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**Macedonia**

Sector Reform Contract for Employment and Education

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

SRPC “EU for YOUTH”

**FOURTH SELF-ASSESSMENT REPORT**

*Completed in May 2024*

<i>Coordinating Institutions for the technical implementation: Ministry of Labour and Social Policy and the Ministry of Education and Science</i>
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<i>Coordinating Institution for the financial execution: Ministry of Finance</i>
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<i>Bureau for Development of Education</i>
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<i>Centre for Vocational Education and Training</i>
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<i>Adult Education Centre</i>
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<i>State Examination Centre</i>
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<i>Employment Service Agency</i>
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## Contents

List of Acronyms.....	3
<b>I. INTRODUCTION.....</b>	<b>6</b>
<b>1. Purpose of the Self-Assessment Report .....</b>	<b>6</b>
<b>2. SRPC policy context .....</b>	<b>7</b>
<b>3. Strategic Framework for sector policy reforms.....</b>	<b>8</b>
3.1. <i>Overview of reforms and policy developments in youth education and employment sectors .....</i>	<i>8</i>
3.2. <i>Recent developments in the policy context.....</i>	<i>12</i>
<i>Policy developments in Education.....</i>	<i>12</i>
<i>Policy developments in employment .....</i>	<i>20</i>
<b>4. Institutional Setup.....</b>	<b>28</b>
<b>II. ACHIEVEMENTS UNDER THE GENERAL CONDITIONS .....</b>	<b>33</b>
<b>1. Progress on education, employment and social policy reform .....</b>	<b>33</b>
1.1. <i>Findings from the Mid-term review of implementation the National Employment Strategy 2021-2027 (NES) and the Employment Action Plan (2021-2023) .....</i>	<i>33</i>
1.2. <i>Findings from the Report on the implementation of the MoES' Annual Work Plan for 2023.....</i>	<i>45</i>
1.3. <i>Findings from the Implementation of Youth Guarantee in 2023 .....</i>	<i>54</i>
1.4. <i>Findings from the 2023 Annual Report on Active Employment Programmes.....</i>	<i>60</i>
1.5. <i>Findings from the 2024 Annual Operational Plan for Active Employment Programmes, Measures and Services.....</i>	<i>65</i>
<b>2. Progress in ensuring macro-economic stability .....</b>	<b>69</b>
<b>3. Satisfactory progress in the implementation of the Public Finance Management (PFM) Strategy 2022-2025 .....</b>	<b>70</b>
<b>4. Progress with regard to the public availability of accessible, timely, comprehensive and sound budgetary information.....</b>	<b>72</b>
<b>5. Sector Reform Policy dialogue matrix .....</b>	<b>74</b>
<b>6. Coordination mechanism.....</b>	<b>79</b>
<b>III. PROGRESS IN SPECIFIC INDICATORS.....</b>	<b>80</b>
<b>1. Progress against specific objectives.....</b>	<b>80</b>
1.1. <i>Improved quality, relevance and inclusiveness of the national vocational education and training system (description, evidence) .....</i>	<i>82</i>
1.2. <i>Improved employment opportunities for young men and women .....</i>	<i>82</i>
<b>2. Progress against induced outputs.....</b>	<b>84</b>
2.1. <i>Improved offer of accredited VET programmes and providers .....</i>	<i>84</i>

2.2. Competences of staff of the RVET centres aligned with human resource management plans and accreditation criteria.....	85
2.3. Youth Guarantee implemented.....	89
2.4. Overview of target achievements .....	94
<b>IV. LIST OF ANNEXES.....</b>	<b>97</b>

## List of Acronyms

Acronym	Description
<b>A</b>	
AE	Adult Education
AEC	Adult Education Centre
ALMP(s)	Active Labour Market Programme(s)
ALMPM(s)	Active Labour Market Programme(s) and Measure(s)
AP(s)	Action Plan(s)
AYS	Agency for Youth and Sports
<b>B</b>	
BDE	Bureau for Development of Education
BS	Budget Support
BSO(s)	Budget Support Operation(s)
<b>C</b>	
CSO(s)	Civil Society Organisation(s)
<b>E</b>	
EC	European Commission
EESP SWG	Education, Employment and Social Policy Sector Working Group
EMIS	Education Information Management System
ENER	National Electronic Registry of Regulations of the Republic of North Macedonia
ERP	Economic Reform Programme
ESA	Employment Service Agency
ESC	Economic and Social Council
ESRP	Employment and Social Reform Programme
ETF	European Training Foundation
EU	European Union
EUD	Delegation of the European Union to the Republic of North Macedonia
EUR	Euro (currency)
<b>F</b>	
FA	Financing Agreement
FAQ	Frequently Asked Questions
<b>G</b>	
GB	Great Britain
GDP	Gross Domestic Product
GMA	Guaranteed Minimum Assistance
<b>H</b>	
HE	Higher Education
HEI(s)	Higher Education Institution(s)
<b>I</b>	
ICT	Information and Communication Technologies
IEP(s)	Individual Employment Plan(s)
IFI(s)	International Financial Institution(s)
IFMIS	Integrated Financial Management Information System
ILO	International Labour Organisation

Acronym	Description
IMF	International Monetary Found
IPA	Instrument for Pre-Accession Assistance
IRI	International Republican Institute
<b>L</b>	
LM	Labour Market
<b>M</b>	
M	million
MK	Macedonian
MKD	Macedonian Denars
MoES	Ministry of Education and Science
MoF	Ministry of Finance
MoH	Ministry of Health
MoLSP	Ministry of Labour and Social Policy
MQF	Macedonian Qualifications Framework
<b>N</b>	
NAEPM	National Agency for European Educational Programmes and Mobility
NEC	National Examination Centre
NEET(s)	Youth, neither in employment nor in education or training
NES	National Employment Strategy
NGO(s)	Non-Governmental Organisation(s)
NM	North Macedonia
NQF	National Qualifications Framework
NYC	National Youth Council of North Macedonia
<b>O</b>	
OBL	Organic Budget Law
OG	Official Gazette
OP(s)	Operational Plan(s)
<b>P</b>	
PFM	Public Finance Management
PFM SWG	Public Finance Management Sector Working Group
PIFC	Public Internal Financial Control
PIMA	Public Investment Management Assessment
PRO	Public Revenue Office
<b>Q</b>	
Q (1,2,3,4)	Quarter (1,2,3,4)
QA	Quality Assurance
<b>R</b>	
RNM	Republic of North Macedonia
RVETC(s)	Regional Vocational Education and Training Centre(s)
<b>S</b>	
SBS	Sector Budget Support
SDC	Swiss Agency for Development and Cooperation
SEA	Secretariat of European Affairs

Acronym	Description
SEGA	Coalition of Youth Organisations
SEI	State Education Inspectorate
SLI	State Labour Inspectorate
SRPC	Sector Reform Performance Contract
SSO	State Statistical Office
SWG	Sector Working Group
SWG EESP	Sector Working Group on Education, Employment and Social Policy
SWG PFM	Sector Working Group of Public Financial Management
SBS	Sector Budget Support
<b>T</b>	
TA	Technical Assistance
TAT	Technical Assistance Team
TNA	Training Needs Analysis / Assessment
<b>U</b>	
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Emergency Fund
USAID	United States Agency for International Development
<b>V</b>	
VET	Vocational Education and Training
VNFIL	Validation of Non-Formal and Informal Learning
<b>W</b>	
WB	World Bank
WBL	Work-Based Learning
WG	Working Group
WHO	World Health Organisation
<b>Y</b>	
YG	Youth Guarantee

# I. INTRODUCTION

## 1. Purpose of the Self-Assessment Report

The purpose of this report is to self-evaluate the level to which the targets set by the Sector Budget Support operation for 2023 have been achieved, namely, the General conditions - Progress on employment and social policy reforms, Progress in ensuring macro-economic stability, Progress in the implementation of the reforms on public financial management including domestic revenue mobilisation, and continued relevance and credibility of the reform programme, and Progress with regard to the public availability of accessible, timely, comprehensive and sound budgetary information, and against the progress of specific conditions related to the eight performance indicator specified in the contract. The Sector Reform Performance Contract “EU for Youth” (SRPC) is intended to help the Government of North Macedonia enhance the employment prospects of young women and men by improving the quality, relevance and inclusiveness of the national vocational education and training system, and by improving employment opportunities for young women and men.

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

This self-assessment report has been prepared by the national authorities in response to the expenditure request for 2024 and it provides evidence of the progress achieved during the SRPC’s fourth year of implementation in 2023. The report provides a record of progress and as well as, insights provided by the beneficiaries in terms of the policy and the technical measures implemented both, to fulfil the contractual requirements and achieve the wider objectives, as defined by the relevant strategic documents and action plans.

This report has been prepared on the basis of the Financing Agreement for the SRPC and the Action Document ‘IPA 2019/041-263/07.03/MK/Youth’, amended in 2022, and in 2023, and in compliance with the Guidance Note on Budget Support Operations for the assessment of General and Specific conditions (fixed and variable tranches), developed by the EUD for the Republic of North Macedonia<sup>1</sup>. The narrative part of this report provides information on progress both generally and against specific performance indicators set by the SRPC during the reporting period, as well as key challenges, problems faced, risks, areas that need improvement and necessary corrective measures. An overview of the indicators, the milestones for 2023, the means of verification, a brief description of activities and results achieved, as well as the target benchmarks for 2023, are presented in a table at the end of the report. Extracts/full, reports from the national progress reports and documents covering recent policy development initiatives and results are presented as evidence in the annexes to this report.

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

## 2. SRPC policy context

Sector Reform Performance Contract (SRPC) is one of the forms of the EU budget support, aiming to support sector policy reforms and improve service delivery at sectoral level, improve governance at sectoral level and address specific needs of targeted population with a specific focus on gender equality. The SRPC is contributing to the investments being made in the vocational qualifications, skills and preparedness of young people entering the labour market. It is helping to improve what accredited Vocational Education Training (VET) programmes and providers can offer. It is supporting the upscaling of selected Regional Vocational Education and Training Centres into Centres of Excellence to ensure modern work-based learning practices and quality education. It is strengthening the competences of staff in Regional VET Centres and aligning their skills in line with human resources management plans and accreditation criteria. Furthermore, the contract supports the smooth transition from school to work through a Youth Guarantee (YG) scheme for young people who are not in employment, education, or training (NEETs), and it is helping increase employment rates among young women and men. North Macedonia is the first non-EU Member State to establish an YG scheme to address the employment and under-employment impose on society. As part of the European Union's budget support portfolio in North Macedonia, SRPC is the first budget support operation designed under the IPA 2019 annual programme to support the implementation of the strategic framework in the area of youth employment and vocational education and training. Following the European model, the North Macedonia YG is meant to provide young people who are not in employment, education, or training (NEETs) with an offer of employment, continued education and training, or a traineeship within four months of becoming unemployed or leaving school.

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

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

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



**This self-assessment report is provided to support the disbursement request prepared by the national authorities for the variable tranche in 2023 and it sets out the progress achieved in meeting the agreed general criteria and specific performance indicators. The report draws conclusions from the main sources of evidence described in the *Financing Agreement* and is intended to allow the European Commission adequately to assess the progress of the Budget Support operation – SRPC ‘EU for Youth’. This is the fourth self-assessment report submitted under the SRPC.**

### **3. Strategic Framework for sector policy reforms**

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

- the National Employment Strategy 2021-2027 (NES) and the Employment Action Plan (2021-2023)
- the Strategy for Education 2018-2025
- the Youth Guarantee Implementation plan (2023-2026)

#### *3.1. Overview of reforms and policy developments in youth education and employment sectors*

In 2023, the Macedonian economy experienced a deceleration in its real growth rate, dropping to 1% compared to the previous year's 2.2% growth. This slowdown can be attributed to several factors, including an unfavourable external environment characterized by geopolitical tensions, reduced trade volumes, and diminished business confidence. Additionally, persistent inflationary pressures and restrictive financial conditions further contributed to the sluggish growth. A significant factor in the slow growth was the decline in investments, primarily due to the adjustment of accumulated inventories in the corporate sector. This adjustment was a response to the increased stockpiling during the preceding period of uncertainty caused by the war in Ukraine and the volatility and availability concerns surrounding raw material and energy prices.

The economic growth in 2023 is influenced by several demand-side factors. Reduced imports, partly attributed to the decline in investment, have impacted the overall demand. Additionally, exports have experienced a downturn following the substantial growth in the preceding two years, which can be linked to the challenging global economic environment. Domestic demand in 2023 contributed negatively due to a significant decrease in gross investments and a slight decline in Government consumption. Private consumption, however, continued to show growth, albeit at a slower pace, driven by factors such as increased disposable income, credit support, and government initiatives aimed at bolstering the economy and maintaining the population's standard of living<sup>2</sup>.

Growth was driven by services, in particular retail trade, finance, real estate, and ICT, while agriculture, manufacturing, and construction fell into negative territory.

The average inflation rate dropped to a single-digit level of 9.4%, largely due to the slower growth of food and energy prices. The economic measures implemented by the government, such as reducing and freezing prices and waiving customs duties on specific food products, had a corresponding impact.

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<sup>2</sup> [Annual report of the National Bank of the Republic of North Macedonia, 2023](#) (p. 20)

Poverty reduction is estimated to have continued in 2023, albeit at a slower pace vis-à-vis pre-pandemic trends, with a poverty rate projected to fall marginally by 0.3 percentage points in 2023<sup>3</sup>.

North Macedonia faces ongoing challenges, including the need to further diversify its economy, reduce reliance on imports, and address structural issues in the labour market. The global economic environment, characterized by uncertainties such as geopolitical tensions and potential supply chain disruptions, also poses risks to the country's economic outlook.

The North Macedonian labour market in 2023 presents a complex landscape, reflecting both the opportunities and challenges faced by the country in the post-pandemic era. As the global economy seeks to stabilize and grow after the disruptions caused by COVID-19, North Macedonia, like many countries, is navigating through a period of economic recovery and adaptation, aiming to strengthen its workforce and enhance job opportunities for its citizens. The labour market in North Macedonia is witnessing a sectoral shift and technological advancements towards more technology-driven and service-oriented jobs, but faces several challenges. The unemployment rate remains relatively high compared to European standards. Youth unemployment and the underemployment of women are particularly concerning issues that require targeted policies and interventions. Furthermore, the labour market is characterized by a skills mismatch, where the qualifications of the workforce do not always align with the needs of employers, highlighting the need for enhanced education and training systems.

To address these challenges, the North Macedonian government has underscored several priority policies and measures in employment and related sectors, focusing on North Macedonia's EU integration efforts, economic recovery, and social inclusion. *Human Capital Development and Legal Advancements in Labour Relations* emphasises on consensus for reforms, improving living standards by aligning labour relations with EU standards, and potential development of the social economy through the new Draft Law on Social Enterprises. The *National Employment Strategy and Social Reform* foresees further implementation of the Youth Guarantee Plan and Active Labour Market Programs and Measures (ALMP&Ms), benefiting thousands of unemployed persons, nearly half of whom were women. Efforts are directed to encourage re-entry into the labour market, leading to improvements in employment rates and salaries. The *Operational Programme "EU for Jobs and Opportunities"* (2024-2027) aims to enhance employment, social policy, and support for vulnerable groups through the Youth Guarantee, expansion of ALMP&Ms, and development of social and micro-enterprises. *Strengthening Social Dialogue and Employment* focuses on tripartite and bipartite social dialogue mechanisms, implementation of collective agreements, and enhancing the capacity of social partners. Promoting local employment partnerships and human resources development to improve labour market conditions and enterprise competitiveness. A significant portion of the funding is allocated to these initiatives, focusing on improving employability and social inclusion. *IPA III Action Programme* for continued support for gender-based and domestic violence prevention and Roma integration. Efforts include integrated data collection aligned with the Istanbul Convention, improving services for victims, and developing urban-spatial plans for municipalities with significant Roma populations.

*Education Sector Reforms* are targeted to investment in learning outcomes and development of a supportive, safe educational environment. Promotion of secondary vocational education and the dual model of education to address skills mismatch in the labour market. Education priorities comprise access, inclusion, and well-being of students, with specific measures for children from Roma backgrounds and

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<sup>3</sup> <https://www.worldbank.org/en/country/northmacedonia/overview#3>

those with disabilities. Interventions aimed at improving mental health and well-being in schools, increasing gender equality in STEM, and supporting educational reforms.

These priority policies and measures reflect a comprehensive approach to improving employment, education, and social inclusion in North Macedonia, with a clear focus on aligning with EU standards and addressing current challenges through reforms and strategic initiatives. Through collaborative efforts between the government, private sector, and educational institutions, North Macedonia can aspire to create a dynamic and inclusive labour market that supports its economic ambitions and provides opportunities for all its citizens.

In October-November 2023, the Employment Service Agency (ESA) conducted a survey on labour force demand and skills requirements for 2023<sup>4</sup>. Concerning educational requirements, the anticipated hires include 25.4% for individuals with elementary education, 55.1% with secondary education, 8.8% with secondary and higher vocational education (excluding university), and 10.6% with undergraduate and postgraduate university education<sup>5</sup>. This survey provides essential insights into the expectations of employers regarding new hires and the requisite skills needed to compete effectively in the labour market. The results serve as a basis for implementing active employment programs and measures aimed at enhancing the skills.

The education system in North Macedonia in 2023 is a reflection of the country's ongoing efforts to align with European standards and address the unique challenges of a transitioning economy and society. MoES efforts in 2023 illustrate a multifaceted approach to *enhancing vocational education in alignment with labour market needs*. In 2023, North Macedonia has made significant strides in the field of Vocational Education and Training (VET), reflecting a concerted effort to align its VET system with the evolving needs of the labour market and the broader socio-economic objectives of the country. These achievements are part of North Macedonia's ongoing commitment to enhance the quality, relevance, and attractiveness of vocational education as a key driver for economic development and youth employment.

The on-going policy reforms in 2023 are aimed at strengthening the *governance, quality assurance, and responsiveness of the VET system* to labour market needs. North Macedonia has worked closely with European Union institutions and international organizations to adopt best practices and standards in VET. The efforts of the MoES focus on enhancing the alignment between VET programs and the skills demanded by employers, thereby improving the employability of graduates. Through the development of standards and curricula, strengthening of school-company partnerships, improvement of teaching practices, and promotional activities, the country is making significant strides towards creating a robust and responsive vocational education system.

A noteworthy aspect of the efforts is the *emphasis on strengthening partnerships* between vocational schools and companies. This collaboration is pivotal in developing program documents, tools, and analyses that contribute to the drafting of laws and regulations. Such partnerships not only enhance the quality of vocational education but also facilitate the smooth transition of students from education to employment. The expansion of the *dual model of vocational education* stands out as a significant milestone. Such partnerships have not only ensured that VET curricula remain relevant to the evolving needs of the economy but have also increased the employment prospects of graduates by providing them with practical

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<sup>4</sup> See Annex, ESA Annual report for 2023.

<sup>5</sup> See Annex, List of occupations and required skills identified in the 2023 survey on labour force demand and skills requirements for the upcoming 12 months:

experience and connections within their chosen industries. This model, which emphasizes the role of municipalities in the "Learn Smart Work Professionally" process, aims to integrate theoretical knowledge with practical skills, thereby enhancing the vocational education system. Promotional activities undertaken, such as organizing *national competitions and strengthening social partnerships*, play a vital role in elevating the profile of vocational education. These initiatives not only showcase the talents of students but also foster a positive image of vocational training among employers and the broader community.

2023 showed progress in *developing of new occupational standards, in response to labour market demands* that has led to the creation of innovative curricula across various sectors. This initiative underscores the commitment to aligning vocational education with industry needs, ensuring that students are equipped with relevant skills for the modern workforce. Development of Guidelines for the organization and realization of *extracurricular vocational education* and the development of *self-evaluation tools for learning through work*, are commendable steps towards improving the quality of vocational training. The development of occupational and qualification standards, aligned with the Gender Equality Strategy 2022-2027, also highlights the dedication to promoting inclusivity and *addressing gender disparities in vocational education*. The institutionalisation of the coordinator role and the training of work-based learning coordinators are crucial in fostering effective cooperation between schools and companies. Moreover, the *professional development of teachers*, facilitated through training, reflects a comprehensive approach to enhancing the pedagogical skills of vocational education staff. The INOVET platform's role in providing continuous professional development opportunities is another testament to the innovative approaches to teacher training.

Ensuring *inclusivity and broadening access to VET* has also been a focus in 2023. Efforts have been made to attract a diverse range of participants to VET programs, including women, ethnic minorities, and individuals from disadvantaged backgrounds. Initiatives such as scholarships, targeted outreach programs, and support services have been instrumental in making VET more accessible to these groups. By fostering a more inclusive VET system, North Macedonia is not only enhancing social cohesion but also tapping into a wider talent pool to drive economic growth.

North Macedonia's approach to youth policy governance aligns with the principles outlined in the EU Youth Strategy, emphasizing cross-sectoral collaboration, evidence-based decision-making, and cooperation with other authorities. Through these concerted efforts, we aim to create an enabling environment that empowers young people to thrive and contribute meaningfully to society. The National Youth Strategy (2023-2027) is one of the main National Youth Policy documents which sets out the basic principles and action guidelines for all actors in society.

The National Youth Strategy 2023-2027 is a strategic document with which medium-term goals and priorities are determined for the development of youth policies and the promotion of the interests of young people in the Republic of North Macedonia. The main imperative of the strategy is to improve the position of young people in society by setting basic principles of actions, goals and measures that offer a reform framework primarily for the institutions, but also for other stakeholders enabling young people to realize their rights, needs and interests. The National Youth Strategy is adopted by the Government of the Republic of North Macedonia and refers to a time period of five years (2023-2027).

### 3.2. Recent developments in the policy context

#### *Policy developments in Education*

In 2023, North Macedonia continued its efforts to reform the education system to improve quality, inclusivity, and relevance to the labour market. A focus has been on the implementation of the Education Strategy, which aims to modernise education through curriculum reform, teacher training, and the integration of technology in teaching and learning processes. The government has also worked on improving access to education for marginalised groups, including ethnic minorities, children with disabilities, and students from low-income families, through scholarship programs and inclusive education initiatives.

Despite these efforts, the education system in North Macedonia faces several challenges. One of the primary issues is the mismatch between the skills taught in educational institutions and the needs of the labour market, leading to high youth unemployment rates. Additionally, there are disparities in educational quality and access, particularly between urban and rural areas, as well as among different ethnic groups. The system also grapples with outdated infrastructure and resources, teacher shortages, and the need for continuous professional development for educators.

Looking ahead, North Macedonia's education system is poised for further reforms and improvements. The government, in collaboration with international organizations and the European Union, is committed to enhancing educational outcomes and aligning them more closely with the demands of the 21st-century labour market. This includes investing in STEM (science, technology, engineering, and mathematics) education, promoting vocational education and training (VET) as a viable and attractive pathway, and enhancing the quality and relevance of higher education. Additionally, efforts to foster inclusive education and lifelong learning opportunities are expected to continue, ensuring that all citizens have the chance to contribute to and benefit from the country's economic and social development.

The *Concept for post-secondary education* was adopted recently. It is designed as a comprehensive, flexible, and inclusive framework aimed at operationalising its foundational principles to enhance the educational landscape in North Macedonia. This framework is built upon the need for a developmental approach that addresses the diverse requirements of students, educational institutions, and the labour market. It emphasises a multi-faceted strategy that includes comprehensive analysis, adoption of flexible teaching methods, creation of adaptive educational content, integration of technology, focus on key competencies, ensuring quality, recognition and accreditation, promotion of post-secondary education, and continuous improvement. The essence of this concept lies in its ability to adapt to the dynamic and rapidly evolving needs of the economy, ensuring that the education provided is both, relevant and effective. It seeks to bridge educational gaps, improve skills and employability, promote innovation, foster partnerships, enhance accessibility, support community development, and advocate for lifelong learning. By doing so, it aims to prepare a workforce that is not only qualified but also equipped with competitive skills necessary for economic development at various levels.

To achieve these goals, the concept outlines specific objectives and measures of success, providing a clear rationale for its necessity and the positive outcomes it intends to deliver. Moreover, it underscores the importance of *strengthening the capacities of the educational system through systemic, technical, and resource support* to ensure the efficient implementation of post-secondary education programs. This approach is geared towards improving the professional preparation of the workforce, thereby contributing to the development of the economy and the state. The Concept for post-secondary education

presents a visionary framework that aligns with the needs of the Macedonian society and economy. It is a strategic initiative that requires collective efforts from educational institutions, the government, and industry stakeholders to realize its full potential. Through its implementation, North Macedonia can anticipate a future where education is not only accessible and inclusive but also capable of meeting the demands of a rapidly changing global landscape.

The initiation and development of a Smart Specialization Strategy (S3) by North Macedonia in 2018, aimed at transitioning towards new developmental opportunities and social progress while addressing economic challenges to improve the quality of life for all. This strategy represents a comprehensive model for further development of the innovation ecosystem, focusing on and strongly supporting research, development, and innovation towards sustainable economic growth. It is based on the capacities of the endogenous industry, science, and society. By identifying domains with the highest economic, innovative, and research potential and increasing investments in their excellence, the strategy aims to stimulate research, development, and innovation according to the needs of the business sector. This should result in greater competitiveness, new products and services with added value, new business opportunities, niche markets, new jobs, and the promotion of a multidisciplinary approach and cross-sectoral collaboration, positively impacting the creation of a knowledge-based and innovative economy.

In December 2023, the Government adopted the *Smart Specialization Strategy of the Republic of North Macedonia 2024-2027* (S3-MK)<sup>6</sup> and a biannual Action Plan for 2024-2025. The main vision of the Strategy is to foster green and sustainable growth by integrating knowledge, innovation, and technology through creation high-value products and services that are competitive on both international and domestic markets. The Strategy is crucial for fostering the growth of new and rapidly growing industries and enterprises and stimulating the green and digital transition. The Smart Specialization Strategy (S3-MK) is the result of a detailed analytical and widely consultative process involving representatives from the quadruple helix, using a bottom-up approach based on a common dialogue among all stakeholders to define the strategic vision, priorities, and appropriate proposed activities to accelerate the transformation and transition towards a more innovative economy and knowledge-based society. The vision of the strategy emphasizes the connection between knowledge and innovation, with a special focus on combining technology to create greater added value, encouraging green and sustainable growth through the inclusion of knowledge, innovations, and technology to create high-value-added products and services competitive on international and domestic markets.

The Strategy is fostering smart growth by identifying 4 high-priority domains with the greatest economic, innovative, and research and development (R&D) potential for generating new added value in the sectors of Smart Agriculture and Food with Higher Added Value; Information and Communication Technologies; Electro-mechanical Industry-Industry 4.0 and, Sustainable Materials and Smart Buildings. Also, Energy for the future and Tourism are recognized as horizontal domains. These priority domains will be strengthened through five pillars of intervention focused on scientific excellence; innovation ecosystem; competitiveness and green and digital transformation as well as human capital and skills. The first S3 measure was implemented by the Ministry of Economy supporting innovative and collaborative projects among business-academia, related to S3 specialization, green, and digital transformation in the manufacturing industry.

The S3-MK Action Plan 2024-2025 is a result of aligning existing policies, measures, and instruments, available assessments of their effectiveness, the current legal framework, and public budget constraints

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<sup>6</sup> Adopted in November 2023.

and projections. The scope of the measures and instruments to achieve the goals and vision is flexible and not strictly focused on the proposed measures and instruments in the current Action Plan. They are open to further improvement and modification based on current circumstances, development stage, capacities, and available finances, best practices, including vertical aspects based on the contribution of the Entrepreneurial Discovery Process (EDP), as outlined in Annex of the Smart Specialization Strategy (S3-MK). Due to existing institutional and legal constraints, as well as established practices and mindsets, the initial implementation period of S3-MK will pave the way from a *generic public policy approach to a smart specialization approach*. The proposed mix of policies and measures follows the EU orientation and the need for a green transition of the economy and society with strong and comprehensive use of digital solutions for both the economy and society as a whole. However, it needs to be adapted to Macedonia's most urgent needs on one hand and economic and developmental potential with a critical mass of competencies on the other.

Unemployment, economic inactivity, and a lack of skills significantly impact individuals' ability to achieve higher incomes. The job market is characterized by low quality and productivity, with a significant portion of employment being informal, particularly in agriculture, leaving workers without social protections and reducing state revenues and business climate quality. Youth unemployment is notably high, and a significant portion of young people neither employed nor in education or training (NEET), higher than the Western Balkans average and all other countries except Albania and Kosovo, and above the EU average. The workforce is inadequately skilled for current and future job demands, with a quarter of large firms and 19% of medium firms citing the inadequately skilled workforce as a major business environment constraint. High emigration rates and an aging population further strain the labour force, necessitating skill and productivity improvements to support an aging population and reduce emigration pressures, especially among the young. Ethnic and regional inequalities further hinder economic growth, with income inequality moderately low but significant disparities based on ethnicity and location.

Addressing labour market and income inequalities is essential for long-term prosperity, especially as the population ages and diminishes. Inefficient utilization of human capital has significant economic consequences, with gender gaps in labour participation potentially causing substantial GDP losses annually. Public policies focusing on reducing non-communicable disease risk factors, improving healthcare management, and supporting active aging are critical. The COVID-19 pandemic highlighted the importance of adaptable and resilient education, healthcare, and social protection systems to avoid human capital losses during crises.

The [Human Capital Strategy for North Macedonia 2024-2030](#) was developed to address the above issues. The Strategy aims to accelerate sustainable and inclusive economic growth and development, addressing challenges in education, healthcare, and social protection to improve life quality and job opportunities for its citizens. Success depends on broad engagement from institutions, civil society, and the private sector, aiming for a shared vision and understanding of the human capital agenda, irrespective of political changes.

In conclusion, the education system in North Macedonia in 2023 is at a critical juncture, with the potential for significant positive transformation. Through continued reforms, investment, and a focus on inclusivity and relevance, the country can build an education system that not only meets the needs of its students but also supports the broader goals of economic development and social cohesion. The achievements in VET in 2023 represent a significant milestone in North Macedonia's ongoing journey towards educational excellence and economic resilience. Through strategic reforms, innovative programs, and inclusive



practices, the country is well-positioned to harness the full potential of its human capital and foster a vibrant, dynamic economy.

### *Challenges and Opportunities in North Macedonia's Education System*

In 2023, a comprehensive analysis of North Macedonia's education system was conducted by the MoES in collaboration with UNESCO Institute for Educational Policies and educational institutions, funded by the European Commission. The analysis covered several critical segments: access and equity, quality, relevance/connectivity to the labour market, governance, costs, and financing. It also provided an introductory overview of the environmental circumstances in which the education sector operates. The study period ranged from 2010 to 2022/23, integrating quantitative and qualitative data from diverse sources and existing reports, including educational administrative data, learning assessments, household surveys by the State Statistical Office (DZS), human resources data, and financial information. Additionally, specific and dedicated interviews have been conducted with relevant stakeholders. The final report is expected to be published in 2024. Key findings were presented in October 2023 highlighting environmental conditions and risks:

- The school-age population is decreasing, reducing pressure on the education system.
- Between 2002 and 2021, the school-age population decreased by 31%, from 585,980 students (aged 3-21 years) to 403,627, with an average annual decline of 1.94%.
- This necessitates adjustments in the capacities of the school system to cater to fewer students requiring schooling.
- Enhanced access to lifelong learning is needed to equip the older workforce with the necessary skills for modern workplaces.
- There are significant disparities in population distribution across the country.
- Population growth is mainly concentrated in Skopje, while the most significant population decrease occurs in the western part of the country.
- The average population density is relatively low at 72 inhabitants per square kilometre, compared to around 112 in the EU.
- 61.6% of the population resides in urban areas, with the majority of municipal populations in urban areas across 38 out of 80 municipalities.
- The population exhibits ethnic and linguistic diversity.
- The majority speaks Macedonian (61%) and Albanian (24%), with several smaller ethno-linguistic minority groups.
- Children have the right to be educated in their mother tongue in primary and secondary education.
- However, in some cases, this contributes to segregated classrooms and schools for children from different ethnic backgrounds, potentially affecting social cohesion and incurring significant costs.
- Key social and health indicators have consistently improved over the past two decades.
- Life expectancy at birth increased by almost two years from 2002 to 2022.
- Under-5 mortality rates and stunting rates among children under 5 have significantly declined.
- The poverty rate decreased from 10.4% in 2010 to 3.4% in 2019, although national figures mask regional and ethnic disparities.
- Access to ICT equipment is generally high, but computer and internet access remains limited, especially among the poorest and Roma communities.
- Roma remains the most marginalized minority with significantly poorer social indicators compared to the national average.



- Girls and women from the Roma community are particularly at risk, with a high prevalence of child marriage.
- The Human Capital Index (HCI) ranking has shown improvement over the past 20 years.
- North Macedonia ranked 78th out of 191 countries in HCI in 2021, indicating high human development.
- Despite stable economic growth over the past decade, shocks from COVID-19 and the war in Ukraine have impacted the economy.
- The country is transitioning to a service sector-led economy, requiring changes in labour market skill demands.
- Efforts are underway to increase government revenues due to the relatively low tax-to-GDP ratio.
- Education budgets are decreasing following the decline in the school-age population, highlighting the need for increased financial efforts to support quality education for all.

These findings underscore both the achievements and challenges within North Macedonia's education landscape, emphasizing the importance of targeted strategies to address disparities, enhance educational quality, and align skills development with evolving labour market demands.

### *Importance of Educational Reforms for Enhanced Learning Outcomes*

Education plays a pivotal role in shaping societies and preparing individuals for the challenges and opportunities of the future. Particularly significant are the ongoing reforms initiated in primary education, which should gradually extend to other sectors, including secondary education. The development and enactment of a new Law for Secondary Education, a Concept for Secondary Education, and the creation of new curricula based on national achievement standards and intercultural education standards are essential steps in this journey.

*Integration of Lifelong Learning Competencies.* Competencies for lifelong learning encapsulated within national standards, especially those pertaining to creative expression, critical thinking, communication, and collaboration, should be seamlessly integrated into all educational programs. These competencies should become integral parts of every lesson, akin to language and mathematical literacy. Additionally, digital integration forms the cornerstone of modern education. However, it should transcend the mere addition of ICT to existing teaching methods. Digital technology must be harnessed in ways that directly benefit students. This includes preparing students for blended learning approaches through digital platforms or distance learning in diverse settings, as well as using digital technology to support the inclusion of children with disabilities in regular education.

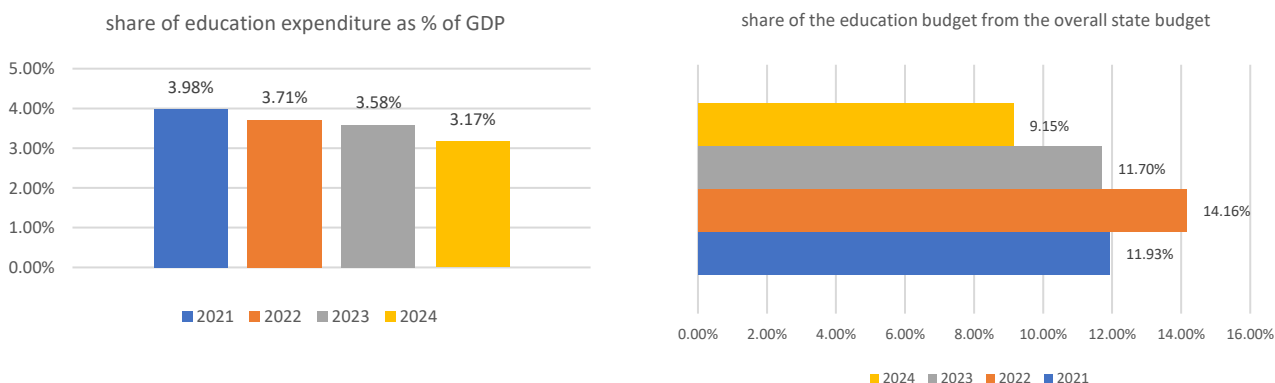
*Ensuring Quality Education.* Access to quality education is exceptionally important, particularly for children from vulnerable backgrounds. It is not only important for them to attend school but also to acquire the skills demanded by the labour market. To this end, reforms in the vocational education and training system should continue into 2024, including the enactment and implementation of a new Law on Vocational Education and Training.

*Career Development for Educator.* Drawing from successful experiences in implementing career development models for teachers in primary education, it's imperative to extend these models to educators in secondary education and technical staff in primary and secondary schools. Continual improvement of the teacher professional development system is vital to ensure that individual teachers' professional needs are met. Catalogues of accredited programs for teachers and professional associates developed for primary education in 2022 should also be expanded to cover secondary education.

*Quality Assurance Mechanisms.* Ensuring quality can lead to a stronger, more accountable, and relevant education system. Quality assurance mechanisms are essential to ensure quality teaching and governance at the level of educational institutions and the system. Effective quality assurance requires appropriate and regular monitoring of student outcomes and institutional performances, as well as support mechanisms to help institutions address challenges and effective legislation enabling action when educational institutions operate below satisfactory levels. Reforms needed to modernize the assessment policy and practice have already begun but require support for consolidation and capacity building. The State Exam Center (SEC) is a well-established institution for conducting a wide range of assessments, including high-stakes testing and criterion-referenced testing.

*Quality Assurance in Higher Education.* A process of establishing and consolidating a quality assurance system in higher education has commenced. The Higher Education Quality Agency (HEQA) began operations in 2020 under the new Law on Higher Education, but institutional evaluation by the agency has not yet been conducted. New regulations for evaluation and accreditation, in line with European standards and guidelines for quality assurance, were adopted in 2022. Implementing quality assurance standards in higher education is crucial for achieving full membership in the European Association for Quality Assurance in Higher Education (ENQA), as the Republic of North Macedonia is currently only an associate member.

*Financial Reform and Optimisation.* State financial support for education is insufficient and coordination between the education sector and businesses is weak. In 2023, public spending on education and training amounted to 3.58 % of GDP which is below the average EU-level (5%)<sup>7</sup> and also below peer-country averages<sup>8</sup>. It hinders an adequate implementation of the 2018-2025 education strategy. Moreover, spending is highly inefficient, mainly on account of outdated formulas for the redistribution of public education funds by the municipalities. The share of education funding expressed as a proportion of GDP decreases in 2023. The education budget also decreases as a share of the overall state budget in 2023.



Source: MoES.

Investment in education does not simply mean increasing financial resources allocated to it. More funds, if not utilized appropriately, may not necessarily lead to educational improvement. One way to improve efficiency and educational outcomes is by changing the school funding system through a formula. The Ministry of Education has initiated a review of the funding method for primary and secondary education and has proposed a new funding model to be implemented from 2024. Clearly defined standards for different types of expenditures are expected to enhance efficiency in budget spending, simplify budget

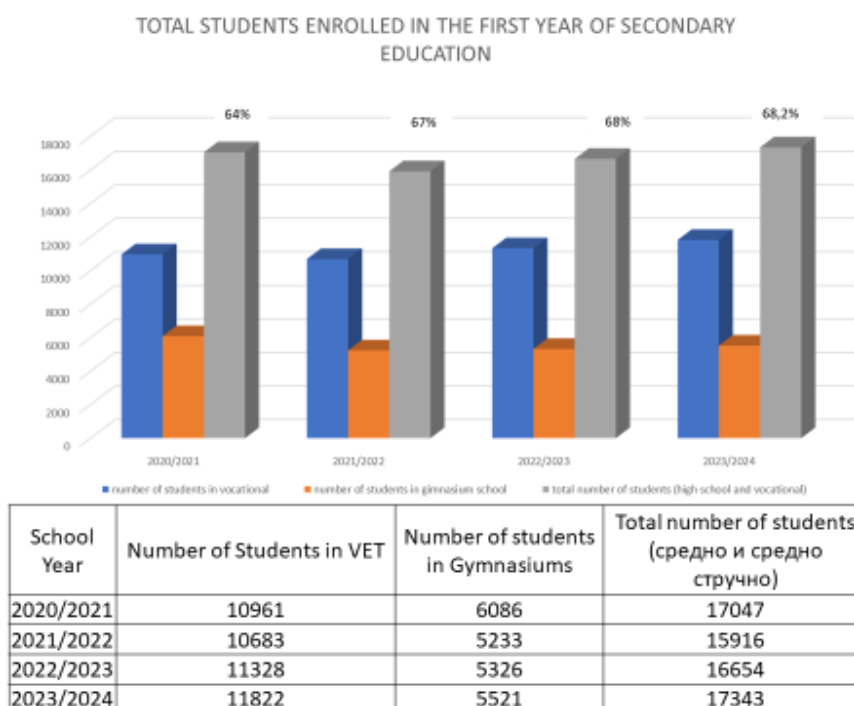
<sup>7</sup> World Bank, 'Government expenditure on education, total (% of GDP) - European Union', most recent information 2021.

<sup>8</sup> Croatia – 5.2%; Bulgaria – 4.5%; Greece – 4.1%, WB 2021

implementation monitoring, promote greater accountability by schools and municipalities, and optimize the school network at the municipal level in accordance with established optimization plans. Alongside the implementation of the primary and secondary education funding system, a new financing model for higher education and scientific activities in the country should be developed through the formulation of new regulations by the National Council for Higher Education and Scientific Research.

The implementation of various measures aimed at *enhancing vocational education and training* (VET) is currently underway. Notably, a *new draft Law on Vocational Education and Training* is undergoing government procedures for approval. In February and March 2023, the MoES in collaboration with chambers and local governments, initiated a social dialogue titled "*Learn Smart, Work Professionally*" to assess the real needs for vocational profiles in secondary vocational schools for the academic year 2023/2024. This dialogue engaged central authorities, local governments, and businesses across all regions of the country.

Substantial efforts have been made to *increase enrolment in vocational education*, resulting in 67.3% of secondary students opting for vocational schools over gymnasiums in the 2023/2024 academic year. However, the share of students enrolled in VET showed a slight decrease compared to the previous school year<sup>9</sup>.

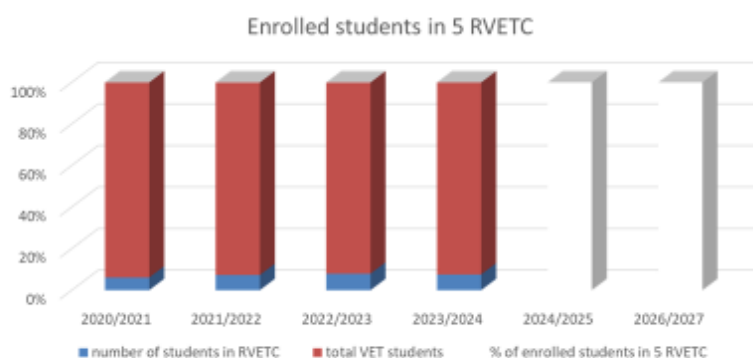


Source: MoES.

Furthermore, scholarships totalling 1500 were awarded to students enrolled in vocational education programs that incorporate practical training with increased hours, excluding those in healthcare programs from public secondary schools.

<sup>9</sup> The VET enrolment rate in the school year 2022/2023 is 69%.

Additionally, *reconstruction projects for state schools*, including the completion of the Regional Center for Vocational Education and Training in Dolno Konjare, Kumanovo, and ongoing reconstruction of other educational facilities, have progressed. Procedures for reconstruction and supervision were also initiated for the regional centre in Tetovo, with evaluations underway. Two new regional VET centres were established<sup>10</sup>: SOU "Nikola Karev" in Strumica and SOU "Kole Nedelkovski" in Veles, effective from January 1, 2024. Supported by UNDP, the Swiss Embassy (Education for Employment Project), and IPA Project, training programs for teaching and professional staff have been conducted in regional centres to strengthen vocational education initiatives. The Ministry of Education and Science is foreseeing until 2027 to have 8 Regional Vet Centres – one Regional VET Center per region, which will accommodate approx. 9.25% of all VET students in the country. Overall, these ongoing efforts reflect a comprehensive approach to advancing vocational education and training opportunities in North Macedonia.

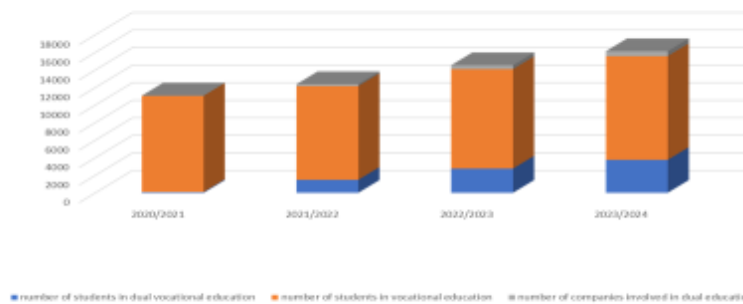


school year	number of students in RVETC	total VET students	% of enrolled students in 5 RVETC
2020/2021	712	10961	6,5
2021/2022	841	10683	7,9
2022/2023	979	11328	8,6
2023/2024	969	11822	8,2
2024/2025 (prognosis)	915	10774	8,5
2026/2027 (prognosis)	1039	11234	9,25

The implementation of *work-based learning and dual vocational education* initiatives has been successfully realized in North Macedonia. For the academic year 2023/2024, enrolment policies were established through the *social dialogue initiative "Learn Smart, Work Professionally."* Collaborating with municipalities and companies, 6475 free positions across 259 dual vocational education programs were provided. This marks a significant increase from previous academic years, with 223 dual programs in 2022-2023, 97 in 2021-2022, and 11 in 2020-2021.

<sup>10</sup> Decisions were made during the 198th Government session.

NUMBER OF STUDENTS AND NUMBER OF COMPANIES IN DUAL EDUCATION IN FIRST YEAR OF EDUCATION



School Year	Number of students in Dual Education	Number of students in VET	Number of Companies in Dual Education
2020/2021	98	10961	16
2021/2022	1486	10683	210
2022/2023	2763	11328	450
2023/2024	3855	11822	560

Source: MoES.

In May 2023, grants were allocated to consortia composed of companies and educational institutions for vocational education and training, funded by the "Regional Challenges Fund" to procure equipment for practical training. Continued efforts are underway to facilitate *mobility for teachers and students in vocational education*. Public calls were announced in September 2023, for Erasmus+ accreditation in the fields of adult education, vocational education and training, and school education, and for capacity-building activities, workshops, and skill development programs under the Erasmus+ program in North Macedonia. These activities demonstrate ongoing efforts to enhance vocational education opportunities and international collaboration in the country.

*The ongoing educational reforms and quality assurance initiatives outlined above are essential for fostering inclusive, effective, and impactful education systems that equip individuals with the skills and competencies needed to thrive in the modern world. These initiatives reflect a commitment to ensuring equitable access to quality education and advancing educational outcomes for all.*

### *Policy developments in employment*

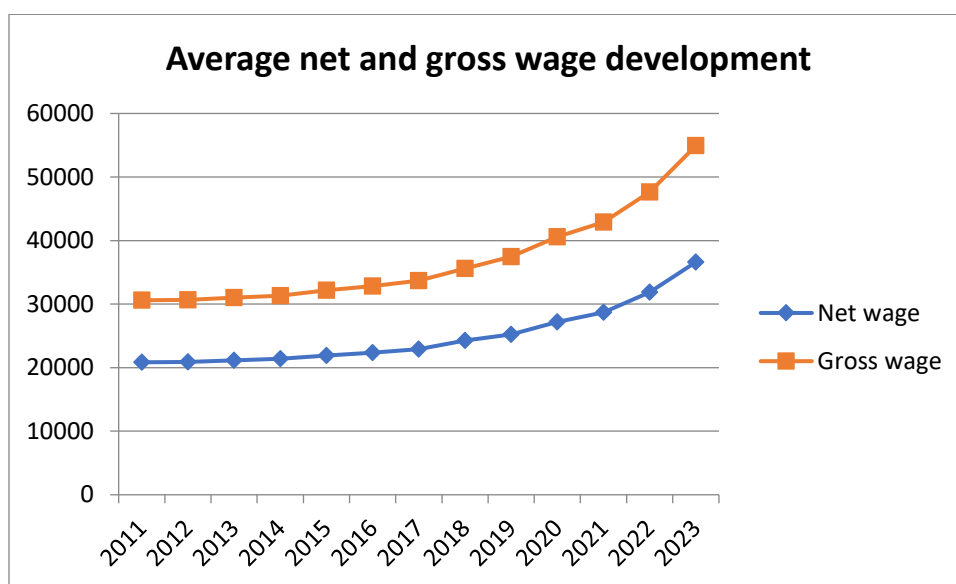
Labour market developments, particularly the supply and demand for the workforce, have an immense impact on economic growth, productivity, and labour costs. However, the Population Census of 2021 and methodological changes to the Labour Force Survey in 2023 have introduced complexities in drawing comparisons with previous years regarding labour market developments.

The national average wage experienced accelerated nominal growth in 2023. This growth can be attributed to several factors, including the increase in the national minimum wage by 12.6% in March 2023. Additionally, the public sector witnessed multiple wage increases throughout the year, such as the minimum wage increase, salary adjustments for public officials in April 2023, wage increases for

healthcare workers in May 2023, and wage negotiations resulting in a new collective agreement for the public sector.

In particular, the 2023 amendment to the Law on Minimum Wage resulted in a 2,175 MKD increase in the minimum net wage. The minimum gross wage was 29,739 MKD from March 2023 to February 2024, up from 26,422 MKD previously, while the minimum net wage was 20,175 MKD, up from 18,000 MKD. State administration salaries were harmonized with the minimum wage in accordance with the Law on Minimum Wage and increased linearly by 2,175 MKD.

In July 2023, the Government entered into a new collective bargaining agreement for the public sector. The agreement includes a 10% salary increase effective September 2023, with an additional wage adjustment in September 2024 if the annual inflation rate in the first half of 2024 surpasses 3%. Furthermore, the methodology for wage calculation will be revised as of March 2025.



Source: State Statistical office

Certain structural factors, notably labour shortages in specific industries, have also contributed to an increase in the national average wage. Consequently, nominal average net and gross wages experienced an annual growth of 14.9% and 15.3%, respectively (11% and 11.1%, respectively, in 2022). All sectors experienced wage growth, with the most significant increases observed in construction (18.9%), public administration, defence, and mandatory social security (17.7%), administration and auxiliary services (17.2%), education (17.1%), water supply, wastewater, waste management, and environmental sanitation activities (15.9%), processing industry (15.8%), and hospitality (15%). Given the decelerated growth of consumer prices, real net and gross wages increased by 5.1% and 5.4%, respectively (compared to a decrease of 2.8% and 2.7%, respectively, in 2022)<sup>11</sup>.

As per the State Statistical Office's Labour Force Survey (survey data) conducted in 2023, the active population of the Republic of North Macedonia stands at 791,647 individuals. Of these, 688,296 are employed while 103,351 are unemployed.

<sup>11</sup> [Annual report of the National Bank of the Republic of North Macedonia, 2023](#) (p. 24)

Key labour force indicators in the Republic of North Macedonia in 2023		
	General population	The age group of 15-24 years
<b>Activity rate</b>	55.2 %	26.9%
<b>Employment rate</b>	47.3 %	19.0%
<b>Unemployment rate</b>	14.4 %	29.3%

The implementation of the Youth Guarantee, particularly in the form of reformed employment services and active labour market measures, resulted in a further reduction in the unemployment rate among young individuals. According to the State Statistics Office, the overall unemployment rate in 2023 decreased by 1.3 percentage points from 14.4 in 2022. Notably, the unemployment rate for the age group of 15-24 years experienced a more significant decline, dropping by 3.2 percentage points from 32.5 in 2022.

Population activity rates (%) by age group						
	Activity rate		Employment rate		Unemployment rate	
	2022	2023	2022	2023	2022	2023
<b>Total</b>	<b>55.2</b>	<b>52.3</b>	<b>47.3</b>	<b>45.4</b>	<b>14.4</b>	<b>13.1</b>
<b>15-24</b>	<b>28.4</b>	<b>26.9</b>	<b>19.2</b>	<b>19.0</b>	<b>32.5</b>	<b>29.3</b>
<b>15-29</b>	46.1	44.8	34.4	33.6	25.2	24.9
<b>15-64</b>	66.4	65.4	56.7	56.8	14.5	13.2
<b>20-64</b>	72.1	70.9	61.8	61.7	14.3	12.9
<b>Total Employment rate - participation of employees in the working population aged 15 - 89</b>						

The Employment Service Agency of the Republic of North Macedonia (ESA) reports an improvement in the labour market. The number of registered job seekers decreased by 7,281 individuals year-over-year. Notably, the youth unemployment saw a significant decline, with 2,090 fewer young job seekers. Consequently, the proportion of young job seekers within the total job seeker population reduced from 18.9% in 2022 to 18.2% in 2023.

Number of registered jobseekers (The ESA database)						
	31. 12. 2021		31. 12. 2022		31.12.2023	
<b>Total</b>	<b>130,982</b>		<b>112,733</b>		<b>105,452</b>	
<b>Jobseekers – female</b>	66,914	51.1%	57,970	51.4%	54,824	52.0%
<b>Jobseekers – male</b>	64,068	48.9%	54,763	48.6%	50,628	48.0%
<b>Jobseekers - 15 - 29 years of age</b>	26,770	20.4%	21,304	18.9%	19,214	18.2%
<b>Jobseekers - 30 - 49 years of age</b>	52,828	40.3%	45,605	40.5%	43,992	41.7%
<b>Jobseekers – over 50 years of age</b>	51,384	39.3%	45,824	40.6%	42,246	40.1%
<b>Jobseekers with elementary education or with no education</b>	75,235	57.4%	65,663	58.3%	63,616	60.3%
<b>Jobseekers with secondary education</b>	12,626	9.6%	10,379	9.2%	33,840	32.1%

Number of registered jobseekers (The ESA database)						
	31. 12. 2021		31. 12. 2022		31.12.2023	
<b>Jobseekers with high education</b>	32,078	24.5%	27,505	24.4%	744	0.7%
<b>Jobseekers with tertiary and higher education</b>	11,043	7.9%	9,186	8.1%	7,252	6.9%
<b>Jobseekers registered for up to 11 months</b>	33,236	25.4%	30,381	26.9%	29,834	28.3%
<b>Jobseekers registered for 12 months or more</b>	97,746	74.6%	82,352	73.1%	75,618	71.7%

The provided information clearly illustrates the positive influence of the YG. Notably, the YG is not just a specialized service for unemployed youth aimed at placing them in the job market. It involves substantial changes in the approach to reaching out and communicating with inactive young individuals. Furthermore, it introduces innovative methods, tools, and measures that become integral components of the service delivery for unemployed youth. The annual reporting on the implementation of active labour market measures and programs serves as a valuable tool for the MoLSP and ESA Governing Board to assess their effectiveness. This information forms the foundation for developing a new Operational Plan of Active Employment Programs, measures, and labour market services (OP).

In collaboration with social partners, particularly with the active participation of employers' associations, the OP is developed. This ensures that the allocation of funds, as well as the selection of ALMM and employment services tools, aligns with the workforce requirements of companies.

Due to remedial measures and a slight improvement in the labour market, the proportion of job seekers who have been actively searching for a job for more than 12 consecutive months has decreased (2023 – 71.7%, 2022 – 73.1%). However, the fact that this percentage is still close to two-thirds presents a significant challenge. This challenge can be effectively addressed by enhancing the identification of skills shortages, as the majority of the long-term unemployed individuals have low skill levels.

Registered reports of employment relationships - M1 forms			
	2021	2022	2023
<b>Total</b>	<b>199 819</b>	<b>204 127</b>	<b>209,976</b>
<b>Registered jobseekers</b>	41 579	36 514	32,750
<b>Previously non-registered jobseekers</b>	158 240	167 613	177,226
<b>Employment with indefinite duration</b>	83 757	83 938	85,925
<b>Fixed-term or seasonal employment</b>	116 062	120 189	124,051

The economic outlook for North Macedonia and its major trading partners remains uncertain. To address this challenge, the Ministry of Labour and Social Policy (MoLSP) and the Employment Service Agency (ESA) are prioritizing the collection of data on employers' recruitment plans. This information is crucial for developing effective employment policies that align with the skills needed by employers and the specific requirements of their planned new positions.

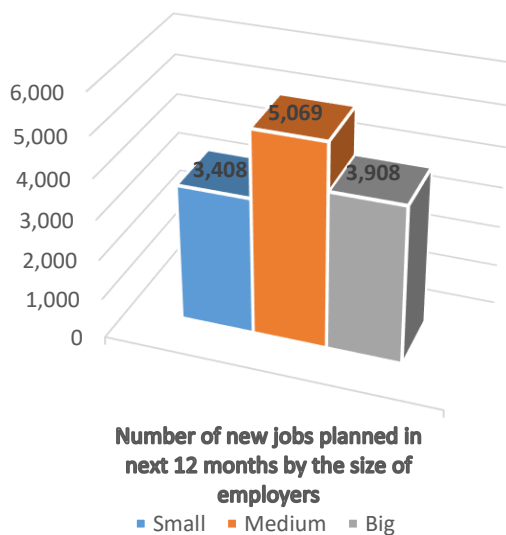
The ESA's Skills Needs Analysis provides valuable short-term indicators regarding the demand for new jobs in the coming 6 to 12 months, the occupations in which these jobs are expected, and the skills that candidates should possess to fill these roles.



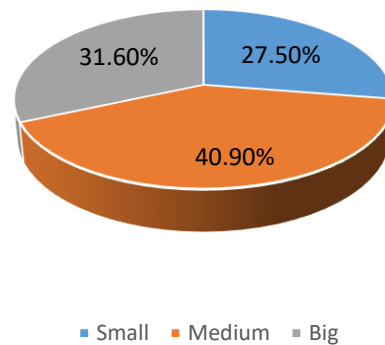
Amidst the prevailing economic and energy crisis, employers are adopting a cautious approach to their future business growth strategies. A significant majority of surveyed employers (60.3%) anticipate maintaining the current demand for their products and services. However, a notable 32.7% of employers foresee an improvement in their business activities, indicating an expected increase in demand for their offerings. Conversely, a minority of employers (7%) predict a decline in business activity.

Regarding workforce requirements, half of the surveyed employers project the creation of 12,385 new job opportunities across diverse occupations and skill levels in the upcoming year of 2024.

As per the employer size, small employers are projected to generate 3,408 jobs, accounting for 27.5% of the total anticipated new jobs in the upcoming 12 months. Medium-sized employers are anticipated to create 5,069 jobs, representing 40.9% of the total. Large employers are expected to contribute 3,908 jobs, comprising 31.6% of the projected job growth. An analysis of job creation plans by industry reveals that the manufacturing sector is projected to generate the most jobs, with 5,818 positions or 47% of the total. Wholesale and retail trade is expected to contribute 1,847 jobs, representing 14.9% of the planned opportunities.



Share of employers planning to create job in next 12 months by the size



Furthermore, an examination of the required education and skills for new manufacturing and wholesale/retail jobs indicates that 51.1% of these positions, or 70.4% of the total, will require secondary education. This data suggests that future improvements in employers' skills requirements are closely tied to the need for technological advancements and modernization within the Macedonian manufacturing sector.

Cumulatively, survey findings show, that out of a total of 12,385 expected jobs, 3,146 (or 25.4%) will require completed primary education, 6,830 jobs (or 55.1%) will require incomplete secondary education, 1,090 jobs (or 8.8%) are expected to be offered to persons with completed secondary or higher education, including university degree and 1,319 new jobs (or 10.6%) would be available to graduates of postgraduate university education programmes.

Some occupations require prior working experience. The survey provides data also on additional skills needs related to new jobs. The employers present additional skills needs in relation with high skilled jobs. These additional needs question the scope and quality of secondary and especially of tertiary education in the country, since the needs covers skills like knowledge of foreign language or excellent computer skills.

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

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

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

Following digital services are available for natural persons:

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

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

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

Employers use the possibility of announcing vacant jobs (in standardized form), as well as to submit the application/deregistration of an employment relationship (M1/M2), electronically. The number of submitted M1 reports in 2023 in this way (via E-Job portal) is 133,359, which is 66% of the total submitted M1 reports from legal entities in 2022. The number of submitted M1 applications from private employment agencies in 2023 through e-Job portal is 4,572 (57%) of the total submitted M1 applications from private employment agencies.

In 2023, the Ministry of Labour and Social Policy (MoLSP) maintained its focus on enhancing job quality and security to increase work appeal, particularly for the younger generation. This demographic places a higher value on work quality than their predecessors, considering it equally important to remuneration. This emphasis is particularly relevant given the high mobility of young workers and the global job market.

In an effort to enhance job quality within the country, the MoLSP has continued to align its practices with European Union labour standards. The development of a new Labour Law is well underway. Furthermore,

as part of the Strategy for Formalization of the Informal Economy in the Republic of North Macedonia 2023-2025, the government intends to implement a voucher-based model in various sectors where a high prevalence of undeclared work has been identified. These sectors include agriculture, forestry, fisheries, tourism and hospitality, construction, and personal and household services.

To specifically address informal work in certain economic activities and sectors, a draft law has been prepared as a *lex specialis*. This law aims to regulate work engagements of a seasonal, temporary, and occasional nature for specific activities and work tasks. The law has entered the government's procedural process, and its enforcement will commence 18 months after its adoption by the Parliament.

In order to improve quality and safety of working environment in the country, National Employment Strategy includes further strengthening of labour inspection. From January to December 2023, the state labour inspectors performed a total of 22,938 inspection supervisions (14,047 on labour relations, and 8,891 on health and safety at work) determining shortcomings and irregularities, on which a total of 5,543 decisions were made (3,127 on labour relations and 2,416 on health and safety at work). For violations of provisions, a total of 994 payment orders were issued (596 on labour relations and 398 on health and safety at work), 112 misdemeanour charges were brought up (96 on labour relations and 16 on health and safety at work), as well as 35 criminal charges (15 on labour relations and 20 on health and safety at work).

Review of activities and actions taken by the inspection services in the field of <u>labour relations</u>						
Inspections		Decisions		Misdemeanour payment order	Initiating misdemeanour proceedings	Initiating criminal proceedings
<b>Regular</b>	3,152	Reprimands	2,448	596	96	15
<b>Control</b>	3,259	Order	656			
<b>Extraordinary</b>	7,636	Ban	23			
<b>Total</b>	<b>14,047</b>	<b>Total</b>	<b>3,127</b>	<b>707</b>		

The Occupational Safety and Health Council and the Ministry of Labour and Social Policy actively participated in the coordination and implementation of the procedure for awarding the **annual Award for companies with best implemented OSH system**. The award ceremony took place during the celebration of the **European Week for Safety and Health at Work**, and the event, attended by a large number of representatives from all relevant actors in the field, was simultaneously used for the official national launch of the European Healthy Workplace Campaign “Safe and Healthy Work in the Digital Age 2023-2025.”

Consultations with a larger number of relevant stakeholders continued within the framework of the preparation of the new Law on Health and Safety at Work, which would contribute to a better implementation of the provisions and to an improvement of the state-of-play in this area. A Report on the Implementation and results achieved in accordance with the Action Plan for Health and Safety at Work 2021-2023 was prepared. Simultaneously, the new Action Plan for Health and Safety at Work for 2024-2025 is being developed, in accordance with the priority areas laid down in the Strategy for Health and Safety at Work 2021-2025.

The participation of the population who are informally employed in the overall employment was 10.7% in 2023 (7.1% among women) with a decrease of 1.5 percentage points, and a decrease among women of 2.1 percentage points compared to 2022. The highest informal employment is present among workers aged 35-44, while a significant part of informally engaged workers are aged 45-54. The largest number of informally engaged persons occurs in the agricultural sector, almost half of the informal jobs, as well as in construction.

Last year, the Government adopted the new Strategy for Formalization of the Informal Economy 2023-2027 and an Action Plan. The Ministry of Finance overtook the coordination of the preparation process of the new Strategy, which was inclusive, with numerous discussions between key stakeholders such as representatives of the business sector, accounting associations and bureaus, auditor offices, NGOs, and other relevant stakeholders.

The Strategy is based on two main areas – the first is the system, and the second are the citizens. The aim is to build a robust system that will fight the grey economy, while simultaneously strengthening the tax morale of the citizens and their awareness of the fact that by combating the grey economy, they are investing in a better future for their children.

Within the first area, the first goal is the improvement of public institutions' efficiency and the business environment in order to reduce informal economy and to accelerate the formalization process. Moreover, work on the regulatory framework is intensified, especially on labour relations. The work on improving the inspection services' effectiveness and efficiency in detecting and preventing business activities in the informal sector through a functional platform for keeping record of inspection supervisions, i.e. e-inspector will continue. The second area in which intensive work will be done is "Strengthening the awareness about the grey economy, tax morale and trust in institutions."

National employment policy pays specific attention to improvement of employment of women. Specific approach takes into consideration specific position of women in the labour market, esp. in communities taking seriously traditional role of women. The main priority of the Gender Equality Strategy 2022-2027 is the activation of women and their increased participation on the labour market.

The Employment National Strategy 2021-2027 provides for multiple measures and results that should contribute to a reduction of the gender gap in employment for 15 percentage points in 2027 compared to 19.7 percentage points in 2019.

It is expected that larger investments in early childhood education will cause a measurable effect on the participation of women on the labour market, and consequently on the gender gap in the labour market activity. In addition, the implementation of specialized employment services and programmes (within the framework of the Operational Plan for Active Employment Programmes and Measures and Labour Market Services) that are intended for categories of citizens at the highest risk on the labour market should facilitate women's access to the labour market. Support for enterprises for innovations, enhancement of their production capacity and creation of more and better jobs, supplemented with appropriate fiscal and labour market policies, are expected to also have a measurable impact on the employment of women (which would reduce the employment gender gap).

In January 2024, a mid-term review was carried out on the implementation of the Employment Strategy and the Action Plan 2021-2023. The review showed that the gender employment gap has decreased to

17.8 percentage points in 2023 due to the increased employment of women and the lower numbers of working age population.

As mentioned above, women in the Republic of North Macedonia are significantly less active on the labour market than men. According to data from the State Statistical Office, the activity rate for men is 62% and 42.8% for women. There are 292.168 women employed in 2023, which represents 37.9% of the total active population.<sup>12</sup>

One of the general goals of the Gender Equality Strategy 2022-2027 refers to the improvement of the position of women in the private and public life, with the purpose of harmonizing the professional and private life. In January 2024, the Government of the Republic of North Macedonia adopted the Programme for Social Security Support of Women Farmers for 2024, enabling the utilization of maternity benefits during periods of inability to perform agricultural work due to childbirth, which is not encompassed in the labour relation provisions for paid maternity leave. The funds for the realization of this programme are provided from the 2024 Budget of the Republic of North Macedonia and will be used as financial support for women with a status of an insured individual farmer, acquired in accordance with the Law on Pension and Disability Insurance, in the amount of 100,000 MKD paid over twelve months.

#### 4. Institutional Setup

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

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

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

The **National Examination Centre (NEC)** carries the main responsibility for organising and providing different types of student assessments of (such as the external testing and state Matura exams), including international assessments (such as PISA and TIMSS). In addition, it provides training, assessment, and certification of principals (and candidates for principals’ positions) in educational institutions. The NEC is

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<sup>12</sup> [https://www.stat.gov.mk/pdf/2024/2.1.24.05\\_mk.pdf](https://www.stat.gov.mk/pdf/2024/2.1.24.05_mk.pdf)

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

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

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

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

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

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

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

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

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

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

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

**The Adult Education Centre (AEC)** is a public institution that promotes a functional and modern system of adult education. The AEC is focused on increasing employment and developing entrepreneurship, as well as meeting the needs of the labour market and contributing towards economic, social, and personal development. The centre is responsible for harmonising and integrating the public interest with the interests of social partners in adult education, coordinating cooperation with the international institutions and organisations in the field of adult education, providing a quality education system for adults in accordance with European standards and practices, and creating a high-quality and competitive workforce for the labour market with the support of social partnerships. In terms of implementing the YG, the AEC is responsible for the development and accreditation of adult education (AE) training programmes and providers<sup>13</sup>, and its goal is to expand the opportunities for young beneficiaries to return to the education system and achieve recognised qualifications.

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

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<sup>13</sup> Accreditation of Adult Education providers is delegated to the AEC with the new Law on Adult Education.

**The Agency for Youth and Sports (AYS)** is responsible for activities related to young people in Macedonia. Along with representatives of youth coordination associations, it is responsible for the implementation of the National Youth Strategy (2016-2025). The Law on Youth Participation and Youth Policies<sup>14</sup> recognises youth organisations as main drivers for youth participation in the process of creating youth policies and decision-making. Two prominent national youth representative structures should be noted in this regard.

The **National Youth Council of North Macedonia (NYC)** is a nationwide representative of youth umbrella organisations, established to represent young people in the process of policy creation and decision-making, and to promote and advocate for youth rights. The **Coalition of Youth Organisations (SEGA)** is a national platform of youth organisations active in the field of lobbying for changes in youth policies, dedicated to supporting youth activism, improving access to information and participation of young people in activities to solve their problems. In 2023, the NYC and SEGA were responsible for organising and delivering outreach services to disengaged young people and for helping them to register in the YG service delivery system.

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

**The Government Advisor for Youth and Sport** represents the commitment of the Government of North Macedonia to introducing measures giving youth better access to jobs. The main goal of Government Advisor is to serve as a bridge between the Cabinet of ministers and the stakeholders. The main functions of the post are to coordinate and participate in the implementation of activities focused on youth, such as organising events, coordinating and participating in meetings with young people, civil society organisations (CSOs) and other institutions, etc.

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

The **Sector Working Group on Education, Employment and Social Policy (SWG EESP)** is the sector policy dialogue structure that brings together the relevant national institutions, the donors and civil society actors active in the sector. It has a large mandate, ranging from the identification of priorities to coordinating and reviewing progress in sector reforms. It is the main platform for channelling the IPA programming in the sector, including the preparation of the SRPC. It is the main policy dialogue instrument for the implementation of the sector reforms, channelling the discussions of the stakeholders on progress, achievements, risks, indicators as well as on the donors' support for North Macedonia's reform process.

The **Sector Working Group of Public Financial Management (SWG PFM)** operates for the purpose of preparing the PFM Reform Programme and discussing the progress of the PFM reforms. The monitoring process is based on the PFM reform management and coordination framework, comprising the structures established at all hierarchical levels of decision-making. At the policy level, meetings of the PFM SWG are

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<sup>14</sup> Official Gazette of the North Macedonia, # 10 from 16.01.2020



held in the form of PFM policy dialogues with all relevant stakeholders (civil society, business sector, academia, the EC, and other donors, IFI's and other international partners active in the sector).

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

## II. ACHIEVEMENTS UNDER THE GENERAL CONDITIONS

### 1. Progress on education, employment and social policy reform

#### 1.1. *Findings from the Mid-term review of implementation the National Employment Strategy 2021-2027 (NES) and the Employment Action Plan (2021-2023)*

The National Employment Strategy adopted by the Government of North Macedonia for 2021-2027 aims to *enhance employment* through three key objectives and strategies for improving education and training outcomes, enhancing economic and enterprise development policies, and strengthening labour market inclusiveness in North Macedonia. These objectives are expected to address skill mismatches, increase adult training participation, reduce youth and adult unemployment, narrow the gender employment gap, and decrease poverty and social exclusion risks by 2027.

- Objective 1 focuses on expanding adult training, recognizing prior learning, improving dual education, and enhancing education management systems. It also emphasizes setting new employment targets to measure the effectiveness of dual education and monitoring the learning outcomes of students in various education levels.
- Objective 2 aims to support SME development, innovation, green economy initiatives, and human resource development while addressing issues related to the informal economy through collaborative efforts. The existing targets for this objective align with European enterprise development policies.
- Objective 3 emphasizes building the institutional capacity of the Employment Service Agency and the State Labour Inspectorate to provide services to vulnerable population groups in the labour market. Specific policy actions are needed to enhance the performance of these agencies and improve services for young people, long-term unemployed individuals, and social assistance beneficiaries.

An accompanying Employment Action Plan for 2021-2023 details the specific policy actions required from various stakeholders, including ministries, the Employment Service Agency, the Labour Inspectorate, and social partners, to meet these objectives. A mid-term review was carried-out at the end of 2023<sup>15</sup> as part of the strategy's evaluation framework, which focuses on analysing the outcomes of policy interventions up to 2023, assessing economic and labour market shifts, evaluating the continued relevance of the 2021 objectives, and providing insights for the next Employment Action Plan for 2024-2027. Despite the ambitious goals, the mid-term progress report indicates mixed results in the implementation and outcomes of the planned policy interventions. Findings show that North Macedonia faces significant challenges in meeting its targets for reducing skills mismatches, improving PISA scores, and increasing adult training participation by the set deadlines. Substantial investments and reforms in education and workforce development are essential for achieving these goals.

The policy objective to ***improve the quality of education and training outcomes for all*** is pivotal, aiming to align the education and training system with labour market demands, thereby reducing skills mismatches and enhancing the employability of the workforce.

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<sup>15</sup> December 2023.

## Progress and Challenges

NEET Rates: the data from 2023 reveals a nuanced picture of the labour market for young people in the context of the National Employment Strategy's objectives and projections. The overall rate of young people aged 15-29 not in employment, education, or training (NEET) has shown a decrease to 23.7% in 2023 (from 26.2% in 2020 and 24.3% in 2021), but a slight increase from 22.8% in 2022. This indicates a positive trend, though the rate remains high. The goal is to reduce this rate to below 20% by 2027. The gender disparity within these figures is notable, with a higher NEET rate among young women (26.7%) compared to young men (20.6%). The labour market projections outlined in the National Employment Strategy were found to be conservative. While the strategy forecasted a decline in the unemployment rate for the working-age population to 15.8% and a youth unemployment rate drop to 35%, the actual figures surpassed expectations, falling to 13.1% and 25.4%, respectively. However, the NEET rate remains higher than the forecasted.

These findings underscore the challenges in predicting labour market dynamics and the need for targeted interventions to address the NEET issue, especially among young women. The discrepancy between projected and actual NEET rates suggests that while the overall direction of the labour market is positive, with declining unemployment rates, specific attention is needed to reduce the NEET rates further, particularly through gender-sensitive policies and programs that address the barriers young women face in accessing employment, education, or training opportunities. Assuming a steady annual decrease, the *target appears achievable by 2027*.

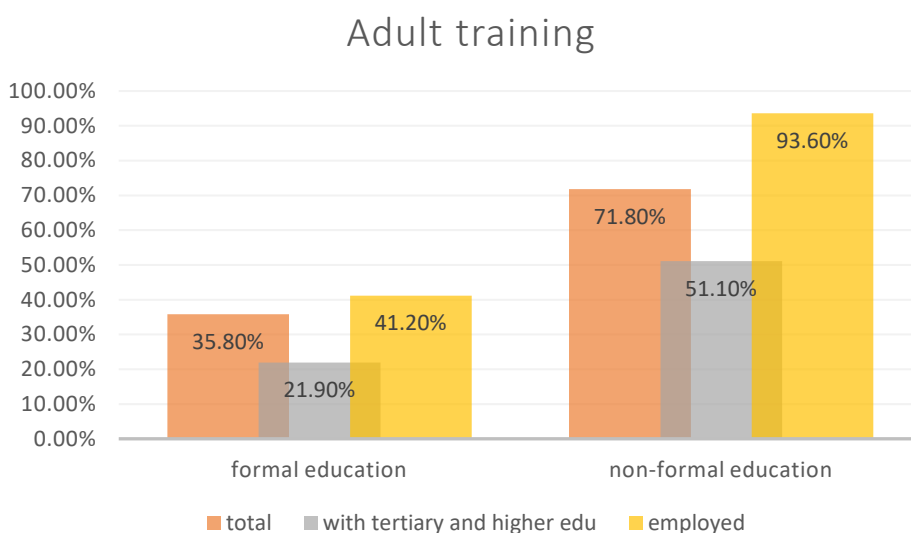
The *vertical skills mismatch*, which measures the discrepancy between the qualifications of the workforce and job requirements, has worsened, with a significant increase in the percentage of underqualified workers in higher-level occupations. This trend indicates a growing skills shortage and suggests that the target of reducing the mismatch by 2027 will be challenging to meet without substantial investment in workforce development. In 2019, 30% of the working-age population (15-64) experienced a vertical skills mismatch, primarily due to over-qualification. The objective is to lower this to 25% by 2027. However, the mismatch increased to 35.2% in 2020, slightly decreased in the following years, but surged to 45.1% in 2023 due to rising under-qualification. Achieving the 2027 target appears unlikely without significant investment in workforce development.

The policy to *expand vocational education and training (VET) at the post-secondary non-tertiary level* aims to equip individuals with skills demanded by enterprises, including through work-based learning. This approach is anticipated to offer secondary education students relevant labour market skills, immediate employment opportunities, and a solid alternative to university education, potentially impacting the NEET rate and vertical skills mismatch over time. However, specific data on the employment outcomes of those completing such VET courses is currently unavailable. Only 1.2% of workers (20-39) with ISCED level 3-4 had completed a VET post-secondary, non-tertiary course as of the last measurement. The aim is to increase the *VET completion rate to at least 5% by 2027*. While current data is not available, the approval of the Concept for post-secondary education in 2024 and the introduction of a new curriculum for three post-secondary occupations since August 2023 indicate *progress towards enhancing VET offerings*. These efforts reflect a strategic approach to addressing labour market needs and educational alignment, with an emphasis on developing a skilled workforce through diversified educational pathways.

The policy aimed at *enhancing the offer of adult learning opportunities, particularly in digital skills, and recognizing prior learning* has shown mixed results towards improving the workforce's skills. Key components of the NES included increasing adult training programs for the unemployed, offering tax

incentives for employers to train their workforce, and designating the Adult Training Centre as the authority for recognizing prior learning. This multifaceted approach is expected to boost lifelong learning participation among adults. The *adult (18+) training participation rate* in 2019 was 8.9%. The goal is to increase this to 16% by 2027. However, the latest data is indicating a challenge in meeting the target unless there is a significant expansion in adult training offerings, including through mechanisms for recognizing prior learning.

In 2022<sup>16</sup>, the Republic of North Macedonia saw significant participation in education and lifelong learning activities among its population aged 18 to 69, with 346,155 individuals engaged, of which 48.5% were men and 51.5% were women. The age group with the highest participation was 18 to 24 years (28.1%), while the 65 to 69 age group had the lowest (0.3%). The overall participation rate in education and training stood at 27.7%, with a higher rate of 37.2% observed among those aged 25 to 34.



*Out of the total participants, 35.8% (124,001) were involved in formal education, whereas a larger share of 71.8% (248,582) participated in non-formal education. Among individuals with tertiary and higher education, 21.9% engaged in formal education and 51.1% in non-formal education. Looking at the employed population, 41.2% participated in formal education, and a significant 93.6% in non-formal education<sup>17</sup>.*

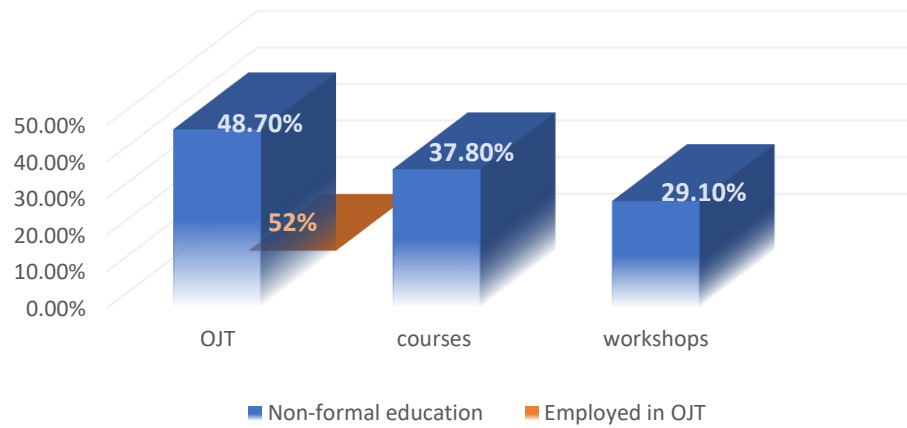
Source: SSO.

<sup>16</sup> The latest data from the State Statistical Office in IV quarter 2023.

<sup>17</sup> State Statistical Office, Adult Education in the Republic of North Macedonia Results from the Adult Education Survey, 2022, published 01.09.2023.

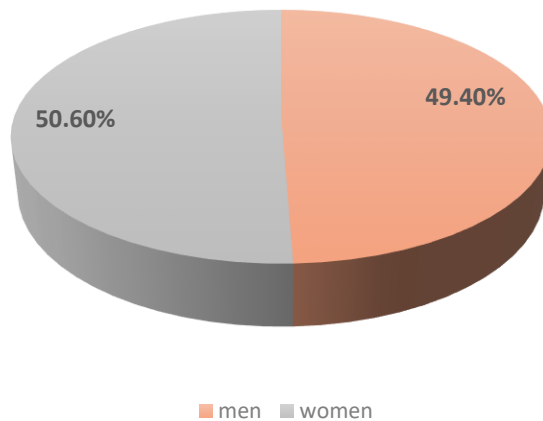
Non-formal education activities saw 48.7% of participants in guided on-the-job training, 37.8% in courses, and 29.1% in workshops. A majority of employed individuals (52.0%) took part in guided on-the-job training, while the inactive population did not participate in any activities. Job-related non-formal education and training were most common among those aged 35 to 44 (29.7%), with a higher participation rate among women (31.0%) in this age group compared to men (28.4%).

## NON-FORMAL EDUCATION



Source: SSO.

## Informal learning



Additionally, 626,169 individuals were engaged in informal learning activities, with a balanced gender participation of 49.4% men and 50.6% women. The most active age group in informal learning was 25 to 34 years.

Source: SSO.

Significant developments in the area of *validation of non-formal and informal learning (VNFIL)* are foreseen with the draft new laws on NQF and AE, which are in advanced phase of processing and are expected to be adopted by the Parliament. With the adoption of the *draft new laws on AE and on NQF*, the legal basis for the VNFIL arrangements will become effective. Established Regional VET Centres have a potential to create a crucial network of resource centres for validation. They need substantial support in order to serve as the hubs of quality validation arrangements.

In 2019, 32% of persons aged 16-74 had *digital skills*, which was significantly lower than the EU average of 56%. The target for 2027 is set at 45%. By 2022, progress was made to 34.6%, suggesting that if current trends continue, the target is achievable by 2027. The share of the working-age population with *medium and high-level skills* was 69% in 2019, with a target of exceeding 75% by 2027. Remarkably, by 2023, this target was already surpassed, reaching 76.8%, primarily due to an increase in the population attaining

university-level education. While significant progress has been made in increasing the share of the working-age population with medium and high-level skills, challenges remain in boosting the overall participation rate of adults in training programs. The success in digital skills development indicates positive momentum, which could be leveraged to address other areas. Achieving the ambitious targets by 2027 will likely require a concerted effort to expand adult learning opportunities, including through innovative approaches to recognize prior learning and incentivize both individuals and employers to invest in ongoing education and training.

North Macedonian students had an average *PISA score* of 400 in 2018. The goal is to increase this average by at least ten points (to 410) by 2026. The decline in PISA scores to an average score of 376 in 2022 highlighted a setback in achieving the objective of improving education outcomes. The scores in reading, mathematics, and science have all decreased. Meeting the 2026 target seems improbable without substantial enhancements in education and training reform.

The policies for *increase of public investment and the revision of the education funding mechanism* aim to align annual GDP investment in education with EU levels, increasing from 3.7% to 4.2%, and to revise the education funding formula. The goals are to expand early childhood education, allocate at least 70% of resources to pre-primary, primary, and secondary education, and strengthen university selection to improve completion rates and reduce graduate unemployment.

Despite the goal to increase the public investment in education to 4.2% from the GDP by 2027, the investment has declined to 3.3% in 2021, indicating a need for an annual increase of 0.2% in GDP investment to meet the target. The target in early childhood education funding is to increase the GDP share to 0.6% by 2027. The current investment is 0.3% of GDP, indicating a need to double the investment in four years.

Other strategic targets are set-up in early childhood, the university completion rates and in the unemployment rate of university graduates. The aim in early childhood is to increase the enrolment of 4-year-olds in early childhood education to at least 50% by 2027. The enrolment dropped to 33.3% in 2022, necessitating a 4-percentage point annual increase to achieve the goal (was 45.5% in 2023 according to the MoLSP data). The completion rate at the university level was 45% in 2019, with an aim to increase this to 55% by 2027. There's no current data on university completion rates to track progress. The unemployment rate for university graduates aged 30-34 has shown a slight improvement from 2019 to 2022, but specific targets for graduate unemployment and completion rates are yet to be met.

The findings indicate little progress toward meeting policy targets, with overall public investment in education declining. The country faces significant challenges in meeting its education investment and performance targets by 2027, particularly in increasing funding for early childhood education and improving enrolment rates and university completion rates.

The strengthening of *Education Management Information System (EMIS)* policy aims to provide reliable data for monitoring and evaluating education and training outcomes across all levels. The policy expectation is to enhance EMIS and connect it with other information tools and administrative databases. This integration is intended to measure learning outcomes, track individual pathways from education to employment, and inform policy design and adjustments. Recent policy documents lack quantitative and qualitative indicators for tracking the progress of education and training policy initiatives. By 2027 the formulation of education and training policy should be supported by measurable indicators and targets derived from EMIS data. The goal is for EMIS to significantly contribute to education policy development

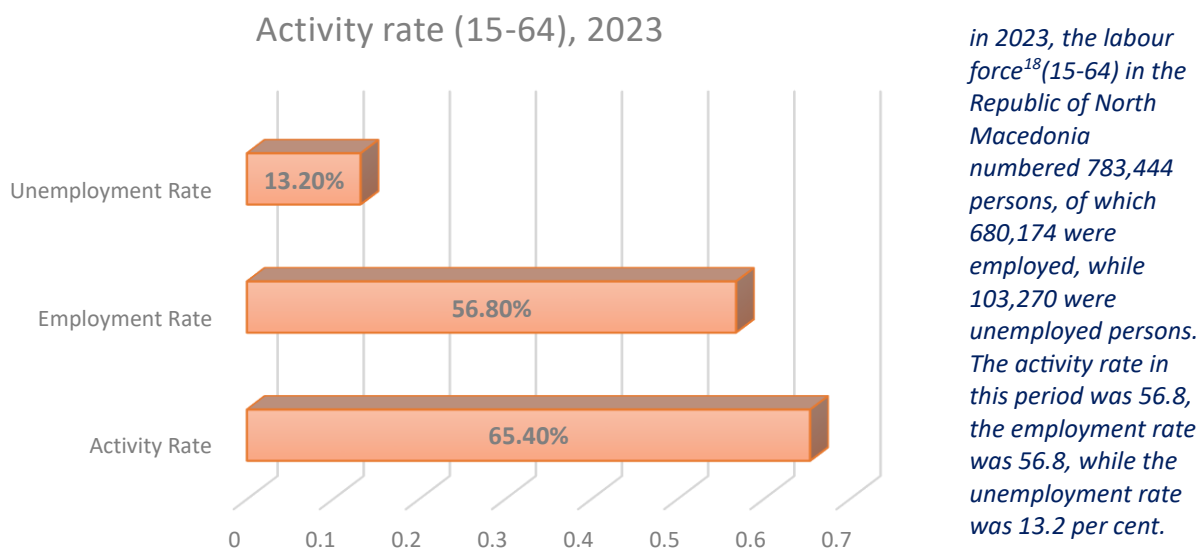
and evaluation by 2027. However, as of the end of 2023, this objective has not seen progress due to the ongoing testing phase of the EMIS for primary and secondary education levels.

In conclusion, while the National Employment Strategy of North Macedonia sets forth a comprehensive framework for enhancing employment through education and training reforms, the actual progress has been hampered by various challenges, including the impact of the COVID-19 pandemic. Achieving the ambitious targets by 2027 will require concerted efforts, substantial investments, and effective implementation of the planned policy interventions.

The policy objective to **enhance the role of economic and enterprise development policies** for creating decent jobs is essential for ensuring that economic and enterprise development policies not only contribute to economic growth but also lead to the creation of more and better jobs, particularly by supporting enterprise innovation, competitiveness, and inclusivity in the labour market.

The *national business development policy* aims to bolster enterprises' ability to innovate, expand their productive capacity, and create more and higher quality jobs. It anticipates positive outcomes from streamlining parafiscal charges and introducing new financial mechanisms in collaboration with international finance institutions to enhance enterprise competitiveness and innovation. The expected results are improved access to finance for enterprises, accelerated competitiveness gains, additional job creation (with an improved employment rate and a reduction in the youth unemployment rate), and increased productivity. These efforts, supported by fiscal and labour market policies, are projected to enhance employment quality (measured by the share of workers in temporary and low-paid employment) and boost women's employment, thereby narrowing the gender employment gap.

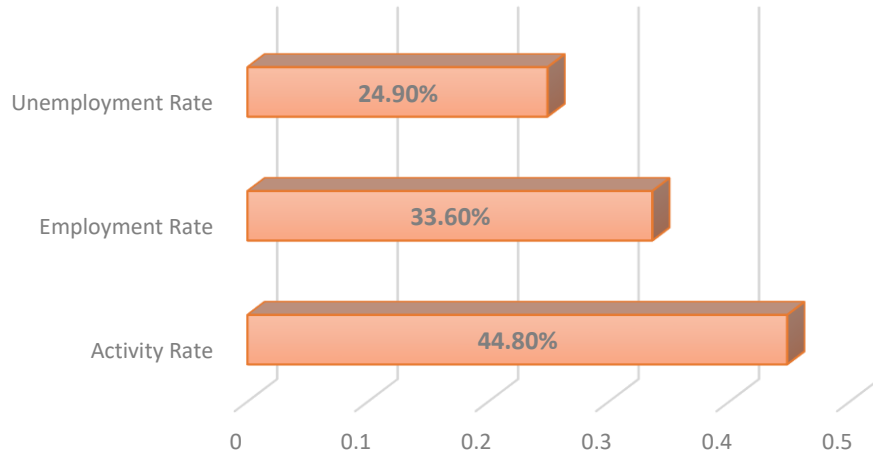
Key labour market indicators in North Macedonia, such as activity, employment, and unemployment rates, have shown improvement; in 2023 the unemployment rate is 13.2 and compared to 2022, it has decreased by 1.3 percentage points.



<sup>18</sup> According to the data of the State Statistical Office. The results in the announcement are not comparable to previous years due to the implementation of the new Regulation (EU) No 2019/1700 of the European Parliament and of the Council, as well as the corresponding executive regulation of the Commission (EU) No 2019/2240 in the field of labour force, resulting in Regulation (EC) No 577/98 being repealed. The implementation of the new regulation led to changes in the survey, including

The diagram is illustrating the key population statistics for individuals aged up to 29 years: 44.8% of the population in this age group are economically active; 33.6% of the population in this age group are employed, and 24.9% of the population in this age group are unemployed.

### Active population 2023 (age up to 29 years):



Source: SSO

As of 31.12.2023, they have been recorded:

-105452 registered unemployed persons (active job seekers), and  
 - 47289 other job seekers (passive job seekers).

#### BY GENDER

■ Women ■ Men

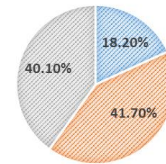


#### By Gender:

- 52.0% (54,824) are women
- 48.0% (50,628) are men

#### BY AGE

■ Up to 29 years ■ 30-49 years ■ 50 years and older



#### By Age:

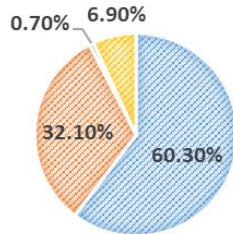
- 18.2% (19,214) are aged up to 29 years
- 41.7% (43,992) are aged 30-49 years
- 40.1% (42,246) are aged 50 years and older

changes in the questionnaire design, the sequence of questions, relocation and addition of new questions, as well as changes in the scope and definitions of employment and unemployment. After the analysis, it was determined that the changes have an impact on the working-age and inactive population due to the change in age (from 15-79 to 15-89 years), while no changes were observed in the active population. The mentioned changes resulted in a discontinuity in the time series of data for the working-age and inactive population.



### BY EDUCATIONAL ATTAINMENT

■ No education/Primary ■ Vocational/Secondary  
■ Tertiary education ■ Higher education



#### By Educational Attainment:

- 60.3% (63,616) have no education or primary education
- 32.1% (33,840) have vocational education (3-4 years) or secondary education
- 0.7% (744) have post-secondary/tertiary education
- 6.9% (7,252) have higher education (including 549 with master's degrees and 15 with doctoral degrees)

#### By Waiting Time for Employment:

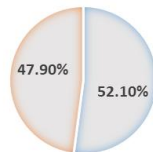
- 28.3% (29,834) have been waiting for employment for up to 11 months
- 71.7% (75,618) have been waiting for employment for 12 months or more

The report outlines the demographic and educational breakdown of both actively unemployed and other individuals seeking employment as per the data from December 31, 2023, provided by the State Statistical Office.

As of 31.12.2023, there are 47289 economically active or inactive individuals registered in the employment agency but not actively seeking work or prepared to accept employment (passive job seekers).

### BY GENDER

■ Women ■ Men

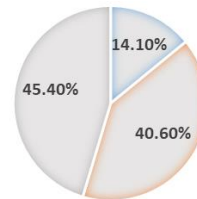


#### By Gender:

- 52.1% (24,655) are women
- 47.9% (22,634) are men

### BY AGE

■ Up to 29 years ■ 30-49 years ■ 50 years and older

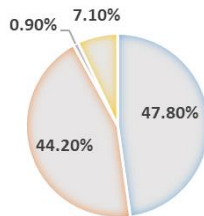


#### By Age:

- 14.1% (6,664) are aged up to 29 years
- 40.6% (19,176) are aged 30-49 years
- 45.4% (21,449) are aged 50 years and older

### BY EDUCATIONAL ATTAINMENT

■ No education/Primary ■ Vocational/Secondary  
■ Tertiary education ■ Higher education



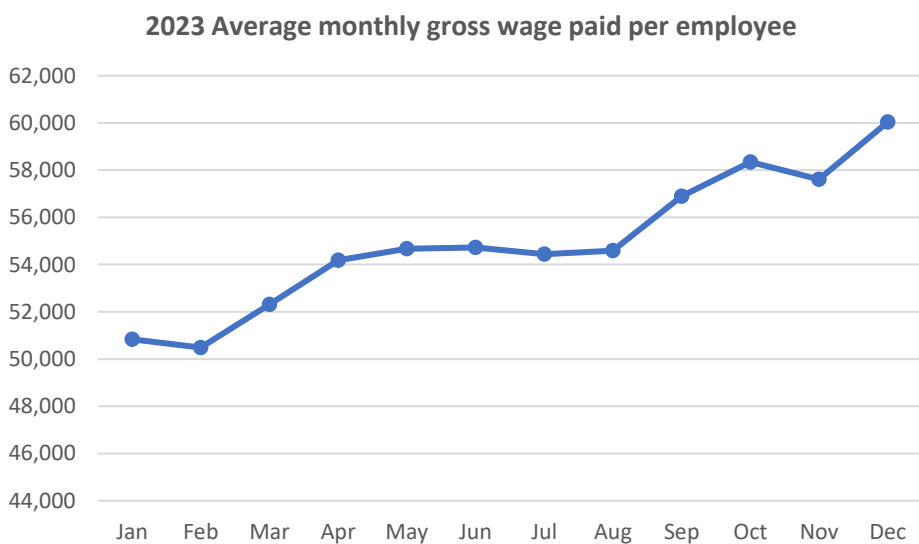
#### By Educational Attainment:

- 47.8% (22,594) have no education or primary education
- 44.2% (20,905) have vocational education (3-4 years) or secondary education
- 0.9% (441) have tertiary / post-secondary education
- 7.1% (3,349) have higher education (including 232 with master's degrees and 10 with doctoral degrees)

Source: SSO.

However, much of this progress is attributed to demographic changes, including a significant decline in the working-age population between 2019 and 2022, which resulted in a decrease in both the overall number of people employed and the number of young people employed, despite stable youth employment rates. The decrease in youth unemployment rates is largely due to a reduction in the number of unemployed youths, aided by initiatives like the Youth Guarantee, and a decline in the youth population and labour force participation rates.

Job quality indicators present a mixed picture. There has been an overall increase in temporary work, although it has decreased among young workers. Meanwhile, the incidence of low-paid jobs has significantly declined, largely due to wage increases over the last two years that partially kept pace with inflation. There was a consistent increase in the average monthly gross wage paid per employee throughout 2023, with indices of index of the average monthly gross wage ranging from 112.7 in March to 117.7 in October, indicating overall wage growth. The sectors that saw increases include Construction, Education, Accommodation and food service activities, and notably, public administration and defence; compulsory social security showed significant growth towards the end of the year. Decreases in wages month-over-month were less common but did occur in sectors like Mining and quarrying, Financial and insurance activities, and Real estate activities at various points throughout the year. The Construction sector consistently showed increases in wages year-over-year, with a notable month-over-month increase in December (9.6%). Public administration and defence; compulsory social security sector saw the most substantial increases towards the end of the year, highlighting significant wage growth in this sector. Financial and insurance activities, despite showing growth in some months, also experienced decreases compared to the previous month, indicating some volatility in wages in this sector.



*The average monthly gross wage paid per employee started at 50,837 MKD in January 2023 and saw an upward trend, reaching 60,036 MKD in December 2023. This represents a significant increase in wages over the year, showing an overall positive trend for employees. The average monthly gross wage reached approximately 53,919.33 MKD for the year 2023, reflecting the overall wage growth across various sectors throughout the year.*

Source: SSO.

In 2019, North Macedonia was ranked 82<sup>nd</sup> out of 141 countries on the Global Competitiveness Index. By 2027, it is expected that North Macedonia's ranking will have improved, although specific future data is not available. The employment-to-population ratio for the working-age population (15-64) was 44.7% in 2019, with a projection to reach at least 60% by 2027. By 2022, this ratio had already increased to 56.8%, indicating that the target is likely achievable, primarily due to demographic factors.

In terms of job quality, the share of temporary work in 2019 was 16.7% overall, with a significantly higher rate of 35.1% among young workers (15-24). Additionally, just over 18% of all workers were in low-paid jobs. By 2027, the aim is to stabilize the share of temporary work at 16% for adults and 25% for young people (15-24), and to reduce the share of low-paid workers to 15%. By 2022, temporary work accounted for 17.1% of overall employment, with 31% among young people (15-29), and 16% of workers were in low-paid jobs, indicating progress towards these goals.

The measures implemented by the *Innovation and Technology Development Fund and other funding institutions* are intended to foster output growth, enhance firms' competitiveness, and support employment growth. By providing financial support and resources, these institutions play a crucial role in promoting economic development and job creation.

Government Policy Initiatives, including tax system reform, efforts to formalize the informal economy, and enhanced compliance mechanisms, aimed to reduce informal employment, particularly among low-wage workers, and to encourage greater participation of women in the labour market. These policies are designed to create a more inclusive and equitable employment landscape. They are expected to be supported by improvements in labour productivity, driven by better education, training outcomes, and public capital investments, along with more effective compliance mechanisms based on easily verifiable parameters.

In 2019, informal employment constituted 15.2% of total employment, expected to decrease to 10% by 2027, with a notable reduction to 12.2% by 2022. This decline is seen as achievable despite unclear causes. The gender employment gap was 19.7 percentage points in 2019, with a goal to reduce it to below 15 percentage points by 2027. By 2023, this gap had narrowed to 17.8 percentage points, driven by increased employment among women and a declining working-age population, suggesting that the target is within reach. This improvement is attributed more to demographic shifts than to tax policy changes. These labour market trends, although primarily driven by demographic factors rather than policy actions, are expected to enhance North Macedonia's competitiveness index, raise the employment-to-population ratio (15-64) to 60%, and reduce youth unemployment to 27% for ages 15-24 and to 23% for the 15-29 cohort. With 2023 figures showing a reduction of youth unemployment to 24.9% for the 15-29 group, suggesting that the targets are within reach, albeit primarily due to demographic shifts.

The employment objective for **strengthening the inclusiveness of labour market policies** focuses on making labour market policies more inclusive through several key policy outcomes.

*Relaxed eligibility for passive measures* was created for easing the criteria for accessing passive labour market measures to protect individuals and households from poverty, while deploying active measures to reduce worker disengagement. The aim was to maintain the emergency measures enacted during the Covid-19 pandemic, namely the relaxation of eligibility criteria for accessing the unemployment benefit and the Guaranteed Minimum Assistance, and the extension of the job subsidy scheme to individuals who lost their job during the crisis. As envisaged by the 2023 Operational Plan, the Employment Service Agency provided on-the-job training to individuals with at most primary education for occupations most in demand in the labour market.

*Empowering the Employment Service Agency* aimed at providing the ESA with the human, technical and material resources required to fulfil its mandate and to enhance service and program delivery, implement effective activation strategies, and achieve employment and social inclusion goals. Seven local employment offices were renovated (Kumanovo, Tetovo, Kichevo, Gostivar, Makedonski Brod, Ohrid and

Struga) with the financial support of the "EU for Youth" project. The ICT platform of the ESA was upgraded. This is the first step towards the streamlining of service delivery and the introduction of digitalization for operational and service delivery purposes. A statistical profiling model was developed in 2023, with the aim to measure the probability of long-term unemployment at first registration.

*Strengthening the State Labour Inspectorate* - enhancing the capacity of the State Labour Inspectorate to enforce employment protection and equality laws, thereby reducing informal employment, gender inequality, and deficits in decent work. Even though the functional and organizational assessment is still pending, the State Labour Inspectorate continued the implementation of the Strategy to reduce the informal economy and the enforcement of labour legislation. In the reference period, the State Labour Inspectorate started to operate based on annual and monthly work plans with the aim of effectively contributing to the enactment of labour legislation.

Dedicated Employment Services for At-risk Groups was aiming at implementing targeted employment service and program lines to foster the social inclusion of groups at risk in the labour market, and foremost young people, the long term unemployed and beneficiaries of the guaranteed minimum assistance. During the reference period, ESA initiated specifically designed services to the populations at risk. The EU-funded project "Activation of vulnerable groups on the labour market," aims to provide customized employment services and measures, including the Counselling and Motivation Programme (SIM), which is currently in a pilot phase. The SIM is focused on activating individuals at risk of social exclusion, benefiting 1,200 individuals by offering mentoring support alongside their involvement in active labour market measures like remedial education, training (both on-the-job and off-the-job), and subsidized employment. The Employment Service Agency (ESA) has been actively implementing the Youth Guarantee system, aimed at providing young people aged 15-29 who are not in education, training, or employment (NEETs) with preparation services and quality offers in education, training, employment, and traineeships. Since its introduction, the Youth Guarantee has reached around 100,000 young NEETs, with an even distribution between men and women and a notable focus on the 15-24 age group. The effectiveness of the program is highlighted by the fact that, on average, 34.2% of young NEETs receive a positive and timely offer, a figure that aligns with the average rate across the European Union. In 2022, the government launched a new Youth Guarantee implementation plan set to direct policy reforms and actions in youth employment until 2026. Available data indicate that approximately 23 thousand young NEETs registered in the YG in 2023 and 43 per cent received a positive offer within 4 months.

*Enhancing Social Dialogue* - strengthening the role of social dialogue institutions at both central and local levels to inform the design, monitoring, and evaluation of employment policies. In the reference period, the Economic and Social Council (ESC) increased its regular meetings and played an important part in the setting of the minimum wage and in the discussion on wages in the public sectors. It was also played a major role in the shaping economic and social policies, including the anti-crisis relief packages and the Youth Guarantee. The ESC is also shaping of the national legislative framework (drafting of the Labour Relation Law in line with the EU acquis and ratification of ILO Convention n. 190 on violence and harassment). As far as collective bargaining is concerned, the ESC was key for the adoption of the first collective agreement for the public sectors and in the setting up of an e-register for collective agreements. The policy objectives and outcomes for employment that were projected in 2021 remain relevant for the next period (2024-2027), certain outcomes and policy actions will have to be reformulated in order to accommodate the changed environment.

The following observations were considered during the preparation of the new Action Plan:

Regarding the Objective 1 (Improving the quality of education and training outcomes for all), the focus should be on the expansion of adult education and the recognition of prior learning, continuous improvement of dual education and the interoperability of the information management system in education. A new target should be defined to measure the coverage rate and the outcomes of dual education (the percentage increase in the employment outcomes of persons who have completed dual education). Meanwhile, the reform of pre-school, primary, secondary and post-secondary education, as planned by the Education Strategy 2021-2025 - should start generating measurable results in the learning outcomes of pupils and students, which will be taken into account in the final assessment on NES.

Regarding the Objective 2 (Enhancing the role of economic and enterprise development policies in generating decent jobs), the focus should remain on providing public support for the development of SMEs, especially towards innovation, transition to green economy and development of human resources as well as on tackling informal economy (through coordinated action of all key actors). The outcomes set for this policy objective remain relevant and will remain unchanged as they already reflect the basic principles of European enterprise policy.

Regarding the Objective 3 (Strengthening the inclusiveness of labour market policies), the focus should be more on building the institutional capacity of the Employment Service Agency and the State Labour Inspectorate as well as on strengthening services for persons at risk on the labour market (the young, the long-term unemployed, social welfare beneficiaries). The outlined outcomes set for this objective remain relevant and will not change. However, it will be necessary to define specific policy actions to improve the overall performance of the Employment Service Agency and the State Labour Inspectorate.

*Concluding observations: the progress toward meeting the employment policy targets of the National Employment Strategy (NES) for 2021-2023 in North Macedonia was slow due to various challenges. These include the adverse impacts of the Ukraine conflict on both, the national and the broader European economy, increased energy prices, inflation, and a weakening global demand. Additionally, demographic shifts and emerging labour shortages have compounded these issues. The complexities of rolling out wide-ranging reforms in the economic, education and labour market policy areas – at a time of weakening economic growth - are also playing a role. Despite the implementation of several policy actions – as planned in the Employment Action Plan – there is an increasing time lag between the adoption of the reforms and the materialization of expected results, particularly in education and training reforms, where improvements in learning outcomes are yet to be seen. Similarly, positive changes in the labour market are more attributable to demographic trends than to specific policy measures. Given these circumstances, there's a recognized need to adjust targets and policy actions for the upcoming programming period (2024-2027) to better reflect the changing environment. The employment objectives and outcomes planned in 2021 remain relevant also for the next programming period (2024-2027).*

*(See Annex 3. Action plan for employment 2024-2027 with Report on the implementation of the Employment Action Plan 2021-2023 within the framework of the National Employment Strategy 2021-2027)*

## 1.2. Findings from the Report on the implementation of the MoES' Annual Work Plan for 2023 and from the 2023 Annual report for implementation of the AP to the Education Strategy 2018-2025

The annual work plan of the Ministry of Education and Science for the year 2023 was prepared in function of achieving the strategic priorities and goals for 2023 of the Government of the Republic of North Macedonia:

- Enhancing the quality of education accessible to all, in line with labour market demands, development and advancement of culture and sports;
- Developing quality education accessible to all that will create a workforce capable of meeting labour market demands, respectful of civil rights, mutual tolerance, and the development of multiculturalism and interculturalism;
- Ensuring energy efficiency in student dormitories and improving student life and youth standards; and
- Advancing human capital, increasing investments in science, research, and innovation.

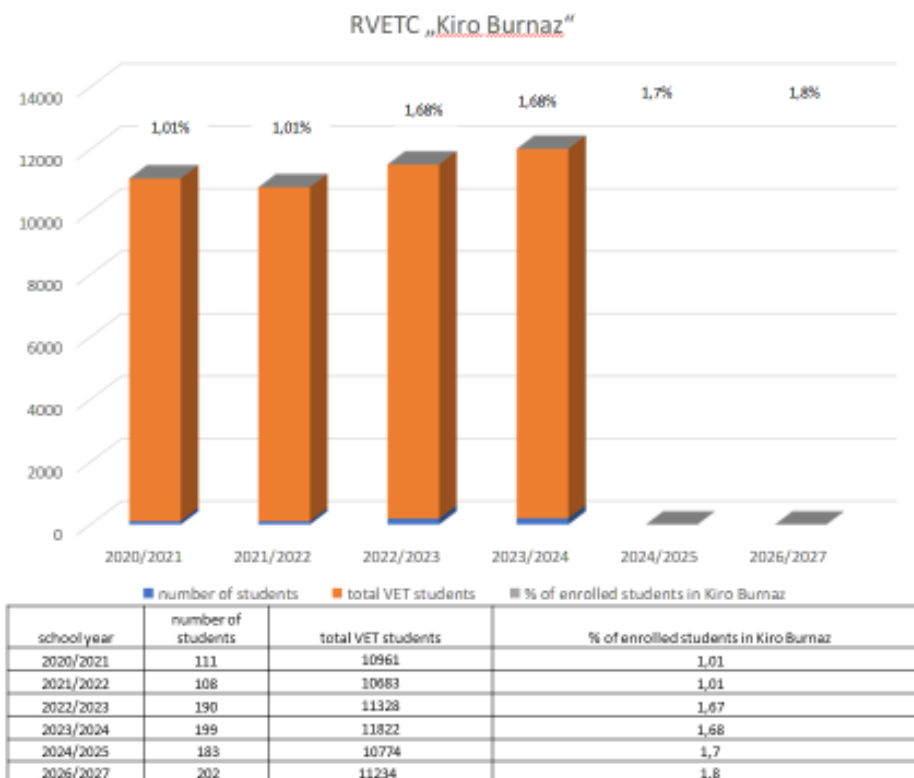
The strategic plan of the Ministry of Education and Science for 2023-2025 envisions the implementation of a total of 5 programs and 15 sub-programs. For each of the envisaged programs and sub-programs, which in turn, initiated measures, projects, and activities, the Annual Work Plan defined the necessary resources and financial means for implementation, as well as the expected outcomes of final realization. In the progress review we consider the results of the implementation of policies and measures relevant to the SRPC 'EU for Youth' in the field of vocational education and adult education in the context of LLL.

The results in 2023 highlight the design and efforts for optimisation of legislative framework, continuous improvement of distance learning tools, and significant investments in upgrading school infrastructure to provide quality education for all students in North Macedonia. The preparation of a new draft Law on Secondary Education commenced with public consultation in December 2022, to gather feedback from all stakeholders. The public consultation was conducted in the first quarter of 2023, and the *new Law on Secondary Education* has been submitted for government approval. The proposal for the new Law on Secondary Education clearly defines and systemically regulates the inclusion of students with disabilities in secondary education, ensuring appropriate educational support for each student integrated into regular teaching processes. The new proposal aligns fully with the United Nations Convention on the Rights of Persons with Disabilities. The proposed Law on Secondary Education includes provisions for exempting vulnerable citizens from certification costs and engaging educational mediators for Romani students.

The national *distance education platform* was maintained and enhanced. The distance education system is actively utilized by schools (teachers and students) according to identified needs, such as online teaching using tools like OneNote Classroom, OneDrive, and MC Forms. The 'EduIno' portal continuously receives upgrades with new video content. Moreover, hardware equipment maintenance and support procedures at the HUAWEI IDC data centre have been completed, and the process of reallocating licenses for graduating students to use the distance learning system and enrolling new students has finished. Ongoing training for teaching staff was conducted to support the use of distance education tools. Evaluation of public procurement for cloud hosting platforms for the Ministry of Education and Science's systems has been completed. Evaluation is ongoing for procuring services to establish an integrated electronic system for school administration and electronic diary (the new EMIS), including piloting and additional training

for schools<sup>19</sup>. In the beginning of 2024, the Bureau for Development of Education (BDE) announced a public call for selection and accreditation of training programs and service providers for professional development of educational staff (teachers) in secondary schools in North Macedonia, focusing on "Digital Skills for Teachers in Teaching (monitoring students, solving problem situations, engaging in research activities, etc.)". The accreditation decision process is currently underway.

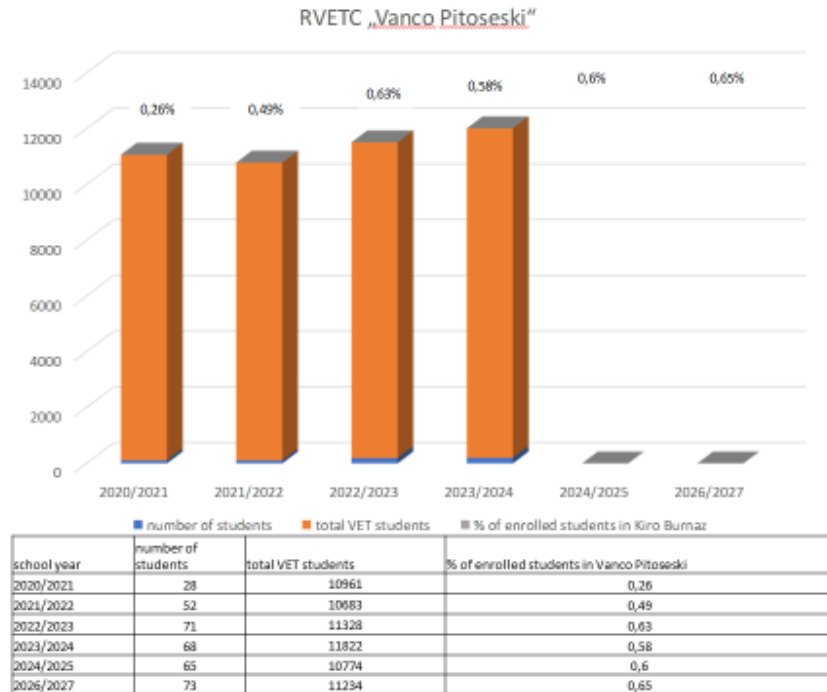
An *Investment Program for construction and reconstruction of secondary schools* was adopted<sup>20</sup>. A Public Procurement Plan, including capital investments, was prepared and adopted in January 2023. Additionally, during the 174th Government session on July 25, 2023, the Government approved a modification to the Program for the construction and reconstruction of secondary schools for 2023, allocating an additional 25,354,333 MKD for the reconstruction of secondary schools. Reconstruction activities in schools, including roof repairs and classroom renovations, were initiated and ongoing. Several school reconstruction projects have been completed, including the *complete reconstruction of the state school Regional Center for Vocational Education and Training "Kiro Burnaz"* in Kumanovo. The forecast for the centre is by 2027 to reach a share of 1.8% of all VET students, increasing its share by 44% compared to the school year 2020/2021.



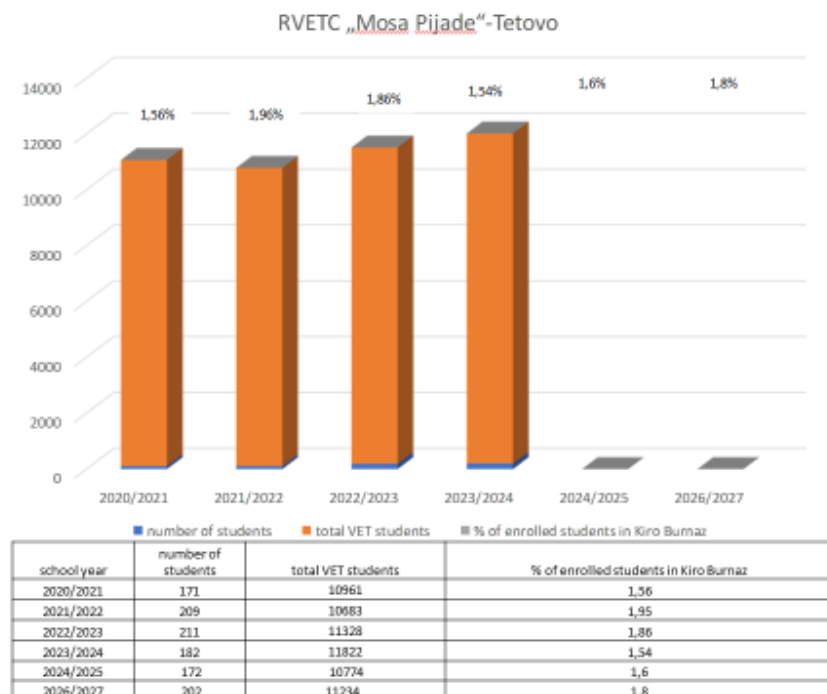
Reconstruction is currently ongoing at six other schools, including the ongoing reconstruction and rehabilitation of the state school 'Regional Center for Vocational Education and Training Vanco Pitoseški' in Ohrid. The forecast for the centre in Ohrid is by 2027 to reach a share of 0.65% of all VET students, increasing its share by 60% compared to the school year 2020/2021.

<sup>19</sup> Intended start from June 2024.

<sup>20</sup> Official Gazette No. 27/23 dated February 8, 2023



According to the Law on Public Procurement, procedures for the reconstruction of two additional schools have been announced, including the reconstruction of state school ‘Regional Center for Vocational Education and Training Mosha Pijade’ in Tetovo. The forecast for the centre in Tetovo is by 2027 to reach a share of 1.8% of all VET students, increasing its share by 14% compared to the school year 2020/2021.



Source: MoES.



Activities were realised aimed at *improving the quality of education and fostering inclusivity and diversity* within North Macedonia's education system. The initiatives included both academic and socio-cultural aspects to enhance educational outcomes and societal integration. North Macedonia participated in the international PISA 2022 testing; the results showed relatively consistent performance compared to 2018. Scores ranked North Macedonia 61st in mathematics, 71st in reading comprehension, and 68th in natural sciences among 81 participating countries in Europe. Additionally, in March 2023, the MoES website announced a competition for accrediting associations of teachers to organize student competitions in specific subjects in secondary education. Competitions were held for international contests and scientific Olympiads. Monetary rewards were given to top-performing students and their mentors from accredited teacher associations.

Inclusive teams were formed in schools to support the *inclusion of students with special educational needs*. Individual educational plans (IEPs) were prepared, and modified educational programs were developed. Training sessions for inclusive teams in regional centres for vocational education and training in Ohrid, Kumanovo, and Tetovo have been successfully conducted in collaboration with UNDP. Moreover, the number of scholarships awarded to students with disabilities enrolled in secondary education has increased (164 scholarships for the academic year 2023/2024 compared to 120 scholarships in the 2022/2023 academic year). Activities were planned and organized to *promote multiculturalism and interethnic dialogue*. Funding was allocated for these activities in the 2023 budget. Guidelines for organizing joint educational sessions were implemented. In September 2023, the Commission for Interethnic Integration in Education under MoES conducted a questionnaire in primary and secondary schools to collect data on activities related to interethnic integration in schools during the 2022/2023 academic year. Based on this, a comprehensive report with findings and recommendations was prepared and published on the MoES website. The Government approved<sup>21</sup> a program to enhance student standards by increasing scholarships for Romani students across different categories. This program has been implemented through a scholarship competition for Romani students enrolled in public and private secondary schools, resulting in the award of 894 scholarships in total, distributed across different categories.

Efforts are underway to *enhance textbook content* and procurement processes in primary and secondary education. The MoES initiated the development of a *new Amendments on the Law on Textbooks for Primary and Secondary Education*, seeking public input and feedback through consultations and discussions. Substantial activities were carried out in 2023 to approve and distribute new textbooks for secondary education - 114 new textbooks for secondary education were approved, alongside several competitions, author team invitations, and calls for reviewers for primary and secondary education textbooks. The total number of printed and distributed secondary education textbooks in 2023 was 40,766, and a total of 64,587 textbooks were acquired through public procurement.

The ministry adopted a *Program for training teachers* in primary and secondary schools for 2023, focused on strengthening the competences among school professionals and to promote supportive environments within schools. Training of 500 English language teachers from primary and secondary schools began in January 2023, with subsequent online training announced in September 2023. Workshops were organized by the ministry and UNICEF in various cities to strengthen the competences of school support staff, involving more than 500 professionals. Public announcements for the selection and accreditation of training programs and providers for professional development of educational staff in secondary schools

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<sup>21</sup> during its 180th session on August 22, 2023.

were made, aimed at preventing and addressing violence in schools, emphasizing proactive measures within the educational sector.

*Overall, these ongoing initiatives represent significant progress towards the full realization of the planned measures in the education sector. These efforts collectively demonstrate progress and implementation in improving educational access and quality, particularly for vulnerable groups like Roma students, and advancing professional development opportunities for teachers. The ongoing efforts demonstrate a commitment to enhancing educational achievements and facilities across the country.*

Significant investments have been made in the *infrastructure of student dormitories* through reconstruction initiatives in North Macedonia. A Public Procurement Plan<sup>22</sup> was formulated and adopted to procure equipment for student dormitories in the year 2023. Reconstruction efforts continue at the Vanco Pitosheski student dormitory in Ohrid, within the framework of the regional centre for vocational education and training. A reconstruction procedure was conducted for the 'Mirka Ginova' Bitola student dormitory, and the selected contractor was announced in December 2023. Field activities are scheduled to commence in 2024.

Training *programs for educational staff in student dormitories* to implement modern teaching and upbringing methods have been realized. In March 2023, a training session titled "Dealing with Adolescents in Crisis" was conducted by the Association of Directors of Student Dormitories and Residences in North Macedonia, with support from the Institute for the Improvement of Education and Upbringing of the Republic of Serbia and the Association of Psychologists of Serbia. An announcement was made in October 2023, on the Ministry of Education's website, regarding professional exams for educators and professional associates in public student dormitories.

Regarding *student scholarships*, the government approved a program adjustment to increase stipends for Roma students and introduce a new category of scholarships for students enrolled in forestry and wood processing programs. The decision on the number and number of scholarships for students enrolled in secondary schools for the academic year 2023/2024 was made during the 187th Government session held on September 26, 2023. Further scholarship competitions were announced in December 2023, for students enrolling in vocational education with increased practical education hours in healthcare programs, with an application deadline in January 2024.

These initiatives demonstrate ongoing efforts to improve student standards in educational infrastructure and support students' access to quality education and training opportunities in North Macedonia.

Regarding the implementation of the Strategy for Education 2028-2025, the Implementation Report for 2023 shows the commitment to the new Law on Secondary Education, the current one was adopted in 2006. Thus, from 2022, a Working Group composed of representatives from the MES, BRO and other institutions was formed; After the completion of public hearings during 2023, finally at the end of 2023 the Law was placed in the government procedure, after which it was submitted to the Assembly of the Republic of North Macedonia. With the adoption of the new Law on Secondary Education, it is developing towards Priority 1 of Pillar 3 "Improving the content of secondary education". It is foreseen introduction of the Career Advisors, Coordinators for VET and the Unique Student Educational Number. The new Law on Vocational Education and Training which has separate chapters on Regional VET Centers, Dual Education, and Conducting Social Dialog for harmonization of the education with the labour market needs.

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<sup>22</sup> No. 10-1243/1 dated January 31, 2023

Also, quality assurance in vocational education and training is arranged at the level of vocational education and training and at the level of qualifications, through internal and external evaluation and self-evaluation. As a special area of evaluation, the area "Cooperation with the labor market" is introduced.

The Bureau for the Development of Education conducted a procedure for the selection and accreditation of training programs and service providers for the professional development of the teachers in secondary schools, according to the selection, the trainings will be carried out in 2024.

The State Examination Center prepared and published a Report on the results of the State Matura 2022/2023.

On 05.12.2023, the results of the PISA 2022 results were announced. The results show a tendency similar to the 2018. Students from the Republic of North Macedonia are in 61st place for mathematics out of a 81 countries, and in 71st place for language skills and reading.

Regarding the Vocational Education and Training Pillar, 364 Standards of Occupations and 110 Standards of Qualifications have been adopted. According to the needs of employers, the following Standards of Occupations, were approved in 2023 by the Council for Vocational Education, Sector: Personal services (1. Title of Standard of Qualification: Pet Stylist, 2. Title of Standard of Qualification: Master Masseur), Sector: Mechanical engineering (Title of Standard of Qualification: Locksmith), Sector: Traffic, transport and storage (Title of Standard of Qualification: Train driver), Sector: Textiles, leather and similar products (Title of Standard of Qualification: Master Tailor of Women's Clothing), Sector: Electrical engineering (Title of Standard of Qualification: Computer Administrator Specialist). The following Qualification Standards have also been developed: Driving instructor and Specialist driver.

The fourth year of instruction are using modular curriculum beginning the 2022–2023 school year. These curricula are competency-based and represent the final phase of the secondary vocational education reform.

More information of the Report for Implementation of the Education Strategy for 2023 may be found on the following link:

<https://mon.gov.mk/stored/document/Izvestaj%20za%20realizirani%20aktivnosti%202023.pdf> *Planned Measures and Activities Not Implemented*. Several planned measures and activities in the field of secondary education have not been implemented due to pending legislative processes and dependencies on new laws or regulations.

- Adoption of a *New Concept for Secondary Education* – the activity was planned for drafting a proposal for the new concept for secondary education, conducting a public consultation on the proposal and its adoption. The development and adoption of this new concept are contingent upon the enactment of a new Law on Secondary Education, currently undergoing government approval. The new concept for secondary education remains pending until the legislative process concludes.
- Development of National Standards for Secondary Education - the planned activities comprise elaboration of national standards, alignment of proposed national standards with all stakeholders, and their approval by the Minister. Similar to the previous measure, the development and approval of national standards are awaiting the enactment of the new Law on Secondary Education. The establishment of comprehensive national standards for secondary education is postponed pending legislative changes.
- Development and Adoption of Procedures for Reporting and Protecting Student Victims of Violence, Abuse, and Neglect in Secondary Schools – the planned activities comprise introduction of the framework within the Law on Secondary Education for developing and adopting the reporting and protection procedures and crafting and implementation of the procedures. The establishment of these procedures is subject to the enactment of the new Law on Secondary Education. The delay of adoption of the new Law on Secondary Education causes a delay in implementing a crucial reporting and protection mechanisms for student victims.

- Analysis and Development of New Curricula for Secondary Education to Promote Gender Equality and Anti-Discrimination- the activity is aimed at creation of new curricula aligned with the Secondary Education Concept to promote gender equality and anti-discrimination. The development of new curricula is conditional upon the enactment of both the new Law on Secondary Education and subsequent national standards. The delay of adoption of the new Law on Secondary Education causes a delay in updating curricula to align with modern educational goals.
- Implementation of Career Development Models for Teachers and Professional Associates (Mentors) – the planned activities comprise issuance of a public call for career advancement and formation of a commission to assess compliance with professional standards for mentors. The implementation of this model hinges upon the enactment of the new Law on Secondary Education, which also defines evaluation procedures for educators. The delay of adoption of the new Law on Secondary Education causes a delay in implementing career development initiatives for teaching staff.
- Implementation of a New Funding Formula for Secondary Schools (Enhancing Municipal Capacities) – the activity is targeted to the establishment of a Skills Observatory and enactment of regulations defining criteria for distributing block grants to municipalities for secondary education based on optimised facility costs and network structures. The current funding formula adjustments are deferred until after a transitional period under existing legislation. Postponement of reforms is affecting secondary school funding and municipal capacities.
- Development and Adoption of Procedures for Reporting and Protecting Student Victims of Violence, Abuse, and Neglect in Student Dormitories – the activity is designed for inclusion of provisions within the Law on Student Standards (Youth Law) for crafting and adopting reporting and protection procedures and their implementation. This measure requires legislative changes under the Law on Student Standards, which have not been enacted. The non-execution of this measure leads to inability to implement essential reporting and protection measures within student dormitories.

*In summary, these planned measures and activities in North Macedonia's secondary education sector remain unimplemented pending the conclusion of legislative processes and the enactment of new laws or regulations. It is recommended to prioritise the enactment of the new Law on Secondary Education to facilitate the development and adoption of national standards, to introduce the Career Advisors, Coordinators for VET and the Unique Student Educational Number, timely development and implementation of updated curricula to promote Gender Equality and Anti-Discrimination. Finalize the legislative framework to initiate effective career development initiatives for teachers, progress towards developing and implementing a new financing concept for secondary education and VET and incorporate provisions for student dormitory safety and protection. In parallel adoption of the new Law for VET needs to be done which has separate chapters on Regional VET Centers, Dual Education, Social Dialog for harmonization of the education with the labour market needs and new elements in quality assurance.*

*Additional Implemented Measures and Activities not included in the Annual Plan.* The results from implementation of MoES work program in 2023 shows implementation of additional measures and activities that were not part of the annual plan but were *executed to enhance student support, teacher compensation, and financial aid programs.*

- *Increase in Student Scholarships.* The MoES took the initiative to increase the monthly number of scholarships for existing recipients who qualified in previous academic years and maintained active scholarship contracts. Recipients were entitled to a retroactive increase in their monthly scholarship amount, matching that received by new scholarship recipients.
- *Salary Increase for Teachers and School Employees.* In September 2023, the Minister of Education and Science and the President of the Independent Trade Union for Education, Science, and Culture signed

an agreement to raise salaries for employees in primary and secondary schools by 15%. The salary increase was implemented from September onwards in accordance with the signed agreement.

- *Financial Support for Students from Low-Income Families.* Families with total monthly net incomes up to 50,000 MKD were eligible for financial support for their children attending secondary schools. In December 2023, based on the Law on Financial Support for Socially Vulnerable Categories of Citizens<sup>23</sup> MoES issued a public call for financial support for students from low-income families. Eligible students received financial support amounting to 1800 MKD per month.

*These additional measures and activities, though not initially planned in the annual work plan, have been successfully implemented to provide increased support for students, enhance teacher compensation, and offer financial assistance to students from economically disadvantaged backgrounds. The proactive approach by the MoES has contributed to improving educational access and support for various stakeholders within the education system.*

#### *Overview the progress in Adult Education and Lifelong Learning*

The *program "Adult Education and Lifelong Learning"* in the MoES work plan is intricately linked with the strategic priorities and objectives of the government and the Ministry of Education and Science, contributing significantly to the overarching goals of enhancing education quality accessible to all, in line with labour market demands, and fostering the development and advancement of culture and sports. The program comprises three main initiatives:

- **Development of Non-formal Adult Education:** this initiative focuses on advancing non-formal education opportunities for adults, addressing diverse learning needs beyond traditional formal education structures.
- **Formal Education for Adults:** the program aims to establish structured pathways for adult learners seeking formal education opportunities, enabling access to secondary vocational education for adults.
- **Participation in Regional and International Science and Research Initiatives:** the program encourages engagement in regional and international initiatives and programs related to science and research, fostering collaboration and knowledge exchange.

The overarching objectives of the program and its subprograms include:

- Enhancing the quality of non-formal education offerings.
- Establishing pathways for secondary vocational education for adults.
- Validating non-formal and informal learning experiences.

The responsible entity for implementing these initiatives is the Adult Education Center, which plays a pivotal role in promoting adult education, lifelong learning, and fostering partnerships to achieve these strategic goals aligned with the government's vision for education, labour market development, and cultural advancement. Additionally, the 5 Regional VET Centres will open the process of Validation of Non-Formal and Informal Learning (VNFIL).

The System for VNFIL will be tested in 2024. It is expected that approx. 30 people will start the process of VNFIL in 2025 under the 3 Regional VET Centres in Kumanovo, Ohrid, and Tetovo, and this number will increase each following year. In 2026 approx. 20 people are expected to start the process of VNFIL under the 2 new Regional VET Centres in Strumica and Veles.

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<sup>23</sup> Official Gazette No. 269/2023 dated December 18, 2023

The progress in development of *non-formal education for adults* is largely dependent on the adoption of the new law on Adult Education. A *new Draft Law on Adult Education* has been prepared, outlining procedures for validating non-formal and informal learning. Proposed amendments within the new law aim to enhance the verification process for special adult education programs and redefine the role, goals, and tasks of the Adult Education Center. The text of the Law on Adult Education was approved<sup>24</sup>, submitted for adoption in the parliamentary procedure<sup>25</sup>.

*Establishment of Committees for Verification of Education Programs* is continuously implemented, with ongoing activities focused on forming committees based on received verification requests from adult education institutions. The verification committees are established within the Adult Education Center (AEC) based on requests submitted by educational institutions catering to adult education. *Formation of Committees for Verifying Adult Education Institutions* is continuously implemented, with ongoing activities focused on forming committees based on received verification requests from adult education institutions. The committees are established within the MoES based on requests submitted by institutions.

In relation to *formal education for adults* the MoES work plan provides for Secondary Vocational Education for Adults comprising a mechanism for collaboration of the Adult Education Center with local self-government units, and accreditation of secondary schools and private institutions to conduct formal education for adults. According to the Law on Adult Education, formal education for adults is institutionalized education conducted in state and private institutions and organizations as regular and extracurricular education, based on appropriate curricula and programs. The measure is continuously implemented and was ongoing throughout the year 2023. Monitoring and continuous supervision over service providers is carried out continuously.

*Planned Measures and Activities Not Implemented.* Several planned measures and activities in the field of Adult Education and Lifelong Learning have not been implemented due to pending legislative processes and dependencies on new laws or regulations.

- Capacity Building and Institutional Support for Implementing Validation of Non-formal and Informal Learning (VNIL) is about drafting sub-legal acts related to VNIL, according to the new Law on Adult Education, and their implementation in the daily work of professionals.
- Accreditation of Institutions - Service Providers for Validation, was planned to cover a call for proposals by the AEC, accreditation of service providers for validation by the MoES and the development of a Registry of accredited validation providers.

The Government has approved the text of the Law on Adult Education, and the draft law is forwarded for adoption in a parliamentary procedure. However, since the law has not yet been adopted by the Assembly, sub-legal acts related to VNIL cannot be enacted, service provider accreditation for validation cannot proceed, and the Registry cannot be established. The planned activities, including drafting sub-legal acts and conducting accreditation for validation service providers, are contingent upon the adoption of the Law on Adult Education by the Assembly. Therefore, due to the law's pending adoption, these measures and activities have not been implemented as planned.

*(See Annexes. Report on the implementation of the MoES' Annual Work Plan for 2023 and 2023 Annual report for implementation of the AP to the Education Strategy 2018-2025))*

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<sup>24</sup> During the 174<sup>th</sup> session of the Government held on July 25, 2023.

<sup>25</sup> At the 125<sup>th</sup> session of the Assembly.



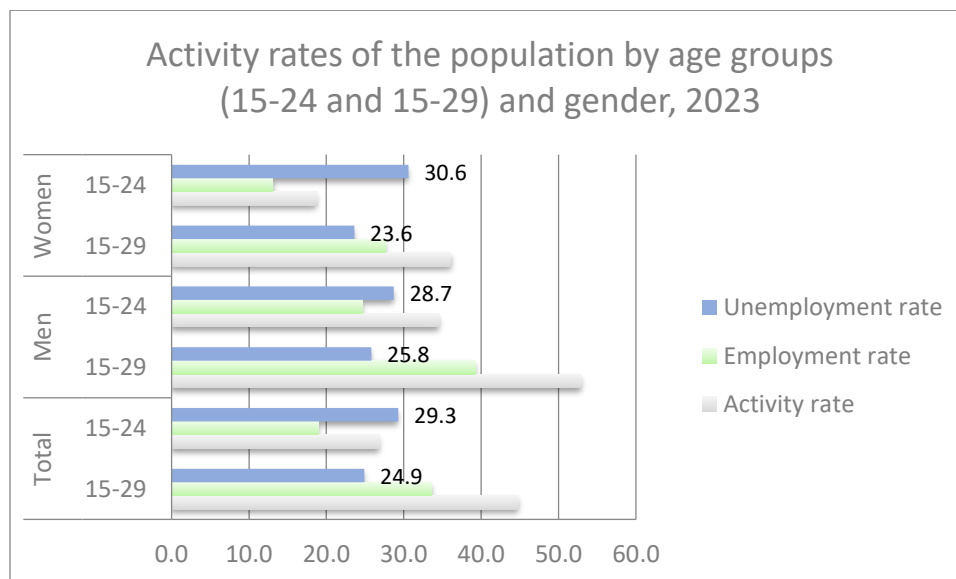
### 1.3. Findings from the Implementation of Youth Guarantee in 2023

#### The youth employment rate (15-29 year old) is 33.6 percent

Youth employment rate (15-29)	
<b>Baseline (year):</b>	<b>30.9 per cent (2018)</b>
- Women 15-24	12.8 per cent (2018)
- Women 25-29	44.4 per cent (2018)
<b>Final target (2022):</b>	<b>34.4 per cent</b>
- Women 15-24	13.4 per cent
- Women 25-29	57.4 per cent
<b>2023 result:</b>	<b>33.6 per cent</b>
- Women 15-24	13.1 per cent
- Women 25-29	66.5 per cent

Source: SSO.

Youth unemployment rates are on a trajectory of improvement. In 2018, the unemployment rate for those aged 15-29 was 37.0%. By 2027, these rates are expected to decrease to at most 23%. For the following period a continuous decrease in the value of this indicator has been observed. In 2023, the youth unemployment rate is 24.9 percent marking a decrease compared to the previous year (25.2 percent).



In 2023, the issue of youth unemployment in North Macedonia remains a pressing concern, reflecting broader challenges within the labour market and the economy at large.

It is evident that unemployment rates remain significantly higher in the younger age groups, particularly among those aged 15-24, with a noticeable difference between men and women in terms of labour force participation and employment rates.

Youth unemployment in North Macedonia has been a persistent problem, with rates consistently higher than the EU average. Despite efforts to rebound and stabilize the economy from the COVID-19 pandemic, youth unemployment rates have remained high, reflecting broader structural issues within the labour market. Several factors contribute to the high level of youth unemployment in North Macedonia:

- Firstly, there is a significant mismatch between the skills provided by the education system and the needs of the labour market. Many young people graduate with qualifications that do not align with employer demands, particularly in rapidly growing sectors such as technology and services.
- Secondly, the lack of practical work experience among young job seekers is a significant barrier. The opportunities for internships, apprenticeships, and vocational training are limited, hindering the transition from education to employment. This gap underscores a systemic issue in the linkage between educational institutions and the labour market. Without opportunities for internships, apprenticeships, or vocational training, young people find it challenging to transition from education to employment.
- Structural issues within the economy, such as the predominance of low-skilled jobs and limited job creation in high-value sectors, escalate the problem. Many young individuals find themselves equipped with academic qualifications that do not align with the needs of employers, particularly in burgeoning sectors such as information technology and services.
- The rural-urban divide also plays a role, with young people in rural areas facing even fewer opportunities for employment or skills development.
- Economic factors also play a role, with limited job creation in sectors that traditionally employ young people.

As reported in the previous Self-assessment report, the Government Adopted Youth Guarantee Implementation Plan 2023-2026. Along with the National Employment Strategy 2027, they foresee a multi-faceted approach that involves government, the private sector, educational institutions, and civil society for *addressing youth unemployment*. Key strategies include:

- Skills Alignment - reforming the education and vocational training systems to better align with market needs, focusing on digital literacy, critical thinking, and entrepreneurship. Enhancing vocational training and creating more opportunities for work placements can bridge the gap between education and employment.
- Work Experience Opportunities - expanding internships, apprenticeships, and work-placement programs to build the work experience of young people.
- Economic Diversification - encouraging economic diversification and the development of high-growth sectors to create more job opportunities.
- Entrepreneurship Support - providing support for young entrepreneurs through access to finance, mentorship, and business development services. Fostering entrepreneurship and supporting small and medium-sized enterprises (SMEs) can stimulate job creation. Initiatives that encourage innovation and entrepreneurship among young people can create new pathways to employment.
- Rural Development - implementing targeted interventions to improve employment prospects in rural areas. Targeted interventions are necessary to support young people in rural areas, potentially through programs that promote agribusiness, ecotourism and digital skills.



- Finally, enhancing collaboration between government, the private sector, and educational institutions is crucial to develop coherent strategies that address the root causes of youth unemployment.

The total cost of implementing the Plan for the implementation of Youth Guarantee 2023-2026 is estimated to be approximately 55,710,570 EUR, with approximately 89% being financed from the national budget. The employment measures that are part of the third phase of Youth Guarantee are described in Operational Plan for the active programs and measures for employment and services on the labour market in 2023. The plan has a total of 1,972,045,915 MKD for funding, which is an increase in comparison with previous year, when the budget for implementation of the measures was 1,856,923.390MKD.

As of January 2023, a total of 23,619 young people (12,182 women) were enrolled the Youth Guarantee (YG), 8,404 of which got employed (3,595 women) and 1,849 participated in some of the active employment measures which do not lead to direct employment but increase their employability. Of the total number of people who got employed, 990 persons were employed through job mediation, 828 were employed through one of the active employment measures, and 213 established business (incl. self-employed persons). For 1101 people, 4 months have not yet passed since they entered the Youth Guarantee.

**According to the data and results, the success rate of the Youth Guarantee as of January 2023 was 43%.**

Out of the total number of persons placed in the labour market through active employment measures, the largest part got employed under the measure 'Subsidized employment' (550 people), and the measure 'Financial support for creating new jobs' (233 people). Out of 1,849 young jobseekers involved in some of the active measures that didn't lead to direct employment, the largest group of participants was involved to the 'Internship Program' (1,105 persons).

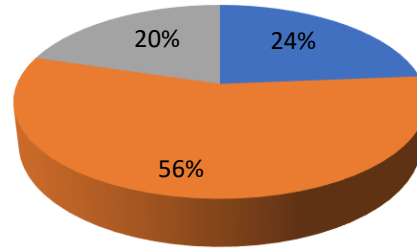
**Young jobseekers participating in the Youth Guarantee programme benefited from the general labour market services provided by the ESA.** In 2023 the Agency delivered employment services to 3,721 YG participants. At the same time, career counselling was carried out for 109 people, 1,518 jobseekers were profiled, and a total of 1,686 Individual employment plans were drawn up (of which 724 were for the most vulnerable jobseekers).

The youth guarantee gives relatively good results in terms of different categories of young people, according to ethnicity (especially Roma), according to educational structure, etc.

Out of the total number of young people registered in the YG, 5,600 persons were with completed primary education, 13,225 with secondary education and 4,794 with tertiary education.

## YG participants by education, 2023

■ Elementary ■ Secondary ■ Tertiary



Of the total number of Roma involved, 346 persons were employed during the 4-month period after their inclusion in the youth guarantee, and 43 persons were involved in some of the measures that do not lead to direct employment.

The results of the YG are relatively favourable when observing the condition of the participants 6 (six) and 12 (twelve) months after exiting the program. Of 23,496 that exited YG during 2023, 9,762 (47.3%) were in a positive status (employment or education or training), 3,022 persons were unemployed, and 1,299 persons were inactive six months after the exit date. 12 months after exiting the YG, 3,369 (45.1%) were in a positive situation, 942 persons were unemployed, and 384 persons inactive.

*Situation of young people 6 and 12 months after exiting the YG preparatory phase*

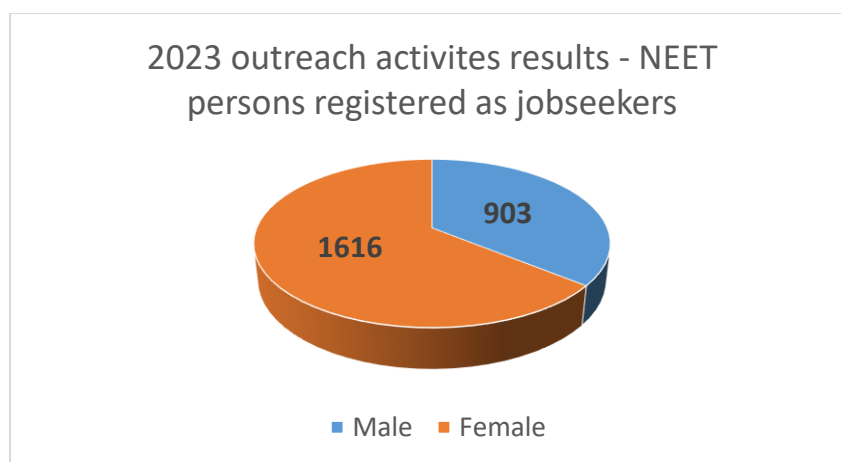
		Positive outcome				Negative outcome		Other	
	Total	Employment	Education	Apprenticeship	Training	Unemployed	Inactive	Not applicable	Unknown
<b>6 months after exit date</b>									
<b>Total</b>									
15-29	23496	9762	28	0	0	3022	1299	2857	6528
15-24	14988	6115	23	0	0	1576	877	1753	4644
25-29	8508	3647	5	0	0	1446	422	1104	1884
<b>Men</b>									
15-29	11523	4761	15	0	0	1390	638	1370	3349
15-24	7755	3226	15	0	0	757	450	889	2418
25-29	3768	1535	0	0	0	633	188	481	931
<b>Women</b>									
15-29	11973	5001	13	0	0	1632	661	1487	3179
15-24	7233	2889	8	0	0	819	427	864	2226
25-29	4740	2112	5	0	0	813	234	623	953
<b>12 months after exit date</b>									
<b>Total</b>									
15-29	23496	3369	0	0	0	942	384	16032	2769
15-24	14988	2118	0	0	0	467	260	10179	1964
25-29	8508	1251	0	0	0	475	124	5853	805
<b>Men</b>									
15-29	11523	1538	0	0	0	430	189	7933	1433
15-24	7755	1045	0	0	0	233	138	5290	1049
25-29	3768	493	0	0	0	197	51	2643	384
<b>Women</b>									
15-29	11973	1831	0	0	0	512	195	8099	1336
15-24	7233	1073	0	0	0	234	122	4889	915
25-29	4740	758	0	0	0	278	73	3210	421

Source: ESA

The Ministry of Labour, Social Protection and the Employment Service Agency **pay close attention to the involvement of NEET young persons in the Youth Guarantee activities/services**. NEET represents the most challenging target group to reach because these individuals lack any (regular) contact with the public administration. Consequently, the public administration lacks specific knowledge about their identities, whereabouts, living situations, and activities. On the other hand, according to the Youth Guarantee Implementation Plan 2023-2026, it is essential to ensure that the Youth Guarantee program encompasses the most socially excluded segment of the young generation. For this reason, in 2023, the Ministry of

Labour, Social Protection and the Employment Service Agency maintained their ongoing collaboration with national umbrella associations of youth to implement outreach activities.

2023 Youth Guarantee implementation – outreach activities (summary)			
Activity description	Number of targeted persons/employers – plan	Number of targeted persons/employers – results	Results in %
Dissemination of info on the YG (young NEET persons)	3800	6181	163
Registration of the NEET persons in the ESA	2400	2786	116
Dissemination of info on the YG (local employers)	848	863	102%



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

In 2023, updating and upgrading of the Occupational Outlook continued for the purpose of career counselling, which is an important element of the Youth Guarantee. In accordance with the adopted Methodology and Work plan for Updating the Existing and Preparing New Occupations for the “Occupational Outlook” for 2022-2026, 10 new descriptions/perspectives of jobs were prepared, and the existing 85 descriptions/perspectives were updated with the latest statistical data in 2023. Taking the aforementioned into account, there is a total of 95 occupational descriptions ([www.zanimanja.mk](http://www.zanimanja.mk)). In accordance with the Occupational Outlook Work Plan for 2022-2026, 30 additional occupational descriptions will have been prepared till the end of 2026.

The Operational Plan for 2024 is published, which also covers the Youth Guarantee. In 2024, the implementation of the Youth Guarantee will continue to be implemented throughout the territory of the Republic of North Macedonia, with a special emphasis on NEET-young people. The planned coverage of participants in the Youth Guarantee in the entire territory of the Republic of North Macedonia is about 10 000 young people. The program will be considered successful if at least 30% of the people involved in YG successfully exit it within a period of 4 months, that is, they will be employed, re-involved in the educational process or will be included in active employment programs and measures. The budget for

implementation of the outreach activities of the Youth Guarantees, which covers 2,000 young people, is 3,127,245 MKD.

*(See Annex 5. Report on the implementation of The Youth Guarantee Plan 2023-2026 for 2023)*

#### **1.4. Findings from the 2023 Annual Report on Active Employment Programmes**

In 2023, Employment Service Agency of the Republic of North Macedonia (ESA) implemented a set of employment measures aimed at integrating various demographics, including young people, into the workforce through diverse initiatives<sup>26</sup>. These measures encompass self-employment, subsidies for new job creation, skills trainings, internships, training and employment in community care services, public works programs, and legal frameworks to facilitate the transition from education to employment:

- Self-employment programme was aimed at supporting the unemployed jobseekers to establish or formalize their own business. The ESA provides a grant of 307,500 MKD to the job seeker.
- Support to job creation (Wage subsidy programme) was aimed at creating jobs for hard to employee individuals. The ESA provides a grant/wage subsidy to employers recruiting unemployed persons. The grant obliges employers to maintain the job for one year after the end of the subsidy.
- Training programmes aim at equipping the job seekers with skills for easier integration in the labour market. The ESA's training offer comprises of on- and off-the-job training targeted to the requirements of employers, occupations in demands, basic and advanced IT skills. All programmes lead to a recognized qualification.
- Internship Program was designed for unemployed individuals under 29 years of age with at least high school education, offering them the opportunity to gain practical knowledge and skills at specific workplaces. Interns received a monthly stipend of 11,000 MKD for up to three months.
- Public Works Program was aimed at employing low-skilled unemployed individuals in local infrastructure and environmental protection projects. Participants received a daily compensation of 600 MKD, with taxes and insurance covered.
- Training and Employment in Care Economy (Community Work) focused on training individuals to provide community care services, with a particular emphasis on including young people under 29 years and Roma individuals.
- Support for New Jobs through Green Investments aimed at creating new jobs by encouraging private sector investments in green products, services, technologies, or processes.
- Self-Employment with Credit Support was a government project offering favourable credits to unemployed individuals wishing to start or formalize their own businesses, thereby promoting self-employment.
- Legal Framework for Internships - a 2019 law allows individuals up to 34 years of age to engage in internships for up to six months, facilitating the transition from education to employment.
- Youth Allowance - a monthly allowance paid to young individuals (up to 23 years old) to support their economic situation and encourage longer-term employment.
- Employment of Disabled Persons - special conditions and benefits for employing disabled individuals are regulated by law, with specific criteria for allocating funds from a Special Fund dedicated to this purpose.

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<sup>26</sup> For the details, see Annex, ESA annual report for 2023.

The measures demonstrate a comprehensive approach to integrating young people into the labour market. By offering a variety of programs, from training to internships and self-employment opportunities, the initiatives cater to different levels of skills and interests. The inclusion of specific targets for young people, women, and Roma individuals in these programs indicates an awareness of the need to support diverse groups facing barriers to employment.

The provision of financial incentives, such as daily wages, monthly stipends, and youth allowances, addresses economic barriers to participation in the workforce. The legal framework supporting internships and the specific focus on green jobs reflect a forward-looking approach, aiming not only to provide immediate employment opportunities but also to prepare the workforce for future market demands.

However, the success of these measures ultimately depends on their implementation and the ability to match participants with meaningful employment opportunities that offer long-term prospects. Continuous monitoring and adaptation of these programs are essential to ensure they remain responsive to the changing dynamics of the labour market and the needs of young people.

**The agency's strategic goals and annual Operational Plan for Active Employment Programs and Measures and Labour Market Services (OP) guide the implementation of services and activities.** The OP outlines the employment programs, measures, and services that facilitate job creation and enhance the employability of unemployed individuals, particularly focusing on youth, the long-term unemployed, and recipients of guaranteed minimum assistance.

In accordance with the Law on Equal Opportunities for Women and Men, a fundamental principle is to attain equal representation of men and women. Additionally, each employment program, measure, and service aim to ensure a minimum of 40% participation from young individuals aged up to 29.

**The implementation of the active employment programs and measures in accordance with the Operational Plan for Active Employment Programs and Measures and Labour Market Services for 2023, resulted in achieving the following:**

- ✓ 2,107 persons were employed through the Self-Employment Support Programme;
- ✓ 1,905 persons were employed through the Wage Subsidy Programmes;
- ✓ 130 persons were employed through the Programme for Support of Employment of Persons with Disabilities;
- ✓ 2,323 unemployed persons participated in different training programmes and measures;
- ✓ 1,575 unemployed persons participated in the Internship Programme;
- ✓ 480 unemployed persons were included in the Community Work Programme;
- ✓ 465 unemployed persons were engaged in the Public Works;
- ✓ 3,500 young people were supported through the Youth Allowance Programme;
- ✓ 18 unemployed people were covered by the “Second Chance” Programme;
- ✓ 142 unemployed people were covered by training and employment and providing community care services to persons with disabilities and chronic diseases;
- ✓ 143 persons were supported through the Pilot measure—Support for Creating New Jobs through Green Investments;

According to the results, 12,788 persons were involved in all active employment programs and measures. In 2023, 46% of the total number of beneficiaries in active employment measures was women, 1.6% persons with disabilities, 64% were young persons, and 4.2% were Roma.

At the same time, the ESA through the employment centres developed and implemented labour market services to increase the competitiveness of the work force and meet the needs of the labour market, by applying an individual approach of work oriented to the needs of the unemployed and employers. Its services for jobseekers were particularly targeted at certain groups of unemployed persons with limited opportunities in the labour market. In order to accelerate and facilitate their integration into the labour market, in addition to active employment programs and measures, other labour market services were also implemented. ESA pays special attention and resources to the implementation of the Youth Guarantee.

In 2023, the following labour market services were delivered to job seekers:

- ✓ 24,216 persons were provided with the job search assistance;
- ✓ 290 unemployed persons attended motivation trainings;
- ✓ 1,531 unemployed persons used the services Preparatory Trainings for Employment and Work and Professional Orientation and Career Counselling;
- ✓ 1,756 persons used the service Activation of Unemployed Roma and Other Persons at Risk of Social Exclusion;
- ✓ 896 unemployed persons, beneficiaries of guaranteed minimum assistance, used Counselling and Motivation Services; and
- ✓ 17 unemployed persons were involved to support the implementation of the Skills Needs Analysis survey.

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

- Receiving job offers/vacancies from employers and identifying their needs;
- Announcement of job vacancies;
- Ensuring quality job mediation according to the expressed needs of the employers;
- Cooperation with employers through their involvement in certain active employment programs and measures;
- Informing employers about the state of the labour market, as well as continuous reporting and information about all current activities, active measures and services that they can use;
- Advising and providing services to employers on the possibilities, conditions and benefits of employing of registered jobseekers;
- Informing about options and the way of using electronic services;
- Advice on the implementation of laws and other regulations;
- Organizing joint meetings, visits and meetings (for mutual information, exchange of information, giving directions and suggestions, etc.);
- Implementation of joint activities with employers (e.g. forums for employers, etc.);
- Other types of services.

Throughout 2023, a total of 6,458 requests for job mediation were received. The mediation process involved a total of 28,884 individuals: 11,843 women (41%); 14,321 young people under 29 years old (49%), and 3,036 individuals were employed: 2,203 women (72%); 899 young people under 29 years old (30%). Out of the total number of requests, 2,993 were specifically from employers in the private sector (excluding state and public institutions). In this sector, the mediation included a total of 21,975 individuals: 6,969 women (32%); 5,632 young people under 29 years old (26%), and 225 individuals were employed: 151 women (67%); 52 young people under 29 years old (23%). The resolution of some of the mediation requests received continued into 2024.

Summary of the job mediation (2023) – disaggregated data				
Number of requests	Number of jobseekers involved...		Number of placed in jobs	
<b>Total</b>				
<b>6,458</b>	<b>28,884</b>		<b>3,036</b>	
	<i>... women thereof</i>	<i>... persons up to 29 years old thereof</i>	<i>... women thereof</i>	<i>... persons up to 29 years old thereof</i>
	11,843	14,321	2,203	899
<b>Private sector only</b>				
<b>2,993</b>	<b>21,975</b>		<b>225</b>	
	<i>... women thereof</i>	<i>... persons up to 29 years old thereof</i>	<i>... women thereof</i>	<i>... persons up to 29 years old thereof</i>
	6,969	5,632	151	52

**A total of 3,405 services were provided to employers**, which included informing, advising and providing opportunities for using the services and active employment programs and measures and other employment opportunities for unemployed people available through the ESA, as well as other types of services that were realised through visits and meetings with employers in the employment centres, various types of contacts, such as telephone contacts, on-line communication, and so on. A total of 9,863 services were delivered to employers.

In parallel with the programs and measures of the Operational Plan for Active Employment Programs and Measures and Labour Market Services, the implementation of the two instruments for provision of loans under favourable conditions for the purposes of self-employment have continued: the Self-employment Loan Project and the Project for Provision of Loan to Legal Entities for Creation of New Jobs. In 2023, a total of 42 legal entities got registered under the Self-employment Loan Project and 47 were employed, while a total of 57 employment contracts for hiring 34 people were concluded under the Project for Provision of Loan to Legal Entities for Creation of New Jobs.

**The local employment centres' counsellors made visits to employers from their region** to ascertain their actual needs and respond appropriately to their requests. This facilitated the submission of job mediation requests for registered job seekers and their participation in active employment programs and measures. In 2023, 2,218 meetings with employers were held, including 314 on-site meetings and 1,862 at employment centres. Additionally, group meetings with employers were organised with 42 employers. Additional 804 contacts were established with employers through a forum with employers, telephone conversations, online communication, etc. In total, 1,187 services for employers were delivered by the mentioned activities.

A total of 24,216 services were provided to registered job seekers under the Job Search Assistance program. Notably, 57% (13,740) of the beneficiaries were women, while 36% (8,851) were young individuals below the age of 29. The ESA conducted motivational trainings to enhance the motivation and self-confidence of unemployed individuals in their active job search. These trainings effectively raised awareness among job seekers and encouraged their utilization of available services, employment programs, and measures. In 2023, 290 registered job seekers participated in motivational training, with a significant representation of women (49%) and young unemployed individuals under the age of 29 (43%). The job seekers were motivated to actively seek employment through group meetings, complemented by individualized support and counselling for those requiring additional assistance. Furthermore, their participation in various employment services contributed to their overall job search efforts.



Activation of unemployed Roma Programme (2023)				
<b>Total number of participants</b>	1,756		<b>Placed in jobs</b>	275
<b>Women thereof</b>	768	44%	<b>Women thereof</b>	117
<b>Young up to 29 thereof</b>	520	30%	<b>Young up to 29 thereof</b>	130

**A total of 1,756 jobseekers were involved in the ‘Activation of unemployed Roma Programme’** and were treated by Roma mentors, of which 768 women (44%) and 520 (30%) young people under the age of 29. Cumulatively 2,879 persons were informed about this service, and 1,756 were profiled. Part of the participants - 136 people (69 women and 44 young people) – took up an active measure for employment, and part of them - 275 people got employed.

The ESA implemented a number of activities to increase the employability and employment of unemployed Roma through provision of information and involving them in active employment programs and measures and services, in accordance with the Operational Plan 2023. In the frame of the OP implementation, 5,760 services were provided to unemployed Roma people.

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

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

**The measures ‘Preparation for employment’ and ‘Professional orientation and career counselling’ were implemented** by the staff of the employment centres, through individual or group work with the users of the services. In 2023, these two services covered a total of 1,531 registered jobseekers, of which 847 (55%) were women, and 663 (43%) were young people under 29 years of age.

A total of 37 persons used the services for professional rehabilitation and inclusion in the labour market of persons with disabilities, of which 16 (43%) were women and 6 (16%) young persons up to 29 years of age.

**In 2023, 139 requests for grants from the Special Fund were submitted to the ESA**, of which 97 requests for employment of 140 disabled persons for an indefinite period, 41 requests for purchase of equipment and one request for adaptation to a workplace. Requests submitted to the Governing Board of the ESA are decided within the legally stipulated deadline. During the reporting period, 136 request were approved and 6 requests rejected, for not meeting the eligibility criteria set in the legislation.

According to the Article 15 paragraph 1 of the Law on Employment of Disabled Persons, the purpose of the Special Fund of the ESA is to finance activities in order to improve the conditions for employment and work of persons with disabilities, adaptation to a workplace, procurement of equipment and assigning a work assistant to a person with disability who is involved in work training, at his request or at the request of the employer. A total of 339,000,000 MKD was earmarked to the sub-account of the ESA (Special Fund) for the budget year 2023. According to the financial records for the reporting period, funds were utilized in the total amount of 146,860,794 MKD.

Thereof, for

- (1) The employment of 130 disabled persons (out of 96 requests) funds in the amount of 72,771,500 MKD were allocated;
- (2) The procurement of equipment (39 requests), funds in the amount of 73,989,294 MKD were allocated;
- (3) The adaptation of a workplace (one requests) funds in the amount of 100,000 MKD were allocated.

In order to facilitate the **transition of young people from education to employment, the Internship Law was adopted** in May 2019. According to it, a person up to the age of 34 can be hired as an intern, for a period of up to 6 months. During the internship, the intern has the right to a monthly allowance, which is paid by the employer, and it depends on the duration of the internship period. If the internship lasts of up to three months, the remuneration ranges from 42% to 74% of the minimum net salary. If the internship exceeds 3 months, remuneration equals the amount of the minimum net salary determined in accordance with the law counting from the fourth month. A total of 569 interns were registered in 142 companies.

**In order to involve young people in the labour market**, and to ensure employment of young people for a longer period in the manufacturing sector and thus to improve their economic position, in March 2023 a **new Law on Youth Allowance was adopted**. "Young person" in the sense of this law is a natural person under the age of 23 with completed at minimum secondary education. The financial allowance amounts to 3,000 MKD for full-time job, if the remuneration is subject to the personal income. As of 31December, 2023, 5, 5554 young people under the age of 23 benefited from the Youth Allowance.

**Total expenditures for 2023 amounted to 2,985,874,584 MKD (~48,315,122 EUR)**. Compared to 2022, expenditures decreased by 9.6%, or by 316,811,227 MKD. Total of 2,669,306,827 MKD (~43,192,667 EUR) were spent for paying the unemployment benefit, including contributions for pension and disability insurance and health insurance, as well as for active employment programs and measures.

(See Annex [Annual ESA Report for 2023](#))

### *1.5. Findings from the 2024 Annual Operational Plan for Active Employment Programmes, Measures and Services*

The employment policy framework in the Republic of North Macedonia is defined by the Government's Program, the National Employment Strategy, and aligns with obligations from the International Labour Organization's Global Jobs Pact, the Youth Guarantee Plan 2023-2026, the IPA budget financing program, and the Social Protection Law (activation of Guaranteed Minimum Assistance beneficiaries). The [Operational Plan for Active Employment Programs and Labour Market Services for 2024](#) outlines employment programs, measures, and services aimed at creating new jobs and increasing employability, especially for young people, long-term unemployed, and beneficiaries of guaranteed minimum assistance. Implementation of these programs and measures will adhere to principles of diversity, inclusivity, and equal representation across all societal categories, promoting regional development and ensuring equal access to employment programs for all unemployed individuals and employers, with a focus on achieving equal gender representation and a minimum of 40% youth participation. Employers who have not fulfilled their previous obligations are excluded from participating in the 2024 programs. The selection may also follow a "first come, first served" principle, with a special emphasis on increasing Roma participation in

active measures by introducing a 5% quota. Implementation procedures are defined in Operational Guidelines by the ESA, in collaboration with other partners, ensuring transparent application processes until the planned coverage is reached by the end of November 2024.

The Operational Plan for 2024 places a particular focus on young unemployed individuals, long-term unemployed, and recipients of guaranteed minimum assistance, allowing for the adjustment of participant coverage and reallocation of funds based on evaluations and analyses. The Ministry of Labour and Social Policy coordinated the plan, with implementation by the ESA in partnership with other responsible institutions and organizations. The Ministry of Labour and Social Policy and the State Labour Inspectorate will oversee the implementation, with promotion efforts potentially involving various organizations and councils focused on equality, youth, and social protection.

**In the reporting period, the Operational Plan for Active Employment Programmes and Measures and Labour Market Services for 2024 (2024 OP) was prepared and adopted; a total budget in the amount of 2.005.065.195 MKD (~32.7 million EUR) was allocated for its implementation, from *national sources and donations* which means continuation of the upward trend of the amount of funds earmarked for active employment measures. This represents an additional increase of the funds compared to 2023, by more than 540,000 EUR (the budget for 2023 amounted to 1,972,000,000 MKD).**

I. Employment programmes and measures	# of persons involved	Expenses (MKD)
<b>1. Support of the self-employment (entrepreneurship)</b>	1,995	815,179,873
<b>2. Support of jobs creation (Wage subsidies)</b>	1,273	635,264,000
<b>3. Training</b>	1,184	95,997,745
<b>4. IT advanced skills trainings</b>	735	87,281,250
<b>5. Internship</b>	1,300	60,300,000
<b>6. Work engagement programme (Public Works)</b>	600	14,400,000
<b>7. Care economy</b>	650	128,629,978
<b>8. Support for the creation of new jobs through green investments</b>	158	44,928,142
<b>9. Youth Allowance</b>	3,727	114,940,000
<b>10. Second chance (pilot programme)</b>	0	984,000
<b>TOTAL</b>	<b>11,622</b>	<b>1,997,904,988</b>

II. Employment services	# of persons involved	Expenses (MKD)
<b>Activation of unemployed Roma and other persons at risk of social exclusion</b>	1,500	1,795,550
<b>Labour Market Skills Needs Survey</b>	20	420,000
<b>Employment services/development of skills through training for increasing employability of returnees from EU countries</b>	102	1,817,411

II. Employment services	# of persons involved	Expenses (MKD)
<b>with special attention to the Roma</b>		
<b>Youth Guarantee (outreach activities)</b>	2.000	3,127,245
<b>TOTAL</b>	<b>3,622</b>	<b>7,160,206</b>

III. Summary	# of persons involved	Expenses (MKD)
Employment programmes and measures	<b>11,622</b>	<b>1,997,904,988</b>
Employment services	<b>3,622</b>	<b>7,160,206</b>
<b>TOTAL</b>	<b>15,244</b>	<b>2,005,065,195</b>

In 2024, the Employment Service Agency offers the following services:

1. *Job Search Assistance*: this service includes profiling and preparing an Individual Employment Plan, employment counselling, providing information on labour market conditions and vacancies, and information on active programs and measures for employment provided by ESA. Additionally, the employment centres offer assistance to unemployed individuals in creating CVs and motivational letters, enhancing skills for successful job interviews through information and counselling, and conducting education on using ESA's online services through its web portal, as well as organising info-meetings for youth and other unemployed individuals, etc.
2. *Motivational Training*: these are one-day trainings aimed at increasing the awareness and motivation of unemployed individuals for active job searching and participation in active employment programs and measures. Motivation is also facilitated through an individual approach if additional support and counselling are needed.
3. *Employment and Work Preparation Training*: focused on unemployed youth under 29, these trainings aim to develop skills necessary for employment and workplace readiness, including personal development, job search skills, communication skills, appropriate workplace behaviour, teamwork and leadership skills, and knowledge about workplace safety, rights, and responsibilities.
4. *Professional Orientation and Career Counselling*: this service offers various activities for information, group and individual career counselling, enabling unemployed individuals to develop job search skills and manage their career development, including assistance in choosing a profession, training, or employment, and additional support in assessing their employment potential and aligning it with the actual labour market needs.
5. *Activation of Unemployed Roma and Other Socially Vulnerable Individuals*: this service targets all unemployed Roma and other individuals at risk of social exclusion, offering access to a team of mentors engaged in local communities to motivate and regularly inform them about employment opportunities or professional development.
6. *Skills Development through Training for Enhancing Employability of EU Returnees with a Focus on Roma*: this service aims to increase the employability of returnees from EU countries, with a particular focus on Roma, through basic soft skills and digital skills training, preparing them for the labour market.
7. *Job Mediation*: this service involves advising and assisting employers by searching for candidates for vacancies from the pool of unemployed individuals registered with ESA, conducting pre-selection, and referring unemployed individuals to employers for job interviews.

8. *Services for Employers*: these include informing, advising, and providing opportunities for employers to utilize the services and active employment programs and other employment opportunities for unemployed individuals available through ESA.
9. *Labour Market Skills Needs Survey*: by surveying employers in the private sector, information will be gathered on their future employment needs, identifying the required occupations and skills of unemployed individuals for planned new hires.
10. *Counselling and Motivation for Guaranteed Minimum Assistance Recipients*: this service offers intensive psycho-social support and mentoring for recipients of guaranteed minimum assistance, young individuals up to 29, women, individuals with disabilities, and long-term unemployed individuals (over 12 months in the registry) before they engage in an active employment measure, with continued support through the process of activation.

In 2024, the *implementation of the Youth Guarantee* will continue across the entire territory of the Republic of North Macedonia, with a special focus on NEET youth. The planned coverage of participants in the Youth Guarantee across the country is around 10,000 young people. The program will be considered successful if at least 30% of the participants successfully exit the program within 4 months, meaning they will be employed, re-engaged in the educational process, or involved in active employment programs and measures. This requires coordinated and joint action by several government institutions, primarily the Ministry of Labour and Social Policy (MoLSP), the Employment Service Agency (ESA), and the Ministry of Education and Science (MoES), social partners, and civil organisations. Civil organisations will be involved in outreach activities, specifically in identifying NEET youth, introducing them to the Youth Guarantee, the opportunities it offers, and motivating them to participate in the Youth Guarantee. Unemployed youth who are included in the Youth Guarantee will be provided with appropriate employment services, which will enable their activation and motivation to join the labour market through the so-called "second chance," i.e., re-engagement in the educational process through short training programs within secondary vocational schools, as well as in active employment measures or mediation with employers.

In the *reformed social protection system*, there is an emphasis on the enhanced activation of recipients of guaranteed minimum assistance (GMA) by involving work-capable household members in active employment programs and measures to improve their employability and employment prospects. This involves mandatory continuous participation in training and accepting job offers. The activation of GMA recipients requires collaboration between the case manager, other professional workers from the social work centres (SWCs), and responsible individuals from employment centres in charge of implementing employment services.

*Professional rehabilitation* as a system of services will provide individuals with disabilities with individualized support, aiming for their full integration into the open labour market. This will be implemented through collaboration between UNDP, the MoLSP, and the ESA.

The *promotion of active programs and measures* involves a strategic communication aimed at ensuring timely information is provided to all parties involved in the active programs and measures for the year 2024, as well as targeting as many potential beneficiaries as possible. The strategic approach in this cycle is defined according to four main criteria about the information flow: "Synchronized – Timely – Relevant – Proactive". The main communication messages will be directly targeted at all target groups and subgroups, concisely presenting the benefits, conditions, and procedures of each program/measure. All messages will be aligned with all involved parties, clearly emphasizing the role and importance of a multi-sectoral approach. Special attention will be paid to the additional opportunities and promotional potentials of each separate topic.

## 2. Progress in ensuring macro-economic stability

IMF, in its Staff Report published on 26 January 2024<sup>27</sup>, stated that North Macedonia is recovering from the dual shocks of the COVID-19 pandemic and the surge in energy prices following Russia's invasion of Ukraine. The report noted that the country continues to qualify under the PLL because it has sound economic fundamentals and institutional policy frameworks, and it is implementing – and has a track record of implementing – sound policies. Economic activity in 2023 was driven by strong exports and reduced energy imports, and it is set to strengthen in 2024. The planned increase in public investment, notably the commencement of the Corridor 8/10d road project, will further support economic recovery. In relation to the monetary policy, the report stated that the National Bank has tightened monetary policy significantly, which has brought down inflation and helped to stabilize the foreign exchange market. In this context, reserves increased in 2023, and remained at sound levels. The financial sector is profitable, liquid and well capitalized.

The Government policy agenda focuses on continued fiscal consolidation to rebuild buffers. The authorities remain committed to strengthening tax compliance, scaling up public investment, and phasing out untargeted energy subsidies while strengthening targeted support for vulnerable households and improving energy efficiency. As for the monetary policy, the National Bank is committed to further policy tightening should inflation risk materialize, and it continues to work towards strengthening the monetary transmission mechanism, enhancing bank-risk monitoring and supervision, and refining and operationalizing the macroprudential and resolution frameworks.

European Commission, in its Autumn 2023 Economic Forecast<sup>28</sup>, stated that after a muted post-pandemic recovery, economic growth has slowed down on account of both weaker external demand and more moderate household consumption. Growth is set to accelerate moderately ahead, with inflation expected to mitigate further, wage growth and remittances to bolster disposable incomes, and a substantial stimulus to the economy from a major public infrastructure project. Public investment is set to become an increasingly important driver of capital formation. The government's major public roads project, covering parts of two key Trans European Road Corridors, is expected to have a substantial impact on aggregate demand given a high domestic input share. In the first half of 2023, the current account deficit declined markedly from its 2022 high, as the goods trade balance improved on account of decreasing energy prices, and remittances increased. Looking ahead, both import and export growth are set to pick up gradually. Domestic demand is expected to remain the key driver of the expected acceleration in GDP growth. The external side is set to contribute positively to growth, reflecting the improvement in the terms of trade, but to detract from growth in the following two years, as the recovery of domestic demand boosts import growth, and prevails over the positive impact of firming external demand on exports. Commission's Autumn 2023 Economic Forecast also stated that employment is expected to continue growing at a moderate pace and unemployment rate to decline further amid a shrinking labour force. The fiscal deficit is expected to remain elevated, given new spending commitments and high borrowing costs. Public finances are strained by high borrowing cost and new spending commitments, even though a budget reallocation in September managed to accommodate the additional expenditure without raising the full-year deficit target. Fiscal deficit is set to decline gradually in the following years.

### ***Economic Reform Programme (ERP)***

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<sup>27</sup><https://www.imf.org/en/Publications/CR/Issues/2024/01/25/Republic-of-North-Macedonia-2023-Article-IV-Consultation-and-First-Review-Under-the-544112>

<sup>28</sup> [https://ec.europa.eu/economy\\_finance/forecasts/2023/autumn/autumn\\_forecast-2023\\_mk\\_en.pdf](https://ec.europa.eu/economy_finance/forecasts/2023/autumn/autumn_forecast-2023_mk_en.pdf)

At the session on 16 January 2024, the Government adopted the draft Economic Reform Programme 2024-2026. The programme was published on MoF web site<sup>29</sup>, and has been officially submitted to European Commission on 17 January 2024.

The status of implementation of the recommendations from the joint conclusions adopted at the ECOFIN Dialogue in May 2023 is given within Chapter 2 of ERP 2024-2026.

The Commission's overview & annual country assessments of all 2023 ERPs<sup>30</sup> are in the Part II of the document, containing also the Overview of the implementation of the policy guidance adopted at the Economic and Financial Dialogue in 2022.

### **3. Satisfactory progress in the implementation of the Public Finance Management (PFM) Strategy 2022-2025**

#### *Public Financial Management Reform Programme*

In June 2022, the Government adopted the new Public Financial Management Reform Programme for the period 2022-2025 and the 2022 Action Plan, following public consultations with relevant stakeholders held in the period April - May 2022. Ministry of Finance prepared the Programme, together with the 2022 Action Plan, with active participation of the Ministry of Economy, the Customs Administration, the Public Revenue Office, the Public Procurement Bureau, the State Audit Office, and the State Appeal Commission for Public Procurement, supported with a technical assistance from SIGMA. The preparation process started in September 2021, based on PEFA and SIGMA assessments that helped identifying the reform priorities for the next period.

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

The Programme is structured in 8 pillars:

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

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<sup>29</sup> <https://finance.gov.mk/wp-content/uploads/2024/01/ERP-2024-2026-EN.pdf>

<sup>30</sup> [https://economy-finance.ec.europa.eu/document/download/7973c00e-6b1c-464b-8321-a47b669bc096\\_en?filename=ip252\\_en.pdf](https://economy-finance.ec.europa.eu/document/download/7973c00e-6b1c-464b-8321-a47b669bc096_en?filename=ip252_en.pdf)



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

Progress made in the first semester of implementing the 2023 Action Plan for the PFM Reform Programme was elaborated in the Semi-Annual Monitoring Report for the period January - June 2023<sup>31</sup>, approved by the Government in October 31, 2023 upon prior consultations with the PFM Sector Working Group, held in September 2023, and approval by the PFM Council.

Legal framework supporting the PFM Programme 2022 - 2025 was not in force at the moment of preparing the Program, considering that the Organic Budget Law was not yet adopted by the Parliament. Adoption of the Organic Budget Law in September 2022 provides for carrying out the critical reforms in budgeting, thus strengthening the fiscal sustainability (medium-term budgeting, Integrated Financial Management Information System - IFMIS, introduction of a fiscal council and fiscal rules). The reforms are to be sped up, all to the end of implementing the comprehensive and ambitious reform incorporated in the OBL. Action plan is to be adopted, new institutional structures are to be established and key reform units at the Ministry of Finance, the PRO and the Customs Administration are to be timely and adequately staffed. Hence, a need arose for a mid-term review of the 2022 - 2025 PFM Programme's objectives and indicators, and the Programme is thus extended by two years, until 2027. The PFM Programme covers the 2024 - 2027 period. Mid-term review of the PFM Programme was carried out at the end of 2023 by OECD - SIGMA, with EU financial support, focusing on the following aspects: implementation of the Programme and the respective Action Plans (effectiveness); adapting the interventions so as to achieve the desired results and objectives (relevance); adaptation and efficiency of PFM managing structure (efficiency).

The Draft Annual Monitoring Report for the period January – December 2023<sup>32</sup>, Draft Public Financial Management Programme 2024-2027<sup>33</sup> (together with Draft 2024 Action Plan<sup>34</sup>) were prepared and published on the Ministry of Finance website on March 5, 2024. Public consultation was held in a form of PFM working meeting on March 21, 2024, with all stakeholders taking part (donor community, civil society organisations, IFIs, local authorities and other stakeholders), in order to actively contribute to the process of determining and implementing the reform priorities. The documents will be adopted by the Government in the second quarter of 2024.

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<sup>31</sup> [https://finance.gov.mk/wp-content/uploads/2023/11/2023-PFM-Monitoring-Report-January\\_June-2023\\_EN.pdf](https://finance.gov.mk/wp-content/uploads/2023/11/2023-PFM-Monitoring-Report-January_June-2023_EN.pdf)  
[https://finance.gov.mk/wp-content/uploads/2023/11/%D0%9F%D0%A0%D0%98%D0%9B%D0%9E%D0%93-1-ANG\\_%D0%9C%D0%B0%D1%82%D1%80%D0%B8%D1%86%D0%B0-%D0%90%D0%9F-2023\\_ANG-%D1%98%D0%B0%D0%BD%D1%83%D0%B0%D1%80%D0%B8-%D1%98%D1%83%D0%BD%D0%B8-2023-Obedineto-1.pdf](https://finance.gov.mk/wp-content/uploads/2023/11/%D0%9F%D0%A0%D0%98%D0%9B%D0%9E%D0%93-1-ANG_%D0%9C%D0%B0%D1%82%D1%80%D0%B8%D1%86%D0%B0-%D0%90%D0%9F-2023_ANG-%D1%98%D0%B0%D0%BD%D1%83%D0%B0%D1%80%D0%B8-%D1%98%D1%83%D0%BD%D0%B8-2023-Obedineto-1.pdf)

<sup>32</sup> [https://finance.gov.mk/wp-content/uploads/2024/03/2023-PFM-Monitoring-Report-January\\_December-2023\\_EN.doc](https://finance.gov.mk/wp-content/uploads/2024/03/2023-PFM-Monitoring-Report-January_December-2023_EN.doc)  
[https://finance.gov.mk/wp-content/uploads/2024/03/%D0%9F%D0%A0%D0%98%D0%9B%D0%9E%D0%93-1-ANG\\_%D0%9C%D0%B0%D1%82%D1%80%D0%B8%D1%86%D0%B0-%D0%90%D0%9F-2023\\_ANG-%D1%98%D0%B0%D0%BD%D1%83%D0%B0%D1%80%D0%B8-%D0%B4%D0%B5%D0%BA%D0%B5%D0%BC%D0%B2%D1%80%D0%B8-2023-1.xls](https://finance.gov.mk/wp-content/uploads/2024/03/%D0%9F%D0%A0%D0%98%D0%9B%D0%9E%D0%93-1-ANG_%D0%9C%D0%B0%D1%82%D1%80%D0%B8%D1%86%D0%B0-%D0%90%D0%9F-2023_ANG-%D1%98%D0%B0%D0%BD%D1%83%D0%B0%D1%80%D0%B8-%D0%B4%D0%B5%D0%BA%D0%B5%D0%BC%D0%B2%D1%80%D0%B8-2023-1.xls)  
<https://finance.gov.mk/wp-content/uploads/2024/03/Risk-assessment-table-AP-2023-ENG-2.xls>

<sup>33</sup> <https://finance.gov.mk/wp-content/uploads/2024/03/PFM-Reform-Programme-2024-2027-EN-Strukturirana-Finalno-3.docx>

<sup>34</sup> <https://finance.gov.mk/wp-content/uploads/2024/03/Action-Plan-for-2024-PFM-EN.doc>



- On 13<sup>th</sup> June 2023, the Government adopted the **Fiscal Strategy 2024 - 2028**<sup>35</sup>. On 18<sup>th</sup> December 2023, the Government adopted the **revised Fiscal Strategy 2024-2028**<sup>36</sup>.
- Implementation of the **Action Plan for the Tax System Reform Strategy 2022-2023** started in 2022. In 2022, Ministry of Finance embarked on ambitious tax reforms in the area of personal income tax, corporate income tax and value added tax, aimed at broadening the tax base by abolishing nonproductive tax exemptions and preferential tax regimes. This tax reform package was adopted by the Government in December 2022, with the Amendments to the Personal Income tax Law passing the Parliamentary procedure by the end of 2022, and the amendments to the Corporate Income Tax Law and Value Added Tax Law in 2023. The tax reforms continued in 2023 in the areas of tobacco excise duties and taxation of motor vehicles, with adoption of the amendments to the Law on Excises and the amendments to the Decree on the manner of calculation of the motor vehicle tax and of the amounts for calculation of the motor vehicle tax.

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

The Government – namely the MoF –continuously implements activities to provide easy access to all budgetary information. Online tools allow anyone to access information at any time and provide not only information about the state/public budget, but also preliminary information on public budget spending. All information is available in both Macedonian and Albanian language, with English version available for key budgetary information. From 2018 onwards, MoF has been regularly publishing the Citizens’ Budget<sup>37</sup>., which provides information about the budget planning, distribution and income. As of November 2019, MoF operates a new transparency tool “Open Finance”<sup>38</sup>, designed to provide the public with an overview of all budget institution transactions within the Central Budget. The portal includes public debt data (amount of public debt, public debt trends and projections, repayments, borrowings and how public debt is financed) and data on the transactions made by municipalities. Moreover, with the Fiscal Counter, a transparency tool introduced in February 2021, that provides high-frequency data for budget revenues and expenditures and execution of capital expenditures on daily basis, with the general government debt being presented on monthly basis, MoF is continuously increasing openness about budgetary matters to the public, with the overall aim of achieving an even higher level of fiscal transparency. With the Tax Compliance Calendar, published in April 2021, MoF informs the business community, as well as the general public, about all changes in the tax regulations planned to be undertaken by the end of the year, so that they can plan their activities more efficiently and effectively throughout the year. Thus, MoF helps to increase transparency and certainty in the country’s business climate.

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

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

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<sup>35</sup><https://finance.gov.mk/wp-content/uploads/2023/12/2024-2028-Fiscal-strategy-of-the-Republic-of-North-Macedonia.pdf>

<sup>36</sup><https://finance.gov.mk/wp-content/uploads/2024/01/Revidirana-Fiskalna-Strategija-na-RSM-2024-2028-2.pdf>

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

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

fiscal strategy has been prepared according to the time frame determined by the provisions of the new Budget Law and in terms of content, more information with qualitative and quantitative data is included in the Strategy, through a sectoral analysis of expenditures.

In order to make the fiscal policy sustainable in the medium term, the fiscal projections provide a framework for achieving the numerical fiscal rules, which are designed to be harmonized and consistent with the EU fiscal rules.

Public Revenue Office has also introduced a monthly calendar referring to tax declarations and tax returns. In October 2023, the Government adopted the Fiscal Sustainability Plan and Support for Economic Growth<sup>39</sup>, which the Ministry of Finance published on its website.

Under the new Law on Financial Inspection in the Public Sector, that was adopted in January 2023, provisions for improving the transparency of the functioning of the financial inspection in the public sector will be introduced by obliging the Ministry of Finance to publish, on its website, information of relevance to the public about the actions implemented and the inspection measures undertaken for the purpose of protecting public financial interests. Also, it stipulates a provision according to which the Financial Inspection publishes the Annual Report on the Work of the Financial Inspection in the Public Sector in April for the previous year on the official website of the Ministry of Finance.

Starting from July 2022, Ministry of Finance broadened of the Quarterly Public Sector Debt Statistics (QPSD) database, jointly developed by the World Bank and the International Monetary Fund, by providing data for Central Government Debt, General Government Debt and Debt of Non-Financial SoEs. Quarterly Reports on Stock of Central Government Debt in line with IMF SDDS plus Standard are submitted quarterly to the IMF. Quarterly Reports on Stock of Public Debt are published on the Ministry of Finance website (T+30).

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

With the new website and introducing an internal information system for document management in the State Appeal Commission for Public Procurement<sup>40</sup>, which is interoperable with the Electronic System for Public Procurement (ESPP), it is possible to pull all relevant data from the ESPP multiple times, especially data related to the public procurement procedure (contracting authority, tenderers, subject of procurement etc), as well as all the data and statistics needed for preparation of annual reports.

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<sup>39</sup><https://finance.gov.mk/wp-content/uploads/2022/10/%D0%9F%D0%BB%D0%B0%D0%BD-%D0%B7%D0%B0-%D1%84%D0%B8%D1%81%D0%BA%D0%B0%D0%BB%D0%BD%D0%B0-%D0%BE%D0%B4%D1%80%D0%B6%D0%BB%D0%B8%D0%B2%D0%BE%D1%81%D1%82-%D0%B8-%D0%BF%D0%BE%D0%B4%D0%B4%D1%80%D1%88%D0%BA%D0%B0-%D0%BD%D0%B0-%D0%B5%D0%BA%D0%BE%D0%BD%D0%BE%D0%BC%D1%81%D0%BA%D0%B8%D0%BE%D1%82-%D1%80%D0%B0%D1%81%D1%82-2022.pdf>

<sup>40</sup> <https://dkzjn.mk/>

Specifically, with the new website, economic operators and contracting authorities are enabled to keyword searching for decisions of the State Appeal Commission for Public Procurement, in order to more easily have insight in the Commission's decisions. On the other hand, this process is expected to provide for a greater time optimisation and become more efficient in the resolution of appeals and the preparation of annual reports. By enabling the keyword search, transparency, efficiency, and effectiveness of the work of the State Appeal Commission for Public Procurement have increased and the access to information for all interested parties has improved.

## 5. Sector Reform Policy dialogue matrix

In 2023 the **Sector Working Group on Education, Employment and Social Policy (SWG EESP)** held two meetings.

The *XII Plenary Meeting of the SWG* was conducted on 18 May 2023 for presentation and discussion the third self-assessment report for IPA 2019, SRPC "EY for Youth", presentation and discussion of the main priorities and targets of actions proposed under IPA III 2024-2027 Sector Operational Programme "EU for Jobs and Opportunities" and presentation of the IPA III Action Plans for 2024 and beyond.

At the 12th SWG plenary meeting, key speakers included Ms. Jovanka Trenchevska, the Minister of Labour and Social Policy, Mr. Jeton Shaqiri, the Minister of Education and Science, and Mr. Ferruccio Bogo from the EU Delegation, who highlighted the challenges and reforms North Macedonia faces in its EU accession process, economic revival post-pandemic, and social inclusion efforts. Ms. Trenchevska emphasized the importance of consensus on reforms, human capital development, and the need for legal advancements in labour relations to align with EU standards and improve living standards. She also discussed the potential of social economy and the new Draft Law on Social Enterprises. Mr. Shaqiri addressed the education sector's reforms, emphasizing the need for investment in learning outcomes and the development of a supportive and safe educational environment. Both ministers stressed the significance of stakeholder dialogue, partnership, and information exchange to achieve national growth, development, and integration goals.

The *Third Self-Assessment Report (SAR)* for the IPA 2019 Sector Reform Performance Contract for Employment and Education, "EU for Youth," was presented by Ms. Slavkoska, the IPA Coordinator and State Advisor for European Integration and International Cooperation in the Ministry of Labour and Social Policy (MoLSP). She highlighted the significant advancements made in the past year regarding labour market and employment policies. According to the SAR, there has been progress in the National Employment Strategy and the completion of the Revised Employment and Social Reform Programme in 2022. The implementation of the Youth Guarantee Plan and the adoption of a new one, along with the Annual Operational Plan for Active Labour Market Measures, were also noted. Despite facing non-economic shocks, such as the energy and price crisis, which heavily impacted the labour market and economy in 2022, there were improvements in key labour market indicators. For instance, the employment rate increased to 47.3%, and the employment rate among young people rose to 34.4%. The youth unemployment rate decreased, although the rate of inactive population rose since the pandemic. Efforts were made to encourage the population to re-enter the labour market, leading to positive movements in salaries, with the average salary reaching 32 thousand MKD. Several measures were outlined in the employment sector, including the continuation of Active Labour Market Programs and Measures (ALMP&Ms), which benefited over 18 thousand unemployed persons, nearly half of whom were

women. The Youth Guarantee (YG) was successfully implemented for around 20 thousand young people, with a significant portion finding employment or receiving training within 4 months.

In the education sector, Ms. Kostoska from the Ministry of Education and Science (MoES) discussed ongoing reforms based on the Education Strategy 2018-2025 and new legislation aimed at addressing the skills mismatch in the labour market. Efforts to promote secondary vocational education and the dual model of education have led to an increase in enrolment in vocational programs. Additionally, improvements in the learning environment and the quality of vocational education and training were highlighted, with significant progress in boosting VET education at the secondary level. Overall, the report emphasizes the achievements in employment and education reforms, the implementation of the Youth Guarantee, and the efforts to improve the labour market and education system in response to the challenges faced.

*The Sector Operational Programme "EU for Jobs and Opportunities" for the IPA III programming period 2024-2027*, focuses on enhancing employment and social policy. This initiative, prepared through a four-stage process starting from February/March 2023, aims to align with both EU strategic frameworks and national strategic policies. The programme targets two main areas: employment and labour mobility, emphasizing the engagement of youth, women, and vulnerable groups, and social inclusion along with poverty reduction. Key actions include the implementation of the Youth Guarantee (YG) to improve young people's employment, the expansion of Active Labour Market Programs and Measures (ALMP&Ms), and the development of social and micro-enterprises to boost employability. Additionally, the programme seeks to enhance social care services and the living conditions for Roma communities.

A significant portion of the funding, estimated at 22 million EUR, is allocated to the Youth Guarantee, focusing on outreach activities, preparation for employment, and strengthening of monitoring systems. Another critical component is the support for employment of vulnerable groups and the growth of social enterprises (SEs), with actions aimed at improving legal and strategic frameworks, ensuring access to financing, and fostering social innovations for job creation. The National Center for Support of Social Enterprises plays a pivotal role in supporting SEs through various activities, including workshops, training, and promotional events. The programme also addresses the need for further development of SEs and enhancing their role in public procurements. Overall, the "EU for Jobs and Opportunities" programme under IPA III aims to create a more inclusive and sustainable economy, with a focus on improving employment opportunities and social inclusion for all citizens.

*The IPA III Action Plans for 2024 and beyond* is focusing on continued support for gender-based violence (GBV) and domestic violence (DV) prevention, Roma integration, and social dialogue enhancement. Significant progress has been made in North Macedonia in addressing GBV and DV, including the adoption of laws and action plans aligned with the Istanbul Convention and the Gender Equality Strategy 2022-2027. The upcoming actions aim to further support victims through improved services, grants, and strengthened inter-institutional cooperation. Efforts will also focus on establishing a comprehensive data management system for GBV and DV cases. Regarding Roma integration, the presentation highlighted the challenges faced by the Roma community, including discrimination, inadequate housing, and lower socio-economic status. Planned actions include developing urban-spatial plans for municipalities with significant Roma populations and supporting the legalization of homes, aiming to improve living conditions and access to services.

For social dialogue and employment, the focus will be on strengthening tripartite and bipartite social dialogue mechanisms, supporting the implementation of collective agreements, and enhancing the capacity of social partners. Activities will also promote local employment partnerships and human resources development to improve labour market conditions and enterprise competitiveness. The priorities in education emphasized the importance of access, inclusion, and well-being of students. The IPA III actions will build on previous efforts to create a safe and inclusive school environment, with specific measures for children from Roma backgrounds and those with disabilities. Future interventions will aim to improve mental health and well-being in schools, increase gender equality in STEM, strengthen career counselling, and support educational reforms through infrastructure development and scholarship schemes.

The *XIII Plenary Meeting of the SWG* was conducted on 14 November 2023 for presentation of the main priorities and targets of reforms of the Ministry of Labour and Social Policy in EU integration perspectives and challenges, and the main priorities of the Ministry of Education and Science and targets for achievements in mid-term perspective. *Ms. Jovanka Trenchevska, the Minister of Labour and Social Policy*, highlighted the dialogue on sectoral policy priorities and challenges, particularly in employment, social protection, and inclusion, and the progress in implementing reforms for the European perspective. She stressed the need for consensus on reforms and addressing challenges through inclusive processes and partnerships. Efforts to recover the national economy from global crises and the importance of reforms during North Macedonia's EU accession process were discussed, along with the commitment to creating a fair and sustainable economy, improving living standards, and eradicating poverty through the development of human capital and support for vulnerable groups.

New legislation aimed at improving the legal framework for workers' rights, health and safety at work, and the introduction of campaigns for healthy workplaces were mentioned. The country's dedication to international labour standards, social dialogue, and collective bargaining was underscored, alongside the success of the Youth Guarantee program in supporting young people. Active measures for employment, the importance of social dialogue, increases in minimum and average salaries, and investments in social protection to activate vulnerable groups in the labour market were highlighted. The potential of the social economy for social integration and job creation was discussed, along with reforms in social protection and inclusion, licensing of social service providers, deinstitutionalization, and improvements in child protection and preschool education.

The importance of addressing the recommendations in the EU Progress Report for 2023 were emphasized, focusing on several key areas for reform in North Macedonia. These areas include employment policies and labour market legislation, employment of vulnerable groups, social entrepreneurship, social care and deinstitutionalization, early childhood development and care, pension reform and disability insurance, equal opportunities and anti-discrimination, and Roma integration. The SWG outlined strategic priorities and challenges in employment policies and labour legislation. Key priorities include reducing the unemployment rate, which has been a significant issue in North Macedonia, labour market activation and inclusion of hard-to-employ persons, addressing youth unemployment, and ensuring the real protection of workers' rights. He highlighted the importance of opening new job positions, increasing opportunities for entrepreneurial activities, and implementing training programs to upgrade skills in line with contemporary economic demands. Legal tools to support these priorities include the National Employment Strategy 2021-2027, the Youth Guarantee Implementation Plan 2023-2026, a new Law on Labour Relations, a new Law of Occupational and Safety at Work, and a new Law on Employment and Insurance in Case of Unemployment. In social care and deinstitutionalization, priorities include the adoption of a new Law for Assessment of Persons with Disabilities and the implementation of the National

Strategy for the Rights of Persons with Disabilities 2023-2030. The strategy aims to improve the assessment process for persons with disabilities and ensure their rights to social protection. Overall, these reforms and strategic priorities aim to address the challenges identified in the EU Progress Report for 2023, focusing on improving employment opportunities, social protection, and the inclusion of vulnerable groups in North Macedonia.

*Mr. Agim Nuhiu, Deputy Minister of Education and Science*, emphasized the importance of strengthening competitiveness, building strong institutions, and developing human capital to prepare for the challenges of the EU single market. He mentioned the Strategy for Smart Specialization for more efficient use of public funds, the need for access to finance, and the EU Growth Plan for the Western Balkans 2024-2027 as crucial for economic development and the advancement of human capital. Vocational education reforms were also noted as key contributions to the development strategy. Vocational education in the Republic of North Macedonia has undergone significant reforms in recent years, with a collaborative effort from the Ministry of Education and Science, local authorities, and companies. This partnership has led to an increase in dual classes and the number of students in secondary vocational schools. The growing interest in vocational education from both young people and companies highlights the mutual benefits: students gain practical skills directly from the workforce, while companies get educated, ready-to-work professionals. To support the vocational education system, the MoES has focused on infrastructure improvement, updating curricula and textbooks, and enhancing teacher motivation. With EU support, Regional Centres for Vocational Education and Training (RCVET) have been opened. Scholarships are also provided to vocational students, particularly those in deficient professions or dual education programs, to further motivate and support their professional development. Adult education programs emphasize practical learning, with 70% of training conducted at companies. New legislation on secondary education introduces career counselling and Career Centres to guide students in their career choices based on market demand. Digitization in education is advancing, with significant portions of the population recognizing its benefits in the workplace and educational settings. Efforts are underway to digitize educational processes and materials, including textbooks and school network infrastructures.

Amid challenges like the energy crisis, digitization, climate change, and the Covid-19 pandemic recovery, the mental health and well-being of children, youth, and adults are prioritized. The MoES has developed programs for psychosocial assistance in schools, training around 700 mental health professionals. These initiatives are part of a broader strategy to ensure the well-being of students, essential for creating a healthy human capital for the country's inclusive economic development. The integration of Roma students, SEN students, and mental health initiatives were emphasized. A strategic focus on improving the quality of education through a comprehensive approach was highlighted, mentioning the revision of the Law on Higher Education, a decree on financing benchmarks, the National Program for Higher Education, and the application of the Rulebook for external evaluation. These efforts aim to keep higher education institutions dynamic and aligned with European integration objectives.

The reforms in primary education, including new curricula and digitization efforts in textbooks and network infrastructure were also discussed, addressing education in correctional facilities and systematic challenges. Training for teachers and professional associates has been extensive, with future plans for further professional development. National and international testing activities were outlined, including pre-testing and preparations for upcoming assessments. Finally, efforts to optimize the school network were mentioned, involving meetings with municipalities to improve primary education quality.

Mr. Alexandru Albu, from the Delegation of the European Union (DEU), addressed a forum to discuss sector policies, reform progress, and strategic priorities in employment, education, and social policy (EESP) sectors, emphasizing the importance of overcoming bottlenecks and achieving policy objectives. The forum, which convenes biannually, last met in May, and significant developments have since occurred in EU-North Macedonia relations, including the screening of EU Acquis chapters relevant to these sectors and the adoption of the 2023 Enlargement Package, featuring the 2023 Annual Report for North Macedonia. The report assesses North Macedonia's progress, noting moderate preparation in the EESP sectors, with advancements in reducing unemployment, increasing social benefits, and successfully implementing the Youth Guarantee scheme. However, it calls for further actions, such as enhancing labour inspection capacity, developing injury and fatality tracking, enforcing social dialogue, finalizing social assistance monitoring, and continuing social protection reforms with a focus on employment activation.

In education, progress is deemed moderate but slow, urging the adoption of laws on secondary, vocational, and adult education, improving access for disadvantaged groups, increasing pre-school enrolment, and supporting teacher training. Mr. Albu expressed hope that the report's assessment would motivate authorities to increase administrative capacities and focus on urgent reforms. He outlined the sector's priorities, including addressing labour market challenges and creating a more inclusive and responsive educational system to boost economic growth and societal resilience. He highlighted the EU's financial and technical support for these reforms and stressed the importance of multilateral dialogue and sector working groups (SWGs) in coordinating and monitoring reforms. Mr. Albu assured continued EU support for North Macedonia's EU integration, emphasizing the role of policy development, implementation, and a new Growth Plan for the Western Balkans in achieving these goals. The SWG EESP meeting minutes could be found on the MoLSP website<sup>41</sup>.

In 2023, the **Sector Working Group of Public Financial Management (SWG PFM)** held 3 meetings.

On *February 24, 2023, a technical meeting* of the SWG was held to discuss the possibility of using the EU Integration Facility mechanism within the IPA framework to finance new projects in the field of public finance management. Project Proposals in the area of public revenues and tax and customs policy, in the area of the Academy of Public Finance, inspection in the public sector, as well as public internal financial control were submitted to NIPAK on 4<sup>th</sup> April 2023, with the aim of forwarding them to the EU Delegation. On *April 28, 2023, a technical meeting* was held with the PFM SWG to discuss the Draft Monitoring Report on Implementation of the 2022 Action Plan for PFM Reform Programme for the period January–December 2023, and the Draft 2023 Action Plan.

On *September 21, 2023, a technical meeting* was held with the PFM SWG to discuss the Draft Monitoring Report on Implementation of the 2023 Action Plan for PFM Reform Programme for the period January–June 2023.

The Coordination Unit (IPA and NPAA Unit within MoF) prepares only the minutes of the PFM Policy Dialogue meetings. In 2023, no PFM Policy Dialogue was held. All documents related to PFM are published on separate banner on the MoF website.<sup>42</sup>

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<sup>41</sup> <https://mtsp.gov.mk/srg-obrazovanie-vrabetuvanje-i-socijalna-politika.nspj>

<sup>42</sup> <https://finance.gov.mk/public-financial-management-reform-programme-2018-2021-5/?lang=en>



## 6. Coordination mechanism

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

The WG#1 held two meetings in 2023.

The *IX meeting of the WG1* was conducted on 5<sup>th</sup> April 2023 for presenting the Action Plan and the Road map for preparation of 2023 disbursement request, and agreement of the structure of self-assessment report covering year 2022. During the meeting, the WG members outlined the goal of structuring the work between the Technical Assistance (TA) team and beneficiaries for the preparation of the Self-Assessment Report (SAR). The EUD program managers emphasised adherence to the existing Action Plan and noted the extension of the Sector Budget Support (SBS) due to delays in the education sector. He mentioned the need for an updated Action Plan following the signing of a new Addendum to the SRPC. The WG1 confirmed the SAR structure and discussed the timeline for report submission. Concerns were raised about the capacity of national institutions to finalize their reports without external assistance, emphasizing the need for more ownership from national institutions in the report drafting process. The discussion highlighted manpower issues faced by ministries, the ongoing support from the TA team, and the importance of completing the SAR in time.

The *X meeting of the WG1* was held on 5<sup>th</sup> May 2023 for presenting the draft SAR and its finalisation. The call for a SWG EESP meeting was agreed.

*(See Annex 4. Minutes from the meetings of WG#1)*



### III. PROGRESS IN SPECIFIC INDICATORS

#### 1. Progress against specific objectives

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

The "EU for Youth" programme in North Macedonia started in the beginning of March 2020 immediately before the declaration of a state of emergency in the country because of COVID-19. The negative effects of the pandemic led to on-going prioritisation of Covid-19 mitigation measures, with on-going negative impact on implementation of this SRPC. The TA to the SRPC project started in January 2021 with the aim to provide support to the Government of North Macedonia to achieve progress in policy reforms in the sector of youth education and training, in particular, the implementation of the YG scheme under the SRPC EU for Youth FA. Already in the first year of monitoring and evaluation of progress, gaps were identified in reaching the indicators of progress due to a complex of objective and subjective factors. As the programme is designed in on a rolling basis with annual progress of reaching the targets, the delays incurred during the first year of implementation, had an impact on reaching the targets in subsequent years. The impact of the pandemics was more obvious in the education-delivery component of the SRPC, but the pandemics affected all spectres of the programme, from legislation to investment.

With an amendment to the FA SRPC 'EU for Youth' made in April 2022, the European Commission extended the implementation period of the contract with one year (end of 2023). However, some of the SRPC specific indicators, in particular some of the set targets still proved too ambitious in the post-Covid period and particularly in light of the impact of the Russian war of aggression against Ukraine on the national macroeconomic indicators. Because of all this, the consequences of the previous delay in implementation were found not feasible to be overcome until end of 2023. Considering the positive development trend of the reforms in the last year and due to the fact that the unmet SRPC targets stem from exceptional and circumstances outside the control of the Government, an additional one year extension of implementation of the SRPC program (end of 2024), and modifications and introduction of new indicators were agreed, which would give the authorities the chance to catch up on the implementation of the programme and "recuperate" the funds that were linked to unreached targets and were not disbursed due to above mentioned problems.

The second amendment to the SRPC EU for YOUTH refers to the following changes:

1. Indicator 2, a new annual target 4 is added, to be achieved by the end of 2023.
2. Indicator 3, annual target 3, extension of implementation period
3. Indicator 4, annual target 2, extension of implementation period
4. Indicator 5, amendments to the description of indicator, clarification of the scope
5. Indicator 9, a new indicator introduced as a follow up to Indicator 3
6. Indicator 10, a new indicator introduced as a follow up to Indicator 3

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

- Add a new Indicator 9 "Number of students enrolled and supported in accredited VET programmes in established Regional VET centres" with a target '540 students complete 1st year of all VET programs in 3 Regional VET centres in the school year 2023/2024.' Indicator 9 was introduced as a follow up to indicator 3 for promoting the modernized VET programs among parents and students. It refers to the number of students, enrolled and supported in the accredited VET programmes in the 3 Regional VET Centres. Achieving this indicator, will prove the new role of the RVETCs as system agents in reforms for quality, relevance and attractiveness of VET provision.

- Add new Indicator 10 “Expansion of Work Based Learning”, annual target ‘By end of June 2024, 1200 students from target regions are certified to conclude work-based learning for the school year 2023/2024.’ This indicator follows up the progress of Indicator 3 and promotes the partnership with businesses through expanding the support for implementation of the Concept of work-based learning (WBL), the improvement and optimizing the standards for delivery of practical students’ training at employers’ workplaces, and ensure effective coordination and cooperation mechanisms for schools, employers, and institutions to implement modernized VET qualifications through work (WBL), as well as the implementation of the Concept for the establishment of a Regional VET Centre in North Macedonia. This indicator will also contribute to the implementation of the new Youth Guarantee Implementation Plan 2023-2026.

The SRPC addendum also includes a time extension of the SRPC. The amendment aims to extend the implementation period of the sector reform by one year until end of 2024. For the reasons listed above, this extension is aiming at recuperation of undisbursed funds on some indicators that were not achieved previously or were delayed, by introducing additional annual targets and new indicators. More precisely, for 2023, the amendments concern indicator 2 (new annual target) and indicator 5 (with refinement of the definition of the indicator), and for 2024, the deadlines for indicators 3 and 4 were extended, and two new indicators in the education sector were introduced. This allows for a smooth implementation of the program following the processes of legislation and sectoral reforms in the country and provides the project with a scope for detailed monitoring during 2023 and 2024.

The report below provides information about the entire progress of SRPC ‘EU for Youth’ in 2023.

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

Regarding the early school leavers, the set target for 2022 of 6.8% has been achieved and exceeded, although there is a significant deterioration compared to 2021. Challenges remain concerning this indicator in terms of maintaining the positive trend and achieving an even greater decrease.

<b>I1 - Early leaver rates from education and training</b>	
Baseline (year):	National average 8.5 per cent (2017)
Final target (2022):	Decrease in the early leavers rate by 1 percentage point compared to the national average of 8.5% in 2017
2023 annual target:	N/A
2023 result:	N/A
<b>Outcome:</b>	<b>Achieved in previous period</b>

Source: MoES Statistics/administrative data

### 1.2. Improved employment opportunities for young men and women

<b>I2 - Percentage of YG participants who successfully completed YG (exit level)</b>	
Baseline (year):	Pilot exercise: 36 per cent (2018); target regions: 0; roll-out 1st half 2019 – 29 per cent
Annual targets:	2020 – 20%; 2021 – 20%; 2022 - 25%, 2023 – 40%
2023 annual target:	By end April 2024, at least 40 per cent of young people not in education, employment, or training, registered for 2023 under the YG scheme in the target regions successfully complete the programme (as per the approved methodology for registration and calculation of success rate).
2023 result:	38.5 per cent (in April 2024)
<b>Outcome:</b>	<b>Achieved 96.3 per cent of the target value</b>

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

As indicated above, the SRC was modified by extension of the implementation period of the indicator two (I2 - Percentage of YG participants who successfully completed YG (exit level)). Thus, new annual target for 2023 was set, which should contribute to continuation of successful YG programme implementation. The target for 2023 was 40 per cent and the result achieved was 38.5 per cent, meaning that 38.5 per cent, i.e. 3812 young people (50% women) out of total 9893, successfully exited the YG scheme within 4 months in the 3 regions or 11 employment services' centres; from them, 3047 were employed within 4 months and 765 people (out of them, 408 or about 53% women) were involved in some of the ALMM which is considered as successful exit from the YG scheme.<sup>43</sup> The ambitious target of 40% was nearly met. The

<sup>43</sup> The EU funded Project "Labour market activation of vulnerable groups" is a project that co-finances ALMPMs and employment services for vulnerable groups, including GMA beneficiaries, Roma, women, young people and others. If we take into account the number of young people up to age of 29 who were enrolled in various ALMPMs co-financed within this project (trainings for skills demanded on the labour market, traineeship program, and subsidized employment), in the 11 employment centers, the total number of successfully and timely exit from the three regions covered with SBS would be 42%. To avoid double financing, the positive outcomes achieved under the project will not be reported under the SRC.

EMCO monitoring framework<sup>44</sup> measures the performance of Public Employment Services (PES) in offering employment, education, or training to young people within four months. The EU-funded project "Labour Market Activation of Vulnerable Groups" co-finances active labour market programs (ALMPMs) and employment services for vulnerable groups, including young people. In 11 employment centres, 42% of young people up to age 29 successfully exited the programs on time. However, this number is not officially reported related to the SRPC progress to avoid monitoring errors and issues of double financing.

Despite the increased number of persons with positive outcomes in 2023 compared to 2022, the results declined and are below the set target for 2023, which can be explained with the economic growth slowdown and with the 20 per cent increase of the number of young people registered in the YG in the targeted regions.

The disbursement linked to this indicator will be proportionate to the level of achievement of the target value i.e. as 96.3 percent of the target value is achieved the disbursement will be 96.3 percent of the value associated to this indicator for the year.

Youth Guarantee in the targeted regions in 2023 (with financial support by EU – IPA II SBS)			
Number of participants registered in YG (entry level)	No. of persons registered in YG got employed within 4 months	No. of young people registered in the YG scheme got offered active labour market measures	YG exit (Percentage of participants who successfully completed the Youth Guarantee)
9893 persons <b>(5088 women)</b>	<b>3047</b> (1536 women)	<b>765</b> (408 women)	<b>3812 (38.5 %)</b>

Performance of Youth Guarantee by regions in 2023		
Region	Number of participants registered in YG (entry level)	YG exit (Percentage of participants who successfully completed the Youth Guarantee)
Polog	4430	1658 (37.5%)
North-east	2738	1215(44.3%)
South-west and Prespa	2725	939 (34.5%)

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

Nationality	Macedonian	Albanian	Roma	Turkish	Other
YG exit (Percentage of participants who successfully completed the Youth Guarantee)	47.2%	33.5%	22.4%	31.9%	39.8%

Observed by ethnicity, Macedonians and ethnic communities other than Albanians, Roma and Turks had above the regional average positive exists. 22 per cent of the Roma exited the YG with positive outcome, which is lower compared to other ethnic groups.

<sup>44</sup> Indicator Framework for Monitoring the Youth Guarantee

(See Annex [ESA Annual Report for 2023](#))

## 2. Progress against induced outputs

### 2.1. Improved offer of accredited VET programmes and providers

<b>I3 - Regional VET centres established in the target regions</b>	
Baseline (year):	0 (2019)
Final target (2024):	3 Regional VET centres obtained accreditation for at least two VET qualifications (profiles)
2023 result:	N/A
<b>Outcome:</b>	N/A

The second target under the *indicator 3* related to the reconstruction and supply of equipment for upgrade of the three RVETCs was not achieved in the planned terms. The reconstruction works in the RVETC 'Kiro Burnaz' in Kumanovo were completed in August 2023 and the centre is ready to accommodate the new supply of equipment. In the RVETC "Vanco Pitosheski" in Ohrid, the construction works are still ongoing and are expected to be finalised in 2024. The tender for reconstruction of the third RVETC 'Mosh Pijade' in Tetovo was delayed due to the long procedures for obtaining permissions for works. The call for tenders was published in October 2023 and evaluation of offers was completed in December 2023. The works in Tetovo started in 2024. In the absence of other unforeseen risks of delay, the construction works should be completed by the mid-2025. Field visits were organised to the other two RVETCs to monitor the progress of reconstruction works.

Technical specifications for supply of equipment for the three RVETCs were developed in previous periods with the support of TA project. In December 2023 the Tender specifications and an Action plan for the procurement process were completed by the MoES. The supply of equipment should be finalised before the start of the new school year in September 2024; at least two RVETCs in Kumanovo and Ohrid are expected to become fully functional under the SRPC terms. For the third centre in Tetovo, the ministry does not currently plan to deliver equipment before the construction works are completed; in the latest version of the AP, there are no indicators for these deliveries.

The progress of annual target for 2024 (the accreditation of at least 2 formal VET qualifications per RVETCs) is under permanent monitoring by the TA project. According to the latest Action plan for monitoring the SRPC indicators (version six, adopted in March 2024), the accreditation documentation for the first series of 5 qualifications was completed in previous periods (2022 and 2023), and the documentation for the remaining 3 qualifications will be completed until September 2024.

After the publication of the Announcement for accreditation, each RVETC starts a verification procedure for the appropriate qualification under the selected educational profile. The MoES will establish committees to inspect the conditions in which the new qualifications and educational profiles will be realised, determine the necessary staff and equipment following the norms and prepare a report. According to the report, the Minister will adopt a Decision on accreditation/verification of the RVETC to realise the curriculum and programs for the respective qualification/profile. The annual target for the year 2024 is considered achievable.

**I4 - Number of VET qualifications open for VNFIL**

Baseline (year):	0 (2019)
Final target (2024):	6 VET qualifications open for non-formal and informal learning
2023 annual target:	N/A
2023 result:	N/A
<b>Outcome:</b>	<b>N/A</b>

Regarding *Indicator 4*, the preparation work for introduction of a system for VNFIL has started in order to prepare the RVETCs to open non-formal qualifications for VNFIL. The register of qualifications for formal VET in the Macedonian Qualifications Framework (MQF) were discussed and reviewed, the existing standards were collected in order to define the scope of work for revision in terms of VNFIL, and elaboration the programs for non-formal VET, according to the selected specialisation of the three RVETCs. MoES reported that some inputs have been completed in support to the VNFIL. The general problem with the lack of the new AE law remains; however, it was already decided that the I4 will be completed independently of the new law according to the updated SRPC contract. The indicator 4 remains questionable in terms of preparation the RVETCs' staff for introduction of a system for VNFIL. There are approx. 60 representatives from the RVETCs, the MoES and the AEC who need to be specifically trained as councillors and assessors in order to upload the validation process. A short training for the staff members and managers is planned in May 2024. The AEC has already defined the draft criteria for selection of assessors and councillors from the three RVETCs, which will be finally confirmed with the directors of the RVET Centres. Detailed steps for achieving the indicator in time was agreed and reflected in the updated AP for monitoring the progress of SRPC indicators. The MoES reported that the working groups for development of standards for the selected qualifications were established and started working. The validation process is expected to take place since June 2024. The completion of indicator in 2024 is considered feasible.

(see Annex 1, Action plan for monitoring the progress of SRPC specific indicators, version 6).

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

**I5 - Percentage of staff in the RVET Centres trained in line with the HR development Plan (of whom percentage trained to work with students with special educational needs)**

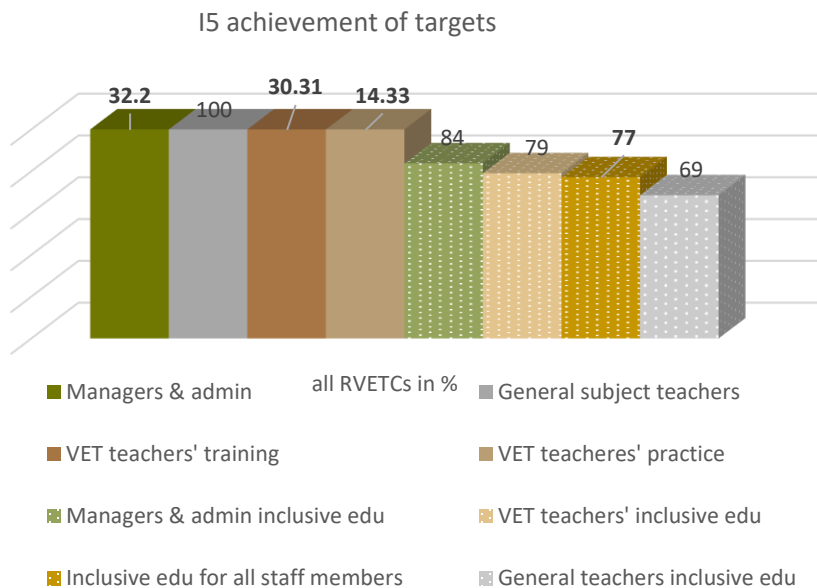
Baseline (year):	N/A
Final target (2023):	100 per cent of the staff in the Regional VET centres must be trained (30 full-time working days for teaching staff and 20 full-time working days for non-teaching staff spread out over the 2-year period). At least 35 per cent of staff (teaching and non-teaching) must be trained to work with students with special educational needs during the two-year period. 100 per cent of the staff trained; 35 per cent of the staff trained to work with adults and children with special educational needs.
2023 annual target:	100 % of the staff trained 35% of the staff trained to work with adults and children with special education needs
2023 results:	100 % of the staff trained 35% of the staff trained to work with adults and children with special education needs
<b>Outcome:</b>	<b>Achieved</b>

The *Indicator 5* 'Percentage of staff of the Regional VET Centres trained in line with the Human Resources Development Plans' was considered risky in the previous periods. The scope and clarification of the target groups was done in the previous implementing period with the second addendum to the SRPC. With the support of the TA, capacities of the RVETCs for HRD were strengthened, and as a result the HRDPs of the three centres were completed according to the SRPC requirements. Here are the summary achievements of the three RVETCs.

The analysis of realization of the SRPC HRD plans in the regional VET centres shows overall performance of the set goals, even over performance in some categories. The targets were completed for the period of the last two academic years (2021-2023).

The realization of the HRDPs of all three centres meet the objectives of I5 (see Figure 1. Overall achievement of the I5 objectives by the three centres).

Figure 1 Overall achievement of the I5 objectives by the three centres



**Target:** By end 2023, 100% of the permanent full time **VET teaching staff** in the Regional VET centres must be trained for at least 30 full-time working days' professional development activities (at least 20 days of training plus at least 10 days of internship in a company) – achievement:

- 100% of permanent full-time VET teachers in the three RVETCs received an average per person 30.31 full time working days of training for professional development;
- 100% of the permanent full-time VET teachers in the three RVETCs received an average per person 14.33 full-time working days of internship in companies;
- Each one of the full-time VET teaching staff-member in the three RVETCs satisfies the minimal criterion of indicator 5, namely – completed a minimum of 30 days' professional development activities, including at least 20 days of training plus at least 10 days of internship in a company –

100% target achieved (*actual performance constitutes 134% and 153% an average achievement the targets*).

**Target:** By end 2023, 100% of the permanent full time **non-teaching staff** in the Regional VET centres must be trained for at least 20 working days on training (including internships depending on their core functions) – achievement:

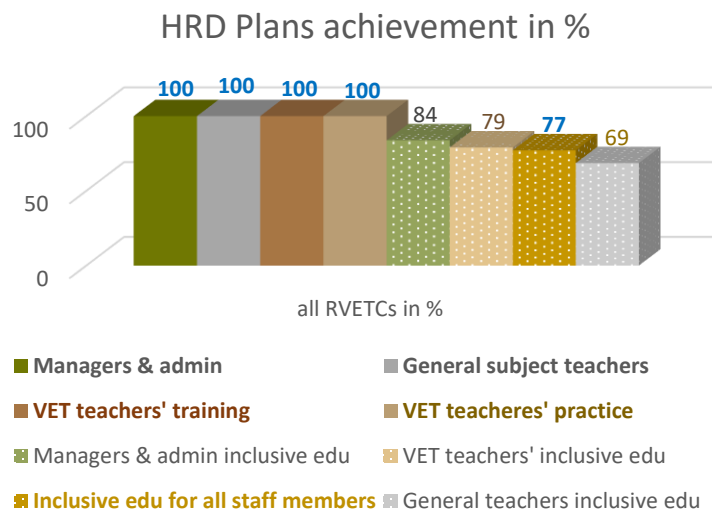
- 100% of the permanent full-time non-teaching staff in the three RVETCs received an average 32.2 working days of training, including on-the-job training, where relevant and depending on their functions;
- Each one of the non-teaching staff-members in the three RVETCs satisfies the minimal criterion of indicator 5, namely – completed at least 20 full time working days on training – 100% target achieved (*actual performance constitutes 161% an average achievement the target*).

**Target:** for the 2-year period, at least **35% of the full-time staff** of the VET centres must receive at least six (6) full days of training on teaching/working with children and adults with **special needs** – achievement:

- 77% of all full-time teaching and non-teaching staff in the three RVETCs completed training on inclusive education to improve competences for working with students with special educational needs. The rate in this category satisfies the minimal criterion of indicator 5, namely ‘at least 35% of full-time staff (teaching and non-teaching) to be trained to work with students with special educational needs – 100% target achieved (*actual performance constitutes 221% an average achievement the target*).

If we look in detail at the average implementation of HRDPs by individual groups of personnel, all three regional centres fully reach the goals of I5 (see Figure 2. Average achievement of HRDPs the in the three centres, and Figure 3. Total achievement of I5).

Figure 2 Average achievement of HRDPs the in the three centres

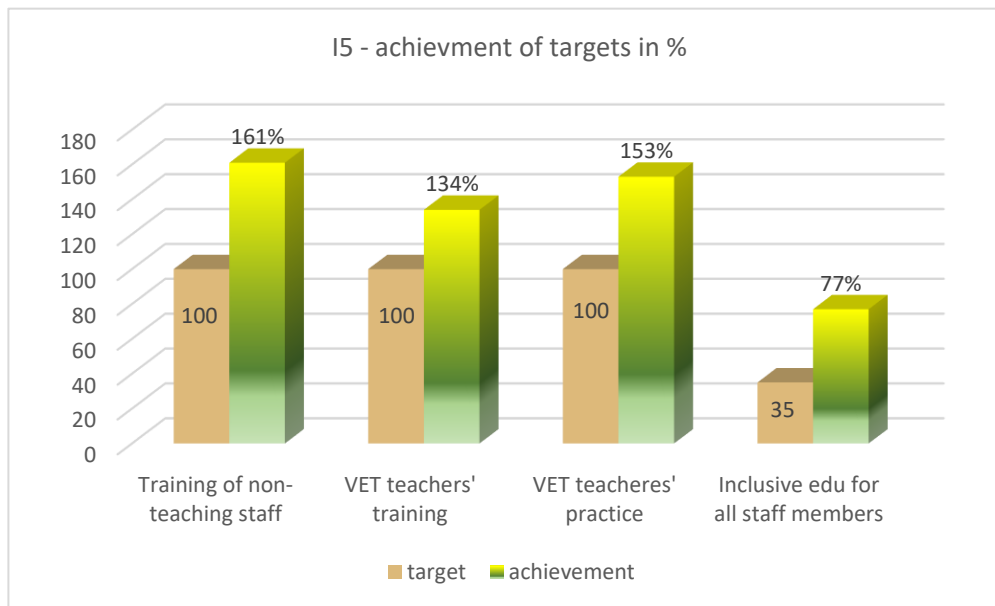


- 100% of permanent full-time **VET teachers** in the three RVETCs received at least 30 full days’ professional development activities, including at least 20 days of training;



- 100% of permanent full-time VET teachers in the three RVETCs received in addition at least 10 days of internship in companies;
- 100% of the permanent full-time **non-teaching staff** in the three RVETC completed at least 20 full time working days for professional development;
- 77% of all full-time teaching and non-teaching staff in the three RVETCs completed training on **inclusive education** for working with students and adults with special educational needs.

Figure 3 Total achievement of I5



*The three RVETCs fully achieved the set goals under I5 of the SRPC.*

The final reports from the three RVETCs on the progress of HRD plans at the end of 2023 were analysed and optimised for the needs of reporting the progress based on evidence. The analysis shows that all target groups (VET teachers, non-teaching staff, managers and administrative personnel, included in the HRD plans, have been trained during the last two school-years period fully achieving the set targets. In some cases, the results exceed the set goals, which shows the high motivation of the directors and HRD commissions in the RVETCs to implement the plans, regardless of the limited budgets for staff development, which was identified as a problem in the analysis of continuous professional development framework.

The summary report for completion of the HRDPs at the RVETCs is presented to this report. The report contains comparative analysis by categories and targets under the I5 among the RVETCs and the level of average achievements by all centres. It was shared with the beneficiary MoES and the RVETCs and will serve the preparation of the fourth Self-assessment report.

*(see Annex 2, Review the implementation of SRPC Indicator 5 – execution of the HRD Plans).*

### 2.3. Youth Guarantee implemented

<b>I6 - Number of participants registered in the YG (entry level)</b>	
Baseline (year):	5,266 (2018), 10,007 (1 <sup>st</sup> half of 2019), of whom 5,255 were in the target regions
Final target (2022):	9700 new participants in targeted regions, 14955 cumulative
Final target result:	26443 new participants in targeted regions, 31698 cumulatively
2023 annual target:	N/A
2023 result:	9893 (in the target regions)
<b>Outcome:</b>	<b>Achieved in previous period</b>

This indicator represents the number of NEETS aged 15-29 who registered for the first time in one of the 11 employment offices in the target regions under the YG programme. The annual targets for this indicator were already fulfilled in the previous periods. From 01.01.2023 till 31.12.2023 a total of 9893 new participants- young people up to age of 29 were enrolled in the Youth Guarantee in the 3 target regions. Out of this 9893, 6267 or 63% are young people up to age of 24.

<b>Youth Guarantee in the targeted regions (with financial support by EU – IPA II SBS)</b>	
<b>Number of participants registered in YG (entry level)</b>	
<b>2020</b>	<b>10354 persons (5184 women)</b>
<b>2021</b>	<b>7874 persons (3906 women)</b>
<b>2022</b>	<b>8219 persons (4091 women)</b>
<b>2023</b>	<b>9893 persons (5086 women)</b>

Out of the total number of young persons registered in the YG, 2021 were with completed primary education, 5906 with completed secondary education and 1966 with high education.

Nationality	Total	Macedonian	Albanian	Roma	Turkish	Other
Number of participants registered in YG (entry level)	<b>9893 persons (5086 women)</b>	<b>3892 persons (1974 women)</b>	<b>4987 persons (2638 women)</b>	<b>417 persons (189 women)</b>	<b>366 persons (172 women)</b>	<b>231 persons (113 women)</b>

Observed by ethnicity of the YG participants, majority of 50.4% were Albanians, followed by 39.3% Macedonians, 4% Roma, 3.7% Turks and 2.3% participants belonged to other ethnic groups. (See [ESA Annual Report for 2023](#)).

<b>I7 – Number of Youth Guarantee staff trained</b>	
Baseline (year):	22 (2019)
Final target (2022):	cumulative new 70 (6 full-time training days)
2023 annual target:	N/A
2023 result:	30
<b>Induced output:</b>	<b>Achieved in previous periods</b>

The Youth Guarantee Implementation Plan 2023-2026 prioritizes strengthening of the YG monitoring, including capacity building of ESA staff. To this end, in May 2023, ESA with support from ILO (International labour organization) organized training on Monitoring of the Youth Guarantee. 30 participants from the employment offices attended the online training.

(See Annex. [Annual ESA Report for 2023](#), p. 99).

<b>I8 - Number of ESA centres modernised/upgraded (in the target regions)</b>	
Baseline (year):	3 (2018)
Final target (2022):	6 new, 9 cumulative
2023 annual target:	N/A
2023 result:	1
<b>Induced output:</b>	N/A

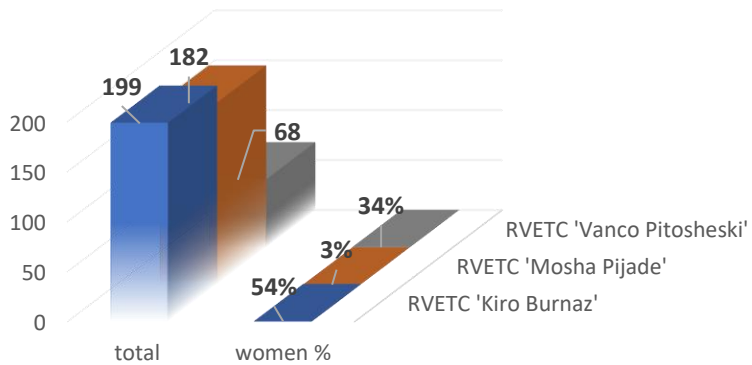
Sector budget support is aimed at strengthening the institutional capacity of the Employment service agency in general through improving the physical capacity of employment centres. Thus, the renovated centres provide better working environment, as well as more client-friendly venue for efficient delivery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

ESA continued with the modernization of the employment centres in the targeted regions. Beside the completed six employment centres renovated with the financial support of the "EU for Youth" (Kumanovo, Tetovo, Kichevo, Gostivar, Makedonski Brod and Ohrid), in September 2023 ESA started with the renovation of the employment office in Struga, which was finalized in February 2024.

<b>I9 - Number of students enrolled and supported in accredited VET programs in established Regional VET centres</b>	
Baseline (year):	476 students are enrolled in the 1st year of all VET programmes in the established Regional VET centres in the school year 2022/2023  395 students completed 1st year of all VET programmes in the established Regional VET centres in the school year 2021/22
Final target (2024):	540 students complete 1st year of all VET programs in 3 Regional VET centres in the school year 2023/2024
2023 annual target:	N/A
2023 result:	N/A
<b>Induced output:</b>	N/A

In the academic year 2023/2024, a total of 449 students were enrolled in the three Regional VET centres, of which 135 (30%) are girls, and their presence was most pronounced in the regional centre in Kumanovo, and the weakest - in the regional centre in Tetovo. This is of course predisposed to a certain extent by the region and the professional specialization of the centres.

# STUDENTS ENROLLED IN THE FIRST YEAR OF STUDY IN 2023/2024

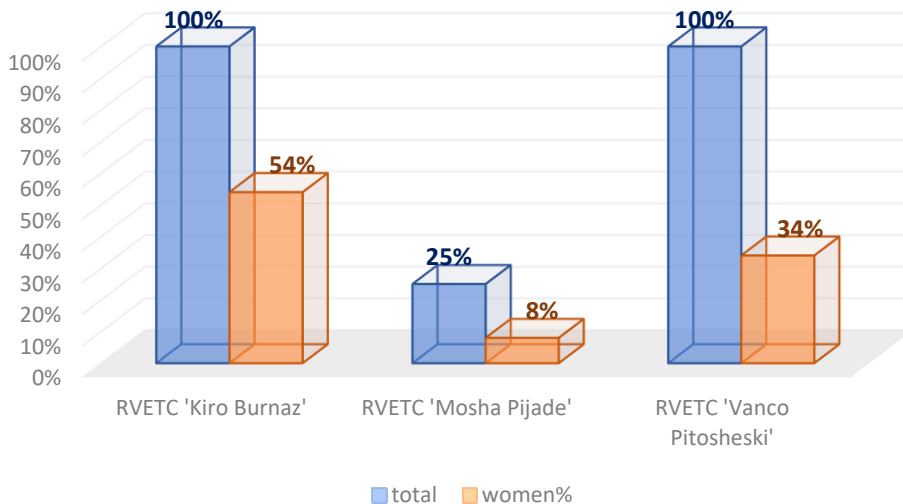


Considering the observed trend of increasing interest in Regional Vocational Education and Training Centres following the renovation of their material-technical base, including student dormitories, the indicator 9 is determined to be realistically achievable.

**I10 - Expansion of Work based learning**

Baseline (year):	1000 students from target regions are included in work-based learning activities for the school year 2023/2024
Final target (2024):	By end of June 2024, 1200 students from target regions are certified to conclude work-based learning for the school year 2023/2024
2023 annual target:	N/A
2023 result:	N/A
<b>Induced output:</b>	N/A

% of students enrolled in WBL in RVETCs in 2023/2024



During the 2023/2024 academic year, in the three RVETCs, a total of 313 students (approximately 70%), of which 132 (42%) girls, were included in the first year of training in Work-Based Learning (WBL) activities.

Given the increasing trend and interest of students in WBL, and the policy of the Ministry of Education and Science (MoES) to encourage and expand work-based learning activities across the entire VET system, the indicator 10 is determined to be realistically achievable

**Value of the disbursement request in 2024**

<b>Fixed tranche</b>	<b>Value per achieved targets</b>
Progress against the general conditions	EUR 0
<b>Variable tranche indicators</b>	
<b>I1</b> - Early leavers from education and training rate	EUR 0
<b>I2</b> - Percentage of YG participants who successfully completed YG (exit level)	EUR 606,690
<b>I3</b> - Regional VET centres established in the target regions	N/A
<b>I4</b> - Number of VET qualifications open for VNFIL	N/A
<b>I5</b> - Percentage of Regional VET Centres staff trained in line with the HR development Plan (of whom percentage trained to work with students with special educational needs)	EUR 280,000
<b>I6</b> - Number of participants registered in the YG	N/A
<b>I7</b> - Number of YG staff trained (in the target regions)	N/A
<b>I8</b> - Number of ESA centres modernised/upgraded (in the target regions)	N/A
<b>I9</b> - Number of students enrolled and supported in accredited VET programs in established Regional VET centres	N/A
<b>I10</b> - Expansion of Work based learning	N/A
<b>Grand Total</b>	
<b>Fixed tranche and variable tranche</b>	<b>EUR 886,690.00</b>

## 2.4. Overview of target achievements

Table: Overview of indicators, milestones for 2023, means of verification, a brief description of the activities and results/targets achieved, as well as target benchmarks for 2024

Indicator	Annual target for 2023	Result 2023	Means of verification	Final target 2024	Feasibility of indicator and proposals for improvement/changes
<b>I1</b> - Early leavers from education and training rate	N/A	N/A	Eurostat database/state statistics office.	Decrease in the early leavers rate by 1 percentage point compared to the national average of 8.5% in 2017 (target 2022)	No change
<b>I2</b> - Percentage of YG participants who successfully completed YG (exit level)	40 per cent	38.5 per cent in the three regions	Internal data from Employment Service Agency; ESA annual report for 2023	By end April 2024, at least 40 per cent of young NEETs registered for 2023 under the YG scheme in the target regions successfully complete the programme (as per the approved methodology for registration and calculation of success rate).	A new annual target for 2023 was agreed with the second SRPC addendum as “recuperation” of undisbursed funds (0.63 MEUR) and further support to the implementation of Youth Guarantee in line with the new Youth Guarantee Implementation Plan 2023-2026
<b>I3</b> - Regional VET centres established in the target regions	N/A	Construction works in Kumanovo completed. Construction works in 2 RVETCs ongoing; Tender specifications for supply of equipment for the 3 RVETCs completed; call for tenders not opened.	MoES annual report on the implementation the MoES annual Work Programs	3 Regional VET centres obtained accreditation for at least 2 VET (profiles).	Extension of implementation period with the second SRPC amendment
<b>I4</b> - Number of VET qualifications open for VNFIL	N/A	Preparation of methodological basis and training of staff at RVETCs for VNFIL agreed.	MoES annual report on the implementation the MoES annual Work Programs Adoption of the new Adult Education Law	6	Extension of implementation period with the second SRPC amendment

Indicator	Annual target for 2023	Result 2023	Means of verification	Final target 2024	Feasibility of indicator and proposals for improvement/changes
<b>15</b> - Percentage of Regional VET Centres staff trained in line with the HR development Plan (of whom percentage trained to work with students with special educational needs)	100 % of the staff trained 35% of the staff trained to work with adults and children with special education needs	HRDPs at the three RVETCs completed; Training completed.	RVETCs training registers. TAT monitoring reports	N/A	Clarification of the scope of indicator 5 was made with the second SRPC amendment
<b>16</b> - Number of participants registered in the YG	N/A	9,893 (in the target regions)	ESA annual report for 2023	9,700 (in the targeted regions) 14,955 cumulative	No changes
<b>17</b> - Number of YG staff trained (in the target regions)	N/A	30 persons	Esa annual report for 2023	N/A	No changes
<b>18</b> - Number of ESA centres modernised/upgraded (in the target regions)	N/A	1	ESA Annual Report for 2023.	N/A	No changes
<b>19</b> - Number of students enrolled and supported in accredited VET programs in established Regional VET centres	N/A	New indicator	Reports from Ministry of Education and Science, Ministry of Labour and Social Policy and Regional VET Centres and Adult education centres	540 students complete 1st year of all VET programs in 3 Regional VET centres in the school year 2023/2024	Agreed with the second SRPC addendum as “recuperation” of undisbursed funds (0.54 MEUR) and follow up to Indicator 3 and boost the reforms for quality, relevance and attractiveness of VET provision.
<b>110</b> - Expansion of Work based learning	N/A	New indicator	Reports from Ministry of Education and Science, Ministry of Labour and Social Policy and Regional VET Centres and adult education centres	By end of June 2024, 1200 students from target regions are certified to conclude work based	Agreed with the second SRPC addendum as “recuperation” of undisbursed funds (0.686667 MEUR) and follow up to Indicator 3 and support



Indicator	Annual target for 2023	Result 2023	Means of verification	Final target 2024	Feasibility of indicator and proposals for improvement/changes
				learning for the school year 2023/2024	reforms for implementation of work-based learning in VET.

#### IV. LIST OF ANNEXES

Tranche	Area	Annex number	Supporting document
Fixed tranche: General Conditions	Public policy	Annex	National Employment Strategy 2021-2027 with Employment Action Plan 2021-2023 <sup>45</sup> ; Action plan for employment 2024-2027 with Report on the implementation of the Employment Action Plan 2021-2023 within the framework of the National Employment Strategy 2021-2027; Development Framework of the RNM (MKD2030) <sup>46</sup> ; Decent Work Country Programme North Macedonia 2023-2025 <sup>47</sup>
			Education Strategy 2018-2025 <sup>48</sup> ; MoES (Annual report on implementation of Work program for 2023) <sup>49</sup> ; 2023 Annual report for implementation of the AP to the Education Strategy 2018-2025 <sup>50</sup> ; MoES reports and strategic documents <sup>51</sup> ; Eurydice North Macedonia <sup>52</sup> ; Smart Specialisation Strategy of the Republic of North Macedonia (S3-MK) 2023 – 2027 (En) <sup>53</sup> , (in Macedonian language) <sup>54</sup> ; Human Capital Strategy of the RNM 2024-2030 <sup>55</sup>
			Annual report of the National Bank of the Republic of North Macedonia, 2023 <sup>56</sup> ; State Statistical Office, Adult Education in the Republic of North Macedonia Results from the Adult Education Survey, 2022, published 01.09.2023 <sup>57</sup> ; Report on the implementation of The Youth Guarantee Plan 2023-2026 for 2023; Operational Plan for Active Employment Programmes and Measures and Labour Market Services for 2024 <sup>58</sup>
			Policy dialogue (SWG EESP meeting minutes – MoM XII meeting, MoM XIII meeting <sup>59</sup> ; WG#1 - MoM IX meeting)
	Macroeconomic stability	Annex	ECONOMIC REFORM PROGRAMME 2024-2026 <sup>60</sup>
			2023 Economic Reform Programmes of Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, Serbia, Turkey and Kosovo - The Commission's Overview & Country Assessments <sup>61</sup>
			IMF Staff country report, Republic of North Macedonia: 2023 Article IV Consultation <sup>62</sup>
			European Commission, Autumn 2023 Economic Forecast 'North Macedonia' <sup>63</sup>

<sup>45</sup> [https://www.mtsp.gov.mk/content/pdf/2021/trud/strategija\\_vrabotuvanje\\_2021\\_eng.pdf](https://www.mtsp.gov.mk/content/pdf/2021/trud/strategija_vrabotuvanje_2021_eng.pdf)

<sup>46</sup> <https://mkd2030.mk/wp-content/uploads/2022/06/Ramka-za-razvoj-MKD2030-EN.pdf>

<sup>47</sup> <https://www.ilo.org/resource/news/north-macedonia-and-ilo-sign-framework-programme-cooperation-deliver-decent>

<sup>48</sup> <https://mon.gov.mk/page/?id=2048>

<sup>49</sup> <https://mon.gov.mk/page/?id=2048>

<sup>50</sup> <https://mon.gov.mk/stored/document/lzvestaj%20za%20realizirani%20aktivnosti%202023.pdf>

<sup>51</sup> <https://mon.gov.mk/page/?id=2048>

<sup>52</sup> <https://eurydice.eacea.ec.europa.eu/national-education-systems/republic-north-macedonia/overview>

<sup>53</sup> <https://mon.gov.mk/stored/document/Draft%20S3%20MK.pdf>

<sup>54</sup> <https://mon.gov.mk/content/?id=8443>

<sup>55</sup> <https://mon.gov.mk/stored/document/Strategija%20za%20covecki%20kapital%202024%20-%20202030.pdf>

<sup>56</sup> [https://www.nbrm.mk/content/%D0%93%D0%BE%D0%B4%D0%B8%D1%88%D0%B5%D0%BD\\_%D0%B8%D0%B7%D0%B2%D0%B5%D1%88%D1%82%D0%B0%D1%98\\_2023\\_%D0%9D%D0%91%D0%A0%D0%A1%D0%9C.pdf](https://www.nbrm.mk/content/%D0%93%D0%BE%D0%B4%D0%B8%D1%88%D0%B5%D0%BD_%D0%B8%D0%B7%D0%B2%D0%B5%D1%88%D1%82%D0%B0%D1%98_2023_%D0%9D%D0%91%D0%A0%D0%A1%D0%9C.pdf)

<sup>57</sup> [https://www.stat.gov.mk/PrikaziSoopstenie\\_en.aspx?id=128&rbr=14436](https://www.stat.gov.mk/PrikaziSoopstenie_en.aspx?id=128&rbr=14436)

<sup>58</sup> [https://av.gov.mk/content/%D0%9E%D0%9F/OP\\_24\\_Prelom\\_Final\\_1%20\(1\).pdf](https://av.gov.mk/content/%D0%9E%D0%9F/OP_24_Prelom_Final_1%20(1).pdf)

<sup>59</sup> <https://mtsp.gov.mk/srg-obrazovanie-vrabotuvanje-i-socijalna-politika.nspix>

<sup>60</sup> <https://finance.gov.mk/wp-content/uploads/2024/01/ERP-2024-2026-EN.pdf>

<sup>61</sup> [https://economy-finance.ec.europa.eu/document/download/7973c00e-6b1c-464b-8321-a47b669bc096\\_en?filename=ip252\\_en.pdf](https://economy-finance.ec.europa.eu/document/download/7973c00e-6b1c-464b-8321-a47b669bc096_en?filename=ip252_en.pdf)

<sup>62</sup> <https://www.imf.org/en/Publications/CR/Issues/2024/01/25/Republic-of-North-Macedonia-2023-Article-IV-Consultation-and-First-Review-Under-the-544112>

<sup>63</sup> [https://ec.europa.eu/economy\\_finance/forecasts/2023/autumn/autumn\\_forecast-2023\\_mk\\_en.pdf](https://ec.europa.eu/economy_finance/forecasts/2023/autumn/autumn_forecast-2023_mk_en.pdf)

Tranche	Area	Annex number	Supporting document
	PFM Budget transparency	Annex	2023 Action Plan for the PFM Reform Programme was elaborated in the Semi-Annual Monitoring Report for the period January - June 2023 and Annex 1: Monitoring Matrix on the 2023 Action Plan <sup>64</sup> Annual Monitoring Report on Implementation of 2023 Action Plan for Public Financial Management Reform Programme for the period January – December 2023 <sup>65</sup>
			Draft Public Financial Management Programme 2024-2027 <sup>66</sup> & Draft 2024 Action Plan <sup>67</sup> Fiscal Strategy 2024 - 2028 <sup>68</sup> Revised Fiscal Strategy 2024-2028 <sup>69</sup> PFM related documents published on the MoF website <sup>70</sup>
			MoF, the Citizens' Budget <sup>71</sup> ; MoF, "Open Finance" <sup>72</sup> Fiscal Sustainability Plan and Support for Economic Growth <sup>73</sup> State Appeal Commission for Public Procurement <sup>74</sup>
			State Statistical Office <sup>75</sup>
Variable tranche: Indicators	Indicator 1	Annex	State Statistical Office <sup>75</sup>
	Indicator 2	Annex	Employment Service Agency (2023 Annual Report <sup>76</sup> , Management Information System and administrative records)
	Indicator 3	Annex	MoES (Annual report on implementation of Work program for 2023) <sup>77</sup> ; Action plan for monitoring the progress of SRPC specific indicators (v6); Review the implementation of SRPC Indicator 5 – execution of the HRD Plans (TA EU for Youth)
	Indicator 4		
	Indicator 5		
	Indicator 6	Annex	Employment Service Agency (Annual Report, Management Information System and administrative records)
	Indicator 7	Annex	Employment Service Agency (Annual Report, Management Information System and administrative records)
	Indicator 8	Annex	Employment Service Agency (Annual Report, Management Information System and administrative records)

<sup>64</sup> [https://finance.gov.mk/wp-content/uploads/2023/11/2023-PFM-Monitoring-Report-January\\_June-2023\\_EN.pdf](https://finance.gov.mk/wp-content/uploads/2023/11/2023-PFM-Monitoring-Report-January_June-2023_EN.pdf)  
<https://finance.gov.mk/wp-content/uploads/2023/11/%D0%9F%D0%A0%D0%98%D0%9B%D0%9E%D0%93-1-ANG-%D0%9C%D0%B0%D1%82%D1%80%D0%B8%D1%86%D0%B0-%D0%90%D0%9F-2023-ANG-%D1%98%D0%B0%D0%BD%D1%83%D0%B0%D1%80%D0%B8-%D1%98%D1%83%D0%BD%D0%B8-2023-Obedineto-1.pdf>

<sup>65</sup> [https://finance.gov.mk/wp-content/uploads/2024/03/2023-PFM-Monitoring-Report-January\\_December-2023\\_EN.doc](https://finance.gov.mk/wp-content/uploads/2024/03/2023-PFM-Monitoring-Report-January_December-2023_EN.doc)  
<https://finance.gov.mk/wp-content/uploads/2024/03/%D0%9F%D0%A0%D0%98%D0%9B%D0%9E%D0%93-1-ANG-%D0%9C%D0%B0%D1%82%D1%80%D0%B8%D1%86%D0%B0-%D0%90%D0%9F-2023-ANG-%D1%98%D0%B0%D0%BD%D1%83%D0%B0%D1%80%D0%B8-%D0%B4%D0%B5%D0%BA%D0%B5%D0%BC%D0%B2%D1%80%D0%B8-2023-1.xls>  
<https://finance.gov.mk/wp-content/uploads/2024/03/Risk-assessment-table-AP-2023-ENG-2.xls>

<sup>66</sup> <https://finance.gov.mk/wp-content/uploads/2024/03/PFM-Reform-Programme-2024-2027-EN-Strukturana-Finalno-3.docx>

<sup>67</sup> <https://finance.gov.mk/wp-content/uploads/2024/03/Action-Plan-for-2024-PFM-EN.doc>

<sup>68</sup> <https://finance.gov.mk/wp-content/uploads/2023/12/2024-2028-Fiscal-strategy-of-the-Republic-of-North-Macedonia.pdf>

<sup>69</sup> <https://finance.gov.mk/wp-content/uploads/2024/01/Revidirana-Fiskalna-Strategija-na-RSM-2024-2028-2.pdf>

<sup>70</sup> <https://finance.gov.mk/public-financial-management-reform-programme-2018-2021-5/?lang=en>

<sup>71</sup> <http://budget.finance.gov.mk/#published>

<sup>72</sup> <https://open.finance.gov.mk/mk/home>

<sup>73</sup> <https://finance.gov.mk/wp-content/uploads/2022/10/%D0%9F%D0%BB%D0%B0%D0%BD-%D0%B7%D0%B0-%D1%84%D0%B8%D1%81%D0%BA%D0%B0%D0%BB%D0%BD%D0%B0-%D0%BE%D0%B4%D1%80%D0%B6%D0%BB%D0%B8%D0%B2%D0%BE%D1%81%D1%82-%D0%B8-%D0%BF%D0%BE%D0%B4%D0%B4%D1%80%D1%88%D0%BA%D0%B0-%D0%BD%D0%B0-%D0%B5%D0%BA%D0%BE%D0%BD%D0%BE%D0%BC%D1%81%D0%BA%D0%B8%D0%BE%D1%82-%D1%80%D0%B0%D1%81%D1%82-2022.pdf>

<sup>74</sup> <https://dkzjn.mk/>

<sup>75</sup> <https://www.stat.gov.mk>

<sup>76</sup> <https://av.gov.mk/content/Dokumenti/Izvestaj%202023%20so%20prevod.doc>

<sup>77</sup> <https://mon.gov.mk/page/?id=2048>

Tranche	Area	Annex number	Supporting document
	Indicator 9		MoES (Annual report on implementation of Work program for 2023) <sup>78</sup>
	Indicator 10		MoES (Annual report on implementation of Work program for 2023) <sup>79</sup>

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<sup>78</sup> <https://mon.gov.mk/page/?id=2048>

<sup>79</sup> <https://mon.gov.mk/page/?id=2048>