training for known employer, advanced IT skills, as well as other active labour market measures in accordance with ESA internal procedures for the Youth Guarantee.
 Department responsible: Ministry of Labour and Social Policy/ Employment Service Agency

Description of the Indicator

Indicator Type: Outcome
 Measurement Unit: Percentage
 Periodicity of measurement: Yearly
 Last known result: The pilot phase of the Youth Guarantee implemented in 2018 included a total of 5,266 young persons. 87 % of the registered young people (4,556) received services such as career counselling and professional orientation,

² Revised ESRP

preparation for employment, preparation of individual employment plans, information about the labour market, profiling, etc. 36% of the total number of young people registered in the Youth Guarantee got employed within 4 months from the date of entry into the Youth Guarantee". This success however cannot be maintained through the roll-out.

First, the pilot covered only three municipalities, of which Skopje and Strumica are well developed economically and benefit of a dynamic labour market while Gostivar is among the economically weakest municipalities of the country. The roll out of the Youth Guarantee in the country and particularly in the targeted underdeveloped regions facing severe labour market deficiencies will bring down the success rate. Moreover, the majority of the participants in the pilot had completed secondary education, which cannot be expected in the roll-out.

Second, the social reform launched with the new Law on Social Protection in 2019, increased rapidly the total number of potential beneficiaries of the Youth Guarantee. This is already the case for the first 6 months of 2019. While the planned range of participants in the Youth Guarantee on the entire territory of North Macedonia was about 9500 young people, a total of 10.007 young people (5,255 persons in the target regions) were registered in the Youth Guarantee only from January to 30 June 2019. Of the persons registered in the Youth Guarantee in the target regions by 30 June 2019 a total of 1536 persons successfully completed the scheme (success rate 29%). Since the success rate is measured as a percentage of the total young people registered, it is obvious that it will drop down. Moreover, the increased inflow of potential beneficiaries create tension on the current capacities of the Youth Guarantee which cannot increase proportionally to the increase in the demand.

Development and quality of the indicator

Method of data collection: Employment Service Agency (Annual Report for implementation of the Active Labour Market Programme Operational Plan, based on administrative records and management information system)

Departments responsible for collection: Employment Service Agency

Method of calculation: The indicator refers to the percentage of young people (sex disaggregated) who who have completed (exited) the Youth Guarantee scheme with a positive outcome within a time span of 4-months after registration. The meaning of "positive outcome" is defined in the Youth guarantee methodology and involves one of the 3 options: 1). Employment, 2). Continued education/training, or 3). Traineeship/internship. The indicator is calculated as a share of the total number of participants in the Youth Guarantee. The Annual Report for implementation of the Active Labour Market Programme Operational Plan includes the absolute values for the entry and exit levels as well as the percentage of participants who successfully complete the Youth Guarantee. The data also provides several breakdowns: per type of outcome (employment, education / training, internship etc.), per regions, per sex and education of beneficiaries.

The disbursement will be proportionate to the level of achievement of the target value i.e. if 65% of the target value is achieved the disbursement will be 65% of the value associated to this indicator for the year.

Means of interpretation

Known limits and bias: The indicator is calculated based on data collected by the Employment Service Agency

Means of interpretation: N/A

Documentation schedule

Target: By end 2020, at least 20% of the young persons neither in education, employment nor training, registered for 2020 under the Youth Guarantee in the target regions successfully complete the programme (as per the approved methodology for registration and calculation of success rate).

By end 2021, at least 20% of the young persons neither in education, employment nor training, registered for 2021 under the Youth Guarantee in the target regions successfully complete the programme (as per the approved methodology for registration and calculation of success rate).

By end 2022, at least 25% of the young persons neither in education, employment nor training, registered for 2022 under the Youth Guarantee in the target regions successfully complete the programme (as per the approved methodology for registration and calculation of success rate).

Indicator 3: Regional VET centres established in the target regions

Policy: Education Strategy and Action Plan 2018-2025. Priority II. Measure 2.7

Objective: Improve learning environment and Quality of Vocational Education and Training.

Action: Adoption of VET legislation, including accreditation criteria and procedures for Regional VET Centres. Development and implementation of action plan for each Centre for achieving the necessary standards for accreditation and establishing a regular monitoring on achieving the requirements for each accreditation criteria. Revision of the VET programmes (also for students with special needs). Revision of the VET management structure and organigrammes to ensure the Regional VET Centres are completely equipped with support staff and professional services' specialists (e.g. IT administrators, career advisors, etc.), necessary to implement the new VET curricula, requirements and objectives. Adaptation/ reconstruction/refurbishment of the existing school buildings (in 3 selected regions). Modernisation of the material basis of each Regional VET Centre, notably supply of modern equipment to support the training, including the practicum, of the students. Establishment of partnership

platforms for involving business in school management and development and implementation of the training programmes.
Validation by the authorities of the level of achievement of the accreditation standards.

Department responsible: Ministry of Education and Science-Centre for Vocational Education and Training; Centre for Adult Education; Bureau for Development of Education; State Education Inspectorate.

Description of the Indicator

Indicator Type: Output
Measurement Unit: Number of accredited VET qualifications per Regional VET Centre
Periodicity of measurement: Yearly and for the period of the last two years
Last known result: Number of accredited qualifications per Regional VET Centre: 0 in 2019.

Development and quality of the indicator

Method of data collection: Administrative collection of data, Verification of documents, on-site monitoring and assessment of the level of accomplishment of the interim and final targets:

Departments responsible for collection: Ministry of Education and Science: Department for secondary education, Centre for Vocational Education and Training and Centre for Adult Education.

Method of calculation: The method of calculation is based on assessment of the achievement of three key targets:

Target 1: The necessary legal provisions to allow the establishment of the Regional VET Centres and the accreditation standards framework (criteria, procedures and responsibilities) are adopted by the responsible authority and published in the Official Gazette of North Macedonia

Achieving this target will trigger full disbursement. If the required legal documents are not officially adopted in the required timeframe, no disbursement will be made. Partial disbursement of up to 50% of the amount of the value indicator is possible if the legal framework establishing regional VET centres is formally adopted but the accreditation standards are not or vice versa.

Target 2: Three (3) selected³ Regional VET centre are established and upgraded.

³ The three Regional centres will be selected by end 2019 by a decision of the Ministry of Education based on the ETF mapping and consultation with the EU Delegation and the other funding partners: potentially Swiss Aid, GIZ and World bank.

Each centre has a weight of 33.33% and may trigger a proportional disbursement of up to 33,33% of the amount allocated for the target. Thus, the upgrade of 2 centres will trigger disbursement of up to 66.66% of the amount allocated for the target. Partial disbursement will however be applied if the safety, efficiency and quality standards are not fulfilled (see method of interpretation).

Target 3: At least 2 VET qualifications per Regional VET Centre are accredited by the respective accreditation body.

Each Regional VET centre has equal weight and is entitled to disbursement of 33,33% of the value of the indicator in case of full achievement of the target. Thus, a number of 2 VET programmes accredited per Regional VET Centre (Total 6) will trigger full disbursement. A number of 1 accredited VET programme per Regional VET Centre will trigger 50% of the Regional VET Centre' proportion (half of 33,33%). NO disbursement will be made for a Regional VET Centre which has not obtained any accreditation.

In exceptional and duly justified cases a re-assessment of the unmet targets, against the original target, will be possible in the following year if there is a positive implementation trend and if the target was not reached because of external shocks or for reasons beyond the Government's control.

Means of interpretation

Known limits and bias: A compliance review mission will be put in place by the Contracting authority to inform on the qualitative upgrades brought to the centres. The assessment will be based on the EU standards/practice i.e. the 7 Basic Requirements for construction works: 1). Mechanical resistance and stability, 2). Safety in case of fire, 3). Hygiene, health and the environment, 4). Safety and accessibility in use, 5). Protection against noise, 6). Energy economy and heat retention and 7). Sustainable use of natural resources. The Eurocodes are however not yet adopted in North Macedonia and no formal requirement for following the EU construction standards can be included at this stage.

Means of interpretation:

Target 1 - the checks will verify the formal adoption and publication of the needed legal provisions in the Official Gazette of North Macedonia.

Target 2 - the assessment of the achievement of the target is to be quality-based and take into account:

- a) Compliance of the completed refurbishment and modernization with the EU/international standards for safety, hygiene, accessibility, energy efficiency, and learning environment⁴ .
- b) Compliance of the supplied equipment with the respective VET programmes, the current industrial practices in the country and, where possible with the modern technological standard for the relevant qualification.
- c) Compliance of the staffing levels at the Regional VET centres with the newly adopted organigrammes and requirements for accreditation (where a normal staffing level requires at least 80% of the staff required by the organigramme to be employed and all functions to be covered by staff).
- d) Level to which structured partnership with business is established, including a formally established and functioning model for involving business in decision-making at the level of the Regional VET Centres.

Target 3: at least two VET programmes are to be accredited per Regional VET Centre. If one Regional VET Centre achieves accreditation for 3 or more programmes, this would not compensate for the other Regional VET centres which obtain less accreditations.

Documentation schedule

Target: By end May 2021, Target 1 is achieved. The reporting on this target follows the reporting cycle for year 2020

By end 2021, Target 2 is achieved.

By end 2022, Target 3 is achieved – The 3 Regional VET centres must obtain accreditation certificates for at least 2 VET qualifications per Regional VET Centre (Final target), which stands for full achievement

Indicator 4: Number of VET qualifications open for validation of non-formal and informal learning

Policy: Education Strategy and Action Plan 2018-2025. 7.4 Vocational Education and Training. Priority I. (Measure 1.1) and 7.6 Adult Learning and Education. Priority I (Measure 1.1).

Objective: Introduce Advanced Implementation of a flexible model for validation of non-formal and informal learning in order to open opportunities for upgrading the skills and qualification of youth and adults, obtain a certificate and improve their employment chances.

⁴ optimum levels of natural light, temperature and ventilation; welcoming buildings and grounds, good and proportionate organisation of learning spaces which fit for purpose and meet the needs of the curriculum

Action: Legal, operational, administrative and educational arrangements for validation of non-formal and informal learning. Putting in place a validation methodology that permits the acquisition of full or parts of qualifications through validation and ensures that the certification of the learning outcomes is in a form of qualification. Provision of appropriate guidance and counselling and promotion of the access to validation among public and particularly to disadvantaged groups, notably individuals who are unemployed or in insecure forms of employment.

Department responsible: Ministry of Education and Science-Centre for Vocational Education and Training; Centre for Adult Education; Bureau for Development of Education; State Education Inspectorate.

Description of the Indicator

Indicator Type: Output
Measurement Unit: Absolute number
Periodicity of measurement: Yearly and for the period of two years (2021 and 2022)
Last known result: 0 (2018)

Development and quality of the indicator

Method of data collection: Administrative data, official communication on the validation of VET qualifications open to non-formal and informal learning (at least one per Regional VET Centre). Report on progress in implementation of the Education Strategy 2018-2025

Departments responsible for collection: Ministry of Education and Science, Centre for Adult Education

Method of calculation: The disbursement will be proportionate to the level of achievement where each qualification has the same weight. For example, if only 1 qualification is open for non-formal and informal learning, max 33,33% of the total amount of the indicator for the year can be disbursed.

Means of interpretation

Known limits and bias: NA
Means of interpretation: NA

Documentation schedule

Target: By end 2021, 3 VET qualifications open for non-formal and informal learning.
By end 2022, 3 VET qualifications open for non-formal and informal learning (Cumulative 6 for the two years).

Indicator 5: Percentage of Regional VET Centres staff trained in line with the Human Resource development plan / Percentage of Regional VET Centres Staff trained to work with students with special educational needs

Policy: Education Strategy and Action Plan 2018-2025. Priority II. Measure 2.7.5

Objective: Training of the staff of VET Centres

Action: Based on the new training curriculum and organigramme, each Regional VET Centre must adopt and implement a two-year Human Resource Development Plan based on the staff individual training plans. The HR Development Plan must include the targeted allocation per person employed (full-time only) per year and for the period of 2 years. This allocation may change in case of a replacement of a staff member but the total for the 2-year period must be respected.

Each full-time VET teacher must receive at least 20 days of training and 10 days of internship in a company over a 2-year period (2021 and 2022). The objective of this training is to upgrade teachers' professional expertise, knowledge and skills, particularly on innovations and new technologies in the respective subject area; applied and workplace situated pedagogies; use of modern technologies in teaching and learning process; teaching adults and working with children and adults with special needs. Involving business in improving the teachers' preparedness to deliver training and build skills needed at the labour market is a priority. Therefore, this action involves also training of the in-company mentors, who will be involved in the education process.

The non-teaching staff must also receive at least 15 working days on training (including internships) depending on their core functions. The focus of this training should be adjusted to support improvements in the management style and culture, better strategic planning and programming, fundraising, communicating and promoting VET, effectively interacting with business, local governments and local communities, working with children and adults with special needs.

In addition, 35% of the full-time staff of the VET centres must receive at least 6 full days of training on teaching/working with children and adults with special needs for the 2-year period.

Each Regional VET Centre must develop a Training register to record all trainings delivered for each staff member.

Department responsible: Ministry of Education and Science; Centre for Vocational Education and Training; Centre for Adult Education; Bureau for Development of Education; State Education Inspectorate.

Description of the Indicator

Indicator Type: Output

Measurement Unit	Percentage of staff of the regional VET centres who has received training (30 full-time working days for the teaching staff and 20 full-time working days for the non-teaching staff – allocated across a 2-year period) Individual training plans and Human Resource Development Plan (per VET centre)
Periodicity of measurement:	Yearly and for the period of the two years (2021 and 2022)
Last known result:	The training needs analysis and staff training varies from school to school depending on the qualification provided. Precise baseline can only be established after the selection of the VET schools which will be upgraded to Regional VET Centres.

Development and quality of the indicator

Method of data collection: Administrative data, Reports from the Ministry of Education and Science and the Regional VET Centres, based on the Training registers. Official written communication/documentation of adoption of the Human Resources Development Plan by the Regional VET Centres. Monitoring of staff participation in trainings based on Human Resource Development Plan (per Regional VET centre), the individual training plans and the established Training register.

Departments responsible for collection: Ministry of Education and Science, VET Centrec and Centre for Adult Education.

Method of calculation: The indicator is calculated as a ratio of the trained staff to the total staff for the 2-year period. The reference population is the sum of the teaching and not teaching staff, established by the Human Resource Development Plan. The calculation is done per Regional VET School, each one of which weighs for 33,33%.

For the year 2020, the disbursement will be done on the grounds of the completion of the training needs analysis. (Yes/No indicator per school where each school accounts for 33.33% of the indicator value for the year).

For the year 2021, the disbursement will be done on the grounds of the adoption and putting in implementation of the Human Resource Development Plans. (Yes/No indicator per school where each school accounts for 33.33% of the indicator value for the year). However, there should be training activities corresponding to the training targets established in the Human Resource Development Plans. Data should be provided on the number of staff trained for the year, number of full training days absorbed, etc per each Regional VET Centre. Although this data will not be linked directly to disbursement, it will demonstrate the training activity and be used to assess if the adopted Human Resource Plan for the relevant school is actually put in implementation

For the year 2022, the disbursement will be per school (each school weighs 33,33%) and will be proportionate to the level of achievement of the target value for the year 2022 i.e. if 55% of the staff of one Regional VET Centre was trained (implying 30 full-time working days for the teaching staff and 20 full-time working days for the non-teaching staff), the disbursement will be 55% of the value allocated to this indicator for one VET Centre for the year.

The weight of the indicator "Percentage of Regional VET Centres staff trained in line with the Human Resource development plan" is 80%. The weight of the sub-indicator "Percentage of Regional VET Centres Staff trained to work with students with special educational needs" is 20%.

Means of interpretation

Known limits and bias: N/A

Means of interpretation: N/A

Documentation schedule

Target: By end 2020, the analysis of the training needs in the perspective of upgrading the selected VET schools into Regional VET Centres must be completed.

By end 2021, the Human Resources Development Plan for each of the Regional VET Centres adopted.

By end 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.

Indicator 6: Number of participants registered in the Youth Guarantee (entry level)

Policy: Employment and Social Reform Programme (ESRP) 2020. Objective 3.1.2.1

Objective: Improving employment opportunities for young women and men

Action: Reach out activities to involve young people neither in education, employment nor training in the Youth Guarantee Scheme, including mapping of young people, their registration with the Employment Service Agency as job seekers, referral to and registration in the Youth Guarantee scheme. Implementation of activation services and active labour measures for young people registered in the Youth Guarantee scheme: individual and group career counselling, orientation and motivation trainings, job search assistance and employment mediation, labour market measures leading to employment such as recruitment subsidies, self-employment and start-ups loan programmes, delivery of skills training programmes such as trainings for in-demand occupations, training for known employer, advanced IT skills, internship programme targeting young people, as well as other active labour market measures in accordance with ESA internal procedures for the Youth Guarantee.

Department responsible: Ministry of Labour and Social Policy / Employment Service Agency

Description of the Indicator

Indicator Type:	Output
Measurement Unit:	Absolute number
Periodicity of measurement:	Yearly
Last known result:	A total of 5266 young persons were registered in the Youth Guarantee during the pilot phase conducted in 2018. For the first six months of the 2019 roll-out across the country 10,007 persons were registered, of which 5,255 persons in the target regions.

Development and quality of the indicator

Method of data collection: Administrative data. The registration procedure is regulated by the Law on Employment and Insurance in case of Unemployment and internal Guidelines. The form, content and manner of keeping registries is regulated in the Rulebook on the form, content and manner of keeping registries (Official Gazette of North Macedonia No. 148/2012). Administrative records of registration are kept by the Employment Service Agency (ESA), which also provides an Annual Report on the implementation of the Youth Guarantee. ESA benefits of a modern Management Information System, where all beneficiaries are registered along with details on the services they benefit from. If a person meets specific selection criteria (i.e. a young person up to the age 29, being registered for the first time in the register (active jobseekers), the system automatically identifies him/her as a person eligible for Youth Guarantee. Furthermore, the system enables monitoring of the activities of the individual such as taking up employment service(s), participation in active programmes and employment measures or employment. The system allows for the systemic monitoring of all persons registered in the Youth Guarantee as well as the creation of specific targeted reports.

The target set for monitoring of the indicator is based on: 1) the expectation of the possible annual inflows of young individuals as active job seekers with the Employment Services Agency and 2) data analysis of the inflow of newly registered active job seekers in the past three years.

Departments responsible for collection: Employment Service Agency

Method of calculation: The Youth Guarantee benefits young persons (15-29) neither in education, employment nor training who, for the first time register in the Employment Service Agency centres (in the target regions). A young individual is considered as entered in the Youth Guarantee scheme if s/he has registered with the Employment Services Agency. Data will be sex disaggregated.

The disbursement will be proportionate to the level of achievement of the target value i.e. if 65% of the target value is achieved, the disbursement will be 65% of the value associated to this indicator for the year.

Means of interpretation

Known limits and bias: The indicator is calculated based on data collected by the Employment Services Agency.

Means of interpretation: N/A

Documentation schedule

Target: By end 2020, 3000 young people are enrolled in the Youth Guarantee in the targeted regions.

By end 2021, 3200 young people are enrolled in the Youth Guarantee in the targeted regions

By end 2022, 3500 young people are enrolled in the Youth Guarantee in the targeted regions.

Indicator 7: Number of Youth Guarantee staff trained

Policy: Employment and Social Reform Programme (ESRP) 2020. Objective 3.1.2.1 and 3.1.3.1⁵

Objective: Improvement of youth employment and promotion of more and better jobs for young people.
Further improvement of the capacities of the Employment Services Agency.

Action: The Employment Services Agency is the main Youth Guarantee implementing institution. Its institutional and operational capacity to implement the Youth Guarantee will be strengthened through 1).directing further resources towards implementation of the Youth Guarantee, 2). introduction of a unit for implementation of the Youth Guarantee within the broader restructuring of the Employment Services Agency, and 3). establishment of recurrent training opportunities for ESA staff working with young people and systemic (in-service) staff training on specific aspects of working with young people. ESA staff working on Youth Guarantee should receive at least 6 full days in-service training per year.

Department responsible: Ministry of Labour and Social Policy

Description of the Indicator

Indicator Type: Output

Measurement Unit: Absolute number

⁵ Revised ESRP

Periodicity of measurement: Yearly

Last known result: 20 persons were involved in the pilot phase of the Youth Guarantee in 2018 covering the three pilot municipalities. During the roll-out in 2019, a total of 70 employees are involved in the Youth Guarantee, of **which 22 are working on the Youth Guarantee in the target regions**. All people working on Youth Guarantee are trained.

Development and quality of the indicator

Method of data collection: Administrative data. The training is delivered by the Employment Services Agency (ESA), which keeps a training register providing data about the trainees, training subjects and hours of training. Data is sex disaggregated. The reports on training is transmitted formally to the Ministry of Labour and Social Policy, responsible for monitoring of the training activities.

Departments responsible for collection: Employment Service Agency

Method of calculation: The disbursement will be proportionate to the level of achievement of the target value i.e. if 65% of the target value is achieved the disbursement will be 65% of the value associated to this indicator for the year.

Means of interpretation

Known limits and bias: N/A

Means of interpretation: N/A

Documentation schedule

Target: By end 2020, 30 employees of the Employment Service Agency involved in the implementation of the Youth Guarantee in the target regions receive at least 6 full-time training days.

By end 2021, 20 employees of the Employment Service Agency involved in the implementation of the Youth Guarantee in the target regions receive at least 6 full-time training days (50 cumulative).

By end 2022, 20 employees of the Employment Service Agency involved in the implementation of the Youth Guarantee in the target regions receive at least 6 full-time training days (70 cumulative).

Indicator 8: Number of Employment Service Agency centres modernised/upgraded in the target regions

Policy: Employment and Social Reform Programme (ESRP) 2020. Objective 3.1.4.1

Objective: Further improvement of the capacities of the Employment Service Agency.

Action: Reconstruction/refurbishment, furnishing and equipping of employment centres in the target regions, with the objective to improve the working conditions and the quality of services to the unemployed persons and employers. The reconstruction and refurbishment works must ensure the EU accessibility, hygiene, security and safety standards.

Department responsible: Ministry of Labour and Social Policy and the Employment Service Agency.

Description of the Indicator

Indicator Type: Output
Measurement Unit: Absolute number
Periodicity of measurement: Yearly
Last known result: 3 (2018)

Development and quality of the indicator

Method of data collection: Administrative data, on-site monitoring of the upgraded infrastructure, i.e. verification of the ESA premises in the target regions.

Departments responsible for collection: Ministry of Labour and Social Policy

Method of calculation: The method of calculation is based on assessment of the achievement of the targets:

Target 1: 3 Centres of the Employment Service Agency are upgraded/modernised. Each agency should have received an exploitation certificates or a provisional acceptance certificate.

Target 2: 3 Centres of the Employment Service Agency are upgraded/modernised. Each agency should have received an exploitation certificates or a provisional acceptance certificate.

The calculation is based on equal weight of each Centre; thus the modernisation of each centre represents 33,33% of the target and will trigger a proportional payment of the amount allocated (2 agencies upgraded will trigger 66.66% of the amount allocated for the target). Partial disbursement will however be applied if the safety, efficiency and quality standards are not fulfilled (see means of interpretation).

In exceptional and duly justified cases a re-assessment of the unmet targets, against the original target, will be possible in the following year if there is a positive implementation trend and if the target was not reached because of external shocks or for reasons beyond the Government's control.

Means of interpretation

Known limits and bias: A compliance review mission will be put in place by the Contracting authority to inform on the qualitative upgrades brought to the centres. The assessment will be based on the EU standards/practice, i.e the 7 Basic Requirements for construction works: 1). Mechanical resistance and stability, 2). Safety in case of fire, 3). Hygiene, health and the environment, 4). Safety and accessibility in use, 5). Protection against noise, 6). Energy economy and heat retention and 7). Sustainable use of natural resources. The Eurocodes are however not yet adopted in North Macedonia and no formal requirement for following the EU construction standards can be included at this stage.

Means of interpretation: For both targets the assessment of the achievement of the target is to be quality-based and take into account the compliance of the completed refurbishment and modernization with the EU/international standards for safety, hygiene, accessibility, energy efficiency, environment⁶ and data protection and information security⁷.

Documentation schedule

Target: By end 2020, 3 employment centres in the targeted regions are modernised
By end 2021, 3 additional employment centres in the targeted regions are modernized (6 cumulative)

⁶ including welcoming environment, optimum levels of natural light, acceptable temperature and ventilation, proportionate organisation of spaces including privacy-guaranteeing premises for individual consultations and availability of training facilities for min 20 persons

⁷ upgraded and secure IT infrastructure allowing modern data protection, smooth registration and data management, ongoing monitoring and information tracing and archiving

ANNEX 2: DISBURSEMENT ARRANGEMENTS AND TIMETABLE

1. Responsibilities

The beneficiary's responsibility for making disbursement requests in accordance with the timetable must be clearly established. On the basis of the disbursement conditions stipulated in this Financing Agreement, the Ministry of Finance will send a formal request to the European Commission for the disbursement of each tranche in accordance with the timetable specified in Table A below. The request must include: (i) a full analysis and justification for payment of the funds, with the required supporting documents attached; (ii) a financial information form, duly signed, to facilitate the corresponding payment.

2. Indicative disbursement timetable

Table A: Indicative disbursement timetable (EUR million)

Country fiscal year	2020				2021				2022				2023	Total (EUR million)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q3	
Type of tranche														
Fixed tranche		3.0 0					1.00				1.00		1.00	6.00
Variable tranche							2.15				3.40		3.45	9.00
Total		3.0 0					3.15				4.40		4.45	15.00

3. General conditions for the disbursement of each tranche

The general conditions set out below for the disbursement of each tranche shall apply to the disbursement of all tranches and all tranche release requests must be accompanied by all appropriate information and documents.

Table B: General conditions for the release of tranches

Area	Conditions	Verification source
Public policy	Satisfactory progress in the implementation of Education Strategy 2018-2025 and ESRP 2020 and continued credibility and relevance of that or any successor strategy.	Revised Employment and Social Reform Programme (ESRP) 2018-2022 with analysis of the progress in implementation since signature of the contract and yearly implementation reports. <i>Additional:</i> National Employment Strategy 2016-2020, the Comprehensive Education Strategy 2018-2025, Assessment by the European Commission (EU Delegation, DG NEAR, DG EMPL).
Macroeconomic stability	Implementation of a credible stability-oriented macroeconomic policy.	DG ECFIN annual assessment and ECOFIN Council annual recommendations. Conclusions of the SA Sub-committee on Economic and Financial issues. <i>Additional:</i> Third party assessment, e.g. IMF, World bank
Public financial management	Satisfactory progress in the implementation of the Public Finance Management (PFM) Strategy 2018-2021.	Annual implementation report of the PFM Reform Programme <i>Additional:</i> Assessment by the European Commission (EU Delegation, DG NEAR, DG BUDG and other relevant DGs). Third party assessment, e.g. World Bank.; PEFA
Budget Transparency	Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.	Annual implementation report of the PFM Reform Programme <i>Additional:</i> Assessment by the European Commission (EU Delegation, DG NEAR, DG BUDG and other relevant DGs). Third party assessment, e.g. World Bank.. Third part assessment, e.g. Open Budget Index., PEFA

4. Specific conditions for the disbursement of tranches

The specific conditions for the disbursement set out in Table C and D and E shall apply to the disbursement of a specific tranche. Tranche release requests must be accompanied by all appropriate information and documents on the specific conditions.

Table C: Specific conditions for the release of tranches

Tranche	Amount EUR million	Indicative date of the disbursement request (Month/year)	Indicative disbursement date (Month/year)	Conditions/criteria/ activities for disbursement	Verification source including timing or data availability (where applicable)
Fixed tranches	3.00	Q1/2020	Q2/2020	Disbursement is made on the ground of the assessment of the general eligibility criteria and the progress in implementation of the Employment and Social Reform Programme, PFM Reform Programme, DG ECFIN annual assessment and ECOFIN Council annual recommendations.	Revised ESRP 2022; Annual implementation reports Commission and Council recommendations
	1.00	Q2 2021	Q3 2021		
	1.00	Q2 2022	Q3 2022		
	1.00	Q2 2023	Q3 2023		
First variable tranche	2.15	Q2/2021	Q3/2021	Disbursement depends on the level of achieving the specific targets of the set performance indicators: – I2 - Percentage of participants who successfully complete the Youth Guarantee – I5 - Percentage of staff of the Regional VET Centres trained in line with the Human Resource Development Plans / Percentage of staff trained to work with students with special needs – I6 – Number of participants registered in the Youth Guarantee (entry level) – I7 – Number of Youth Guarantee staff trained – I8 – Number of Employment Service Agency centres modernised in the target regions	See table E
Second variable tranche	3.40	Q2/2022	Q3/2022	Disbursement depends on the level of achieving the specific targets of the set performance indicators: – I1 –Early leavers from education and training rate by sex (18-24) – I2 - Percentage of participants who successfully complete	See table E

				<p>the Youth Guarantee (exit level)</p> <ul style="list-style-type: none"> – I3 – Regional VET Centres established in the target regions – I4 – Number of VET qualifications open for validation of nonformal and informal learning – I5 - Percentage of staff of the Regional VET Centres trained in line with the Human Resource Development Plans / Percentage of staff trained to work with students with special needs – I6 – Number of participants registered in the Youth Guarantee (entry level) – I7 – Number of Youth Guarantee staff trained – I8 – Number of Employment Service Agency centres modernized in the target regions 	
Third variable tranche	3.45	Q2/2023	Q3/2023	<p>Disbursement depends on the level of achieving the specific targets of the set performance indicators:</p> <ul style="list-style-type: none"> – I1 – Early leavers from education and training rate (18-24) – I2 - Percentage of participants who successfully complete the Youth Guarantee (exit level) – I3 – Regional VET Centres established in the target regions – I4 – Number of VET qualifications open for validation of nonformal and informal learning – I5 - Percentage of Regional VET Centre staff trained / Percentage of staff trained to work with students with special needs – I6 – Number of participants registered in the Youth Guarantee (entry level) – I7 – Number of Youth Guarantee staff trained 	See table E

5. Variable tranche calculation

As long as the general conditions described in Table B are met, the amount of budget support to be disbursed for the three variable tranches for years N+1 (2020), N+2 (2021) and N+3 (2022) will be calculated according to Table D (weight of each indicator of the variable tranches) and Table E (detailed description of the targets of the variable tranches).

Disbursements of variable tranches, once the general conditions have been met, will be in proportion to the achievement of each target as described in Table E. For many indicators, there is the option of partial completion, primarily based on pro-rata principle involving a disbursement level proportionate to the level of achievement of the targets or depending on whether there was (i) no or insignificant progress, (ii) significant but partial progress, or (iii) target met based on the sources of verification.

Where serious doubts exist about the quality of the data provided, a data verification exercise may be carried out to inform payment decisions. An external expert may be recruited to verify data claims on a sample basis, verifying data directly where possible or through cross-checking data with other, typically non-governmental, stakeholders. Such is planned for Indicator 8.

In exceptional cases, where exceptional events or changing circumstances have prevented meeting previously agreed targets, it may be possible to waive or neutralise an indicator condition. In this case, the related amount can either be transferred to the next tranche or reallocated to the other indicators of the same tranche. Such cases must be requested by the Ministry of Finance to the responsible Director of the European Commission and can be authorised by the latter through an exchange of letters between the two parties.

In exceptional and duly justified cases financing agreements can allow for a re-assessment of certain unmet targets in the following year against the original target if there is a positive trend and the government did not reach the target because of external shocks. Such cases should be specified in the indicator documentation sheets. The use of these provisions must be requested by the NIPAC to the EU Delegation and authorised by the latter through an exchange of letters between the two parties.

Table D: Variable Tranche

Where in Table E, the option of partial payment is indicated, the disbursement for each indicator may be 0, 50% or 100% of the maximum amount indicated below. In case the option of partial completion is not available (N/A), the disbursement for each indicator may be 0 or 100%.

Indicators as per Table E	Baseline as per Table E	Year 1 (2020) ⁸ max amount (EUR million)	Year 2 (2021) ⁹ max amount (EUR million)	Year 3 (2022) ¹⁰ max amount (EUR million)	TOTAL (EUR million)
1. Early leavers from education and training rate by sex (18-24)	1.2,1.3		0.32	0.35	0.67
2. Percentage of participants who successfully completed the Youth Guarantee scheme (as a percentage of the young persons neither in education, employment nor training, included in the Youth Guarantee scheme)	2.1,2.2,2.3	0.63	0.63	0.63	1.89
3. Regional VET centres established in the target regions	3.1,3.2,3.3		1.00	0.98	1.98
4. Number of VET qualifications open for validation of non-formal and informal learning	4.2,4.3		0.14	0.14	0.28
5. Percentage of staff of the Regional VET Centres trained in line with the human resources development plans / Percentage of the staff of the Regional VET Centres trained to work with students with special educational needs	5.1,5.2,5.3	0.20	0.09	0.28	0.57
6. Number of participants registered in the Youth Guarantee (entry level)	6.1,6.2,6.3	0.9	0.81	0.95	2.66
7. Number of Youth Guarantee staff trained	7.1,7.2,7.3	0.10	0.09	0.12	0.31
8. Number of Employment Service Agency centres modernised in the target regions	8.1,8.2	0.30	0.30		0.64
Total					

⁸ Payable in 2021;

⁹ Payable in 2022

¹⁰ Payable in 2023

Table E: Detailed description of the targets of the variable tranches

Sector Reform Performance Contract 'EU for Youth'		
First Variable Instalment Achievement: by end 2020 Assessment: Q2 2021	Second Variable Instalment Achievement: by end 2021 Assessment: Q2 2022	Third Variable Instalment Achievement: by end 2022 Assessment: Q2 2023
1 – Early leavers from education and training rate by sex (18-24)		
1.1 N/A	1.2 Early leavers from education and training rate down by 0.5 percentage point	1.3 Early leavers from education and training rate down by 1 percentage point
Baseline: 8.5% (2017)	Baseline: 8.5% (2017)	Baseline: 8.5% (2017)
Source of verification: N/A	Source of verification: Labour Force Survey, State Statistical Office	Source of verification: Labour Force Survey, State Statistical Office
Partial completion: N/A	Partial completion: Applicable	Partial completion: Applicable
2 –Percentage of participants who successfully completed the Youth Guarantee (exit level)		
2.1 20% of the participants registered in the Youth Guarantee scheme after 01.01.2020 successfully complete it	2.2 25% of the participants registered in the Youth Guarantee scheme after 01.01.2021 successfully complete it	2.3 30% of the participants registered in the Youth Guarantee scheme after 01.01.2022 successfully complete it
Baseline (target regions): 29% in 1 st half of 2019	Baseline (target regions): 29% in 1 st half of 2019	Baseline (target regions): 29% in 1 st half of 2019
Source of verification: Employment Service Agency (Annual Report, Management Information System and administrative records)	Source of verification: Employment Service Agency (Annual Report, Management Information System and administrative records)	Source of verification: Employment Service Agency (Annual Report, Management Information System and administrative records)
Partial completion: Applicable	Partial completion: Applicable	Partial completion: Applicable
3 - Regional VET centres established in the target regions		
3.1 Necessary legal provisions to allow the establishment of the Regional VET Centres and of the accreditation standards framework	3.2. Three Regional VET centres established and upgraded The refurbishment and equipment of the	3.3 Three regional VET centres must be accredited for at least 2 qualifications per centre

Sector Reform Performance Contract 'EU for Youth'		
First Variable Instalment Achievement: by end 2020 Assessment: Q2 2021	Second Variable Instalment Achievement: by end 2021 Assessment: Q2 2022	Third Variable Instalment Achievement: by end 2022 Assessment: Q2 2023
(criteria, procedures and responsibilities) adopted by the country by end May 2021 (reporting follows 2020 cycle)	selected VET centres is completed. Partnership with business must be formalised.	
Baseline: End of 2018, 0 Regional VET Centres	Baseline: End of 2018, 0 Regional VET Centres	Baseline: End of 2018, 0 Regional VET Centres
Source of verification: Publication of legal acts in the Official Gazette.	Source of verification: Documents of each Regional VET centre (act of adoption of organigramme and training programmes, works and supply contract) Works and supply acceptance protocols, Independent assessment Report Act of establishment of a functioning model for business cooperation adopted by each Regional VET Centre.	Source of verification: Decision for accreditation issued by the Ministry of Education and Science/relevant responsible institution
Partial completion: Applicable	Partial completion: Applicable	Partial completion: Applicable
4 – Number of VET qualifications open for validation of formal and non-formal learning		
4.1 N/A	4.2 Three VET qualifications are open for validation of non-formal and informal learning	4.3 Three VET qualifications (6 cumulative) are open for validation of non-formal and informal learning
Baseline: No VET qualifications are open for validation of formal and non-formal learning until end 2018	Baseline: 0 (2018)	Baseline: 0 (2018)
Source of verification: N/A	Source of verification: Reports from Ministry of Education and Science and VET Centres.	Source of verification: Reports from Ministry of Ministry of Education and Science and

Sector Reform Performance Contract 'EU for Youth'		
First Variable Instalment Achievement: by end 2020 Assessment: Q2 2021	Second Variable Instalment Achievement: by end 2021 Assessment: Q2 2022	Third Variable Instalment Achievement: by end 2022 Assessment: Q2 2023
		VET Centres.
Partial completion: Applicable	Partial completion: Applicable	Partial completion: Applicable
5 – Percentage of Regional VET Centres staff trained in line with the Human Resources Development Plan / Percentage trained to work with students with special educational needs		
5.1 Analysis of the training needs in the perspective of upgrading the selected VET schools into Regional VET Centres	5.2 Adoption and putting in implementation of the HR Development Plan in the 3 Regional VET Centres.	5.3 100% of the Regional VET Centres staff trained (20 full time training days for teaching staff and 20 full days for non-teaching staff). 35% the Regional VET Centres staff trained to work with students with special needs. The weight of this indicator is 20%
Baseline: training needs analysis and staff training varies from school to school and from qualification to qualification. The baseline can only be established after the selection of the schools to become Regional VET Centres.	Baseline: to be established after the selection of the schools to become Regional VET Centres.	Baseline: to be established after the selection of the schools to become Regional VET Centres.
Source of verification: Reports from MoES and VET Centres	Source of verification: Reports from Ministry of Ministry of Education and Science and VET Centres	Source of verification: Reports from MoES and VET Centres
Partial completion: N/A	Partial completion: NA	Partial completion: Applicable
6 – Number of participants registered in the Youth Guarantee (entry level)		
6.1 3000 the number of young people enrolled in the Youth Guarantee in the target regions	6.2 3200 the number of young people enrolled in the Youth Guarantee in the target regions (Cumulative: 6200)	6. 3500 the number of young people enrolled in the Youth Guarantee in the target regions (Cumulative: 9700)

Sector Reform Performance Contract 'EU for Youth'		
First Variable Instalment Achievement: by end 2020 Assessment: Q2 2021	Second Variable Instalment Achievement: by end 2021 Assessment: Q2 2022	Third Variable Instalment Achievement: by end 2022 Assessment: Q2 2023
Baseline (target regions): 5,255 persons registered for the first half of 2019	Baseline: 5,255 persons registered for the first half of 2019	Baseline: 5,255 persons registered for the first half of 2019
Source of verification: Employment Service Agency administrative records-Annual Youth Guarantee Implementation Report.	Source of verification: Employment Service Agency administrative records-Annual Youth Guarantee Implementation Report.	Source of verification: Employment Service Agency administrative records-Annual Youth Guarantee Implementation Report.
Partial completion: Applicable	Partial completion: Applicable	Partial completion: Applicable
7 – Number of Youth Guarantee staff trained		
7.1 30 employees of the Employment Service Agency involved in the implementation of the Youth Guarantee in the target regions receive at least 6 full-time training days	7.2 20 employees of the Employment Service Agency involved in the implementation of the Youth Guarantee in the target regions receive at least 6 full-time training days (Cumulative: 50)	7.3 20 employees of the Employment Service Agency involved in the implementation of the Youth Guarantee in the target regions receive at least 6 full-time training days (Cumulative: 70)
Baseline (target regions): 22 persons trained in the first half of 2019	Baseline: 22 persons trained in the first half of 2019	Baseline: 22 persons trained in the first half of 2019
Source of verification: Employment Service Agency administrative records, Annual Youth Guarantee Implementation Report	Source of verification: Employment Service Agency administrative records, Annual Youth Guarantee Implementation Report	Source of verification: Employment Service Agency administrative records, Annual Youth Guarantee Implementation Report
Partial completion: Applicable	Partial completion: Applicable	Partial completion: Applicable
8 – Number of Employment Service Agency centres modernised in the target regions		
8.1 Three employment centres in the targeted regions are modernised	8.2 Three employment centres in the targeted regions are modernised (Cumulative: 6)	8.3 N/A
Baseline: 3 (2018)	Baseline: 3 (2018)	Baseline: N/A

Sector Reform Performance Contract 'EU for Youth'		
First Variable Instalment Achievement: by end 2020 Assessment: Q2 2021	Second Variable Instalment Achievement: by end 2021 Assessment: Q2 2022	Third Variable Instalment Achievement: by end 2022 Assessment: Q2 2023
Source of verification: Employment Service Agency (ESA) administrative records, ESA's Annual Report	Source of verification: ESA administrative records, ESA's Annual Report	Source of verification: N/A
Partial completion: Applicable	Partial completion: Applicable	Partial completion: N/A

ANNEX 3: Complementary activities: indicative budget breakdown and planning for contracting procedures

IMPLEMENTATION MODALITIES	BUDGET (€)		TIMELINE ¹¹	
	Total	EU contribution	Launch of procedure	Contract signature ¹²
PROCUREMENT				
Service contract for technical assistance	1,500,000	1,500,000	Q1 2020	Q3 2020
TOTAL	1,500,000	1,500,000		

¹¹ Timeline: QUARTER (Q1, Q2, Q3, Q4) YEAR

¹² Contract signature date: if relevant; i.e. mainly for direct grants