



GOVERNMENT OF THE REPUBLIC OF NORTH MACEDONIA

REVISED EMPLOYMENT AND SOCIAL REFORM PROGRAMME 2022



(r)ESRP



GOVERNMENT OF THE REPUBLIC OF NORTH MACEDONIA
MINISTRY
OF LABOUR AND SOCIAL POLICY

REVISED
EMPLOYMENT AND SOCIAL
REFORM PROGRAMME
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REVISED EMPLOYMENT AND SOCIAL REFORM PROGRAMME 2022 ESRP(r)

The Republic of North Macedonia, as a candidate country for EU membership, in close cooperation and coordination with the European Commission, has launched in 2015 the new strategic mechanism of the social and economic dialogue on the priorities and reforms in the field of labour market, employment, education and social policy.

Within the framework of this joint initiative between the Government of the Republic of North Macedonia and the European Commission, the development of an important strategic document was initiated, the so-called Employment and Social Reform Programme 2020 - ESRP. The preparation of the document was envisaged by the European Commission as an inclusive and participatory strategic process that would follow and accompany the process of European integration of the candidate countries and would also represent an important mechanism for mutual dialogue through setting and regular monitoring of priorities in the areas covered, and which would be structured following the model of the European Union Strategy "Europe 2020".

The process of preparation of the ESRP in the Republic of North Macedonia has started in the beginning of 2015. Taking into account the necessity of a multi-sectoral approach and effective coordination and cooperation between the various entities, in February 2015, a special **Inter-sectoral Working Group** has been established for the preparation of the Employment and Social Reform Programme, composed of representatives of all relevant institutions participating in the development, implementation and monitoring of the policies covered by the Programme. The work of the Inter-sectoral Working Group and the overall process of preparation of the Programme were coordinated by the Ministry of Labour and Social Policy.

The process of development of ESRP 2020 was open and participatory, and included a process of intensive consultations with a large number of relevant stakeholders who, in different ways and at different levels, participate in the development, implementation and/or monitoring of policies in the areas covered by the Programme. During the preparation of the Programme, consultations were held with the social partners, representatives of the civil society, representatives of relevant international organizations and development partners, professors and experts in the fields, who contributed to significantly increase the quality, relevance and representativeness of the document itself. The development of the ESRP was also characterized with continuing consultations and cooperation with the representatives of the European Commission (DG EMPL) and the Delegation of the European Union in the Republic of North Macedonia.

The "Employment and Social Reform Programme 2020" was adopted by the Government of the Republic of North Macedonia in August 2017 (at the 19th GRM Session, held on August 3, 2017).

After two years of active implementation of the objectives and measures under ESRP 2020 a need arose to revise the Programme. The revision was necessitated by the changes in the setup of the policies, some of which - such as those in the sphere of the social policy - saw structural shifts; as well as by the current trends and developments, which instigated the need to revise some of the target values in ESRP 2020. Thus, a revision of ESRP 2020 was initiated in July 2019 and the Programme was extended until 2022. The ESRP was revised in terms of content, while maintaining its structure, in principle, so as to provide for continuity in the monitoring of the targets. The revised ESRP 2022 - ESRP(r) noted the progress made in the two years since the adoption of ESRP 2020, which implied a major revision of the measures and target values of the indicators.

The overall process of preparation of the Revised ESRP was carried out in full cooperation, coordination and consultations among all relevant stakeholders (state institutions, international organizations and development partners, civil society and social partners), primarily through their participation in the Sector Working Group on "Education, Employment, and Social Policy". The Sector Working Group is composed of representatives of the following institutions: Ministry of Labour and Social Policy, Ministry of Finance, Ministry of Education and Science, Ministry of Health, Cabinet of the Deputy Prime Minister of the Government of the Republic of North Macedonia responsible for Economic Affairs, Cabinet of the Minister without portfolio in charge of the Roma Strategy, Secretariat for European Affairs, State Labour Inspectorate, State Statistical Office, Bureau for Development of Education, Employment Service Agency of the Republic of North Macedonia, Vocational Education and Training Centre, Adult Education Centre, PI Institute for Social Activities - Skopje, National Agency for European Educational Programmes and Mobility.

The Sector Working Group discussed and adopted the document at its fifth meeting held on 19.12.2019 and tasked the Ministry of Labour and Social Policy with the delivery of the Revised ESRP 2022 to the Government of the Republic of North Macedonia for adoption.

The formulation of the Revised ESRP was supported by a national expert commissioned through ILO's *Strengthening Social Dialogue* Project (co-financed by EU and ILO).

The preparation of the Revised Programme included consultations with the social partners and representatives of the civil society who are engaging in the areas covered by ESRP, in order to inform them about the content of the Revised Programme and obtain their comments, observations and positions.

It should be noted that the Committee on employment and labour market policies within the Economic and Social Council (ESC), which is composed of representatives of the social partners, took part in the process for the development of the present document, together with the national expert and most of the relevant and competent institutions and organizations. The Committee discussed and adopted the draft of the Revised ESRP 2022 at its session held on 19.11.2019 and made a proposal to the Economic and Social Council to deliberate upon and adopt the draft.

The Economic and Social Council reviewed, discussed and adopted the Revised Employment and Social Reform Programme on its 55th session held on 26.12.2019.

A consultative meeting with representatives of the civil society was held on 12.12.2019. At the meeting the representatives of the line ministries presented the Revised Employment and Social Reform Programme 2022. The consultative meeting was also used to discuss the objectives and measures set, as well as the manner of measuring the success in their implementation. The civil society organizations had an opportunity to comment and provide specific recommendations concerning the content of the programme and thus contribute to the process of development of the document. The discussion placed special attention on the draft indicators. After the meeting the participants were provided with an opportunity to deliver their comments in writing and several organizations made use of such option before the meeting of the Sector Working Group on "Education, Employment and Social Policy".

The "Revised Employment and Social Reform Programme ESRP(r) 2020" was adopted by the Government of the Republic of North Macedonia in December 2019 (at the 174th GRNM Session, held on December 28, 2019).

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LIST OF ABBREVIATIONS

ESARNM	Employment Service Agency of the Republic of North Macedonia
ALMM	Active labour market measures
APERNM	Agency for Promotion of Entrepreneurship of the Republic of North Macedonia
SILC	Survey on Income and Living Conditions
LFS	Labour Force Survey
AFIEPRNM	Agency for Foreign Investments and Export Promotion of the Republic of North Macedonia
GDP	Gross Domestic Product
BDE	Bureau for Development of Education
VNFIL	Validation of the Non-Formal and Informal Learning
GRNM	Government of the Republic of North Macedonia
YG	Youth Guarantee
GMA	Guaranteed Minimum Assistance
SLI	State Labour Inspectorate
SEC	State Examination Centre
SSO	State Statistical Office
SEI	State Educational Inspectorate
EBRD	European Bank for Reconstruction and Development
LSU	Local Self-Government Unit
ERP	Economic Reform Programme
ESRP	Employment and Social Reform Programme
ESC	Economic and Social Council
ETF	European Training Foundation
EU	European Union
EU 2020	Strategy "Europe 2020"
DPMGRNM	Deputy Prime Minister of the Government of the Republic of North Macedonia
ISA	PI Institute for Social Activities
ICT	Information and Communication Technologies
IPA	Instrument for Pre-accession Assistance
IEP	Individual Employment Plan
SEE 2020	Southeast Europe Strategy 2020
PI	Public Institution
CPD	Commission for Protection against Discrimination
LESC	Local Economic and Social Council
MLSP	Ministry of Labour and Social Policy
MF	Ministry of Finance

MH	Ministry of Health
MoES	Ministry of Education and Science
MTC	Ministry of Transport and Communications
ME	Ministry of Economy
MAFWE	Ministry of Agriculture, Forestry and Water Economy
MISA	Ministry of Information Society and Administration
MAPAS	Agency for Supervision of Fully Funded Pension Insurance
BDNM	Development Bank of North Macedonia
ILO	International Labour Organization
MQF	Macedonian Qualification Framework
SME	Small and Medium Enterprises
NAEPPM	National Agency for European Educational Programmes and Mobility
NEAP	National Employment Action Plan
NBRNM	National Bank of the Republic of North Macedonia
NGO	Non-governmental Organisation
NQF	National Qualifications Framework
NECC	National Entrepreneurship and Competitiveness Council
NES	National Employment Strategy
BAE	Board for Accreditation and Evaluation in Higher Education
OSCE	Organization for Security and Cooperation in Europe
PDI	Pension and Disability Insurance
REF	Roma Education Fund, Budapest
RIC	Roma Information Centre
RCC	Regional Cooperation Council
WB	World Bank
FDI	Foreign Direct Investments
VET	Vocational Education and Training
SFA	Social Financial Assistance
TFR	Total Fertility Rate
PRO	Public Revenues Office
UNDP	United Nations Development Programme
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
UNICEF	United Nations Children's Fund
DDPELMC	Directorate for Development and Promotion of Education in Languages of Members of Communities
USAID	The United States Agency for International Development
HIFNM	Health Insurance Fund of North Macedonia
PDIFNM	Pension and Disability Insurance Fund of North Macedonia

AEC	Adult Education Centre
ECDC	Early Child Development Centre
CRRNM	Central Register of the Republic of North Macedonia
VETC	Vocational Education and Training Centre
CSW	Centre for Social Work
PES	Public employment service

1. ECONOMIC AND SOCIAL CONTEXT

The full membership and integration of the Republic of North Macedonia into the European Union is one of the major strategic priorities of the country, arising primarily from the broad support for this process by the citizens, as well as the strong and evident commitment to reforms essential for ensuring prosperity for the citizens and which, at the same time, are complementary with the requirements and criteria for the Union membership.

The process of the Republic of North Macedonia's integration in the European Union started with the proclamation of the country's independence in 1991, when EU membership was established as one of the priority strategic goals and interests of the country.

The Republic of North Macedonia established diplomatic relations with the European Union in December 1995, and the process of approximation was particularly intensified in March 2000, with the initiation of negotiations for the Stabilization and Association Agreement. In April 2001 North Macedonia was the first country to sign the **Stabilization and Association Agreement**, which officially entered into force on April 1, 2004.

Following the official submission of the **application for membership** in 2004 and handing over the replies to the comprehensive Questionnaire for assessment of the readiness of the country, the Republic of North Macedonia received the **status of a candidate country for EU membership** on 16 December 2005. Obtaining such status meant a political recognition of the progress made by the country in the realization of the reform processes and building an open and democratic society. Since then, at the end of each year, the European Commission has been publishing regular annual Reports that present a detailed assessment of the achievements and progress made by the country in the current year, noting also the areas where further efforts and reforms are necessary in the period ahead.

In February 2008, the European Council adopted the **Accession Partnership** for the Republic of North Macedonia, which replaced the previous 2006 European Partnership, defining the key benchmarks as conditions for further progress in the European integration process. In late 2009, as a result of the negotiations regarding **visa liberalization**, the successfully implemented reforms in the areas of justice, freedom and security and the fulfilment of the benchmarks set by the European Commission, the European Council adopted a decision by which the citizens of the Republic of North Macedonia were allowed to travel without visas within the EU Schengen area.

In its annual Progress Report published on 14 October 2009, the European Commission recommended **to start negotiations for accession** of the Republic of North Macedonia in the European Union. Consequently, in all subsequent annual Progress Reports, the European Commission reiterated its recommendation to the EU Council to set a date and make a decision to start accession negotiations. However, in the course of time, the Reports started to note clearly the key political criterion for the country's progress in the European integration process, i.e. the resolution of its bilateral disputes, primarily the name issue of the Republic of North Macedonia (then Republic of Macedonia) with the Republic of Greece. Following 27 years of negotiations, this issue has finally been resolved

by entering into Agreement on the Settlement of the Name Issue¹, under which the country has changed its name into Republic of North Macedonia, which has marked the start of a new era in its European integration and reform processes.

However, although the Progress Report for 2019 (published on 29 May 2019), granted the Republic of North Macedonia a tenth consecutive positive assessment of the progress in the EU integration process and tenth recommendation to open the accession negotiations, due to the failure to achieve the necessary consensus on this issue within the Council, the starting date for negotiations has not yet been defined. Despite this situation, the Government of the Republic of North Macedonia remains firmly committed and dedicated to fulfilling the EU membership requirements and criteria, to the adoption and acceptance of the values and benefits of the Union, implementation of necessary reforms, harmonization of its national legislation with the EU acquis, as well as adapting the Macedonian institutions to the functioning of the EU institutions.

Throughout this entire period, the Republic of North Macedonia and the European Union remain committed to maintaining an active and continuous political and economic dialogue, in particular within the structures established under the Stabilization and Association Agreement, i.e. meetings of the Stabilization and Association Committee, its seven Subcommittees and the Special Group for Public Administration Reforms.

In March 2012, a new instrument, the so called **High-level Accession Dialogue (HLAD)**, was introduced, as a new mechanism that would bring additional impetus and dynamics in the EU- RNM relations and the euro integration processes, providing a framework for a structured high-level dialogue on the key priorities and main reform challenges in several key areas.

The intensive cooperation and dialogue with the European Union is also reflected through the processes of preparation of the **National Economic Reform Programme (NERP)**, as well as the present **Employment and Social Reform Programme (ESRP)**.

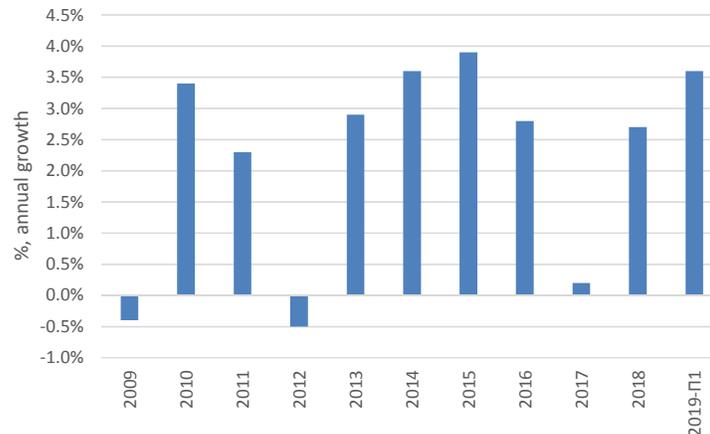
1.1. Economic context

Economic growth. In the recent years, the economy of North Macedonia has not been immune to the prolonged effects of the global economic crisis and Europe's sovereign debt crisis. In most of the years of the last decade, the growth of the economy has been below the potential one (estimated at approximately 4% - 4.5%). The economy was also been affected by the domestic political crisis that emerged in the beginning of 2015 and escalated by the end of 2016 and in the first half of 2017 (Chart 1). Following the stagnation in 2017, the GDP growth accelerated in 2018 and in the first half 2019. The consumption in this period remained stable, stimulated by the growth of collection, social transfers and credits to the population. Investments, which used to grow at an average annual rate of 5% before the political crisis, recovered above this level as late as 2019. Overall, the

¹ The official and more precise name of the Agreement is Final Agreement for the settlement of the differences as described in the United Nations Security Council Resolutions 817 (1993) and 845 (1993), the termination of the Interim Accord of 1995, and the establishment of a Strategic Partnership between the Parties

convergence of the Macedonian economy with the one of EU remains slow – the real GDP per capita increased from 30% in 2007 to 38% in 2018.

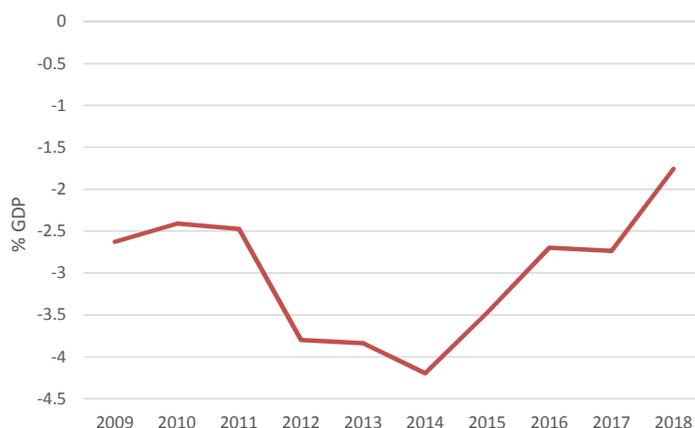
Chart 1 – Real GDP growth



Source: SSO.

External sector. The trade balance marked a significant improvement through the years, primarily driven by the increase of the export capacities in the country. Therefore, the current account balance was mostly stable. Stable trends were also noted for the private transfers, which continued to fund a significant part of the trade deficit. Positive trends were also noted for the inflow of foreign direct investments. Following their decline in 2017, they noted a significant increase in 2018 and amounted to 5.8% of the GDP, significantly above the average in the preceding years. The foreign debt has grown fast since 2009, mostly as a result of the great public sector indebtedness, as well as of the growth of the intercompany debt (mostly driven by the operations of the foreign plants). At the end of 2018 the foreign debt amounts to 78%. The foreign exchange reserves remain at a high level in accordance with the international criteria on international liquidity (i.e., they cover 4-5 months of the future imports). In 2018 they were restored to the previous level (after the decline in 2017), which was sufficient to compensate the early repayment of the Eurobond which would fall due in 2020.

Fiscal sector. The fiscal space was significantly exhausted in the years of the global economic crisis by realization of higher budget deficits, followed by fiscal consolidation in 2017 (Chart 2). Public debt, which doubled in the period 2007-2017 in relative terms (from cca. 23% to cca. 49% of the GDP), remained stable after the fiscal consolidation and amounted to 46.6% at the end of the first half of 2019. The past due and outstanding liabilities of the state and the previously slackened refunding of VAT to the companies were settled to a great extent. The structure of the state spending was not subjected to any major shifts in the past decade, mostly due to the rigid structure of the social expenditure. The share of capital expenditures decreased from 12% in 2012 to 6% in 2018, with significant problems in the realization of capital assets.

Chart 2 – Budget balance as % of GDP


Source: Ministry of Finance.

Monetary sector and inflation. In the preceding years, the inflation remained low (in some periods there was even a lack of growth of prices) and stable (Table 1). In 2018, the cost of living increased by 1.5%, and such trend was driven by the increase of the prices of energy and the spill over in the transport sector. The base inflation remained stable. The favourable trends in the foreign currency market contributed to the reduction of the reference interest rate by NBRNM to a historical minimum of 2.25% at the end of the first half of 2019.

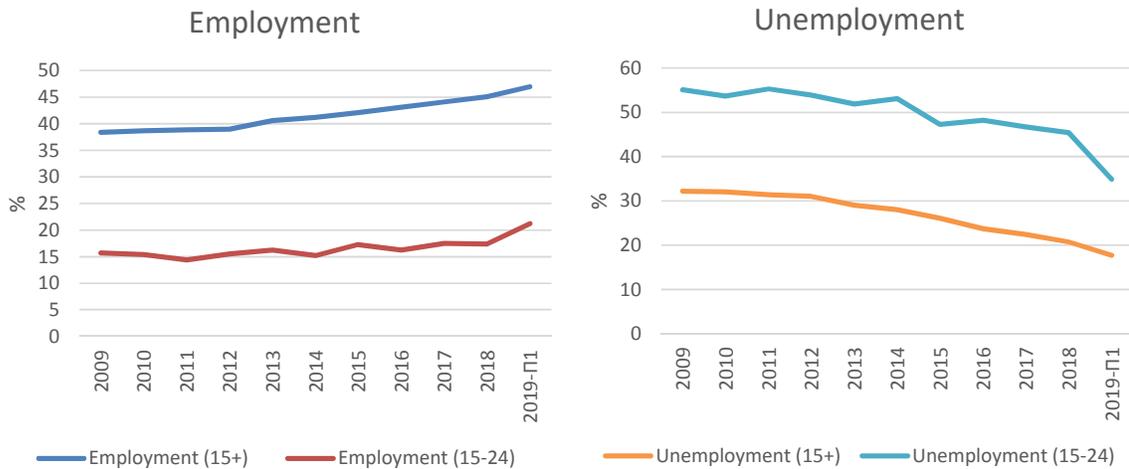
Table 1 – Inflation rate (costs of living, cumulative, average)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019-Π1
-0.8%	1.6%	3.9%	3.3%	2.8%	-0.3%	-0.3%	-0.2%	1.4%	1.5%	1.2%

Source: NBRNM.

Labour Market. Despite the several crises, in the last decade the labour market had favourable tendencies, accompanied by a decline of the unemployment rate, increase of the employment rate and increase of the net salaries (Chart 3). At the end of the first half of 2019, the unemployment rate decreased to a historical minimum of 17.5%, accompanied by a significant decline of the youth unemployment rate. These positive tendencies were reflected in the growth of the average net salary. Such growth was accelerated to 5.9% (nominally) in 2018, driven by the favourable market tendencies and the increase of the minimum salary, so that, at the end of the first half of 2019, the average salary amounted to cca. MKD 25,200.

Chart3 –Labour market trends



Source: SSO.

Medium term projections and risks². Political stability and the recovery of investor confidence are expected to contribute to the growth of private investments, both foreign and domestic, in the following medium term period. The increase of wages and employment in the private sector, supported by the government measures, accompanied by the expectations for low and stable inflation in the country, will contribute to increased private consumption. Continuous solid exports by the new production capacities, as well as the recovery of the traditional exporting sectors as a result of the strengthened economic activity in the trading partner countries, will contribute to increased exports from Macedonia and greater utilisation of the industrial capacities.

Real GDP growth is expected to increase to 3.5% in 2019, and to further intensify in the following two years, i.e. it is expected to reach 4% in 2020 and 5% in 2021. Private consumption is projected to significantly contribute to economic growth in this medium-term period. Growth of private consumption is related to the expected growth of employment in the private sector, the gradual increase of the minimum wage, as well as the measures aimed at strengthening the social protection. Private consumption is expected to also be supported by the projected increase of credits to households.

The growth of gross investments in the 2019 - 2021 period is projected at around 5.5% in real terms on average. Planned investments of the public sector, as well as the support to investment activity of the domestic and the foreign companies, are expected to have positive contribution to investment growth. The improved confidence of the economic agents, the improved business climate and the government measures for stimulating investments are a significant factor to attaining the projected growth of gross-investments.

², [Fiscal Strategy of the Republic of Macedonia 2019-2021](#) (May 2018)

Net exports in the following medium term are expected to have a positive contribution to the growth of the economic activity. Exports of goods and services are envisaged to have a 8.8% real growth in average, as a result of the expectations for increased export potential of the country, in conditions of expected increase and expansion of the export capacities in the country, government support to exports stimulation, as well as the expected growth of foreign demand, especially for higher value-added products, the share of which in the domestic industry is increasing. Projected growth of domestic demand and export activity provides for growth of imports of goods and services which, in this period, are expected to have a 6.8% real growth on average.

The projected increase of the economic activity in the coming medium-term period is expected to be accompanied by employment increase, boosted by the active employment measures and programmes, the support to the domestic and the foreign companies for job creation, as well as other measures aimed at unemployment reduction.

According to the projections, the number of employed persons is expected to increase by 2.3% on average annually. The increase of demand in this period is expected to also reflect on the labour supply, projected to increase by 1% annually in average. Such trends on the labour market will provide for the average unemployment rate to drop to 18.5% in 2021. The increase of the average net-wage in this period is expected to be 4.2% annually in nominal terms.

Inflation rate in the medium term period is expected to be low and stable. The inflation dynamics will be influenced by the trends of global prices of primary products, and partially by the trends of the economic activity in the national economy. The inflation rate in 2019 and 2020 is expected to be 2%, while it is projected at 2.2% in 2021.

Baseline macroeconomic projections are accompanied by certain risks, which are related to both the international and the domestic environment. As regards the risks related to the international environment, they are mainly associated with the economic trends and the growth dynamics of the EU economy, as the main trading partner of Macedonia. Hence, possible weaker economic performance in the EU and the other trading partners to the country than the projected ones in the coming medium-term period may deteriorate the prospects for growth of the economic activity in Macedonia, through weaker growth of exports and industrial production, as well as the reduced inflow of foreign capital. The lower than expected growth or possibly the fall of prices of base metals on the global market is an additional risk.

As regards the domestic environment, risks are significantly reduced in circumstances of stabilisation of the political situation in the country and prospects for increased growth of the domestic economy. Related to this, the projected growth of the domestic demand over the medium term, which is expected to significantly contribute to boosting the economic activity, is related to risks, which are assessed as moderate and refer primarily to the increase of gross investments, i.e. the realisation of infrastructure projects, as well as the effects from the support to the investment activity of domestic and foreign companies on the economy. Further, improved Euro-Atlantic perspectives point to potential upside risks to the baseline macroeconomic forecast.

1.2. Social context.

Population. The Republic of North Macedonia undertook the last population census way back in 2002. In the absence of a census for more than 17 years, the credibility of the population estimates is significantly undermined. Nevertheless, in this section we are presenting the most recent population estimates. According to the population estimate dated at the end of 2018, there are 2,077,132 inhabitants in the Republic of North Macedonia, which represents 1% more in comparison with 2010 when the population amounted to 2,057,284 inhabitants and 1.9% more in comparison with 2005 when the population amounted to 2,038,514 inhabitants. The percentage share of women and men in the total population is almost equal, 49.9% of the population are women and 50.1% are men. The population density in 2018 was 82.5 inhabitants per km², which places the Republic of North Macedonia in a relatively favourable position in this regard. However, in terms of the territorial distribution of the population, the figures are less favourable. The most densely inhabited regions are the Skopje region (340 inhabitants per km²) and the Polog region (132 inhabitants per km²), whereas the least densely populated area is the Vardar region with approximately 38 inhabitants per km².

The population of the Republic of North Macedonia is ageing, i.e. the percentage of the old population rises and so does its share in the total population (Table 2). In the period from 2005 to 2018, the percentage of the younger population (0-14 years) in the total population decreased from 19.4% to 16.5% and the percentage of the old population (65 and above) increased from 11.1% to 13.6%. Thus, the Republic of North Macedonia exceeds the limit of 12% of old population and enters the group of countries which are demographically characterized as countries with ageing population.

Table 2 – Population structure by age, Republic of North Macedonia, 2005-2018

	0-14	15-64	65+	Unknown
2005	396,351	1,414,995	226,272	896
2010	358,971	1,456,785	241,060	468
2015	344,909	1,457,092	268,997	280
2018	339,955	1,445,077	291,921	179

Source: SSO and UN Population Statistics.

The continuous decreasing trend of fertility could be noted in the last decade of the twentieth century when the fertility rate was still at a simple reproduction level (2.1 live births per one woman), but since then, the values of the Total Fertility Rate (TFR) were on a downward trend and in 2018 the Republic of North Macedonia was below the so called safe zone (FFR above 1.5) with a rate of 1.42. The natality rate decrease is caused by postponing giving birth and getting married at a later stage of life. The average age of getting married for the first time of the bride increased from 24.7 in 2008 to 26.2 years in 2015, whereas the average age of the groom increased from 27.7 to 29.0 years. The average age of mothers at

delivery of the first baby increased from 25.6 in 2008 to 27.0 in 2018. The changes in the age structure of the population contributed to the increase of the general mortality rate from 9.3 deaths per 1,000 inhabitants in 2010 to 9.5 in 2018. Mortality rates for men are higher than for women, whereas the average age of death tends to increase the discrepancy between men and women and in 2018 it amounted to 75.1 for women and 70.4 for men.

Table 3 – Overview of the natural trend of population (2005-2018)

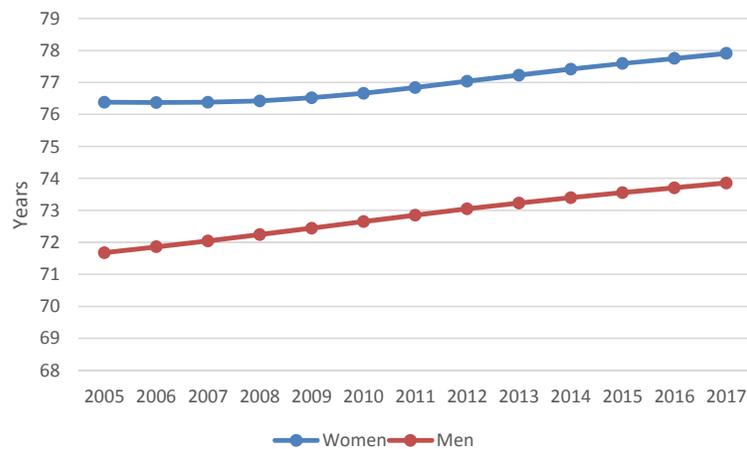
	Population at mid-year (thousands)	Live births	Deaths	Natural population growth	Marriages	Divorces	per 1,000 inhabitants				
							Live births	Deaths	Natural population growth	Marriages	Divorces
2005	2,037	22,482	18,406	4,076	14,500	1,552	11.0	9.0	2.0	7.1	12.8
2010	2,055	24,296	19,113	5,183	14,155	1,720	11.8	9.3	2.5	6.9	7.6
2015	2,070	23,075	20,461	2,614	14,186	2,200	11.1	9.9	1.3	6.9	8.6
2018	2,077	21,333	19,727	1,606	13,494	1,620	10.3	9.5	0.8	6.5	5.7

Source: SSO.

Note: Estimates made based on the total population according to 2002 Census.

Human development. Life expectancy at birth is increasing (Chart 4). In 2005 the life expectancy at birth was 74 years, and in 2017 it was nearly 76 years, with a gender discrepancy in favour of the women that was maintained throughout the years.

Chart 4 – Life expectancy



Source: World Development Indicators.

In general terms, human capital, which is widely defined as the stock of education, skills and the health of the citizens, is marking continued progress in the last two decades (Table 4). According to the United Nations Human Development Index, which is statistic composite index of life expectancy, education, and per capita income indicators, in the period 2000 - 2018 the human development in the Republic of North Macedonia improved for 13.5%.

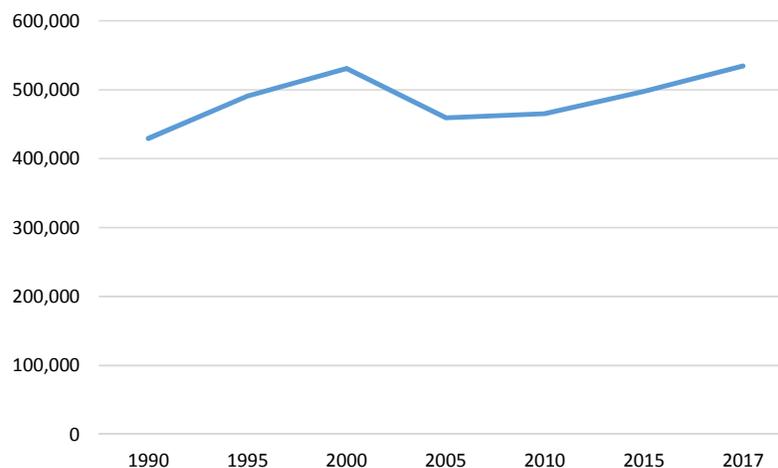
Table 4 – Human Development Index

2000	2005	2010	2015	2016	2017	2018
0.669	0.702	0.735	0.753	0.757	0.758	0.759

Source: UNDP.

Migration trends. In the absence of a census in the last 17 years, it is difficult to provide accurate assessments of the migration trends. North Macedonia is characterized as a distinctive migration area with intensive population emigration in the period following the visa liberalization. The migration data of the United Nations indicate that the number of citizens born in the Republic of North Macedonia who are living abroad at the end of 2017 amounted to 534,720 (Chart 5), while the World Bank is estimating this number at 626,312 at the end of 2013. Around 18% of them are residing in Germany, followed by USA (14.3%), Turkey (13.3%), Italy (11%), Switzerland (9.2%), Australia (8.5%) and Serbia (6.8%). Other countries include Austria, Croatia, Slovenia and Canada. These countries not only have a standard of living that is higher by far than the one in North Macedonia, but people have also maintained the links with the previous emigration waves with the diaspora located in these countries. However, there is anecdotal evidence that the new emigration includes a not so small portion of completely new migrants, mostly young people who leave the country to find work or study, and then find work and do not return. This also suggests that, although the former emigration included mostly unskilled labour, the main concern about the recent emigration relates to the fact that it frequently includes "brain drain", i.e., emigration of highly qualified labour, which may make more difficult the realization of the national development goals.

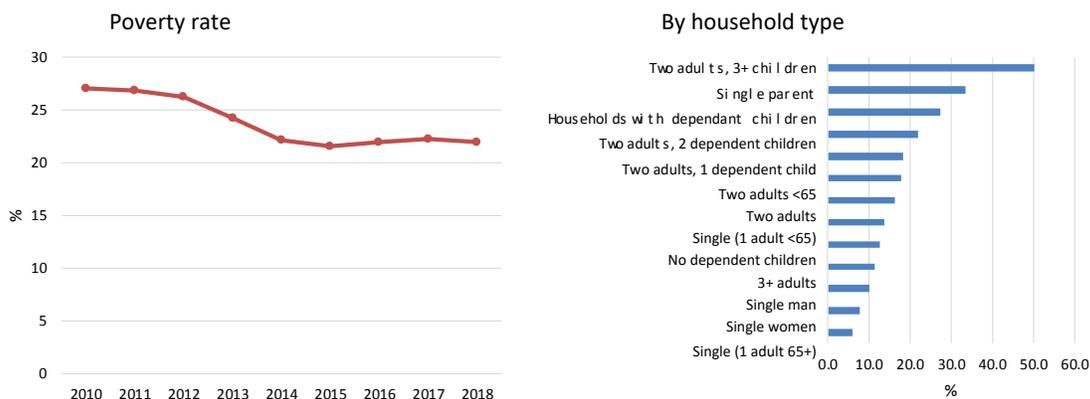
Chart 5 – Stock of migrants – citizens of RNM worldwide



Source: United Nations data.

Poverty. The poverty rate, calculated as the share of people living with less than 60% of the median equalised disposable income, was on a downward trend, from 27.0% in 2010 to 21.5% in 2015, followed by a mild stagnation and in 2018 it was 21.9% (Chart 6, left). The economic growth, accompanied by favourable labour market trends (increase of employment and wages), growth of pension benefits and social assistance, have contributed to the reduction of the poverty rate in the recent years. In structural terms (Chart 6, right), the situation with the poverty is most critical with households with many children (50.2%) and single parent households (33.5%), while the single person households are in the most favourable position.

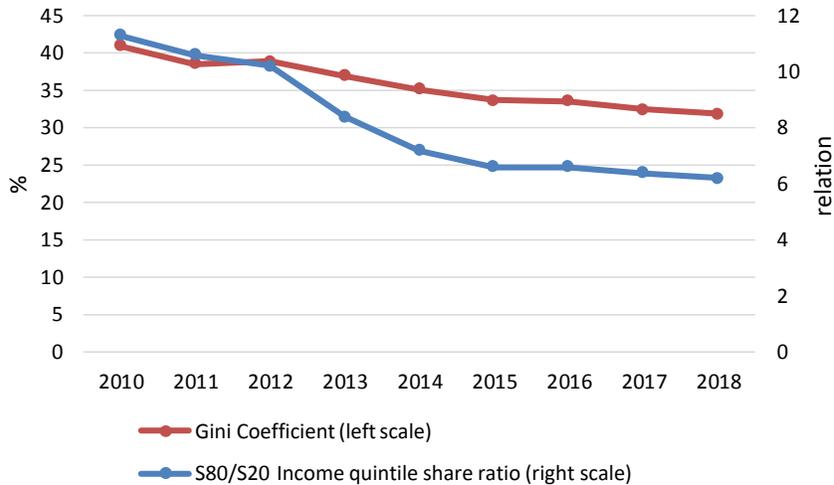
Chart 6 – Poverty rate and structure



Source: SSO.

Inequality. The last decade has seen positive trends in terms of income inequality, i.e. the inequality in the distribution of income among the households is decreasing (Chart 7). Both indicators for unequal distribution of income, the Gini coefficient and the indicator S80/S20 (which demonstrates the ratio between sums of the highest and the lowest 20 percent of equalized household disposable income) have continuously been decreasing in comparison with 2010, mostly due to policy interventions in the left section of the income distribution, i.e., among the poorer population strata.

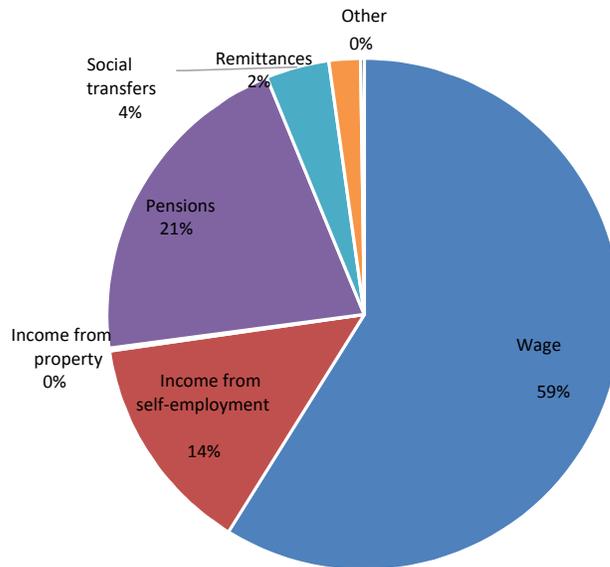
Chart 7 – Income distribution inequality



Source: SSO.

Disposable income. The disposable household income in North Macedonia is marking a continued growth. The annual average per household in 2017 amounted to MKD 373,954, which is equal to a monthly average of MKD 31,163, i.e. cca. EUR 500. The greatest share of such income (59%) is accounted for by wages from employment, while 21% come from pension benefits (Chart 8).

Chart 8 – Total disposable household income by types

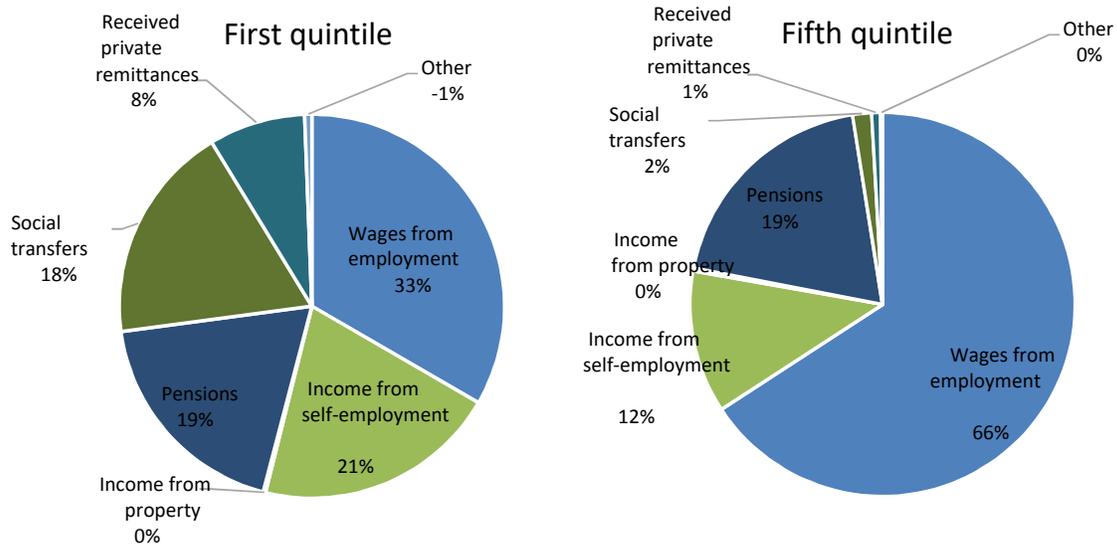


Source: SSO – T.

Nevertheless, there is a significantly different structure in terms of the disposable income of the poorest and richest households (Chart 9). In particular, there is evident low work intensity in the poorest households, taking into account the fact that the income from wages in those households has a share of 33%, while the social assistance income has a

share of 18%. In these households the remittances from abroad have a significant share of 8%. On the other hand, the share of wages from employment in the richest households is at high two thirds of the disposable income, at the expense of the minimal income from social assistance and remittances.

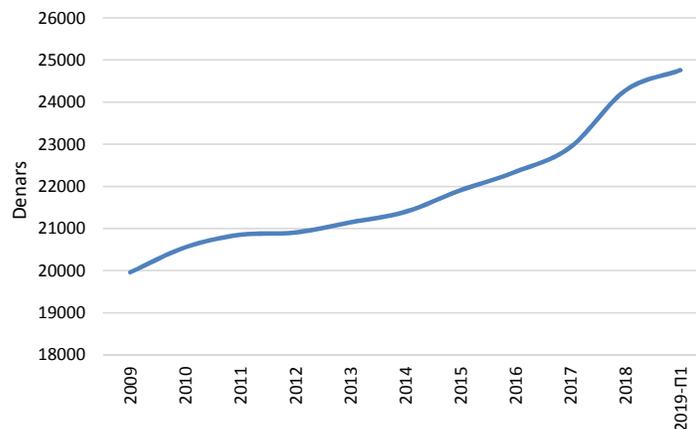
Chart 9 – Total disposable household income by types, first and fifth quintiles



Source: SSO – SILC.

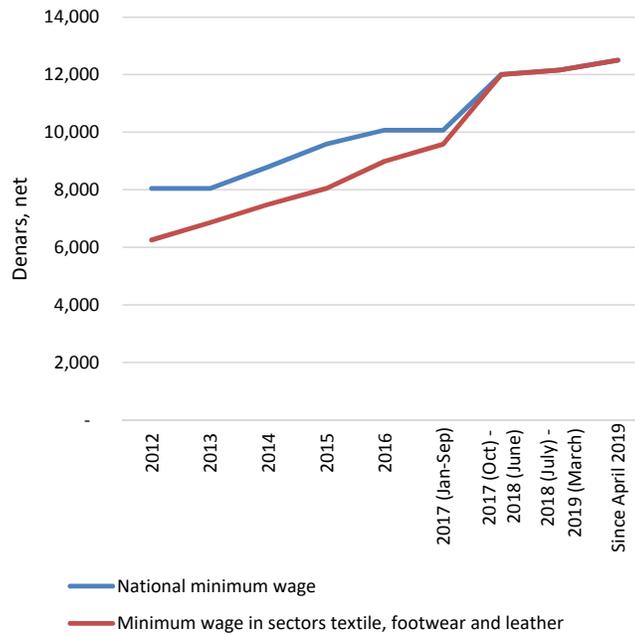
Wages. As we have noted in section 1.1, the wages in North Macedonia, as the most important part of the household disposable income, marked an increase in the last decade. According to **Chart 10**, the amount of the average monthly net wage paid increased from cca. MKD 20,000 in 2009 to MKD 24,760 in the first half of 2019, which implies a decade nominal growth of around 24%. In 2018 the growth of the average wage was particularly intensified, mostly owing to the significant increase of 19 % (25% in the textile, footwear and leather sectors) of the minimum wage in September 2017 (Chart 11).

Chart 10- Total average monthly net wage paid



Source: SSO.

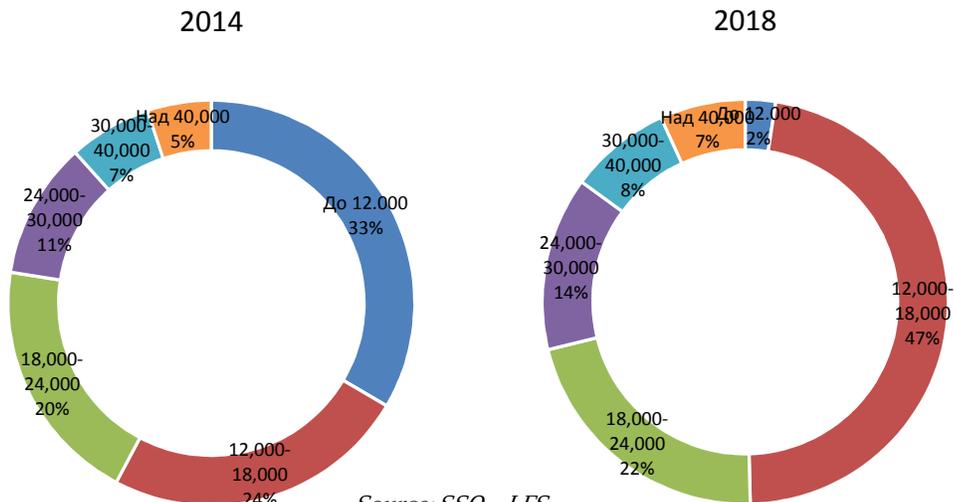
Chart 11 – Minimum wage in RNM



Source: Ministry of Labour and Social Policy

Such trends have also led to significant improvements of the structure of wages in the Republic of North Macedonia (Chart 12). In 2014, the share of employees who received wages up to MKD 12,000 amounted to a high one third of the total number of employees, while in 2018 this figure was reduced to merely 2.4%. However, such shift was made mostly at the expense of the wage earners in the group MKD 12,000 to 18,000 (doubling its share from 24% to 47%), although mild increases had been noted in the remaining distribution of the wages.

Chart 12 – Structure of wages



Source: SSO – LFS.

2. SITUATION AND KEY CHALLENGES

2.1. *Labour Market and Employment*

2.1.1. Statistical indicators

Employment, unemployment, activity

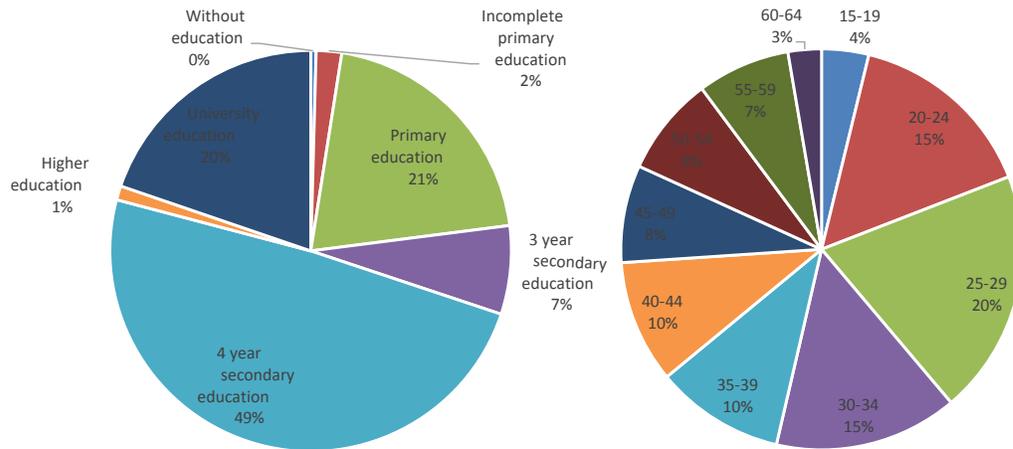
In the review of the general economic context in section 1.1 we have presented the general finding that the labour market in the Republic of North Macedonia has been continuously improving in the last decade, despite the external and internal economic and political crises faced by the country (Chart 3). However, the labour market in North Macedonia is characterized by its own structural specifics and rigidities.

North Macedonia was facing high unemployment and inactivity rates of the population (15-64) of 17.5% and 34.9%, respectively, at the end of the first half of 2019. In the European Union (EU28) – which Macedonia aspires to join – these rates are 6.9% and 26.4%, respectively. However, the trends in the Macedonian labour market in the last decade were favourable: unemployment decreased from 36% and inactivity from 37.8% in 2005. Similarly, the number of employed people increased continuously, from around 540 thousand in 2006 to more than 770 thousand in 2018.

Two groups in the labour market in North Macedonia are particularly exposed to the risk of unemployment and inactivity: youth and women. At the end of the first half of 2019, the youth unemployment (15-24) was 34.9%, while the rate of youth (15-29) neither employed, nor in education or training (NEET) in 2016 was 31.2%. The high rate of inactivity in the labour market is particularly characteristic for women. At the end of the first half of 2019, 53.3% of the women aged 15 and above were out of the labour market. An additional specific of the labour statistics in general, and particularly of those on youth and women, is their structural and long-term character.

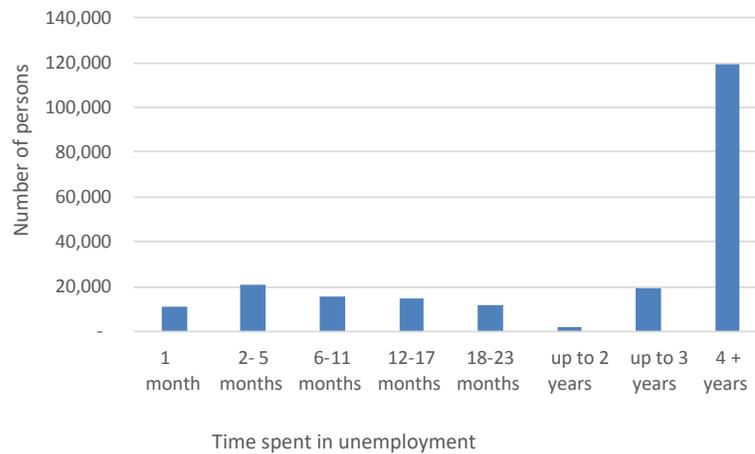
Unemployment in Macedonia has several distinctive structural characteristics. According to Chart 13, most of the unemployed have secondary education and are found on the left side of the age structure. Such situation implies that the people are facing unemployment and potentially long spells of job searching upon completing their education. Chart 14 supports this thesis, taking into account the fact that it indicates that 56% of the total number of unemployed in 2017 have been looking for employment for more than 4 years, while 78% of them are long-term unemployed.

Chart 13 – Unemployed by educational attainment and age



Source: SSO 2017.

Chart 14 – Unemployed by duration of unemployment

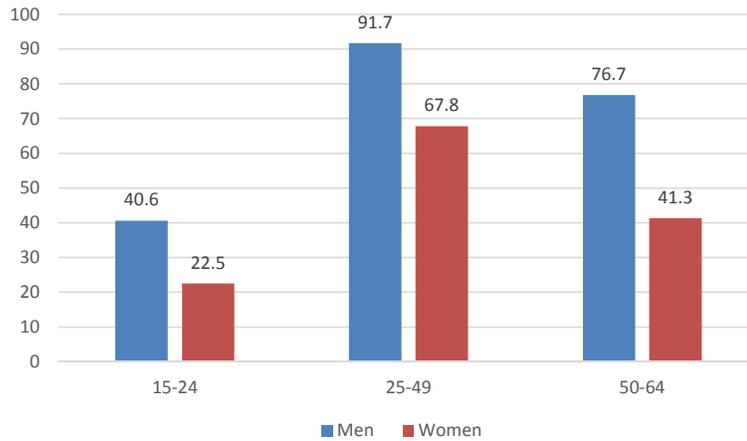


Source: SSO 2017.

The finding that educational attainment is a good predictor of the individual’s labour market outcome is supported by the fact that the employment rate of persons with higher education in 2017 amounted to high 75.8%, while the same rate of persons with primary or no education was only 35.5%.

Finally, the activity rate for specific population groups (Chart 15) is comparable to the one in EU-28. The activity rate is particularly high (92.8%) for men aged 25-49. However, youth and women inactivity is particularly noticeable.

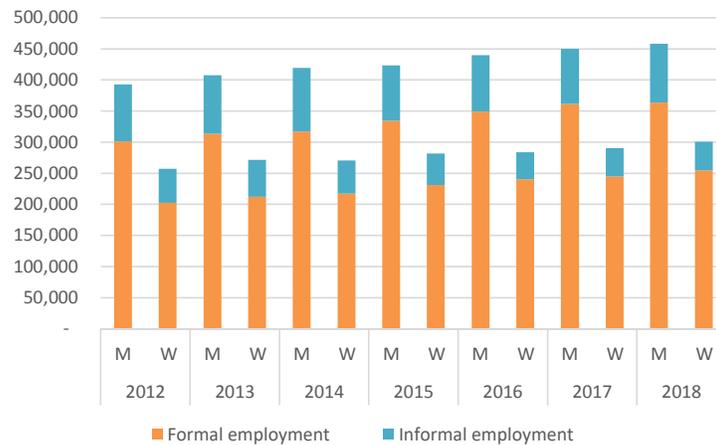
Chart 15 – Inactivity rates by age and gender (%)



Source: SSO 2018.

In 2017, slightly more than 740 thousand persons were employed. In average, the employed increased 2.4% per year in the last decade. Job creation, despite the crisis, was driven by the entry of foreign companies in the country, the active labour market policies and the wage subsidies. It is characteristic that 18% of the employed in the country do not have a written employment contract, i.e. are treated as informally employed. According to Chart 16, this is a persistent characteristic of the Macedonian labour market, since it has been constant throughout the years for both genders.

Chart 16 – Formal and informal employment

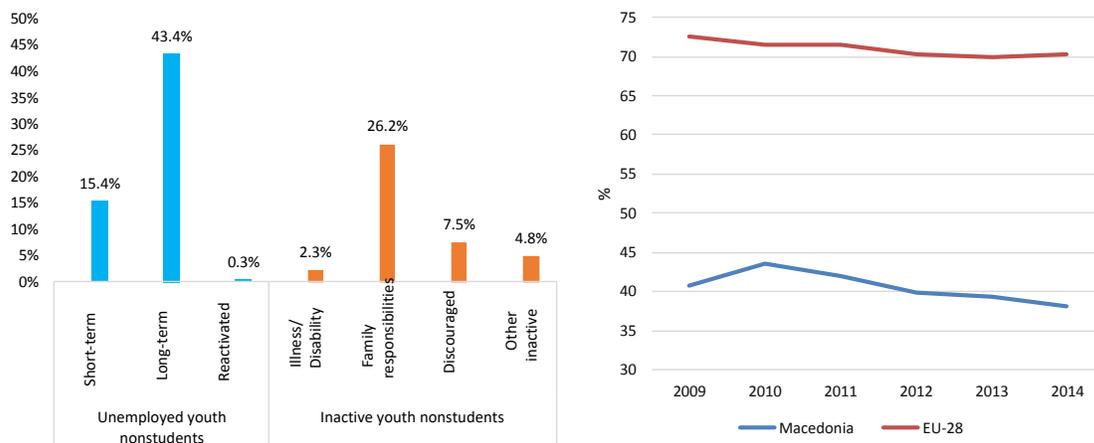


Source: SSO 2017.

Youth unemployment.

It seems that the unemployment problems faced by youth in North Macedonia call for a particular urgency in the employment policies. Out of the total youth population (15-29) of approximately 435 thousand persons, around 124 thousand were employed in 2016 (28.6%). This high unemployment rate of young people entails a loss of investment in education and training, reduced tax base and higher social spending, while long periods of unemployment in the early stages of life negatively affect employment prospects throughout the working life of young people. The very low youth employment rates, combined with the highest unemployment rate in the world (41.3% in 2016), impose the need to understand what is happening with the unemployed and inactive young people, in particularly the inactive youth who are not included in the education process. According to Petreski and Zampini (2018), these young people are predominantly long-term unemployed, i.e. youth looking for a job for over one year, although there is a significant share of youth – predominantly women – who are not looking for a job because they provide care for the family (Chart 17, left). Chart 17 (right) confirms the long period between finishing education and finding the first stable job, indicating that less than 40% of the youth (15-29) found employment in the first three years after finishing their education, compared to over 70% of the youth in EU-28.

Chart 17 – Forms of unemployment and inactivity of youth not in education (left) and share of youth who transitioned from school to work within a period of 1-3 years (right)

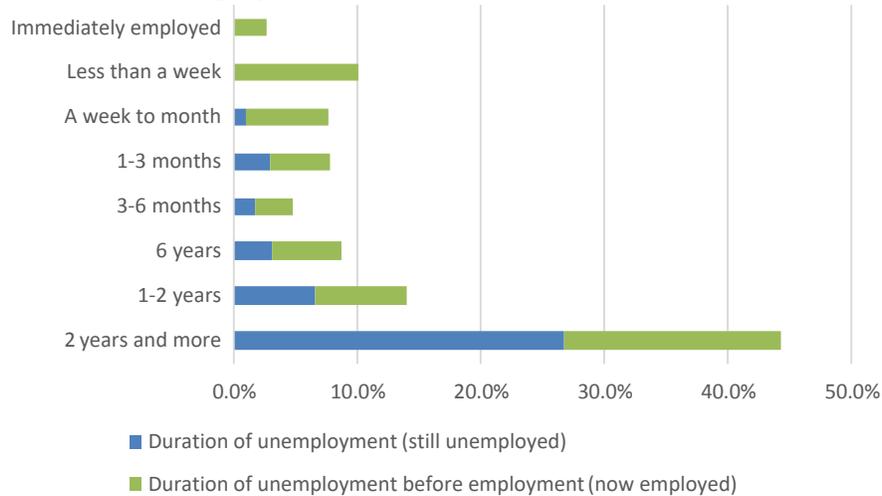


Source: Petreski and Zampini (2008), left; Eurostat, right.

The unfavorable position of youth in the labour market in Macedonia is confirmed by Chart 18., according to which 44% of the youth experienced an unemployment spell longer than 2 years, which is only a reflection of the general situation concerning "waiting for employment" (Chart 14). The average duration of the transition from school to the first stable/satisfactory employment amounted to 37 months for young men and 23 months for young women. It is clear that the Macedonian labour market has a significant problem with the absorption of new young people with completed higher degree

of education, especially those who are unable to achieve a higher degree. The duration of the period of transition to the first stable/satisfactory employment is nearly three times longer for those young people who completed secondary education in comparison to those who completed higher education (37.1 and 12.5 months, respectively) (ILO, 2016).

Chart 18 – Duration of unemployment

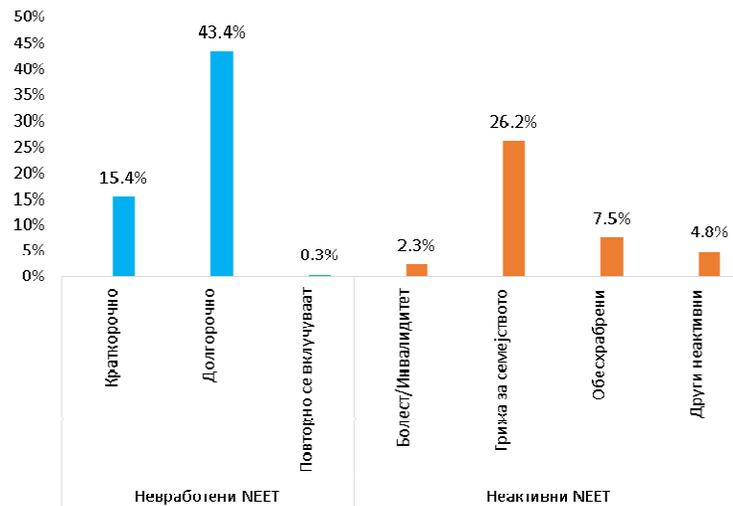


Source: School-to-Work Transition Survey 2012.

According to the LFS, in 2016 in North Macedonia there were around 136,000 youth who were neither employed, nor in education or training (NEET), which roughly amounts to one third (31,2 percent) of the total youth population (34 percent for women)³. The NEET rate appeared to be relatively stable in the course of the recent years (Bardak et al., 2015, p. 23). It is particularly interesting that for the age group 15-24 the NEET rate amounted to 24.3 per cent in 2016, which is a decrease compared to the 24.9% in 2012 and 41.3% in 2006 (ILO statistics). The decline of the rate in the period from 2006 to 2012 could be attributed to a great extent to the policies supporting the increase of the higher education enrolment rates. For the age group 25-29 the NEET rate is 43.1%.

Most of the NEETs (60 per cent or about 83,000 individuals) are unemployed non-students and the remainder (53,000 individuals) are inactive non-students (Chart 19). The long-term unemployed make up the largest share (43.5 per cent or nearly 60,000 individuals). This reflects the structural character of unemployment in Macedonia, rather than issues related to the business cycle, as well as the long school-to-work transitions, which require 25 months on average (Petreski and Mojsoska-Blazevski, 2017). The next large sub-group are inactive youth with family care responsibilities (26.2 per cent).

³ In 2016, the NEET rate in OECD Member States amounted to 13.9 percent; in EU 28 it was 12 percent in 2015.

Chart 19 – Youth NEET population by subgroup (%)


Source: Petreski and Zampini (2018)

The quality of available jobs remains a big problem for youth in North Macedonia, where one in every four (27.6%) employed young people work in a field that does not correspond to their level of education. The total youth underemployment in North Macedonia is 12.5%, but, when a broader set of indicators is used to measure this condition, it raises to high 57.1% (Table 5).

Table 5 – Underemployment in RNM

Share in total unemployment	North Macedonia	EU-28
Underemployment (15-64)	2%	4.1%
Youth underemployment (15-29) – ILO definition	12.5%	7.6%
Youth underemployment of women (15-29) – ILO definition	13.9%	9.3%
Youth underemployment (15-29) – broader definition	57.1%	NA

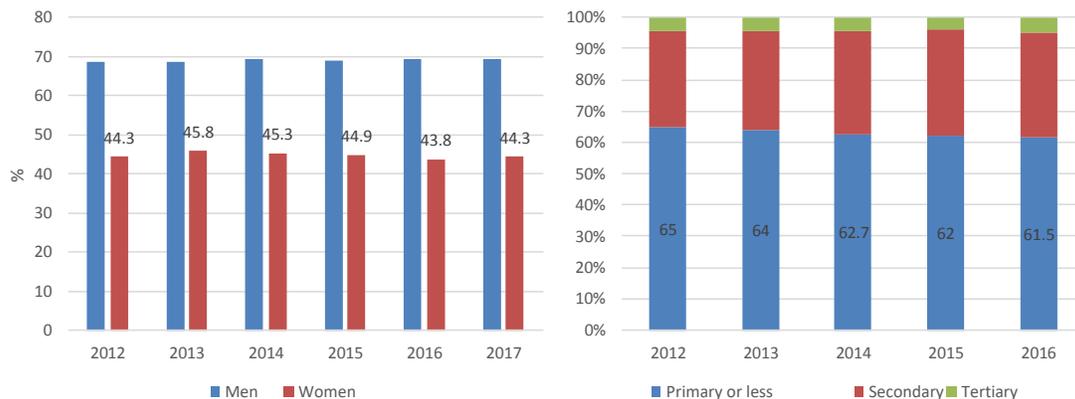
Source: Petreski et al. (2018)

Note: The broader definition includes youth who work less than 35 hours per week, but wish to work more (ILO indicator); the person is overqualified, experience insecurity in a job, is underpaid, i.e. with salary below the reservation wage; and the person has a part-time or no written employment contract.

Long-term unemployment and inactivity of women in the labour market

The long-term looking for employment that is evident for the total population (Chart 14) and the youth (Chart 18) is particularly pronounced with women. However, they have another more distinctive feature - their inactivity in the labour market. Chart 20 (left) shows that women's activity in the labour market is only about 2/3 of that of men and this has been persistent throughout the years. It implies a so-called gender gap in the activity on the market of about 25 percent points, which is more than double of the one in EU-28 (11.2% in 2016). Furthermore, Chart 20 (right) shows that the structure of inactive women is particularly unfavourable, i.e. around two thirds of them have primary or lower education, which, combined with the long period of absence from the labour market, makes them particularly hard to employ, even if they wanted to get employment. As expected, the main reason for the inactivity in the labour market among the women is taking care of the household and children and the elderly, as well as participation in education.

Chart 20 – Rates of activity in the labour market by gender (left); educational structure of inactive women (right)



Source: SSO 2017 (left); Mojsoska-Blazevski (2018, right).

Inactivity of women is a particularly important predictor of the wage gap between men and women (Petreski et al. 2014). The raw gender wage gap in North Macedonia is around 5% (ILO, 2019), but, when the observable characteristics of the workers are taken into account, it increases (Petreski and Mojsoska-Blazevski, 2016), which indicates that working women have better characteristics (primarily education) than working men. However, when such gap is adjusted for the low participation of women in the labour market, it decreases once again and disappears completely for women with higher education. In EU-28 the gender wage gap in 2017 amounted to 16%, so that the Republic of North Macedonia is significantly better off in this aspect. The introduction, increase and levelling of minimum wages in the textile, leather and footwear industries has probably played a major role in this regard. Similarly, the study by Petreski and Mojsoska-Blazevski (2015) reveals that there are no

lower wages for mothers of small children in the labour market compared to women with older children or those who do not have children. Surprisingly, the study has shown that mothers (defined as women aged 25-45 with a child aged up to 6 years) earned 6% more than women without children under the age of six in 2014. Still, the mothers were paid 7.8% less than fathers. The studies reveal in general that the gender wage gap in the Republic of North Macedonia could be attributed to: i) self-selection of women into inactivity; ii) discrimination (different returns for the same characteristics), and iii) the effect of the unobservable characteristics of men and women which are rewarded by employers. On the other hand, workers' characteristics and job characteristics actually have a limited role in explaining the gender wage gap.

2.1.2. Systemic framework

Institutional framework

The institutional framework in the sphere of the labour market comprises the Ministry of Labour and Social Policy and the Employment Service Agency of the Republic of North Macedonia (ESARNM). The Ministry of Labour and Social Policy coordinates the processes of development of employment strategies, policies and plans and the Employment Service Agency is mainly responsible for the direct implementation of the relevant programmes, measures and activities. As a public institution, established with the Law on Employment and Insurance in Case of Unemployment, the Agency implements professional, organizational, administrative and other activities relating to employment and insurance in case of unemployment and provides support, assistance and services to the labour market participants.

The Employment Service Agency keeps records of:

- unemployed persons (persons who have to check-in/contact the ESA office every 30 days, who are unemployed and who are actively searching for a job) and
- other job seekers (persons who have to check-in/contact ESA every 6 months, but who are not actively seeking a job and/or are not willing to accept work).

The unemployed persons who are active job seekers have access to all types of active employment programs and measures and labour market services provided by the Agency, while the passive ones have access only to the services of labour market information and counselling. The unemployment insurance benefit recipients and the social assistance beneficiaries are mandatorily registered in the category of active jobseekers.

Within the job clubs, ESARNM undertakes activities to provide the unemployed with job seeking assistance, through information on the labour market, assistance in planning the process of active job search, various types of trainings, employment counselling, etc. In order to provide adequate services to the unemployed, ESARM introduced a new profiling system for the registered unemployed persons, and for the most difficult-to-employ clients it introduced the development of specialized Individual Employment Plans (IEP 2), as an upgrade of the basic module for development of employment plans (IEP 1).

Motivational training has regularly been organized for unemployed people, with preference given to the young unemployed, people with lower qualifications and the long-term unemployed. These trainings, in addition to motivating the unemployed to actively seek work, strengthen their confidence during the process. In order to improve the situation of unemployment, especially among young people, women and long-term unemployed, the implementation of specific active labour market measures, tailored to their needs are supported, also by financial the assistance from the European Union, i.e. the Instrument for Pre-Accession Assistance (IPA).

However, the Republic of North Macedonia is not spending much on active labour market programmes, attended by the unemployed. Chart 21. shows that in 2017 the country spent around 0.16% of the GDP on active measures (including services), which is considerably less compared to the spending in the EU Member States. While the spending increased in 2017, it is still lower than the one in 2009, when the Government increased the expenditures as part of the crises policy package.

Chart 21 – Expenditures for active labour market programmes



Source: ESARNM data.

In order to provide relevant short-term indicators on the employers' expectations concerning new employments and the needs for skills on the labour market, ESARNM is carrying out an annual Labour market skills needs analysis. This research aims to increase the information and understanding about the conditions and anticipated changes on the labour market, through obtaining information directly from the employers, regarding the needs for new employments in the following 6 to 12 months, as well as about the needs for specific occupations and skills. The findings obtained from this survey represent a basis for development of active employment programmes and measures and other services to strengthen the skills of the unemployed persons, increasing their competitiveness on the labour market and accelerated employment, as well as a basis for development of local employment action plans. Those findings could also be highly beneficial to design the schools' enrolment policies, development of new educational programmes (curricula) for occupations that will be harmonized with the labour market demand.

One of the key active labour market programmes which has been piloted in 2018, and is implemented on the entire territory of the Republic of North Macedonia is the Youth

Guarantee (YG). It increases the coverage and inclusion of unemployed youth on the labour market. YG is open for all young people up to 29 years of age neither in employment nor in education and training who are registering as unemployed for the first time. The aim of YG is to provide young people, within four months upon their registration as unemployed with ESARNM, with adequate employment, inclusion in some of the active employment measures or return to the education process through the so-called "second chance" programmes. All of the above are key to the successful integration of young people in the labour market and reduction of the outflow of qualified human resources from the country. The pilot included three local employment centres (out of the total of 30) and 5,265 young people, of whom 1,916 were employed (224 of them through the ESARNM employment mediation services), 281 persons were included in some of the active employment measures that are not leading to direct employment, but improve the employability of the unemployed youth. Hence, in 2017 the YG had a performance rate of 41,7%. Based on the results of the piloting phase, the programme became universal in 2019, and it is expected that around 14,000 young people⁴ would be included at annual level, of which one third would be included in some of the active labour market programmes, i.e. would be employed within four months upon their registration as unemployed.

In addition to the physical infrastructure (ESARNM), the social dialogue, as a soft institutional infrastructure, is an important link in the labour market system in the Republic of North Macedonia. Social dialogue is established and functions at tripartite and bipartite levels. The tripartite social dialogue was established with the foundation of the Economic and Social Council (ESC) at a national level and later on began the process of establishing also the Local Economic and Social Councils (LESC), as tripartite consultative bodies at national and local level. The current ESC was established on 25 August 2010 by signing the Agreement on the establishment of ESC by the Government and its social partners - the Organization of Employers of Macedonia (ORM), the Federation of Trade Unions of Macedonia (SSM) and the Confederation of Free Trade Unions of Macedonia (KSS). The social dialogue includes all types of negotiations and consultations or exchanges of information among governmental representatives, employers and employees on issues of common interest relating to economic and social policy.

EC (2018) noted that, despite the existence of adequate legal provisions enabling the functioning of the social dialogue, the engagement and impact of social partners in policy formulation and design remain at a low level. The capacity of trade unions and organizations of employers is still poor. The application of bipartite social dialogue remains poor both for employers and workers. Collective agreements are either missing or are not enforced. Furthermore, the bargaining was often restricted by the lack of interest of the other party, as well as by the unrealistic demands and the lack of trust in the bargaining partner(s) (EU/ILO, 2015).

⁴ The initially planned number of around 9,500 persons has been exceeded, mostly due to the new Law on Social Protection, which stipulates that not only the direct beneficiaries of social financial assistance, but also other members of their households over 15 years of age (persons at working age) have to register with the ESARNM as active job seekers. This has increased significantly the number of unemployed, which has been reflected also in the number of persons who join the Youth Guarantee.

Legal framework.

The primary law of relevance of the labour market domain is the *Labour Relations Law*. In spite of the fact that the law is comprehensive and has been supplemented and amended on several occasions in order to take into account the most recent developments and transpose adequately the EU acquis and the ILO Conventions, it has been determined that there is a need for its comprehensive revision. This revision is ongoing and the law is expected to enter parliamentary procedure soon. The *Law on Employment and Insurance in case of Unemployment* governs the monetary benefits in case of unemployment. The *Law on Minimum Wage* governs minimum wages. 2019 has seen the amendment of the *Law on Volunteering* and the adoption of the *Law on Internship*, which have provided for an additional flexibility of the labour market, which is of particular relevance for the employment of young people. Other relevant laws include: *Law on Safety and Health at Work*, *Law for the Peaceful Resolution of Labour Disputes*, *Law on Employment of Persons with Disabilities*.

National Strategic Framework

The National Employment Strategy of the Republic of North Macedonia 2016-2020 is the basic current document which contains the main mid-term challenges of the labour market and the strategic goals and objectives. The Strategy follows the principles and objectives of the National Economic Reform Program, the Fiscal Strategy, the EU strategy “Europe 2020” and the Southeast Europe 2020 Strategy (SEE 2020). The main goal of the Strategy is increasing employment, job quality and productivity, with special focus on vulnerable groups of the population. The Government of the Republic of North Macedonia and its social partners are also developing a *Youth Employment Action Plan*. The current revised Action Plan relates to the period 2016-2020 and its objective is to promote more and better jobs for young men and women, with specific objectives mainly focused on improving compliance of the supply of skills with the requirements of the labour market, promoting job creation led by the private sector and facilitating the transition of young people into the world of work.

Within the sphere of the labour market, *Operational Plans for Active Employment Programs and Measures* are developed on annual basis. These programmes and measures aim to provide direct employment through programmes such as: Support for self-employment (grant), Support for new job creation (wage subsidies, employment and growth of legal entities, Support for employment of persons with disabilities), as well as measures to improve the employability of unemployed persons, such as various training programmes (On-the-job training for a known employer, Professional qualifications training according to the needs of the employers, Training for in-demand occupations and crafts, Skills trainings, Training in advanced IT skills, Internship, etc.). The impact evaluation of the active labour market programmes implemented in the period 2008-2012 (Mojsoska-Blazevski and Petreski, 2014) evaluated outcome variables such as the probability for the participants to find and retain gainful employment, inactivity, unemployment, wages, changes in the prospects for employment after the programme, changes in financial status,

subjective labour market status, etc. The evaluation indicated that most of the active measures are performing their functions effectively, while it recommended appropriate changes and adjustments for some of them.

Other important strategic documents in the sphere of the labour market include: *Decent Work Programme 2019-2022*; *National Equality and Non-Discrimination Strategy 2016-2020*; *Gender Equality Strategy 2013-2020*; and *Occupational Safety and Health Strategy 2020*. The *Strategy for Formalization of the Informal Economy 2018-2022* was adopted in 2018, accompanied by an Action Plan, with the aim to reduce the number of informally employed (both in informal and formal businesses, as well as in the households), reduce the share of unregistered business entities and the informal activities within the framework of the formal economy.

2.1.3. Key challenges

Based on the situation on the labour market, the key challenges identified in this sphere are the following:

- the unemployment of the most disadvantaged categories, in particular the youth, long-term unemployed, persons with disabilities, inactive persons, etc.;
- informal employment;
- capacity and quality in the operation and services of the public employment service;
- social dialogue and collective bargaining at all levels.

Unemployment of most disadvantaged categories of persons, in particular the youth

Specific measures and activities for decreasing youth unemployment in the areas of legislative framework, education and employment policies are continually being undertaken. Within its scope of competencies, which include fighting and preventing undeclared work, the State Labour Inspectorate keeps record of the number of young people, aged up to 29, and the sectors where they are informally employed. The implementation of the measures under the revised Action Plan on Youth Employment 2016-2020 shall enable further improvement of the situation with **youth employment**. The Youth Guarantee, which has yielded particularly positive results in its piloting phase, shall remain a key policy in this regard.

It is also very important to pay particular attention to the situation with the **long-term unemployment**. Long-term unemployment, which is present even among young persons, leads to a situation where they lose their skills and knowledge, their self-esteem and motivation, their productivity decreases, and thus the chances of finding a job. For these reasons, it would be necessary to continue in the following period with the regular monitoring of the situation in this regard, and with the designing and implementing various measures and activities that could yield positive results and mitigate to an extent the identified problems and challenges.

One of the major challenges in the labour market is the existence of the large gender gaps, expressed through the **low employment and activity rate of women** and the **big gender gap in relation to activity**, i.e. labour force participation. Although some positive trends have been noted in the past, gender differences in the labour market are still profound and they are mainly a result of the traditional role of the woman in society and her responsibilities in the household, providing care for the family, children, the elderly etc. Such conditions are more pronounced within the women in some ethnic communities, rural women, and women with lower educational attainment.

One of the especially vulnerable categories, primarily due to the type and the complexity of the challenges they face in relation to the opportunities and conditions for their effective integration in the labour market, are the **persons with disabilities**. As a result, this category of citizens needs special attention, both in terms of design and practical implementation of the measures and programs that would help them overcome the identified obstacles and challenges and enable their more effective integration into the labour market. Persons with disabilities are identified as a specific target group in various strategic documents, and the improvement of their situation, employment opportunities and social inclusion is always one of the priorities of the relevant policies and programmes. What is of particular importance are the continuing efforts, through various support measures and programs, for the persons with disabilities, as much as possible, to be employed in the open economy instead of in special protective (sheltered) enterprises.

Informal employment

Tackling informal employment is a medium term priority. Unregistered activities contribute to tax evasion as well as to rise of companies which directly influence the competitiveness of the other formal sector companies. The important difference between informal and formal activities and attracting workers to the formal economy is ensuring contributions for the compulsory social insurance of employees, as well as the responsibility and the obligation of the employers and the employees to respect the prescribed rights and obligations arising from employment.

The activities to overcome this key challenge shall continue through the implementation of the Strategy on Formalization of the Informal economy, i.e., through incentives to transition into the formal economy, measures to strengthen inspections, higher penalties and sanctions on demanding unregistered activity, strengthening the capacity of the State Labour Inspectorate, improving systemic and coordinated involvement of other relevant institutional stakeholders and social partners in the fight against undeclared work, strengthening inter-institutional cooperation and exchange of data and information etc. The need to raise the public awareness remains a priority in this regard.

Quality performance and services of the public employment service

The Employment Service Agency of the Republic of North Macedonia has been making continuing efforts to increase the number, diversity, scope and quality of the services it provides to its clients, unemployed persons and employers. ESARNM should further

strengthen its own physical, IT and human capacities through activities to strengthen further the capacity to monitor and anticipate the labour market trends, planning, designing and implementing employment measures, improving the monitoring and evaluation and strengthening inter-institutional cooperation.

Social dialogue and collective bargaining

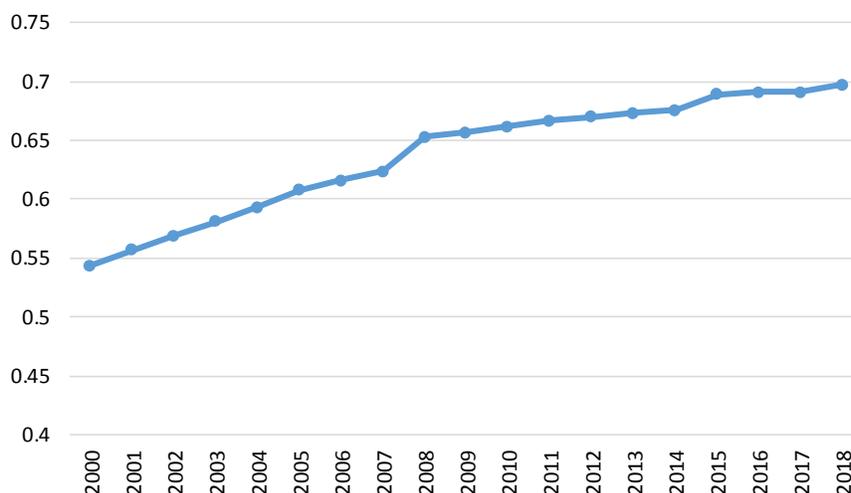
The functioning of the social dialogue requires a legal framework, independent and strong organizations of employers and workers – trade unions with developed resources and capacities, as well as other prerequisites, and primarily the existence of political will, establishment and observance of the freedom of association of workers and employers, collective bargaining, mutual cooperation and tolerance and respect for the interests of the social partners in the development of policies and in the collective bargaining process at all levels. Social dialogue is an important and indispensable mechanism and means of reaching consensus on diverse issues within the scope of the economic and social policy. As such, social dialogue will be further reinforced through strengthening the capacities of all stakeholders and target groups to engage more efficiently and effectively in social dialogue, promoting collective bargaining on all three levels, as well as establishing and functioning of the system for amicable settlement of labour disputes.

2.2. Human capital and skills

2.2.1. Statistical indicators

General indicators. According to the Education Index, calculated by the United Nations as the combination of average years of schooling and of expected years of schooling, the Republic of North Macedonia has achieved progress in the previous two decades, although the improvements decelerate after 2008 (Chart 22).

Chart 22 – Education Index



Source: United Nations (Human Development Data).

Nevertheless, in accordance with the Programme for International Student Assessment (PISA), Macedonian students fall considerably behind their international peers, despite the progress made in the period between 2015 and 2018. Table 6 shows that in all three areas of assessment – reading, mathematics, and science - Macedonian students in PISA2018 have achieved significantly better results as compared to PISA2015 (one of the countries with the greatest increase), but still have considerably lower results compared to the international average, which is, in turn, lower compared to the results in the OECD Member States.

Table 6 – PISA Results

		Mathematics	Reading	Science
North Macedonia	2015	371	352	384
	2018	394	393	413
International average		489	487	489

Source: PISA Report (<https://pisadataexplorer.oecd.org/ide/idepisa/report.aspx>)

In parallel to such educational outcomes, the state expenditures on education decreased. Despite their growth in absolute terms, their share in the gross domestic product dropped from 4.5% in 2010 to 3.8% in 2018 (Chart 23). In comparison, in 2014 such expenditures in the European Union amounted to 5.3%, in the highly developed countries they were 5.2%, while

in the medium income countries they had a share of 4.1% (World Bank data). The budget allocations for education as a share in the total budget expenditures also decreased from 13.1% in 2010 to 11.2% in 2018. These allocations are comparable to those in the European Union (11.6% in 2014), but still remain slightly below the average in the highly developed countries (13.2%) and medium income countries (14.8% in 2013) (World Bank data).

Chart 23 – Budget allocations for education, 2010-2017



Source: Ministry of Finance: Budget of RNM 2010-2017, SSO.

Primary and secondary education. Demographic trends, driven by the decline in the fertility rate and the migration movements, have led to a steady decline in the number of students in primary and secondary schools (Table 7), while the number of teachers has been on a steady rise (Table 8). It contributed to the improvement of the student-teacher ratio, as one of the indicators for the quality of education, throughout the years, but, at the same time, the costs per student increased.

Table 7 – Students in primary and secondary schools

	Primary education		Secondary education	
	at the beginning	at the end	at the beginning	at the end
2010/2011	204,439	201,914	94,155	92,848
2011/2012	198,856	197,859	93,064	91,167
2012/2013	195,311	194,055	89,884	88,582
2013/2014	191,051	190,541	86,418	84,827
2014/2015	192,165	188,361	83,522	81,788
2015/2016	185,992	185,119	80,295	77,625
2016/2017	192,715	190,225	76,394	72,482
2017/2018	192,448	188,517	71,458	70,861
2018/2019	188,102		71,650	

Source: State Statistical Office.

Table 8 – Teachers in primary and secondary schools

	Primary education	Secondary education
2010/2011	16,946	7,197
2011/2012	17,233	7,298
2012/2013	17,424	7,442
2013/2014	17,624	7,421
2014/2015	17,628	7,402
2015/2016	17,641	7,341
2016/2017	17,887	7,420
2017/2018	18,291	7,445
2018/2019	18,272	7,479

Source: State Statistical Office.

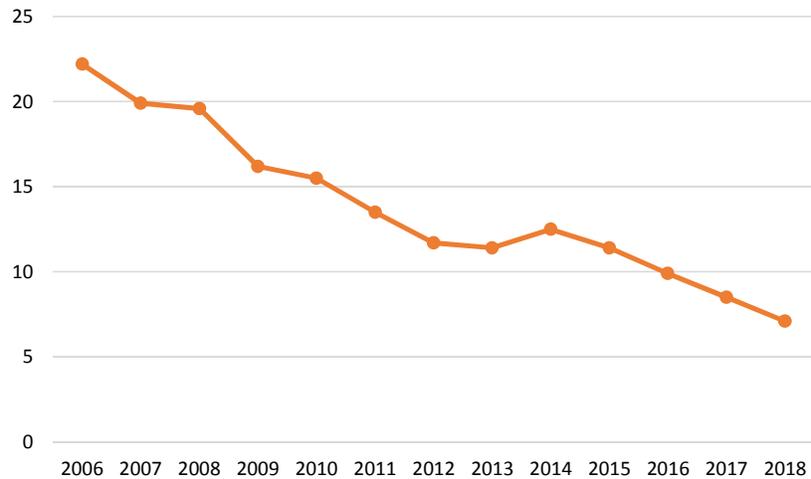
The attrition (drop outs) of students in primary and secondary education is not a pronounced problem in the Republic of North Macedonia (Table 9), although the dropout rate, which is under 1.5% for the students enrolled in primary education and around 2% for those in secondary education is maintaining such levels and should not be disregarded. The trend of early school leavers is also favourable (Chart 24) and their share has been 7.1% in 2018, compared to 22.2% in 2006.

Table 9 – Students who dropped out from school during the school year

	Primary education				Secondary education			
	Total	% of enrolment	Of whom: left	Of whom: terminated education	Total	% of enrolment	Of whom: left	Of whom: terminated education
2010/2011	2163	1.1%	1771	392	1496	1.6%	823	673
2011/2012	1888	0.9%	1590	298	1456	1.6%	969	487
2012/2013	2094	1.1%	1720	374	1708	1.9%	1082	626
2013/2014	2405	1.3%	1807	598	1715	2.0%	1107	608
2014/2015	2795	1.5%	2334	461	1627	1.9%	1060	567
2015/2016	2525	1.3%	1971	552	1328	1.6%	583	265
2016/2017	2601	1.4%	2289	312	1642	2.0%	1101	541

Source: State Statistical Office.

Chart 24 – Early school leavers

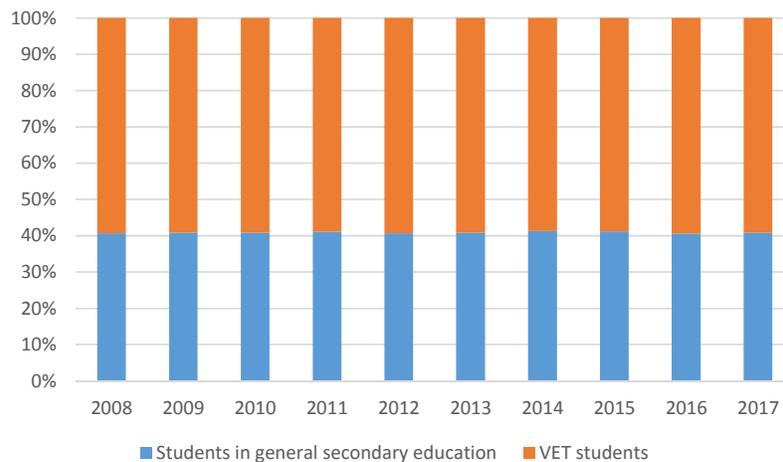


Source: State Statistical Office – Labour Force Survey.

Note: The indicator is defined as the share of the population aged 18-24 with primary or no education in the total population of that age group.

Vocational education and training. The interest of students for secondary VET throughout the years has retained its relative dynamics (Chart 25), i.e. around 59% of all secondary school students enrolled in vocational education and training schools.

Chart 25 – Students by type of secondary education – general vs. VET



Source: State Statistical Office.

Tertiary education. In 2017, a total of 19 universities or independent faculties operated in the Republic of North Macedonia, of which 5 were public, 12 private, and 2 were religious higher education institutions. A total of 53,677 students enrolled in academic year 2018/19, representing an increase of 7% in comparison with the academic year 2013/14. A total of 7,698 students graduated at those higher education institutions in 2018 (Table 11), which is lower by 18.8% compared to 2013.

Table 10 – Students enrolled in 2018/19

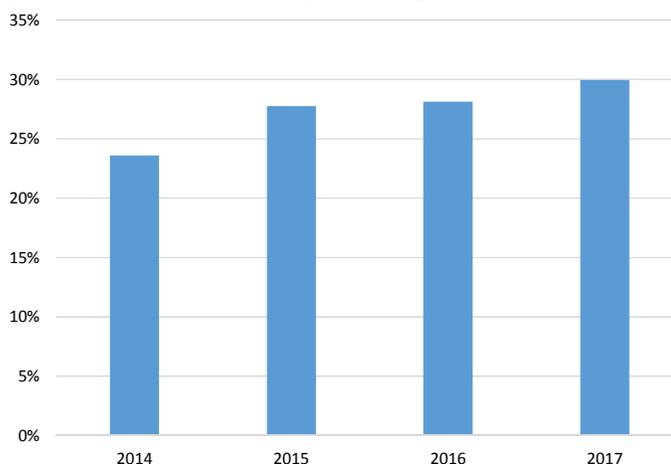
	Total	Gender		Year of study						
		Women	Men	I	II	III	IV	V	VI	Last year
Public tertiary institutions	46,678	27,475	19,203	11,667	9,555	11,074	7,502	798	260	5,822
Religious faculties	351	150	201	90	88	96	51	-	-	26
Private tertiary institutions	6,648	2,727	3,921	2,174	1,663	1,829	570	53	-	359
TOTAL	53,677	30,352	23,325	13,931	11,306	12,999	8,123	851	260	6,207

Table 11 – Graduated students in 2018

	Full-time students	Part-time students	Total
Public tertiary institutions	5,500	704	6,204
Private tertiary institutions	1,177	295	1,472
Religious faculties	15	7	22
TOTAL	6,692	1,006	7,698

Source: State Statistical Office.

Despite the declining numbers of enrolled and graduated students – mostly as a consequence of the demographic trends – the share of persons who completed higher education in the population group 30-34 is marking a progress throughout the years (Chart 26).

Chart 26 – Share of persons (30-34) who completed higher education

Source: State Statistical Office – Labour Force Survey.

2.2.2. Systemic framework

Institutional framework

The education system in the Republic of Macedonia consists of three sub-systems: primary, secondary and tertiary education. The Ministry of Education and Science is responsible for upbringing, education and training of all kinds and at all levels, as well as for the organization, financing, development and promotion of upbringing, education and science.

The Republic of North Macedonia also organizes preschool education which aims at social, mental and physical development of young children. The programmes cover children at the age of 3 or more because children at younger age normally do not satisfy the education criteria and in that period mainly the nursing role is prevalent. The activity is carried out in kindergartens and early child development centres.

Primary education is realized in accordance with the Concept for nine-year primary education and the Law on Primary Education. Education is compulsory, free-of-charge and non-discriminatory on any grounds. The primary mission of this sub-system is to raise, educate and direct and it is realized in public institutions - primary schools. The primary education lasts nine years and is realized in three educational periods: the first period from first to third grade, the second from fourth to sixth grade and the third period from seventh to ninth grade.

Curricula and syllabi are prepared by the Education Development Bureau and are based on learning targets for each programme field in each subject in accordance with the Bloom's taxonomy.

Adapted curricula in accordance with the Cambridge International Examination Centre programmes from Great Britain for mathematics and natural sciences were introduced in

all primary schools in school year 2014/15. Adapted curricula are characterized by spiral curriculum, scientific research and problem solving.

Secondary education is realized through curricula and programmes on: general education, vocational education, secondary education in arts and secondary education for students with special needs. Full-time and part-time students who completed primary education are eligible to enrol in vocational education and training. Public vocational education and training can be three-year and four-year VET and specialist education. Two-year VET may also include persons who have not completed primary education, but, in parallel to the vocational training they are supposed to complete the prescribed primary education curricula, too.

Activities and responsibilities of secondary education are regulated by the Law on Secondary Education and the Law on Vocational Education and Training. Since the school year 2008/2009, the secondary education is compulsory for students, as one of the measures of the Government for raising the level of the citizens' education. Secondary education is realized within public secondary schools where education is free-of-charge and in private secondary schools - where parents bear the costs of their children's education.

The general high school education has a general educational character and enables students to gain wider knowledge and understanding and it also prepares students for further education at a higher level and less often, for entering the labour market. Curricula and programmes are prepared by the Bureau for Development of Education.

In VET schools, students are mostly oriented to choose their future profession and are given the opportunity to continue studying at a higher education institution by opting for the state graduation (matriculation). The majority of activities related to the vocational education and training are under the authority of the **Vocational Education and Training Centre**, which is a public institution established in order to promote vocational education and training, to develop standards for occupations, that are the base for preparing qualification standards and curricula and to propose measures for improving the quality of teaching of VET subjects.

Completing two-year and three-year vocational education and introducing profiles/qualifications in accordance with the needs of the labour market enable higher frequency on the labour market. In this respect, the Concept for Vocational Training of two years duration and the Concept for Vocational Education for Occupations (with three years duration) were introduced.

Curricula and programmes of general subjects are prepared by the Bureau for Development of Educational, whereas vocational subjects are prepared by the VET Centre. Curricula are defined through objectives and expected learning outcomes for each subject separately. Starting in the school year 2019/2020, modular curricula are being introduced for all profiles in secondary VET.

Starting from the actual situation in the field and the understanding that the vocational education is more focused on knowledge and less on students' practical skills and competencies, as well as the insufficient involvement of employers in the whole process of vocational education and training, the activities for significant increase in the number of classes for practical training were initiated. The reform envisaged that the practical

training can be realized in schools and 1/3 of the total number of classes must be realized within an employer verified to provide practical training for students. The enterprise/company where practical training is realized must fulfil certain requirements regarding space and equipment and must have proper professional and other staff (mentors), in accordance with the prescribed standards⁵ set down in cooperation with the Chamber of Crafts. Before starting the practical training within the employers, a contract is being signed between the student or the parent/custodian, the vocational education and training institution and the employer. There are special trained mentors that lead and assist students within the company, in order to successfully complete the practical training within the employers. In this way, the process of cooperation between employers, as well as chambers of commerce and the education and training institutions has been strengthened and improved. The employers are included also in the preparation of occupational standards and curricula as members of working groups, and they will be members of the committees for taking the final exam in the three-year vocational education and training. These reforms have also contributed to increasing and promoting the skills of teachers and mentors for practical training within institutions and companies, all with the purpose for the education and training to better respond to the labour market needs.

Monitoring and evaluation of progress and achievements of students is conducted by internal and external testing (assessment). After completing vocational training, students take a vocational training exam in front of a Commission, comprised of teachers and employers' representatives delegated by chambers. After completing vocational education for occupations, students take a final exam composed of a theoretical and practical part. The theoretical part of the exam is taken internally and the practical part test is taken in front of a Commission comprised of teachers and employers' representatives delegated by chambers.

After completing high school, technical or art education with the four-year duration, students take the State Examination (matriculation) which is a pre-requisite for enrolment into higher education or a school exam/final exam - a pre-condition for entering the labour market. Final exams consist of an obligatory part, an optional part and a project task.

The secondary school for students with special educational needs provide education to students under curricula conforming to relevant occupations, i.e. education profiles or professional training. Depending on the curricula for relevant occupations, i.e. occupation profiles, the students with special educational needs can take the state matriculation exam or a final exam.

Pursuant to the Law on Decentralization, the local self-government (municipalities) is responsible for establishment and management of schools, whereas higher (tertiary) educational institutions are autonomous and independent. The role of local self-government in the educational process is strengthened, whereas representatives of local governments participate in the school boards, and they participate also in policy making for determining the profiles in vocational schools, in accordance with the local needs.

⁵ Standard for expert or other staff for implementation of practical training at the employers and Standard on equipment and premises for performance of practical training of students at the employers

Quality assurance in education for primary and secondary education is performed through an external evaluation by the State Education Inspectorate, while in higher education it is carried out in accordance with the Law on Higher Education (Official Gazette of RM no. 82/2018) in accordance with the principles of the standards and guidelines for quality assurance in the European higher education area (European Standard Guideline 2015 (ESG)). Since 2018, an Agency for Quality Assurance in Higher Education is being established, including Accreditation and Evaluation boards within its structure. These bodies shall assume the role of the Board for accreditation and evaluation of higher education, established as an independent body in 2002. Procedures for self-evaluation are carried out by all educational institutions (schools and universities).

The education system also covers children with disabilities who are involved in the regular classes or study in specialized schools, depending on the type of disability and the preference of the parent/legal guardian. The new Law on Primary Education is based on the fundamental right for full inclusion of all students. Several support services are provided for students with disabilities (inclusion team, educational and personal assistants, assistive technology and other facilities). An inclusion team is established for the students with disabilities involved in regular class, and such team develops an individual syllabus or a modified curriculum, taking into account the student's individual potentials and needs.

Higher (tertiary) education is organized in three cycles (undergraduate, postgraduate-master and doctoral studies), based on ECTS (European Credit Transfer and System) credits and issuing Diploma Supplements in accordance with the requirements of the Bologna process. Starting from the academic 2008/2009, first and second cycle study programmes have been reformed, and from academic 2012/2013 the reformed third cycle of doctoral studies in accordance with the Salzburg I and II principles has been implemented. These activities are regulated by the Law on Higher Education. Pursuant to the Law on higher education institutions of religious communities and the Law on Higher Education, the Orthodox theological faculty and the Faculty of Islamic sciences were established. All study programmes (curricula) are based on learning outcomes.

There are also first and second cycle integrated studies, and their common feature is the fact that practical training is a compulsory part of the higher education study programmes, in order to improve the students' skills and competencies. The National Framework for Higher-Education Qualifications adopted in 2010 was the instrument shaping the reforms in the higher education. The framework includes short study cycles, the first, second and third cycles of studies, as well as the Framework for Qualifications of the European Higher Education Area, which correspond to levels 5, 6, 7 and 8 of the European Qualification Framework for lifelong learning. The learning outcomes in the higher education are described by the five Dublin descriptors, in accordance with the recommendations of the Bologna process.

Republic of Macedonia gives specific priority to **adult education** and this activity is regulated by the Law on Adult Education and the Law on Vocational Education and Training. One of the key institutions in respect to the activities related to the adult education and training is the **Centre for Adult Education**, the institution that is responsible primarily for verification of special programmes for adult education and training.

The harmonization of the education and training with the labour market, the youth employment, adult qualification training, ensuring quality of the whole process contributed to the preparation and adoption of the **National Qualifications Framework for life-long learning (Macedonian Qualifications Framework)** in 2013, as an opportunity for mobility of participants in the education and training process, an opportunity for employees and businesses to operate within global markets and an opportunity for life-long learning in order to deepen knowledge, skills and increase the qualifications of participants in the learning process. The corresponding Law on the National Qualifications Framework was also adopted.

Legal framework.

The key legal framework comprises the Laws on *primary, secondary and higher education*. Some of the major novelties are the *Law on primary education* and the *Law on teachers and expert associates in primary and secondary schools*, which have been adopted in August 2019 and introduced several reforms aiming to raise the quality and inclusiveness of primary education, promotion of the educational process and manner of organization of studies, career and professional development of teachers and expert associates. New Law on Higher Education was adopted in May 2018, drafted in wide consultations with the academic community and students. Other laws in this field include: *Law on Vocational Education and Training, Law on Adult Education, Law on Scientific Research, and Law on National Qualifications Framework*.

National Strategic Framework

The most important strategic document in this domain is the *Education Strategy 2018-2025*. It presents the basis of the activities of the institutions in the Republic of North Macedonia in the field of education for the period till 2025 and it builds on the current state in the educational system and aims at their gradual development according to the established priorities. The Strategy defines a vision comprehensive, inclusive and integrated education focused on the learner, based on modern programmes for equipping future generations with knowledge, skills and competences in accordance with the needs of the democratic multicultural society, labour market, and the new challenges in the global scientific technological environment. The strategy is based on clear identification of the main challenges of the education sector, thus ensuring its relevance through careful definition of the priority areas to be addressed within the period till 2025. At the same time, in order to meet the criteria of credibility, only the measures that can be implemented within the planned period are included in the Strategy and supported by a costed Action Plan with identified sources of funding. However, the Strategy suggests also longer term objectives which may be considered while programming the next phases of education development in the country. The document covers six main pillars of education system: pre-school education; primary education; secondary education; vocational education and training; higher education and research; and adult learning and education. These are followed by a seventh pillar, covering general issues in the education system.

Strategy for Adult Education 2019-2023 has also been developed, postulating activities, results, policies and operations that need to be implemented to promote adult education in North Macedonia. The Centre for Adult Education, in cooperation with the European Training Foundation (ETF), has developed the “Concept- Paper for Non-Formal Adult Education and Informal Learning” as well as a “Concept-Paper for Primary Education for Adults”. Since 2012, the adult education has been realized according to specific programmes, verified by the AEC in accordance with the specific Rulebooks (by-laws), in institutions verified by the Ministry of Education and Science. The specific adult education programmes are based on learning outcomes and are prepared according to a Model of specific programme for adult education. As a result of the Concept-paper for non-formal adult education and informal learning in the Republic of North Macedonia, in November 2015, the Adult Education Centre, began with the preparation of the “System for Validation on Non-Formal Education and Informal Learning”.

Recognizing the situation within the vocational education, the need for a greater flexibility in adapting to the needs of the labour market on one hand, and the preparedness of students with their abilities and competences to meet the labour market requirements, on the other, important reforms were initiated in 2011 in the area of vocational education. The *Strategy for Vocational Education and Training in the context of lifelong learning 2013-2020* and the *Strategy for Entrepreneurial Learning* were drafted and adopted.

2.2.3. Key challenges

Based on the situation in the sphere of human capital and education, the key challenges identified in this sphere are the following:

- Inclusiveness of education and providing equal access;
- National Qualifications Framework for lifelong learning; and
- Employability of labour force and building lifelong learning pathways.

High quality inclusive education and equal access to education for all

It is of an exceptional importance to ensure equal access to the education system and a quality education to all children, regardless of their origin and differences. The inclusive education system increases accessibility of education for every child and creates conditions for quality education that suits the needs and abilities of each student. Inclusive education approaches should ensure essential and content changes in schools, which relates to the material, financial and staff readiness of schools to meet the needs of different students that attend regular classes. It is essential that all students are provided with curricula and teaching aids adapted to their individual capacities and needs and which suit their affinities, so that they are valued as school community members and observed as its integral members.

Drop-outs from the educational process and the existence of persons who have leave the educational process early (early school-leavers), could be considered as one of the reasons for increasing unemployment, having in mind that the persons enters life cycle without having gained certain knowledge, skills and competencies that will be essential for gaining employment. The state will continued to undertake a series of measures and activities for further improvement of these conditions and for prevention or reduction of the students' dropout rates and further improvement of the situation in respect to the early school-leavers. Among other things, cooperation with the parents has also been strengthened in order to gain and strengthen the trust between parents and school employees, so that parents and the community can be involved in the school life, but also the school to be involved in the community life. The government will continue with the implementation of measures that will aim to increase the coverage, to reduce drop outs and to make education accessible to the students from the socially vulnerable categories (Roma students, students from rural areas, the poor etc.).

Furthermore, one of the important indicators relating to the coverage of the population by the educational system is the **share of persons aged 30-34 with completed tertiary education**. Together with the rate of early school leavers, these represent the two main indicators in the field of education, also within the EU strategy for smart, sustainable and inclusive growth "Europe2020".

National Qualifications Framework

The National Qualifications Framework (NQF) is a unique, integrated and systematically organized structure for systematization, description and development of qualifications. It represents an opportunity to achieve a balance between the services provided by education and training and the labour market requirements for knowledge, skills and competencies. Simultaneously, it is an instrument for quality assurance, because approving qualifications to be included in the National Framework requires the fulfilment of certain quality standards and criteria. The quality of processes related to the NQF contributes to the credibility and transparency of qualifications within the NQF.

The Framework is a basis for development of new standards for qualifications and competences, preparation of new competence based programmes and plans (curricula), introducing modular learning and training programmes, accumulation and transfer of credits, reviving the post-secondary vocational education and training, all in view of improving the horizontal and vertical mobility of persons in education and training and the labour market.

The development of the curricula should be based on a labour market analysis, which should be carried out with the assistance and involvement of the business community and taking into consideration regional and local requirements and individual needs. Newly prepared curricula must be based on learning outcomes.

Employability of labour force and building lifelong learning pathways.

The fast technological developments brought substantial changes in relation to the labour market requirements for skills and competences. The current profiles and occupations, as well as skills and competencies offered by education do not fully match the labour market needs. There are also reactions from the business community that profiles/qualifications produced by VET do not satisfy their needs, not only regarding necessary skills but also in respect to the types of qualifications.

The interest for vocational education and training should be increased and vocational education and training should satisfy the needs and interests of different groups of beneficiaries. In that respect, development of different pathways and opportunities for education and training which will help these groups to acquire new or upgrade their existing qualifications/competencies is needed. This could be achieved by introducing a high level of flexibility in the approach and provision of educational services. Introducing flexible learning pathways actually entails integration of formal and informal learning.

The new qualifications and skills imposed the need for further training or retraining of people in accordance with the labour market needs, through the means of short-time courses and trainings. Stimulating such programmes for short-time and dynamic courses will make the vocational education and training system more flexible, leading to enhanced and improved opportunities for quick reaction and meeting the labour market needs by providing the required skills.

The fast paced technological development and the need for new qualifications and skills imposed the need for further training or retraining of people in accordance with the labour market needs by the means of short-time courses and trainings. The promotion of the development of such programmes for short-time and dynamic courses will make the vocational education and training system more flexible, which would lead to improved and enhanced opportunity for the unemployed to acquire knowledge and skills aligned with the labour market requirements.

2.3. Social Inclusion and Social Protection

2.3.1. Statistical indicators

An overview of the state of affairs in the social sphere in the Republic of North Macedonia is presented in section 1.2. In the present section we provide further details on social protection and social inclusion.

Poverty

The poverty rate, calculated as the share of people living with less than 60% of the median equalised disposable income, was on a downward trends, from 27.0% in 2010 to 21.5% in 2015, followed by a mild stagnation and in 2018 it was 21.9% (Table 12; see also Chart 6, left in section 1.2). The economic growth, accompanied by favourable labour market trends (increase of employment and wages), growth of pension benefits and social assistance, have contributed to the reduction of the poverty rate in the recent years.

Table 12 – Poverty and social exclusion indicators

	2016	2017	2018
At-risk-of-poverty rate, % of population	21.9	22.2	21.9
Number of persons below at-risk-of-poverty threshold, in thousands	453.2	460.3	455.1
At-risk-of-poverty threshold of single-person household - annual equalized income in denars	82 560	90 120	97 000
At-risk-of-poverty threshold of four-person household (2 adults and 2 children aged less than 14) - annual equalized income in denars	173 376	189 252	203 700
At-risk-of-poverty rate before social transfers and before pensions, % of population	41.6	40.7	40.8
Inequality of income distribution S80/S20, quintile ratio of income	6.6	6.4	6.2
Inequality of income distribution Gini coefficient	33.6	32.5	31.9

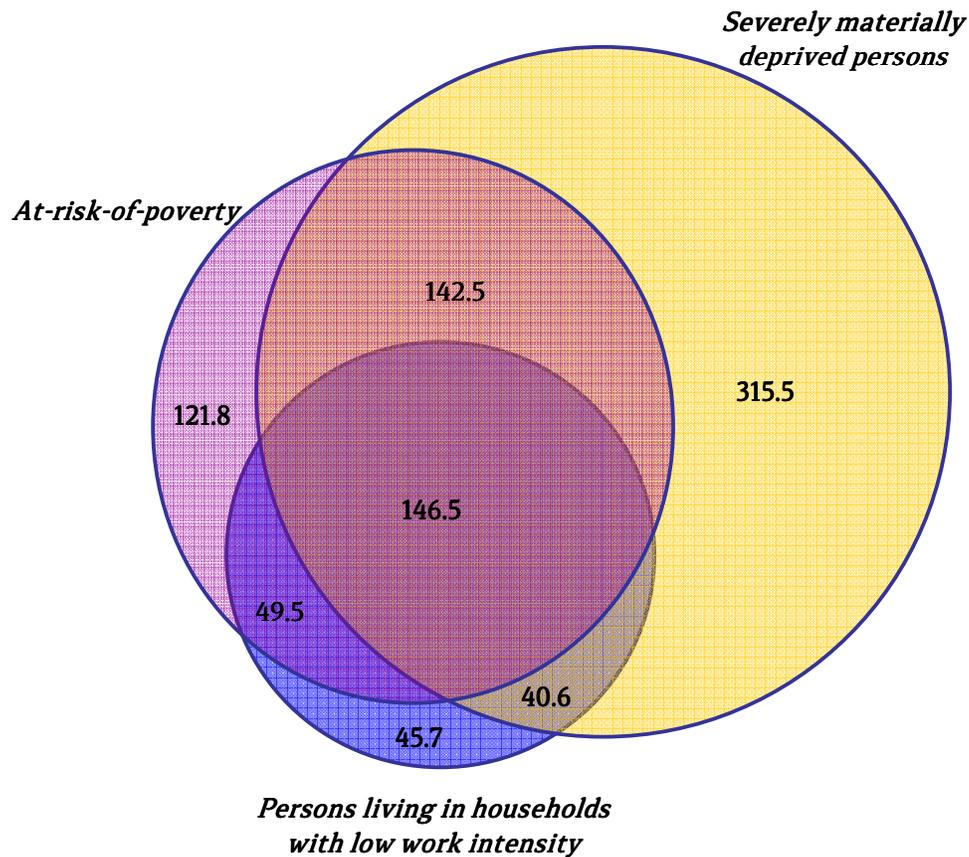
Source: State Statistical Office – Survey on income and living conditions.

In structural terms (Chart 6, right), the situation with the poverty is most critical with households with many children (50.2%) and single parent households (33.5%), while the single person households are in the most favourable position. According to the economic status, in 2018 the in-work poverty was 8.8%, poverty rate of pensioners was 7.9%, while the poverty rates for unemployed and other inactive persons are rather high, 41.9% and 31.1%, respectively. By age groups, the poverty rate was the highest for children (0-17) and amounted to 29.3% in 2018, followed by 21.2% of the working age population 18-64, and it was the lowest for the retirement age population (65+) with 14.6%.

In 2017, the percentage of severely materially deprived persons or the share of population which could not afford at least 4 of 9 items in the economic strain and durables dimension was measured at the high 31.1%. By age groups, this share was the greatest for children (0-17) with 34.1% in 2017, while for the remaining population it was around 30.2%. The at-risk-of-poverty or social exclusion rate, i.e. the so-called AROPE indicator in 2017 remained

relatively high at 41.6%. These statistics define the social picture in the Republic of North Macedonia, which is illustrated in Chart 27.

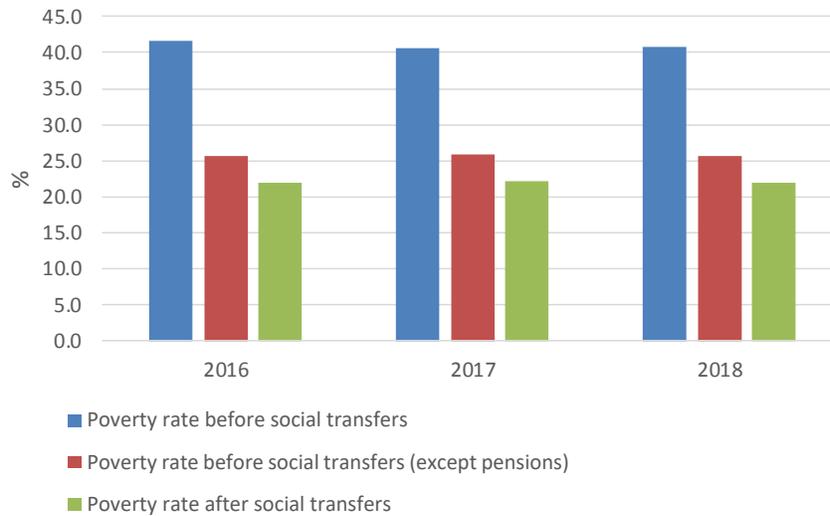
Chart 27 – Persons at risk of poverty, severely materially deprived and persons living in households with low work intensity, number of persons (in thousands) - 2017



Source: State Statistical Office, Survey on income and living conditions.

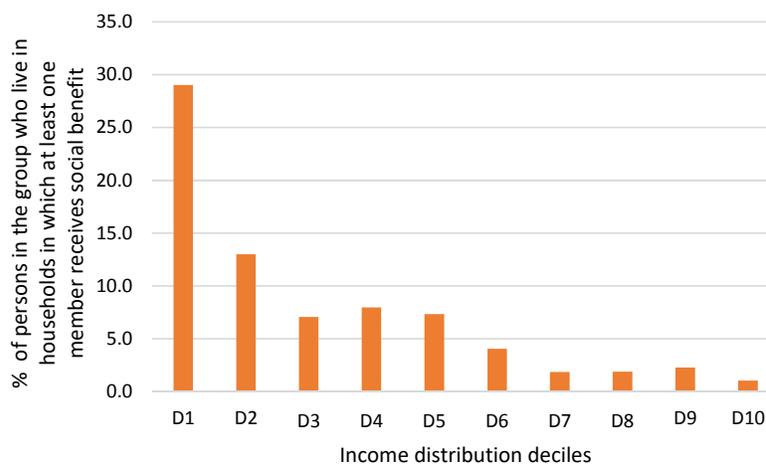
Effectiveness of social assistance

Social assistance – under the system and structure prior to the major reforms in 2019 – had a very low effect on the reduction of poverty (Chart 28). This was caused primarily by the very small amounts of the social benefits, as well as by the insufficient effectiveness of the targeting. In 2018, the contribution of social assistance to the reduction of poverty amounted to only 3.5 percent points, which is particularly low when compared with the effect of the pension benefits. In particular, in the same year, the pension benefits contributed with 15.1 percent points to the reduction of poverty. It is expected that the reforms that took effect in mid-2019 would have greater impact on poverty reduction.

Chart 28 – Poverty rate before and after social transfers


Source: State Statistical Office, Survey on income and living conditions.

The fact that targeting of social assistance has been a potentially significant problem is indicated by Chart 29, which presents the shares of people in each decile group living in households where at least one person is a social assistance beneficiary. Such so-called coverage is expectedly the highest for the poorest households at 29%, but it is potentially low, taking into account the expectation that the greatest share of the most poor would need some type of social assistance. On the other hand, 1% of the households with the highest disposable income receive some social benefit, which is not excluded (taking into account the fact that some social benefits are related to particular conditions which are not dependent on income), but one should expect that such share would be smaller.

Chart 29 – Effectiveness of social assistance by decile groups


Source: State Statistical Office, Survey on income and living conditions. Calculations of the World Bank.

Social situation of Roma

In the absence of national statistics disaggregated by ethnic origin, the social situation of the Roma in the Republic of North Macedonia is presented based on the Social Mapping Report, drafted for the purposes of the Ministry of Labour and Social Policy in June 2019, based on a sample of 11 municipalities where the Roma population is concentrated. The mapping covered around 90% of the total Roma population in the country.

The employment rate of Roma people is 23%, almost twice lower than the national average. The unemployment rate for Roma is as high as 67%. The employment rate for the Roma women is 8%. However, the Roma community is facing a high rate of informal employment – on average 25% of the population are working informally. The most common informal work for the Roma male population is in trade, taxi services, as well as construction and agricultural fields, while for the Roma women the most common job is in trade and cleaning services. Involvement in seasonal work is a form of income that many Roma families rely on during the summer period in the harvest seasons. Around 36% of the Roma households' income range below MKD 12,000 per month, 31% of the household are in range between MKD 12,000 – 24,000, while 18% in the range between MKD 24,000 – 40,000. Around 48% of the Roma families are recipients of social welfare assistance. Around 23% of the Roma are not registered in the ESARNM, as they perceive that they do not have benefits for registering.

On average around 17% of the children at pre-school age are attending kindergartens. 75% of the Roma children at age 6-18 years old are enrolled in schools, which is a devastating fact bearing in mind the compulsory character of primary and secondary education in North Macedonia. The lack or insufficient financial means was the primary reason for not attending kindergarten, primary and secondary school. The second most common reason as reported by the parents is the remoteness of the school from their settlement. Around 8% of the Roma families have reported cases of discrimination against their children in the education system.

In terms of health, Roma have poorer health status than the general population. According to basic health indicators, life expectancy of Roma people is 10 years shorter than the national average; infant mortality among Roma is 13.1 ‰ (general population 10,3 ‰), and differences exist also in the age at which chronic non-communicable diseases first emerge, in immunization coverage, regular health exams, especially among women during the reproductive period, as well as in health information access. Around 18% of the Roma, report their situation as moderately poor, while 26% perceive that their situation is good, and 55% of them report that their situation is quite good. The distance from hospital or health unit is one of the determinants for access to public hospital/ health services. The lack of access to health insurance is dramatically high –in average, 80% of the respondents declared the lack of health insurance, therefore a limited access to healthcare services. The reasons might be various, but it is evidenced that Roma population is not informed that everyone in RNM has the right to access free primary health care.

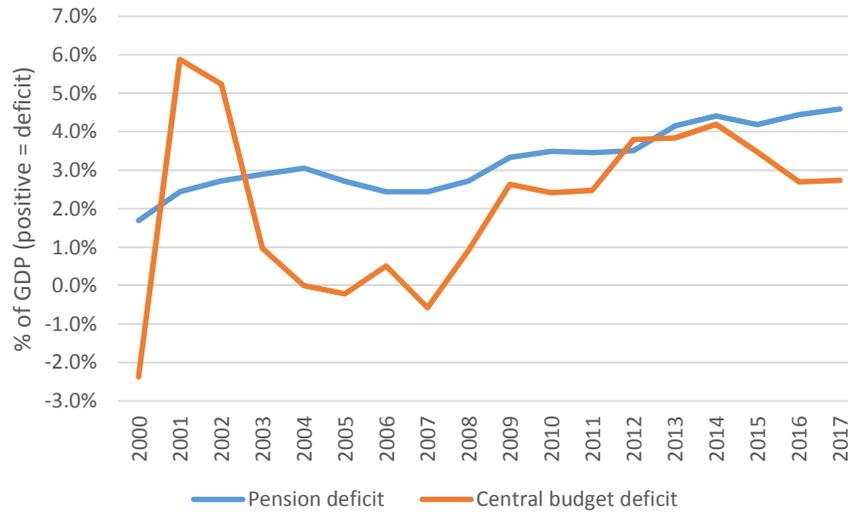
Around 44% of the Roma population live in dwelling less than 50m², which implies that they are facing overcrowding taking into account that on average there are 5 members in one household. 90% of the Roma households reported that they own their dwellings, but it should be noted that often they informally consider themselves owners of a certain property to which they, in fact, do not have a legal title, i.e. which are most commonly illegal dwellings. This is corroborated by the fact that around one half of the households reported that the process for legalization of their dwellings is completed. In terms of the quality of the dwellings, most of the Roma households live in dwellings with moisture (53%), without sufficient lighting (15%), in dwellings made of inappropriate materials (6%), without access to electricity (3%) and without access to asphalt roads (12%). In terms of public utility infrastructure, 18% of the households do not have access to sewage system, 30% of them do not have toilet inside the house, 20% of them do not have toilet with a bathroom and around 10% of the Roma households do not have drinking water inside the house. These conditions are closely related to the health status and outcomes.

Pension system

The growth of wages and employment (see Chart 3) resulted in doubling of income from pension and disability insurance contributions in the period 2000-2017.

However, the need for payment of pensions in the same period nearly tripled, which imposed the growing need to finance the pension deficit from the central budget. Hence, in the period from 2000 to 2017, the transfers from the central budget increased six fold. This brought about a significant change in the PDIFNM's revenue structure, where the original revenues from contributions decreased considerably, while the revenues from the central budget increased their share from 18% in 2000 to 43.6% in 2017. Pension expenditures also increased, and at a faster pace after 2008, in part as a result of the transition costs incurred in the transition to a three-pillar system in 2006, but to a large extent also due to the frequent one-off pension increases in the period until 2016 (Petreski and Gacov, 2018). Before 2008, the economy, on average, experienced growth of 3.1%, and the pensions of 2.9%; whereas after 2008, those figures were 2.4% and 6.5%, respectively. These trends led to a growing pension deficit, which, for the most part of the observed period, exceeded the central budget deficit (Chart 30).

Chart 30 – Pension system deficit

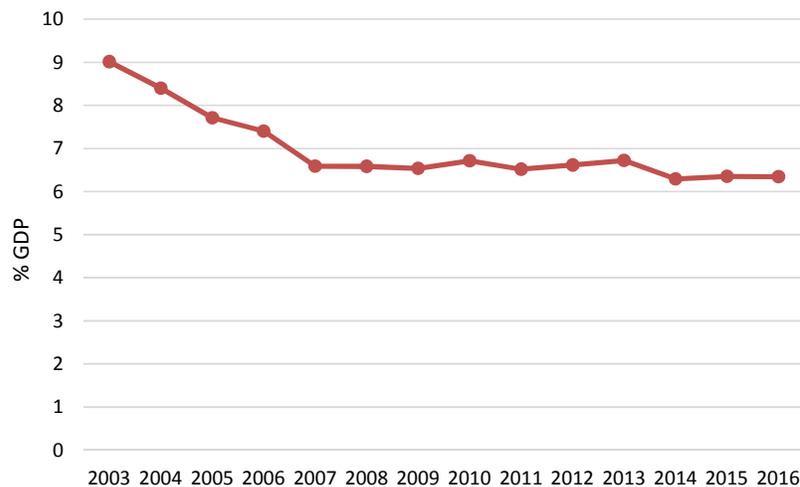


Source: Ministry of Finance, PDIFNM

Health care

Public expenditures on health have decreased slightly in the recent years, although the decrease is more considerable compared to 2003 (Chart 31). The data for the WHO database on global health expenditures show that 35.6% of the current health expenditures in 2015 in the Republic of North Macedonia were out-of-pocket expenditures. This share decreased slightly from 36.8% in 2013.

Chart 31 – Healthcare expenditures



Source: World Bank.

Macedonian citizens are nearly as healthy as the people in other countries in the region, but not as healthy as the people in the EU Member States (World Bank, 2018). In the last decades, the burden of diseases transferred to non-communicable diseases (NCD), and their risk factors increased. In 2016, NCDs had a share of 87% in all disability-adjusted life years – number of potential productive years lost due to premature ill-health, disability or early death. In 2015 the rate of mortality of cardiovascular diseases, cancers and chronic lung diseases in the Republic of North Macedonia was 22% (for people aged 30-70), which was much higher than the EU average of 13% (World Bank, 2018). The rates of diabetes and carcinomas (in particular lung cancer with men) have increased significantly in the recent years. Prevention services (i.e. primary healthcare services) and the expenditures for such services lag behind the needs. NCDs also entail high economic costs. World Bank (2018) estimated that the country is losing 19.900 productive years annually due to premature ill-health, disability or early death. The extremely high air pollution in the recent years is also a pressing issue, entailing big health problems and costs, as well as economic losses.

A small number of people in the Republic of North Macedonia report an unmet need for medical care. In 2016 only 2.9% of the population self-reported unmet needs of medical care. The healthy life expectancy (HALE) at age 60 in the Republic of North Macedonia in 2016 was 14 years for men and 16 years for women (Global health Observatory).

2.3.2. Systemic framework

Social protection is defined as “activity of public interest carried out through measures, activities, programmes and policies for protection against social risks, prevention and overcoming social problems that have detrimental effects on the citizens’ wellbeing, with the purpose of: promotion and maintenance of the social security of citizens, prevention of social exclusion, improvement of the quality of life of the citizens and strengthening the capacity of the citizens for independent, active and productive living” (article 2 of the Law on Social Protection, adopted in May 2019).

The state fulfils its social function through the network of public institutions for social protection. The system for social protection is comprised by the Social Work Centres (30), which have public authority to perform the activities in the field of social protection. Extra-familial care is provided in 10 social protection facilities and in foster-care families. Recently, the social protection system has been aimed primarily to developing and strengthening home and community based services for citizens belonging to vulnerable categories, by establishing services for day and temporary residence, including respite family care, halfway homes, home assistance and care, personal assistance, etc. aimed at strengthening the potential of biological families and the communities to provide care for their members, in accordance with the needs of the users (the elderly, persons with intellectual or physical disabilities, homeless persons, victims of domestic violence, children on the street, drug addicts, etc.).

The social work centres have public authority, administer the financial social protection allowances and benefits and decide on the eligibility of citizens for social services. The

management of the social protection cash benefits rights is facilitated fully through the established system for ex officio exchange of information between the institutions maintaining the databases necessary when initiating procedures for exercising social protection financial benefits rights.

The capacities of the system for social protection are being improved and strengthened also through the process of licensing experts within the system for social protection.

The process of decentralization in the field of social services is still in the initial stage. Although the Law on Social Protection strengthens their competencies, municipalities still do not recognize sufficiently their social functions in designing and adopting their own programs in the field of social protection, for the purpose of organizing and providing social protection for the citizens within their territories, and in developing community-based social services. In practice, social services are provided mostly by the state. Private initiative has yielded good results in the establishment private homes for the elderly.

Furthermore, the new Law on Social Protection introduced a new way of financing of social services, which may be provided by various natural and legal persons, including citizens' associations. A system for licensing social services is currently under development, ensuring that each provider meets the prescribed standards and requirements for the relevant social service. Financing of social services shall be carried out through regular annual calls for proposals of the Ministry of Labour and Social Policy for provision of social services by municipalities, associations and private social services providers in general. The costs of the services shall be defined using the Methodology for pricing of social services, and the Ministry shall revise them annually in accordance with the consumer price index.

Within the system for child protection, the care for preschool children has been provided in kindergartens, as well as financial reimbursement rights (benefits) - children's allowance, parental allowance for a child, one-off financial assistance for new-born babies and a special allowance for children with developmental impediments.

Childcare and education of pre-school aged children is provided in total of 72 public institutions for children – kindergartens, distributed in 281 facilities in 57 municipalities. Furthermore, in 38 villages, i.e. settlements and 18 municipalities there are groups providing care for children in other facilities. There are 25 early child development centres operating within 12 public municipal institutions. Childcare and education of preschool aged children is also realized in 26 private institutions for children – kindergartens, five private institutions for children - early child development centres and six kindergartens organized in the form of organizational units within legal entities and private secondary schools, as well as 2 agencies providing services for preschool child care.

In the Republic of Macedonia, a considerable number of measures and activities are being intensively and continuously realized in the direction of improving the situation and the social inclusion of Roma within the country. The Roma have been acknowledged as a ethnicity with all successive rights, freedoms and protection from discrimination. Located in the urban areas, the largest number of Roma residents live in Skopje, Prilep, Kumanovo,

Bitola, Tetovo, Gostivar, Shtip, Kocani, and members of this enticity have been identified in more than 50 municipalities. In addition to the official data on local level, very often, the non-governmental organizations indicate that the actual number of the Roma population is greater than the official one. The difference with the official statistical data is owing to the existence of Roma who lack personal documentation (700 people applied at the Public announcement published in 2018 by the Ministry of Labour and Social Policy and the Directorate for registry records who reside on the territory of the Republic of North Macedonia and are not entered in the Birth Register), as well as their economic migration within the country and abroad, the lack of awareness of part of the Roma community on the importance of the census, and other reasons.

The healthcare system is functioning at several levels, in particular:

Level of preventive healthcare - 1 Public Healthcare Institute, 10 centres for public health with 21 regional units, established as public healthcare institutions, as well as private healthcare organizations of selected physicians, gynaecologists and stomatologists operating within the healthcare system.

Level of primary healthcare - 34 healthcare centres and 2 healthcare stations established as public health institutions. Patronage services, counselling centres for mothers and children, vaccination and the services for emergency medical aid, organized in working teams, are operating within such healthcare institutions.

The level of secondary healthcare functions as a specialist-consulting and hospital healthcare in health centres, specialist-consulting and hospital care in 13 general hospitals, 3 clinical hospitals, 7 specialist hospitals, 7 health centres and 5 institutes, established as public health institutions.

Level of tertiary healthcare – with 28 university clinics and one University stomatology clinical centre and a Public Health Institute, all of which established as public health institutions and with activity pursued in the system of healthcare institutions.

The compulsory health insurance is provided to the citizens of the Republic of North Macedonia by the Health Insurance Fund of North Macedonia (HIFNM), in accordance with the provisions from the Law on Health Insurance. The Law provides for exemption of charges for the vulnerable categories of citizens. Furthermore, special programmes of the Government of the Republic of North Macedonia provide for exemption of charges:

- in case of hospital treatment for the pensioners whose pension is lower than MKD 14,000, as well as for specialist-consultative and inpatient medical examinations for the beneficiaries of guaranteed minimum assistance and members of their families,
- in case of use of health care services for specific diseases and healthcare of nursing mothers and infants

Special programmes provided for the payment of the compulsory health insurance contributions to citizens of the Republic of North Macedonia who do not meet any ground for health insurance, thus enabling them full access to healthcare services, while pregnant women outside of the compulsory health insurance system and persons lacking personal

identification documents are provided with free-of-charge medical and laboratory examinations during the pregnancy and relating to pregnancy, as well as delivery.

The pension system in the Republic of North Macedonia provides protection of the elderly against social risks and comprises three pillars:

- **First pillar**, pension and disability insurance based on inter-generational solidarity;
- **Second pillar**, mandatory fully-funded pension insurance, and
- **Third pillar**, voluntary fully-funded pension insurance.

In 2006 the implementation of the second pillar was initiated, in which all persons - newly employed after 2003 are compulsory members and the total contribution for pension and disability insurance is being divided in the first and second pillar. In 2009 the third pillar started to function and it includes everyone who is not compulsory insured, i.e., everyone who hasn't provided the necessary length of service for insurance as a pension pre-condition or who has no working experience, so as to be able to provide pension in old age. Since its introduction of the second pillar until now, there are two pension companies operating with the pension fund, with one mandatory pension fund and one voluntary pension fund.

Legal framework.

The primary law governing the field of social protection is the Law on Social Protection. It is a new law which has been enacted in May 2019. It is based on the principles of the right to social security and social insurance of the citizens, social justice, humanity and solidarity, in accordance with article 34 of the Constitution of the Republic of Macedonia. The Law on Social Protection introduces several novelties:

1. Social financial assistance is reformed and upgraded into guaranteed minimum assistance. The base for calculation of the guaranteed minimum income was increased to MKD 4,000, as compared to the previous social financial assistance benefit which amounted to MKD 2,871. The long term beneficiaries of social financial assistance who used to receive 50% of the amount of the benefit now receive the full amount of the guaranteed minimum assistance.
2. The reformed social protection system provides for an increased activation of the recipients of guaranteed minimum assistance in such a way that all household members who are able to work would be included in the active labour market programmes for the purposes of their occupational training and employment. This entails continued compulsory attendance of trainings and accepting job offers. At the same time, the recipients of the benefit shall be provided support to complete their education and acquire skills that would improve their competitiveness on the labour market.
3. The redesigned financial assistance benefits could be seen solely as a family benefits package in accordance with the needs of households and citizens. Guaranteed minimum assistance is provided for the persons/households at risk of material deprivation, as well as

MKD 1,000 per month in the course of the six winter months to cover the heating expenses. The parallel reform in the field of child protection enabled the recipients of guaranteed minimum assistance to use a child allowance and education allowance for children regularly attending classes in primary and secondary schools, so as to support the parents in the settlement of school expenses, thus preventing early school leaving.

4. In view of improving the quality of life and providing for greater social inclusion of persons with disabilities, the financial benefits relating to persons with disabilities were extended. The disability allowance became available also to persons with severe or profound intellectual disability, in addition to persons with severe physical disability, completely blind and completely deaf persons. The amount of the salary supplement for part-time work due to care for a child with disability was increased to 50% of the average net salary paid in the country, as opposed to the previous limit to 50% of the minimum wage. The reforms introduced a right to permanent allowance for a parent of carer who provided care for a child with disability up to 26 years of age (and had not placed the child in a residential social institution) and who, after completing 62 years of age for women, i.e. 64 years of age for men, and is not using a pension benefit. In this regard, persons with disabilities and their families were enabled to use the new social services such as home assistance and care, personal assistants, respite care, and other day and temporary residence services.

5. In order to overcome the finding that the social services are not matching the individual needs of the beneficiaries, the new law provides for the promotion and development of various and flexible social services that would be home and community based services and extra-familial care services, as well as the possibility for development of innovative and intervention social services.

6. The law enables the engagement of the local self-government, as well as citizens' associations, natural persons and the private sector in the provision of social services. In this context it provides for a social service provider licensing system.

7. The Law introduces a new manner of licensing professionals and new method of professional work by introducing the so-called case workers, so that the professionals at the social work centres would work with the beneficiaries under a plan so as to overcome the social risk and reintegrate them in the society. The social worker, together with the responsible officer from the Employment Service Agency, will work with all work-able members of the household to help them acquire and improve their work skills and knowledge in accordance with their abilities and the requirements of the labour market, which would enable their employment as the best path out of poverty.

8. It strengthened the competencies of the local self-government units by establishing municipal councils for social protection and social protection councils of the planning regions.

The same period has seen the initiative to amend the Law on Children Protection, in accordance with the identified need to reform the rights to child protection. The reform of the rights to financial assistance for child protection aimed to increase the access to the right to child allowance, transformation of the parental allowance through a more balanced distribution of the financial resources within the one-off financial assistance for a

new-born child, by progressively increasing the amounts of the allowances for the first, second, and third child, as well as by directing the participation in the costs for providing care and upbringing of children to the protection of single parents - recipients of guaranteed minimum assistance who use the services of a public institution for children - kindergartens, as well as by introducing a new right such as the education allowance for school-age children (in primary and secondary schools) coming from families with lower disposable income and for children of recipients of guaranteed minimum assistance.

The Law on Social Security of the Elderly was adopted, providing for financial assistance for persons aged 65 and above who are materially deprived, in order to reduce the poverty among this category of citizens.

The key laws governing healthcare in the Republic of North Macedonia are the Law on Healthcare and the Law on Health Insurance.

The two key laws in the field of pensions are the Law on Mandatory Social Security Contributions and the Law on Pension and Pension Benefits from the Fully Funded Pension Insurance. The former governs the setup of the contributions for pension, health and insurance in case of unemployment, while the latter governs the types of pensions and pension benefits, conditions for entitlement to pension, institutions performing pension and pension benefits payments and other issues related to pensions and pension benefits of compulsory and voluntary fully funded pension insurance.

National Strategic Framework

Relevant national strategic documents have been developed and are implemented for the purposes of enhancement of social protection and social inclusion, such as: Programme for Protection of Social Protection 2011-2021, National Strategy for Reducing Poverty and Social Exclusion 2010-2020, National Strategy for the Elderly 2010-2020, Strategy for the Roma in the Republic of North Macedonia 2014-2020, National Deinstitutionalisation Strategy of the Republic of Macedonia for 2018–2027 “Timjanik”, and special multi-sectoral national coordination bodies have been established for the purposes of monitoring and evaluation of their implementation.

2.3.3. Key challenges

Based on the situation in the sphere of social protection and inclusion, the key challenges identified in this sphere are the following:

- Efficiency and effectiveness of the social assistance system;
- Availability of social services;
- The situation relating to deinstitutionalization;
- Social inclusion of Roma;
- Sustainability of the pension system; and
- Key challenges in the field of health system and health care.

Efficiency and effectiveness of the social assistance system

The social assistance system in North Macedonia can be characterized as categorical rather than universal, given that it guarantees minimum resources/income to specific subgroups of population such as unemployed, disabled, etc. Until recently, the system was fragmented, consisting of many types of programs rather than having a single, comprehensive program. In total, there were 16 separate benefit schemes that were defined by laws as “entitlements” or “rights” and two social programs. Of those, 11 were social and five were child protection benefits. The main program was the social financial assistance (SFA). Under the reform of the social assistance system described above, the situation changed significantly and the social benefits were consolidated. The remaining challenge in this domain is the effective and efficient enforcement of the new laws in the social sphere and the practical implementation of the integrated case-work system in the field, i.e. the effective cooperation between the social work centres and the employment offices, which should enable the persons to take a path out of poverty through efficient integration of the social benefit beneficiaries who are able to work in the labour market.

Availability of social services

The delivery of social services in the Republic of North Macedonia is particularly centralized, although legal and institutional opportunities have been created to decentralize the service delivery at local level and with private providers. In the municipalities there are different socially vulnerable groups of citizens that have been marginalized or found themselves in various situations of social risk, and with the process of decentralization, it is necessary for the local self-government to increase its scope of competencies in the field of development of social services tailored to the specific needs and requirements of the population in the local community. It is necessary to promote the development of programmes at local level that shall provide activation and work rehabilitation of the vulnerable groups of citizens, thus contributing to their increased participation in the labour market, and by that, exiting and leaving the vicious circle of poverty and social exclusion. There is a need for enhanced coordination and involvement of all relevant stakeholders within the community in the process of delivery of high-quality and innovative social services. This is particularly important in the field of designing social protection programmes at local level, which, so far, have not been properly financed from the municipal financial sources.

The social protection system has a shortage of services and facilities providing care for adult persons with disabilities, while the services for the elderly are insufficient as well. It is also necessary to develop services for professional rehabilitation of persons with disabilities and services of personal assistance, in order to facilitate their entry in the education system and the labour market, as well as to provide to their full social inclusion.

The development of social services should be particularly directed towards creating efficient and effective services tailored to the specific needs of the beneficiaries and in accordance with the local circumstances, delivery of services available at the place of residence of the beneficiaries, with the aim of prevention of institutionalization and continued residence in a home environment.

One of the positive practices in this domain is the Programme for community work, i.e. the Programme for community-based social services delivery, which improves the social services delivery system at local level through complementing the existing and/or introducing new social services. This programme aims to support social inclusion of persons with difficulties to enter the labour market by actively engaging them with part-time work, in order for them to acquire certain skills, but also, to improve the supply of social services.

The situation relating to deinstitutionalization

Significant progress has been made in terms of deinstitutionalization in the past two and a half years.

In 2018, the Government of the Republic of North Macedonia adopted the second National Deinstitutionalisation Strategy 2018–2020 ‘Timjanik’ and a detailed Action Plan for its implementation. The Strategy and Action Plan, developed in a wide participatory and consultation process and with financial and technical support of the European Union, are based on four pillars: resettlement of residents into the community, transformation and closure of the institutions, development of community services, and prevention of institutionalization.

The resettlement of residents from the institutions into the community has been implemented intensively. In comparison, at the start of 2017 the six social residential institutions in the country accommodated a total of 482 residents, while in late October 2019 they accommodated 274 residents, i.e. the rate of reduction of residents in institutional care amounted to 43.15%. The focus was placed on children under 18 years of age, whose number in institutional care was reduced from 180 to five. In order to provide for community care, 20 group homes for children have been established, accommodating the total of 93 residents under 18 years of age (or, at average, four to five children). In October 2019, there were 208 foster families in the country, providing care for a total of 347 children, of whom more than 80 are children who used to be placed in residential social institutions. Adults who used to be residents of institutions have been accommodated in the newly established supported living units (15 persons in total of seven units), while two persons have been reintegrated with their biological families, where they are receiving personal assistance services.

Transformation plans have been developed for all six residential social institutions in the country with financial and technical support of the European Union and the UN agencies. The three residential institutions for children have completely changed the manner in which they are providing care for the children - from residential to community care, where the number of children accommodated in a single group home does not exceed six, i.e. five children in case of children with disabilities. There are ongoing preparations to introduce new social services that the institutions would provide utilizing their human resources, experience, expertise, premises and equipment. To illustrate, two social institutions are making preparations to establish centres for support to foster families, a third one is planning the development of respite family care, the fourth one is building its capacities for professional rehabilitation and day care centres for persons with disabilities. The

current preparations include the development of training, retraining and professional reorientation for the staff, reconstruction, adaptation and equipping of premises, etc.

The development of community based social services should provide the persons with disabilities who resettled from the institutions into the community with access to appropriate social services such as day centres, rehabilitation, professional rehabilitation, psycho-social support, as well as to regular community based services provided by other sectors: healthcare, education, employment, culture, etc. The care in foster families should also be strengthened with provision of continuous support to the foster-care providers, and development of specialized, temporary and emergency foster-care families, in accordance with the new legal framework. The development of new social services in the community should take into account the needs of the biological families of the persons with disabilities, and meeting such needs would enable the families to continue or resume, after the residence in extra-familial form of care, providing care for its members with disabilities. In this context, in the forthcoming period the focus should be placed on strengthening the capacities of the social service providers on one hand, and to significant strengthening and enhancement of the public mechanisms for monitoring and evaluation of the quality of services, on the other.

The moratorium on admissions to residential institutions (i.e. to institutional care) is applied strictly, where the admission is restricted to children without parental care, whom the system is not able to place in alternative care when the need arises. Such practice should continue in the future.

The institutions in the field of psychiatry, which provide care to persons with impaired mental health, in many aspects differ from the social protection institutions that provide care for persons with other types of disabilities. The health institutions providing care for persons with mental health impairments have a predominantly medical character and those are the psychiatric hospitals or clinical hospitals with relevant wards. These institutions are funded by the health sector and no social services have been developed therein, and one of the reasons for residential institutional care of these persons is the lack of social and healthcare/patronage services and local community support.

Social inclusion of Roma

Although there has been evident progress in the Republic of North Macedonia when it comes to improving the integration of Roma within the society, still, the actual state indicates that there is still need for further improvements in this segment and continuation of positive trends. The Republic of North Macedonia, following the direction of the political course outlined by the institutions of the European Union, has joined the countries that have shown readiness for preparation of a specific national strategic document that promotes the principle of active protection of rights of the Roma and addresses the specific needs and challenges that this ethnic community in the country has been facing permanently.

Within the past period, certain positive results and tendencies with regard to improving the situation of Roma in Macedonia have been noticed, in the segment of education, political engagement at central and local level, strengthening the non-governmental sector, reducing the discrimination and stereotypes, improving the access to institutions and services. However, it is evident that the need of improvement in all domains of life still exists.

Persons without identity documents, Roma children on the streets, unemployment, large number of Roma families living in poverty, significant number of Roma asylum seekers in the EU Member States, the existence of discrimination etc., are still worrying issues and challenges which require further efficient and effective measures to be addressed properly.

Sustainability of the pension system

The Republic of North Macedonia is facing demographic changes that have a detrimental effect on the pension system, such as the decreased fertility rate and increased life expectancy due to improved living conditions, which all together alter the population structure. These changes also lead to the changes in the ratio between workers and the retired and the system finds it difficult to survive and function solely on the basis of the principle of intergenerational solidarity. In addition to the series of parametric reforms introduced in the past 20 years, the fully funded component based on individual saving to ensure a pension benefit was introduced, implying more in-depth reforms of the system and diversification of the risk.

Changes were introduced in the pension system in view of improving its sustainability, mostly perceived as reduction of its dependence on general taxation. It is particularly important to continue with the stabilization of the pension system and ensuring the living standard of the beneficiaries.

Key challenges in the field of health system and health care

In the past the healthcare system in the Republic of North Macedonia has been continuously and intensively reformed in view of ensuring high quality healthcare services and improvement, promotion and maintenance of the public health. Further intensive activities are required to promote and improve the situation and address the challenges in this area.

One of the major challenges is the further **improvement of the access to health care** for all citizens. Human resources represent the core of the healthcare system, and consequently, reducing the outflow of medical staff and improving the knowledge, expertise and competence of healthcare workers remain to be some of the key priorities in the forthcoming period. These and other related activities and measures should contribute towards improvement of the overall health status of the population in particular by ensuring fast/prompt diagnostics, reducing the average treatment time, providing services at the highest standards, lowering the average waiting time, decreasing the treatment costs per patient, reducing the post-operative complications, as well as reducing the number of sickness leaves.

3. REFORMS AND MEASURES FOR SMART, SUSTAINABLE AND INCLUSIVE GROWTH

The strategic framework outlining the development and the reform agenda of European Union within the current decade is the "*Europe 2020*"- Europe's Growth Strategy. The Europe 2020 Strategy was adopted in 2010, as a response to the strong challenges faced by the EU Member States, in relation to the need for accelerated economic recovery and overcoming the consequences of the global economic crisis, as well as other structural and long-term challenges, such as globalization, intensive ageing of the population, the pressure on the natural resources, etc. Europe 2020 was developed based also on the experiences and the "lessons learnt" from the preceding Lisbon Strategy, taking into consideration both its advantages and strong points, as well as the identified deficiencies and weaknesses, especially in respect to the practical implementation and monitoring the progress in achieving the strategic goals, coordination mechanisms, management and support in accomplishing the expected results.

The "Europe 2020" Strategy has been designed in such a way to contribute to achieving growth within EU Member States and the European Union as a whole, which would be smart, sustainable and inclusive, based on job creation and reduction of poverty, increased and more efficient investment in education, research and innovations, mitigation of climate changes and energy sustainability.

The Strategy is focused on several specific objectives which are expected to be achieved at the EU level in the course of the decade in the fields of employment, education, fight against poverty and social exclusion, innovations and climate changes/energy sustainability. The identified areas for action and the objectives, as defined within the Strategy, have been also supported with (seven) specific so-called "*flagship*" initiatives, which provide the framework for joint actions of EU and the national institutions and authorities, for ensuring successful implementation of the Strategy, for example, the initiatives in the area of ensuring inclusive growth, such as "Agenda for New Skills and Jobs" and "European Platform Against Poverty", etc..

Taking into account the specific economic and social situations in the different countries within the Union, in view of achieving the strategic objectives set at EU level, each Member State defined its own national objectives in the each of the covered areas.

What is essential for the successful implementation of the Europe 2020 Strategy, are the new structures, mechanisms and management processes, introduced since 2010. This includes primarily the so-called "European Semester", an annual coordination cycle of the economic policies at EU level, which involves regular and thorough analyses of the EU Member States' annual plans for budgetary, macroeconomic and structural reforms, as well as providing country-specific recommendations from the European Commission. An active role within these processes is played by the trade unions, employers' organizations and other relevant stakeholders represented by the European Economic and Social Committee (EESC) and within its framework a special Europe 2020 - Steering Committee was established.

In respect to the financing, besides the national budgets of the EU Member States, the European Social Fund (ESF) represents one of the main financial tools and instruments through which the European Union supports the implementation of reforms, policies and specific programs and measures, in accordance with the objectives of the Europe 2020 Strategy (mainly within the area of employment and job creation, education, social inclusion, combating poverty).

The EU Strategy for smart, sustainable and inclusive growth “Europe 2020”, as well as the established mechanisms and processes needed to ensure its efficient implementation and achievement of the defined goals and objectives, are of a great importance and are especially relevant for the countries included in the process of accession to the EU, including the Republic of North Macedonia, which has been a candidate country for EU membership since 2005 and which, for more than one decade, has been working on the implementation of the necessary reforms, and on aligning and coordinating its strategies, policies, legislation and practices with those of the European Union.

Inspired and guided by the process of preparation, the vision, the objectives and the content of the EU Strategy “Europe 2020”, the countries from the Southeast Europe region had initiated in 2011 the process of intensive political and economic cooperation aimed to ensuring a joint and coordinated approach in tackling the more-or-less common challenges that these countries had been facing in the social and economic area. Coordinated by the Regional Cooperation Council (RCC) and with the support of the European Commission, the Governments of the countries from the region within the framework of a participatory and decentralized process, had drafted and adopted, in November 2013, the common regional of **Southeast Europe Strategy 2020 (SEE 2020)**, as a regional response to the common challenges of improving living conditions and ensuring increased competitiveness and development.

Following the example and vision of Europe 2020, the SEE Strategy 2020 provides a framework for support to the governments from the region in the implementation of their individual development strategies, including the goals relating to EU accession, through further and strengthened regional cooperation in several important specific areas and issues of common interest.

The SEE Strategy 2020 is centred on a set of interlinked priorities, i.e. development pillars, which are in the focus of the economic and social policies of each country in the region, and are also important components of the EU accession process:

- **Integrated growth** – through the promotion of regional trade and investment linkages and policies that are non-discriminatory, transparent and predictable;
- **Smart growth** – by committing to innovate and compete on value-added rather than labour costs.
- **Sustainable growth** – by raising the level of competitiveness in the private sector, development of infrastructure and encouraging greener and more energy-efficient growth.

- **Inclusive growth** – by placing greater emphasis on developing skills, creating employment, inclusive participation in the labour market and health and wellbeing.
- **Governance for growth** – by enhancing the capacity of public administration to strengthen the rule of law and reduce corruption, the creation of a business friendly environment and delivery of public services necessary for economic development.

In line with the spirit and the model of these main strategic documents aimed at ensuring growth, broader inclusiveness and social cohesion at the level of the European Union, as well as among the countries from the region of South-East Europe aspiring EU membership, the Republic of North Macedonia took active participation within this process of strengthened and coordinated social and economic dialogue and cooperation with the EU and the countries in the region. This commitment is reflected also in the process of preparation and implementation of the present national strategic document - the **Employment and Social Reform Programme (ESRP)**, which follows the key strategic pathways and priorities, the structure and the content of the Europe 2020 and SEE 2020 Strategies in the fields of employment, development of human capital and skills, and social policy.

The **Employment and Social Reform Programme 2020** was drafted for the first time in 2016 and adopted by the Government of the Republic of North Macedonia in 2017 for the period until 2020. The monitoring of the implementation of the measures and the fulfilment of the goals, two years following its drafting, has imposed the need to revise the Strategy and extend its duration until 2022. The revision was carried out during 2019 and it entailed a general revision of the objectives and detailed revision of the measures. In particular, the measures were revised in terms of their performance indicators until mid-2019, as well as in terms of new measures which had been introduced in the meantime or were planned in the Operational Programme of the Government or in other strategic documents.

Furthermore, bearing in mind the global efforts to increase employment, improve the labour market, enhance the skills, qualifications, productivity and competitiveness of the labour force, as laid down in the **UN Sustainable Development Goals**, as well as other aspects of the social policy, the Republic of North Macedonia initiated the process of integration of the UN Sustainable Development Goals, through the process of drafting an Action Plan for Sustainable Development, the activity of which shall be aimed at ensuring implementation of these goals within the national strategic documents and the national legislation. In this context, the priorities and major reforms and measures presented within this document (ESRP), have been designed and shaped, inter alia, to contribute towards the implementation of the UN Sustainable Development Goals and the **Agenda 2030**.

Within the Revised Employment and Social Reform Programme, the Republic of North Macedonia sets-out and presents the key policy reforms and specific programs and measures that shall be implemented in a short and medium term (until 2022) in the areas referred to above and in view of achieving and supporting smart, inclusive and sustainable growth.

In defining this strategic document, the presented key policy reforms, programmes and measures are consistent and complementary with most of the comprehensive national strategic documents in several specific areas, which already exist or are currently being drafted.

The national strategic and operational documents that have been taken into account and used as the basis for the drafting of the present ESRP are:

- **National Employment Strategy 2016-2020;**
- **National Action Plan for Employment 2018-2020;**
- **Revised Action Plan for Youth Employment 2016-2020;**
- **Decent Work Country Programme 2019-2022;**
- **National Equality and Non-Discrimination Strategy 2016-2020;**
- **Gender Equality Strategy 2013-2020;**
- **Occupational Safety and Health Strategy 2020;**
- **Strategy for Formalization of the Informal Economy 2018-2022;**
- **Action Plan for Formalization of the Informal Economy 2018-2020;**
- **Education Strategy 2018-2025 with Action Plan**
- **Strategy for Adult Education 2019-2023**
- **Strategy for Vocational Education and Training in a Life-Long Learning Context 2013-2020 (Better skills for a better tomorrow);**
- **National Strategy for Reducing Poverty and Social Exclusion 2010-2020 (revised in 2013).**
- **Programme for Development of Social Protection 2011-2021;**
- **National Strategy for the Elderly 2010-2020;**
- **Strategy for Demographic Development of the Republic of Macedonia 2015-2024;**
- **National Deinstitutionalization Strategy in the Republic of North Macedonia 2018-2027 “Timjanik”;**
- **Strategy for Roma in the Republic of North Macedonia 2014-2020;**

and other documents in the relevant areas.

The sections of the Programme below present the specific reforms, policies and measures which are or will be implemented in the short and medium term, in the period until 2022, in response to the identified key challenges in the fields of employment and social policy.

Annex 1 presents the Matrix with all planned measures within the priority areas for addressing the key identified challenges in the areas covered by the ESRP. The matrix contains a detailed description of the planned reforms and measures which more precisely define the scope of the measures, the type of specific activities to be implemented, the institution(s) responsible for and/or involved in the implementation of measures, the time frame for their implementation, as well as the information on the scheduled/allocated budget and sources of financing.

Annex 2 contains the Matrix of indicators and targets, i.e. the matrix that will be used as the main framework for monitoring and reporting on the progress in implementation of the ESRP(r) and the achievement of the defined objectives and targets.

3.1. Labour Market and Employment

In accordance with the challenges in the field of the labour market identified in section 2.1, ESRP sets the following objectives:

- Improvement of the unemployment situation, especially with the most vulnerable categories (youth, long-term unemployed and others)
- Tackling informal employment
- Improvement of the quality of work and services of the public employment service
- Strengthening social dialogue and improvement of collective bargaining

These objectives shall be achieved by virtue of a series of measures presented below, including a set of indicators and related targets. The overall progress in the section relating to the labour market shall be evaluated in accordance with the following indicators:

Indicator	2018	2022 (target)
Employment rate (15+)	45.1%	48.5%
Employment rate (15+) - men	54.4%	58.7%
Employment rate (15+) - women	35.8%	39.0%
Youth employment rate (15-29)	30.9%	34.5%

3.1.1. Improvement of the unemployment situation, especially with the most vulnerable categories (youth, long-term unemployed and others)

ESRP sets a total of 10 indicators used to measure the improvement of the unemployment situation, especially with the most vulnerable categories (youth, long-term unemployed, others), which are presented in the table below. Seven of the indicators have been set under ESRP 2020 and have been achieved in full. In particular, the unemployment rates (15+, 15-29) and the long-term unemployment rate have been significantly surpassed as early in 2018, hence, the targets for 2022 have been set at a higher level. Furthermore, taking into account the introduction of the Youth Guarantee, as a programme aimed to reduce youth unemployment, a new indicator has been added - Rate of youth neither employed nor in education or training (NEET, 15-29) with a target of 24.5% set for 2022, which is a projected reduction compared to the 2016 value of 31.2% (6.7 percent points).

Outcome indicators	ESRP 2020		ESRP(r) 2022	
	2015	2020t	2018	2022 (target)
Employment rate (20-64)	51.9%	/	56.1%	59.8%
Employment rate (20-64) - men	61.5%	/	66.6%	70.4%
Employment rate (20-64) - women	42.1%	/	45.2%	48.9%
Unemployment rate (15+)	26.1%	21.5%	20.7%	14.0%
Indicator 8.5.2 of sustainable development goals				
Youth unemployment rate (15-29)	42.5%	38.0%	37.0%	30.5%
Indicator 8.5.2 of sustainable development goals				
Long-term unemployment rate	21.3%	18.0%	15.5%	11.0%
Rate of youth neither in employment nor in education or training (NEET, 15-29)	31.2%	/	29.8%	22.9%
Indicator 8.6.1 of sustainable development goals				
Process indicators	2015	2020t	2018	2022 (target)
Total number of persons involved in various labour market services and active employment measures and programmes	Cca. 37,500	Min. 40.000	117,347	Min. 60.000 annually
Coverage of young persons (15-29) with programmes, employment measures and services, within the annual Operational plans	Cca. 13,900	Min. 30%	45,558 (38.8%)	Min. 30%
All young persons registered for the first time in ESARM, are being profiled early, i.e. during the first 6 months of their unemployment period		✓	✓	✓
Number of youth involved (registered) in the Youth Guarantee				Min. 10,000 annually

% of youth involved in the Youth Guarantee, who, within a period of four months upon registration in the YG, had a successful exit (employed, entered a specific training or other active measure)				Min. 30%
Share of unemployed persons - recipients of benefits from the Social Work Centres (GMA) in the total number of participants in active employment programmes and measures and labour market services	/	/	/	30%
Percentage of registered employments of persons with disabilities in the open economy, as compared with the employments in the sheltered companies	60%	Min. 60%	69%	Min. 60%

The specific objectives under this overall objective include:

- 3.1.1.1. Improvement of youth employment and promotion of more and better jobs for young persons,
- 3.1.1.2. Reducing unemployment among long-term unemployed and persons belonging to other vulnerable groups, and
- 3.1.1.3 Promotion of integration of women in the labour market and reducing the gender gap

The achievement of these specific objectives so far compared to ESRP 2020 and the relevant measures are presented below.

3.1.1.1. Improvement of youth employment and promotion of more and better jobs for young persons

Target 8.5 of sustainable development goals

Target 8.6 of sustainable development goals

The main document that defines the various reforms, policies and measures in this field is the revised Action Plan for Youth Employment 2016-2020, focusing on several specific objectives of a key importance for improving the situation of youth (aged 15-29) unemployment. Various measures have been included, such as measures for improving the matching of the skills supply with the labour market requirements, promoting and stimulating creation of new jobs - mainly driven by the private sector, as well as measures for facilitating the transition of youth into the world of work. The total number of young persons targeted by the interventions established within the national Action Plan for Youth Employment 2020 is around 200,000 (which are approximately equal to 42% of the total number of young population aged 15 to 29).

It is particularly important that the revised Action Plan introduced the Youth Guarantee as a systemic approach to tackle one of the key challenges of the labour market in North Macedonia in the medium term - youth unemployment. The Youth Guarantee was introduced in 2018 so as to provide youth (aged 15-29), within a period of four months, an offer for employment, continuing education and training, i.e. participation in some of the active labour market programmes and measures. The initial (preparatory) phase was implemented in the period 2018/2019, while the second phase would be implemented in 2020/2022. In the first phase the Youth Guarantee was piloted in three municipalities – Strumica, Gostivar and Skopje, while in the second phase it would be implemented as a national programme throughout the territory of the country.

YG comprises short-term and medium-term structural measures articulated under 4 pillars: early intervention, outreach, activation and labour market integration measures.

In addressing the challenges related to youth employment, it will be crucial to further promote and strengthen the local approach and the involvement and active participation of all relevant stakeholders at local level. It is necessary to continuously build and strengthen the capacities of institutions at local level, local self-government units, local social partners, the established Local Economic and Social Councils (LESCs), youth organizations and all other stakeholders, in their joint engagement on designing, implementing and monitoring specifically targeted and tailored programs, interventions and measures that will correspond to the actual needs of the local youth labour market. With this approach it will be possible to influence the unfavourable situation of young people on the labour market and to substantially contribute in increasing the quantity, as well as the quality, of youth employment at local level.

During the period 2017-2018, a great number of the planned measures were implemented at a satisfactory level. The drafted 2017 and 2018 Operational Plans on active labour market programmes and employment services provided that at least 30% of the participants in the active labour market programmes and employment services would be young people up to 29 years of age. In 2017 this share reached 36%, while in 2018 it was as high as 65%. The preliminary results of the Youth Guarantee were also made available in 2018. The YG

covered 5266 persons (2694 women), of whom 1916 were employed, while 281 persons were included in some of the active employment measures that do not lead to direct employment, but increase their employability. Therefore, the performance rate of the Youth Guarantee in 2018 amounted to 41.7%. During this period, the youth were able to attend a series of trainings, and 53 functional career development centres were established in the secondary VET schools, and 171 teachers received training in career counselling.

Measures:

- Support to labour market integration of young people – support to employment, continued education and training, and internship (*YG – labour market integration*);
- Promotion and extension of the scope of services delivered by the Employment Service Agency to unemployed youth (*YG – activation*);
- Promotion and reforms of the education system, with special emphasis on the quality and contents of vocational education and training and its relevance in preparing young people for smooth transition to and integration in the labour market (*YG – early intervention*);
- Introduction and implementation of effective mechanisms for the validation of non-formal and informal learning (*YG – early intervention*);
- Upgrading and enhancing the existing models and information systems in the function of developing more relevant youth education and employment policies (*YG – early intervention*);
- Identification, information and engagement of youth to participate in labour market integration measures and improve their employability (*YG – outreach*);
- Strengthening the local approach in improving the employability of young people.

The measures referred to above are implemented within the framework of the **Youth Guarantee** programme, as a comprehensive, coordinated and joint action of several partners, aimed at addressing more effectively the labour market challenges and barriers experienced by young people neither in employment nor in education or training (NEET).

A number of other specific measures and activities related to young people, which are directly targeting the education system, the adjustments of the curricula and their harmonization with the needs and requirements on the labour market and the improvement of employability through improving the opportunities for young persons to acquire relevant and directly applicable knowledge, skills and competences, are presented and described in section 3.2. *Human capital and skills*. The measures for modernization of the employment service agency are presented in section 3.1.3 *Improvement of the quality of work and services of the public employment service*.

3.1.1.2. Reducing unemployment among long-term unemployed and persons belonging to other vulnerable groups

The achievement of this operational objective in the period 2017-2018 progressed through a series of measures to design services targeting vulnerable categories, such as the long-term unemployed, recipient of social benefits, Roma, women, etc. The design of active programmes, measures and employment services takes into account the characteristics and capabilities of the unemployed belonging to the vulnerable categories, i.e. adapting the programmes and measures to their needs. Taking into account the fact that these persons are facing significant barriers to entry in the labour market, more detailed Individual Employment Plans (IEP), where the case workers from ESARNM define and specify the services to be provided to these persons. The services for activation of individuals at risk of social exclusion and the services for Activation of unemployed Roma were realized with the support of UNDP, where the latter service had a performance rate of 14% (158 Roma activated out of the total of 1125). Vulnerable groups were also targeted at local level, through community work and the public works programme. The former provided for engagement of 690 persons, while the latter for 390 persons. When it comes to women as a vulnerable category, the Strategy for Development of Women Entrepreneurship in the Republic of North Macedonia (2019 - 2023) was adopted in the reference period, in order to contribute to the economic empowerment of women by creating an enabling business climate and providing support for the development of their entrepreneurial potential, while a number of other projects, initiatives, measures and activities were realized in view of stimulating the participation of women in the labour market and contributing to improved employment of women. There was progress also in terms of employment of persons with disabilities, mostly through the Programme for self-employment of persons with disabilities. In parallel, many other projects, initiatives and activities were implemented with the aim to stimulate the participation of persons with disabilities in the labour market and to contribute to improving the opportunities for their inclusion in the open economy.

In the forthcoming period, in cooperation with all relevant partners and stakeholders working on labour market related issues, the activities will continue in the direction of designing and implementing specific programmes and measures that will be tailored to the specific requirements, characteristics and capabilities of the members of various target groups and will correspond to the needs of the labour market. The results, the effects and impact of the implemented measures shall be continuously and regularly monitored and evaluated, and on the bases of these analyses and findings, continuous adjustments, adaptations and modifications of the existing programmes and measures will be made and new ones will be introduced, all in view of achieving greater effectiveness and efficiency of the interventions and improving the situation of these persons.

Specific attention will be given to the issue of gender mainstreaming and monitoring of the gender perspective in employment measures, and for some of them, an analysis of the expected impact of the measures on men and women covered by them will be conducted (*gender impact analysis*).

Measures:

- Development and implementation of annual Operational plans for labour market services and active employment programmes and measures, focusing on designing a set of various services and measures tailored to the needs of the long-term unemployed and other specific vulnerable groups of unemployed persons.
- Development and implementation of specific activation and employment support measures for the persons at social risk (guaranteed minimum assistance beneficiaries, Roma, other), aimed at stimulating their active participation in the labour market, job seeking and employment;
- Support to employment of persons with disabilities;
- Development of social entrepreneurship, aiming at job creation and integration of the most disadvantaged categories into the labour market;
- Regular and continuous monitoring and evaluation of the performance of active employment measures and labour market services, setting targets and monitoring their realization.

Measures under this section are closely related to the measures and activities planned under section 3.3. *Social inclusion and social protection*. The cooperation and coordination between the public employment services and the social protection services would be enhanced further under the new Law on Social Protection, in view of supporting and activating the beneficiaries of guaranteed minimum assistance who are able to work. Social Work Centres and employment offices will cooperate in the development and implementation of individual activation plans for the beneficiaries of guaranteed minimum income in view of their participation in active employment measures and overcoming the material deprivation of the households. The change in the manner of work with the clients of employment offices and social work centres, by introducing the case management model in both services, was also made in this context.

In this regard, the introduction of the **new system for profiling the unemployed** in accordance with their abilities and the degree of their employability at ESARNM is of great significance for the enhanced and further strengthened effectiveness of various services, programmes and measures targeting the different vulnerable categories in the labour market; such profiling would enable offering the persons with severe employment difficulties special measures and services (a set of integrated measures and services) that would facilitate their entry in the labour market. This measure is presented separately below under section 3.1.3. *Improvement of the quality of work and services of the public employment service*.

Persons with disabilities are one of the particularly important vulnerable groups of persons which has received special attention in the design and practical implementation of measures supporting employment and their inclusion into the labour market. In addition to the above, a great number of policies, reforms and support measures specifically targeting persons with disabilities are elaborated in greater detail in section 3.3 *Social inclusion and social protection*, as well as in section 3.2. *Human capital and skills*, more

precisely in 3.2.1.2 *Improving the coverage and conditions for access to all levels of education for persons (children/pupils/students) with disability.*

3.1.1.3. Promotion of integration of women in the labour market and reducing the gender gap

In 2018 the Government adopted a National Action Plan for Gender Equality 2018-2020, which was developed in a participatory process. In accordance with the activities set forth in the Plan, as of February 2019 the following public administration bodies developed operational plans for 2019: Ministry of Labour and Social Policy, Ministry of Interior, General Secretariat of the Government of RNM, State Statistical Office, Ministry of Education and Science, and the Association of Local Self-Government Units. In terms of access of women to the labour market, the 2019 Operational Plan for Employment provided for inclusion of Roma women in specific employment measures.

The Strategy for Development of Women Entrepreneurship in the Republic of North Macedonia (2019 - 2023) was adopted in view of promoting women entrepreneurship. Under the "Measure for financial support to women's entrepreneurship" it planned and utilized fully MKD 2 million to subsidize 16 enterprises owned and managed by women. The Ministry of Economy allocated MKD 2.5 million in its budget for financial support to women's entrepreneurship. The ministry, through public announcements, is subsidizing enterprises owned by women (over 50%) and managed by women, citizens of the Republic of North Macedonia, with co-financing a specific percent of eligible costs (up to 60%). The funds were used for procurement of tools and equipment, improvement of business premises and introduction of software solutions.

At the initiative of the Ministry of Labour and Social Policy and the National Federation of Farmers, the National Programme for Agriculture and Rural Development 2018-2022 was amended in terms of the eligibility criteria for the measure 115 "Support to active female members of agricultural households". This measure will contribute to gender equality and promotion of the principle of non-discrimination.

The Ministry of Labour and Social Policy, in cooperation with the State Statistical Office of the Republic of North Macedonia and the European Institute of Gender Equality from Vilnius, Lithuania, developed the National Gender Equality Index. The calculation of the index would provide a key indicator for measurement of gender equality, which would enable taking appropriate measures to improve the situation. The Index, together with the relevant report, would be published in 2019.

Measures:

- Supporting female participation and employment and reducing the gender gap in the labour market;
- Reconciliation of private and work life.

3.1.2. Tackling informal employment

ESRP sets a single indicator to measure tackling informal employment, the share of informal employment in total employment. Furthermore, the result achieved in 2018 (18.6%) indicates that the previously set target for 2020 may be adequate or slightly underestimated; hence, the target for 2022 is set at 15.9%.

Outcome indicators	ESRP 2020		ESRP(r) 2022	
	2015	2020t	2018	2022 (target)
Share of informal employment in total employment	19.9%	18.0%	18.6%	16.5%
Indicator 8.3.1 of sustainable development goals				

The specific objectives under this overall objective include:

- 3.1.2.1. Reducing informal employment

The achievement of this specific objective so far compared to ESRP 2020 and the relevant measures are presented below.

3.1.2.1. Reducing informal employment

In March 2018 the Government of the Republic of North Macedonia adopted the Strategy on Formalization of the Informal economy in the Republic of North Macedonia 2018-2022. The Strategy is the basis for the achievement of this objective under the current ERSP. The Strategy presents the characteristics of the informal economy in the Republic of North Macedonia, the underlying reasons for its existence, measures and activities taken thus far to tackle this phenomenon, the most important forthcoming challenges in this regard and the directions for future actions. The overall goal of the Strategy for Formalization of the Informal Economy in the Republic of North Macedonia 2018-2022 is to create a comprehensive and consistent system for efficient reduction of the number of informally employed, unregistered business entities and the informal activities within the framework of the formal economy.

In accordance with the Strategy, tackling informal economy in the country remains a priority for efficient and long-term improvement of the situation in the labour market. Improving the situation requires continued undertaking various targeted policies and measures to reduce the informal employment, further public awareness raising about this phenomenon and its negative effects, further strengthening of capacities and opportunities of the relevant institutions, as well as of social partners, for more successful joint and coordinated tackling of the phenomenon. In terms of institutional capacity building, the emphasis shall be placed on the further modernization and enhancement of capacities, both of institutions involved in policy making and of inspection services, i.e. the State Labour Inspectorate, for appropriate and efficient establishment, application,

supervision and implementation of international and EU standards in the field of employment, including occupational safety and health.

These activities shall take into account in particular the continued strengthening of the tripartite approach, the engagement and cooperation of all relevant entities in tackling informal employment.

Measures:

- Promotion of processes and mechanisms for measurement, monitoring and detection of the informal economy;
- Providing incentives and support for formalization of informal economic activities;
- Implementing promotional activities for information and public awareness raising on the necessity and benefits of formalization of the informal economy, as well as on the risks and detrimental effects of informal employment;
- Strengthening the capacities and effectiveness of inspection services in tackling undeclared work, including also improving the harmonization with the European Union standards and the enforcement of the legislation in the field of occupational health and safety.

3.1.3. Improvement of the quality of work and services of the public employment service

ESRP sets a total of 5 indicators to measure the improvement of the quality of work and services of the public employment service. No significant progress has been made in 2018 in the achievement of the targets set for 2020; therefore they are revised or retained as targets for 2022. Furthermore, a new process indicator is added, reflecting the cooperation between SWC and EO.

Process indicators	ESRP 2020		ESRP(r) 2022	
	2015	2020t	2018	2022 (target)
Number of renovated/reconstructed regional employment centres with significantly improved work conditions	12	30	15	25
Number of employees in ESARM and number of staff involved in the activities for strengthening their capacities (trainings, workshops, seminars, etc.)	502	min. 550 each staff member is attending a training/seminar at least once per year	430	min. 550 each staff member is attending a training/seminar at least once per year

Number of unemployed persons with IEP-2	/	40,000 of whom min. 60% included in active measures or services	6,213	14,000 of whom min. 60% included in active measures or services
Number of applications for employment mediation (N.B. job placement) submitted to ESARNM by employers	4,655 72% decided positively	6,000 Greatest part decided positively	4,824 66% decided positively	6,000 Greatest part decided positively

The specific objectives under this overall objective include:

- 3.1.3.1. Further improvement of the ESARM capacities
- 3.1.3.2. Further improvement of services and work of the ESARM with its clients (unemployed and employers)

The achievement of these specific objectives so far compared to ESRP 2020 and the relevant measures are presented below.

3.1.3.1. Further improvement of the ESARM capacities

The Employment Service Agency of the Republic of North Macedonia is facing limited capacities in view of delivering high quality services to the unemployed persons. The ratio between the Agency's staff and active job seekers is 1:230 (or 1:378 taking into account only the staff members who are offering services to the clients), which is considerably higher than the internationally accepted ratio of 1:100. Nevertheless, ESARNM has been providing continuously for the development, strengthening and promotion of its human resources, i.e. their skills, knowledge and competencies, and in the period 2017-2018 the staff attended individual trainings, seminars, counselling sessions, workshops, etc.

The limited capacity of ESARNM is reflected also in its physical capacity. According to the current state of the physical infrastructure, the employment offices were characterized into: offices in a very poor condition that require urgent reconstruction, offices that require moderate but significant construction interventions, and offices that require minor reconstruction efforts. As of 2017, it refurbished or reconstructed 12 employment offices, but then the process stopped way short of the target of 30 reconstructed employment offices. It established 29 detached offices of the employment offices, but, following the assessment of their effectiveness, 7 of them were shut down.

ESARNM is continuously implementing profiling of the unemployed so as to determine their employability. For this purpose it is developing appropriate Individual Employment Plans, in particular IEP 1 for persons with minor and moderate employment difficulties and IEP 2 for persons facing serious barriers to entry on the labour market. In the course of 2016 and 2017, when the Agency started this activity, it developed a total of 228,000 IEP 1 and 10,660 IEP 2 plans. In 2018 the work on the IEP 2 was intensified in terms of counselling

about the needs of the hard-to-employ persons. During this year the Agency developed 47,822 IEP for the unemployed, of which 6,213 IEP 2 for the hard-to-employ, but his figure remained considerably lower than the target of 40,000.

ESARNM is also working on improving the interconnection, exchange of information and data and enhancing the cooperation with other relevant institutions. In this regard, in addition to the plan for improvement of cooperation and connection with the social work centres, it has foreseen the establishment of a joint office of ESARNM, Ministry of Foreign Affairs, Ministry of Interior and the Central Register for the purpose of issuing work permits and regulating the stay of foreign citizens (one-stop-shop). This would enable the foreign citizens to acquire personal identity documents for a foreign citizen and the necessary work permit within a couple of hours.

Measures:

- Improvement of the physical capacities and work conditions in the Employment Service Agency;
- Developing human resources in the public employment service, by increasing the number of employees and ensuring their continuing development.

3.1.3.2. Further improvement of services and work of the ESARM with its clients (unemployed and employers)

Informing the employers, as well as facilitating their access to services within the reference period was carried out by systemic planning and implementing efficient services for employers, as well as monitoring their performance and effects in meeting the mutual needs and interests. The employment offices were engaged in a continuing cooperation with the employers and organized direct meetings with them, both at the premises of the employment offices and by visiting the employers. Upon receiving applications for job placement services from the employers, ESARNM queried its register of unemployed persons and, for each job, referred up to 5 unemployed persons to the employers for a job interview and potential placement, i.e. employment. The cooperation between the employment offices and the social work centres paid special attention to the provision and attendance at trainings on integrated case management.

The activities of ESARNM in the forthcoming period will be aimed at further strengthening of the cooperation with the employers and the quality of services, so as to improve their confidence, and with it the demand for job placement services.

Measures:

- Improvement of the processes of profiling, development and quality of individual employment plans and their linking with active labour market programmes and measures;
- Promotion of the cooperation with employers;
- Promotion of the cooperation between the employment offices and the social work centres, in particular in terms of activation of beneficiaries of guaranteed minimum

assistance and other financial allowances and benefits, persons at risk of social exclusion, among whom Roma, persons with disabilities, etc.

3.1.4. Strengthening social dialogue and improvement of collective bargaining

ESRP sets a total of 5 indicators measuring the strengthening of social dialogue at tripartite and bipartite level, at national and local levels, and improvement of collective bargaining. Furthermore, the achievement of the 2020 targets, as measured in 2018, was partial, in particular in terms of unionization (which recorded a slight decrease) and the rate of coverage by collective bargaining at branch level, and the rate of successfully resolved labour disputes using the mechanism for peaceful settlement of labour disputes (which stagnated). On the other hand, the mechanism for following ESC's recommendations and regular monitoring of the number of opinions/recommendations issued to the Government of RNM was established and functional.

Outcome indicators	ESRP 2020		ESRP(r) 2022	
	2015	2020t	2018	2022 (target)
Trade union density rate	22%	>26%	21.16%	>26%
Collective bargaining coverage rate at branch, i.e. sector level	32.48%	36%	32.68%	37.0%
Process indicators	2015	2020t	2018	2022 (target)
Number of collective agreements at employer level	65	80-85	85*	95-100
Rate of successfully resolved collective labour disputes using the mechanism for peaceful resolution of labour disputes	60%	Min. 70%	60%	Min. 70%

Established and functional mechanism for following ESC's recommendations and regular monitoring of the number of opinions/recommendations issued to the Government of RNM	10 opinions/recommendations	at least 3 opinions/recommendations	7 opinions/recommendations	at least 3 opinions/recommendations
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* Performance in 2017.

The specific objectives under this overall objective include:

- 3.1.4.1. Strengthening the capacities of social partners and social dialogue mechanisms

The achievement of this specific objective so far compared to ESRP 2020 and the relevant measures are presented below.

3.1.4.1. Strengthening the capacities of social partners and social dialogue mechanisms

Consistent with Target 8.8 of sustainable development goals

During the reference period (2017-2018), efforts were made to build the capacities (human and institutional) to raise the level and effectiveness of social dialogue. A number of trainings and workshops were organized on topics and issues relating to the functioning of the social dialogue at different levels and improvement of collective bargaining at sector level - for trade unions and employers in the sectors for transport and communications, construction, trade, tourism and hospitality, textile, and agriculture. The activities included the development of strategic plans and statutes for governance of organizations of employers, as well as five analyses/documents on the improvement of the business climate, development and implementation of communication and marketing strategies to improve the visibility and the image of the social partners, as well as for further promotion of the rights at work by development and implementation of a specific web page and campaign. The key stakeholders (Organization of Employers of Macedonia (ORM), Business Confederation of Macedonia (BCM), Confederation of Free Trade Unions of Macedonia (KSS), and the Federation of Trade Unions of Macedonia (SSM) reported increases of their memberships following such activities. A specific system/mechanism for follow up the implementation of the recommendations issued by the Economic and Social Council was developed, supported by an appropriate software application. Additional measures were taken to improve the visibility of the Council, and six new local Economic and Social Councils (LESCs) were established.

The implementation of policies and measures will continue in the forthcoming period, so as to provide support in strengthening the capacities of state institutions, the employees' and employers' organizations to engage effectively in the social dialogue, support to the functioning of the Economic and Social Council, as well as to the Local Economic and Social Councils, strengthening collective bargaining, enhancing the process and mechanisms for peaceful labour dispute resolution etc.

Measures:

- Implementation of strategic and marketing plans of employers' organizations and trade unions;
- Strengthening the existing ones and developing new modernized services to be delivered by the social partners (organizations of employers and trade unions);
- Enhancing the participation of the Economic and Social Council in shaping the national economic and social policies, by strengthening the capacity of ESC to issue high quality opinions to the Government and organizing campaigns in coordination with the LESC;
- Strengthening the social dialogue at local level by initiating the implementation of local employment partnerships in a process enabled by the Local Economic and Social Councils;
- Support, efficient functioning and further improvement of the established mechanism for amicable settlement of labour disputes.

3.2. Human capital and skills

In accordance with the challenges in the field of human capital and skills identified in section 2.2, ESRP sets the following objectives:

- Providing high quality inclusive education and equal access to education for all
- Quality assurance in the education and training system through the implementation of the NQF
- Strengthening the employability of the labour force and building flexible lifelong learning pathways

These objectives shall be achieved by virtue of a series of measures presented below, including a set of indicators and related targets. The overall progress in the field of education shall be evaluated using the following general indicator:

Indicator	2018	2022 (target)
Human Development Index ⁶	0.759	0.780

3.2.1. Providing high quality inclusive education and equal access to education for all

ESRP sets a total of 3 indicators to measure the provision of high quality inclusive education and equal access to education for all. The 2020 targets concerning the rate of early school leavers and the share of persons aged 30-34 who have completed tertiary education were surpassed in 2018, which led to the revision of the targets for 2022, while the rate of students with special educational needs included in regular primary education increased slightly, but still remained below the 2020 target.

Outcome indicators	ESRP 2020		ESRP(r) 2022	
	2015	2020t	2018	2022 (target)
Rate of early school leavers	11.4%	10.5%	7.1%	6.8%
Share of persons aged 30-34 who completed tertiary education	28.6%	32.0%	33.3%	40%

⁶ The United Nations Human Development Index is a statistic composite index of life expectancy, education, and per capita income indicators used to rank countries at four levels according to human development.

Rate of students with special educational needs included in primary and secondary education	62%	70%	64.8%	70%
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The specific objectives under this overall objective include:

- 3.2.1.1. Reduction of the dropout rate and the number of early school leavers.
- 3.2.1.2. Improving the coverage and conditions for access to all levels of education for persons (children/pupils/students) with disabilities, and
- 3.2.1.3. Improving the contents and quality of education by strengthening the capacities of human resources (capacities of schools, with emphasis on the teaching staff)

The achievement of these specific objectives so far compared to ESRP 2020 and the relevant measures are presented below.

3.2.1.1. Reduction of the dropout rate and the number of early school leavers

In the course of 2018, the Ministry of Education and Science, in cooperation with the Macedonian Civic Education Centre and the Children's Foundation "Pestalozzi" started the implementation of the project "Inclusion of Out-of-school Children in the Educational System", which aimed to establish an information sharing mechanism at national and local levels to identify school-age children; develop adjusted shortened curricula for children who join the school late; development of a procedure for free-of-charge validation of learning for students belonging to the socially vulnerable categories, trainings for teachers and expert associates on inclusion of out-of-school children, as well as provision of extra-curricular activities. The new Law on Primary Education, adopted in July 2019, includes a section titled "Education for children who were not included in the educational system", which provides for the development of appropriate curricula in order to enable children who have not attended classes and have passed the age limits to return to classes in the appropriate grade in primary education.

During the reference period, MoES placed particular emphasis on the integration of the Roma students in the educational system through a set of activities, measures and scholarships. The engagement of Roma education mediators enabled the promotion of primary education among the Roma, inter alia, by monitoring and recording the truancy, students performing poorly, supporting the reintegration of children of Roma returnees in the education system, and improving the cooperation between the families and schools. Student and parent counselling programmes were developed and used to work with students at risk and their parents during the school year.

The government will continue with the implementation of measures that will aim to increase the coverage, reduce drop outs and to make education accessible to the students from the socially vulnerable categories (Roma students, students from rural areas, the poor etc.).

Measures:

- Supporting inclusion of children from marginalized groups, primarily into primary and secondary education;
- Continued provision of free-of-charge textbooks to primary and secondary school students;
- Provision of free-of-charge accommodation in dormitories for students coming from towns without secondary education schools (general and vocational secondary education);
- Intensified monitoring and reporting of students who are not attending classes regularly and undertaking timely preventive measures;
- Intensified work with the students' parents;
- Improving the integration and interaction among students attending classes in different languages;
- Stimulating and supporting the education of Roma students.

These measures are related to the policies and measures provided for in section 3.3.4. *Promoting the social inclusion of Roma*

3.2.1.2. Improving the coverage and conditions for access to all levels of education for persons (children/pupils/students) with disability.

The new Law on Primary Education, adopted in July 2019, places special emphasis on the integration of students with disabilities in the education process. Throughout the reference period, MoES and other stakeholder institutions implemented a series of measures and activities (trainings for teachers, recruitment of specialized staff, introduction of scholarships and quotas for students with special needs) which enabled the gradual increase of the number of students with disabilities in the regular schools, at the expense of the reduction of such figure in the special schools. The new Law on Higher Education, adopted in May 2018, also provides for a greater enabling environment for students with special needs; there have also been activities relating to organization of various training courses and programmes for adults with disabilities.

Measures:

- Providing for conditions for increased inclusion of children with special needs in pre-school education;
- Promotion of the inclusion of students with disabilities in mainstream primary education;
- Increasing the coverage and inclusion of students with disabilities in secondary education;

- Improving the accessibility and availability of tertiary education for students with disabilities;
- Improving the opportunities and widening the scope of learning programmes for adults with disabilities.

3.2.1.3. Improving the contents and quality of education by strengthening the capacities of human resources (capacities of schools and the teaching staff)

Target 4.c of sustainable development goals

In January 2018, the Government of the Republic of North Macedonia adopted a comprehensive Education Strategy 2018-2025, together with an Action Plan for its implementation. The Strategy is a result of a long period of intensive work and a transparent and inclusive process carried out with expert support of the EU, provided under IPA Component 4, and with the engagement of all relevant entities - national authorities, public institutions, social partners, educational institutions, developmental partners, professionals and other stakeholders in the field of education. The primary objective defined by the Strategy is the quality of the educational process, at all levels, and from pre-school to tertiary education, and the fulfilment of such objective through a set of measures and programmes would yield better educational outcomes in the medium and long term. During the reference period, the country continued with the activities for construction, reconstruction and refurbishing of primary and secondary schools, in accordance with the plans adopted by the Government, as well as with activities for training of the primary and secondary schools' teaching staff. The Law on teachers and expert associates in primary and secondary schools, which governs the professional and career development of the teaching staff in primary and secondary education, was adopted in August 2019. This is one of the components of the systemic approach for realization of continuing professional development of teachers, mentors, instructors and professional teams in the schools. The adoption of the new Law on Primary Education and the Law on Teachers and Expert Associates in Primary and Secondary Education was accompanied by the establishment of working groups drafting the implementing acts on professional and career development of teachers.

Measures:

- Improving the learning environment, including learning contents, methods and techniques in view of ensuring individual approach to teaching;
- Improving the working/learning conditions in education;
- Strengthening the human resources in education.

3.2.2. Implementation of the National Qualification Framework – basis for quality assurance in the education and training system

ESRP sets a total of 3 indicators to measure the implementation of the National Qualifications Framework. Progress has been made in the establishment of the sectoral qualifications councils and the qualifications register, while the Skills Observatory still has not been established.

Process indicators	ESRP 2020		ESRP(r) 2022	
	2015	2020t	2018	2022 (target)
Number of established Sectoral Qualifications Councils (for development and quality assurance of qualifications in specific sectors)	None	8	9	16
Established and functional Skills Observatory (to anticipate the needs for skills in the labour market)	None	Established	None	Established
Functional Qualifications Register (overview and transparency of qualifications)	None	Established register	Established register	Functional and upgraded register with a module for register of occupational standards and a module for occupational standards review

The specific objectives under this overall objective include:

- 3.2.2.1. Establishing a sustainable QF system and strengthening human resources for its application

The achievement of this specific objective so far compared to ESRP 2020 and the relevant measures are presented below.

3.2.2.1. Establishing a sustainable NQF system and strengthening human resources for its application

In cooperation with several different relevant stakeholders, a Roadmap for further development and implementation of the Macedonian Qualification Framework (MQF) has been drafted and its implementation is under way. During the reference period the relevant authorities also worked on the development of a set of documents relating to the processes in the qualifications system (protocols, methodologies, manuals, guidelines and instructions, etc.). Nine Sectoral Qualifications Councils have been established, as well as a functional Qualifications Register, where 46 qualifications have been entered. The VET Centre worked on the topic of quality assurance in vocational education and training. The European Training Foundation (ETF) established a Forum for quality assurance in vocational education and training. The Forum is an initiative for transnational cooperation among the national vocational education and training institutions on quality assurance in the ETF partner countries.

Measures:

- Strengthening the role of the National Board for the Macedonian Qualifications Framework;
- Establishing Sectoral Qualifications Councils;
- Adoption and implementation of Guidelines and procedures for quality assurance (QA) in accordance with the recommendations of the European Qualifications Framework (EQF);
- Upgrading the NQF information management system (Qualifications Register);
- Raising the awareness of the stakeholders and users on the role and the reform significance of NQF through public events and campaigns.

3.2.3. Strengthening the employability of the labour force and building flexible lifelong learning pathways

ESRP sets a total of 4 indicators to measure employability and the functionality of the lifelong learning concept. During the reference period, only the rate of participation of students in secondary schools in the system for vocational education and training was maintained at the target value of 60%, while the participation of lifelong learning and the employment rate of recent graduates stagnated, which led to a downward revision of their targets for 2022.

Outcome indicators	ESRP 2020		ESRP(r) 2022	
	2015	2020t	2018	2022 (target)
Share of students in secondary schools in the VET system	58.8%	>60%	60%	>60%
Share in lifelong learning Indicator 4.3.1 of sustainable development goals	2.5%	>5.5%	2.4%	>4.0%
Employment rate of persons (20-34) who recently graduated secondary or tertiary education	48.0%	60.0%	49.1%	55%
Number of Regional Vocational Education and Training Centres (RVETC)	:	:	None	3 Regional VET centres

The specific objectives under this overall objective include:

- 3.2.3.1. Development, modernization and increasing the attractiveness of vocational education and training
- 3.2.3.2. Development and promotion of informal education and adult education

The achievement of these specific objectives so far compared to ESRP 2020 and the relevant measures are presented below.

3.2.3.1. Development, modernization and increasing the attractiveness of vocational education and training

Target 4.3 of sustainable development goals

During the reference period activities were undertaken to draft the methodologies for development of occupational standards, qualifications standards, and curricula and syllabi. New occupational standards and qualifications standards were developed and adopted, within the framework of the comprehensive reform of the four-year secondary vocational

education and training. The piloting of the concept of dual secondary VET started in 2018 in cooperation with two foreign companies in the country. Starting in the school year 2019/2020, modular curricula were introduced for all profiles in secondary vocational education and training. Similarly, several projects aiming to raise the importance, quality and awareness of secondary VET were launched.

In accordance with the requirements of the companies, as of the school year 2018-2019, with the support of the Delegation of the German industry and commerce in the Republic of North Macedonia, the pilot project for dual vocational education and training for a new educational profile - industrial mechatronics technician in the electro-technical occupation in two VET schools, SMS "Kiro Spandjov Brko" in Kavadarci and OEMUC "St. Naum of Ohrid" in Ohrid.

The companies and municipalities shown a greater interest for this profile in the school year 2019-2020, and as a result the pilot project for a dual vocational education and training for the profile - industrial mechatronics technician continued in the two pilot schools, and was extended to additional two VET schools in Prilep (SOU "Riste Risteski - Ricko") and Bitola (SOTU "Gjorgji Naumov"). The companies who need such profiles and are directly involved in the cooperation with the schools are: Dräxlmaier in Kavadarci, Kostal, LTH Foundry, ODW – Elektronik from Ohrid, Kromberg & Schubert from Bitola, and Genterm, Vitaminka from Prilep.

In addition to the educational profile of industrial mechatronics technician in the electro-technical occupation, several companies shown interest for introduction of a new educational profile in the field of mechanical engineering, technician in production mechanical engineering, which was piloted in three schools OEMUC "St. Naum of Ohrid" in Ohrid, SOU "Riste Risteski – Ricko" in Prilep and SSOU "Kole Nedelkovski" in Veles. The curricular and the practical training would be implemented in cooperation with the following companies: LTH Foundry from Ohrid, WIK from Prilep and Marquardt, BRAKO from Veles.

The number of students who enrolled in these schools in 2019-2020 was 135.

The companies have undertaken to cover the travel expenses, food and financial allowance for the students while they are attending practical training and, most importantly, to offer them employment after graduation.

There is also a raised interest for the educational profile of electrician – electrical fitter of power supply grids, implemented in cooperation with EVN. In addition to the classes in SEUGS "Mihajlo Pupin" in Skopje, as of the current school year this educational profile will be realized in one class in SOTU "Gostivar" in Gostivar.

The Ministry of Education and Science will continue to support the requests of the companies in view of providing qualified staff matching the needs of the labour market.

The focus in the forthcoming period would be placed on the further development of vocational education and training, adult education, promotion and support of different forms of lifelong learning, encouraging entrepreneurial culture at different levels and forms of education, active consultation and engagement of the local self-government, social partners and, above all, the representatives of the business community in the processes, etc. It is therefore very important to encourage and promote initiatives for a

closer and effective cooperation of all important actors at local level, based on mutual understanding and commitment to addressing the current challenges. The engagement of the local self-government, educational institutions, such as universities, training providers, as well as the key entities representing the local economy, could significantly augment the local partnerships between educational institutions and companies.

The establishment of Regional Vocational Education and Training Centres (RVETC) is an important opportunity for optimization of investments in secondary VET by matching the labour market needs with those of the local community, thus reducing the gap between the skills supply and demand. The benefits of the establishment of these centres include:

- Wide scope and effects of formal and non-formal education, post-secondary education, and adult education;
- Optimization of investments in vocational education and training - including the supply of vocational education and training (infrastructure and equipment);
- Modern and flexible curricula with opportunity for traineeship in companies;
- Implementation of the process for validation of non-formal and informal learning;
- Qualification and retraining of employed and unemployed persons;
- Activation of the vertical and horizontal mobility between the types and levels of education, which could be realized continued, in the course of the education, or discontinued, upon employment or at a later stage in life;
- VET students, through the direct involvement in the production processes of companies and other organizations, would be able to acquire knowledge and skills learning by doing, as well as employment skills, which would assist their direct entry in the labour market.

Measures:

- Ensuring greater harmonization of the VET with the needs of the labour market;
- Establishing modern and effective system for post-secondary education;
- Measure to improve the attractiveness, learning conditions and quality of VET;
- Implementation of the Concept of work-based learning;
- Establishing Regional Vocational Education and Training Centres (RVETC)

3.2.3.2. Development and promotion of informal education and adult education

Target 4.4 of sustainable development goals

The Strategy for Adult Education 2019-2023 was adopted, and a Coordinative Body was established to monitor the measure “Establishment of the system for validation of non-formal and informal learning” under the Education Strategy 2018-2025. During the reference period, needs for legal amendments were identified and drafts of the relevant

legislation were developed. A Methodology for validation of non-formal and informal learning and Analysis of the providers in the system for validation of non-formal and informal learning were developed, as the basis for further development and promotion of non-formal education and adult education.

Measures:

- Raising the awareness about the importance, opportunities and inclusion in non-formal education (NE) and adult education (AE) and enhancement of the knowledge, skills and competencies of adults;
- Improving the efficiency, contents and quality of non-formal and adult education and increasing the number of NE and AE providers.

3.3. Social Inclusion and social protection

The structural changes and comprehensive reforms of the social protection system, the practical implementation of which was initiated in 2019, imposed the need for reorganization of the main priorities and objectives under this chapter of the programme. Therefore, ESRP sets the following objectives in the sphere of social inclusion and social protection:

- Enhancing the efficiency and effectiveness of the social assistance system
- Improving the availability of social services
- Support to and promotion of deinstitutionalization
- Promotion of social inclusion of Roma
- Tackling the key challenges relating to the sustainability of the pension system
- Tackling the key challenges in the field of health system and public health care

These objectives shall be achieved by virtue of a series of measures presented below, including a set of indicators and related targets. The overall progress in the section relating to social inclusion and social protection shall be evaluated in accordance with the following indicators:

Indicator	2018	2022 (target)
Poverty rate	21.9%	16.0%
Indicator 1.2.1 of sustainable development goals		

3.3.1. Enhancing the efficiency and effectiveness of the social assistance system

ESRP sets a total of 4 indicators to measure the efficiency of the social assistance system. Taking into account that the main objective in the forthcoming period relating to the social assistance system is to improve the targeting and, consequently, to enhance the impact on poverty, the indicators provide that the coverage of households by social assistance shall be doubled by 2022, and the absolute poverty rate shall be reduced under 1%. The programmes also provide for appropriate coverage of children and persons aged 65 and above, whose number is expected to grow gradually.

Outcome indicators	ESRP 2020		ESRP(r) 2022	
	2015	2020t	2018	2022 (target)
% of households covered by all types of social protection financial benefits	7.5%	/	8%	14%
Indicator 1.3.1 of sustainable development goals				

% of absolute poverty	4.3%	/	/	<1.0%
Indicator 1.1.1 of sustainable development goals				
Number of children covered by child protection programmes (child allowance and education allowance)	/	/	43,000 c.a. 3,800 e.a.	75,000 c.a. 65,000 e.a.
Number of recipients of benefits under social security of the elderly	/	/	/	6,000

The specific objectives under this overall objective include:

- 3.3.1.1. Improving the scope, coverage and targeting of social assistance

The achievement of this specific objective so far compared to ESRP 2020 and the relevant measures are presented below.

3.3.1.1. Improving the scope, coverage and targeting of the social assistance system

Target 1.3 of sustainable development goals

In the course of 2018, new laws on social protection and social security of the elderly were adopted, while the Law on Children Protection was subjected to major amendments. These novelties were aimed at improving the scope, coverage and targeting of the social assistance. In particular, the reformed system of social benefits ensures more efficient protection by: 1) introducing guaranteed minimum assistance for materially deprived households so that the households at social risk would receive financial assistance to supplement the income until the poverty line; 2) activation of recipients of guaranteed minimum income in order to prepare them for work and employment; and 3) promotion and development of social services (see objective 3.3.2). For the purpose of realizing one of the greatest priorities, the elimination of child poverty, the amendments of the Law on Children Protection facilitated the access to the child allowance for the families with children who have low disposable income. In this context, the Law removed the requirement that there have to be a member of the family who is employed, which used to be the key requirement to exercise the right to a child allowance. Another novelty in terms of child protection is the introduction of the educational allowance for children who are regularly attending classes in primary and secondary schools, so as to support the parents in the settlement of school costs, thus influencing the prevention of early school leaving. The right to a conditional cash transfer, which was transformed into an educational allowance, used to be intended only for children attending secondary education who are recipients of social financial assistance and child allowance, while the reforms extended its scope to include children in primary education, as well as all households with low disposable income.

The reference period saw the launching of activities for activation of recipients of guaranteed minimum assistance in order to prepare them for work and employment by enacting a by-law and facilitating the cooperation between the professional staff of the social work centres and the employment offices. In particular, under this reform, such cooperation should be strengthened further in view of providing support and activation services to the recipients of social protection benefits who are able to work through a continuing, close and joint cooperation aimed at the development and implementation of individual activation plans for recipients of guaranteed minimum assistance, so as to enable them to participate in active labour market programmes and overcome the material deprivation of the household. The change of the model of operation of the employment offices and social work centres by introducing the case management model was made in this context. In this regard, near the end of 2018 trainings were provided to the professional staff of the social work centres (647 persons) and 30% of the staff (150 persons) working on active labour market programmes in the employment offices.

Measures:

- Improving the adequacy and increasing the coverage of users by the social protection system;
- Ensuring the social security for persons aged 65 and above at risk of poverty;
- Improving the adequacy and increasing the coverage of children by the child protection system;
- Improving the cooperation between institutions responsible for implementation of labour market activation measures and provision of social protection.

The measures under this section are complementary with the measures planned under section *3.1.1.2 Reducing the unemployment of long-term unemployed and persons belonging to other vulnerable groups*, i.e., development and implementation of specific measures for activation and support to the employment of persons at social risk, as well as section *3.1.1.3 Promotion of integration of women in the labour market and reducing the gender gap*.

3.3.2. Improving the availability of social services

ESRP sets a total of 6 indicators to measure the development of social services. It anticipates further increase of the number of established centres for social services and local social protection councils. Good results have been achieved in the segment relating to social services for the elderly, and it is expected that this trend would continue.

Process indicators	ESRP 2020		ESRP(r) 2022	
	2015	2020t	2018	2022 (target)
Number of established local (municipal) social protection councils	:	:	0	81
Number of established regional social protection councils	/	8	/	8
Number of licenced service provided (by type of service; home based, community based, extra-familial care)	:	:	:	30

The specific objectives under this overall objective include:

- 3.3.2.1. Development and improvement of social services and inclusion of various stakeholders in high-quality and efficient provision of social services.

The achievement of this specific objective so far compared to ESRP 2020 and the relevant measures are presented below.

3.3.2.1. Development and improvement of social services and inclusion of various stakeholders in high-quality and efficient service provision

The reform of the social protection system (see item 3.3.1) aims to promote and develop social services, in line with the individual needs of the users, to be provided in the home of the user, in the community and out of the family, as well as a development of innovative and intervention social services. The social services, in addition to the central authorities, shall also be delivered by the local self-government, civil society organizations, natural persons and the private sector. The Ministry of Labour and Social Policy will continue to allocate funds for development and delivery of social services by various licenced and authorized social service providers, the cost of which will be calculated in line with the new methodology for costing social services, which is currently being developed. This would increase the availability, quality and innovativeness of social services. It shall also stimulate the pluralization of the activity and open the possibility to outsource the social services to external providers (civil society organizations, private companies, natural persons, etc.).

In the forthcoming period the Ministry will continue to implement policies, measures and activities contributing to the further strengthening of the capacities of all relevant actors at central and local level to create and implement efficient local policies aligned with the local needs for delivery of high quality and efficient social services.

It is necessary to establish clear and transparent mechanisms for licencing the service providers and finance the social services. This refers primarily to the completion of the legal framework (including implementing acts), as well as to building the capacities of the national institutions (above all, of the Ministry of Labour and Social Policy) for adequate and efficient application of such mechanisms.

The legal framework should also provide for participatory mechanisms for continuing monitoring and evaluation of the quality of social services, which would have as a starting point the satisfaction of the client from the service delivered and the change in the quality of the client's life as a result of the service received.

The first steps to introduce individualized community-based social services were made in April 2018, when the personal assistance services for persons with severe or profound physical disabilities and fully blind persons were introduced for the first time. By October 2019 a total of 70 persons were provided the opportunity to use the personal assistance service in nine municipalities. In 2018 a project was launched for development of professional rehabilitation in two municipalities in North Macedonia - Skopje and Strumica, the relevant conditions were provided and the practical implementation should start in 2019. In general terms, in 2018 the average number of persons belonging to different vulnerable groups who used the services in the alternative forms of care and community-based services increased by 57% compared to 2017. This is owing to the significant efforts to extend the network of existing services in the community and alternative forms of care and protection of specific vulnerable categories.

The Ministry of Labour and Social Policy launched the Social Services Improvement Project funded by a World Bank loan. One of the main objectives of the project is to develop and improve the quality of social services in the local communities, in accordance with the needs of citizens and to improve the access to social services intended for members of vulnerable groups, the elderly, persons with disabilities and other persons, and the project has a budget of EUR 10.8 million for a period of 5 years. The municipalities will be able to apply for grants intended for projects for development of social services in the local communities, including home assistance and care, personal assistance, day and temporary residence services, group homes, day centres, supported living and other innovative community services, implemented by the municipalities or in cooperation with other service providers. The grant funds will be intended to establish the service and finance the service per user at a set price in the subsequent 12 months. The project also provided technical assistance to the municipalities relating to the assessment of the needs and demand for social services at local level. The municipalities that will express an interest in receiving a grant for development of social services shall be provided direct support to prepare the application documents.

Measures:

- Creation of a legal framework conducive to delivery of social services by various providers;
- Provision of financial and technical support for development of social services.

The measures under this section are complementary with the measures planned under section 3.1.1.3 *Promotion of integration of women in the labour market and reducing the gender gap.*

3.3.3. Support to and promotion of deinstitutionalization

ESRP sets a total of three indicators to measure the promotion of deinstitutionalization. The target set for 2020 has been surpassed significantly, due to the emphasis placed on deinstitutionalization by the Government and MLSP, so it is expected for such trends to continue.

Process indicators	ESRP 2020		ESRP(r) 2022	
	2015	2020t	2018	2022 (target)
Number of persons accommodated in housing units for supported living arrangements or in group homes	93	150	173	250
Number of users of social services (per service type: home-based, community-based, extra-familial care)	1,750	2,270	3,058	4,500
Number of persons accommodated in residential social protection institutions	/	/	376	0

The specific objectives under this overall objective include:

- 3.3.3.1. Strengthening the deinstitutionalization process

The achievement of this specific objective so far compared to ESRP 2020 and the relevant measures are presented below.

3.3.3.1. Strengthening the deinstitutionalization process

In September 2018 the Government of the Republic of North Macedonia adopted the National Deinstitutionalisation Strategy 2018-2020 “Timjanik”. The Action Plan 2019-2027 for the implementation of the National Deinstitutionalisation Strategy was adopted in May 2019. The Strategy contributes to building a system of social service delivery based on

a human rights approach that promotes the rights, inclusion and dignity of users. Its starting point is recognition of the individual users' needs, life priorities and desires, and the overarching principle will be to empower and support the users to exercise their will and to have control over their life including the services they receive. The Strategy and Action Plan are based on four main priorities:

1. Transformation of institutions,
2. Resettlement of residents,
3. Development of community services, and
4. Prevention of institutionalization.

It is anticipated that the deinstitutionalization process would continue in view of realization of the four priorities laid down in the National Deinstitutionalisation Strategy 2018-2027.

Measures:

- Completion of the transformation of residential social institutions into providers of modern social services;
- Development of new social services in accordance with the new Law on Social Protection;
- Start of the deinstitutionalization of institutions for people with mental health difficulties.

3.3.4. Promotion of social inclusion of Roma

ESRP sets a total of 10 indicators to measure the promotion of social inclusion of Roma, organized in three groups; labour market, education and healthcare. No specific progress has been noted during the reference period for either group of indicators, although the trends of infant mortality and the rate of transition of Roma students from primary into secondary education are showing positive trends. Therefore, most of the targets for the indicators have been revised so as to reflect the actual situation and the potentials of the Roma population.

Outcome indicators	ESRP 2020		ESRP(r) 2022	
	2015	2020t	2018	2022 (target)
Participation of Roma in the labour market services and active employment programmes and measures (aepm)	100	1,400 (30% women and youth)	227 in aepm 8,071 in services	325 in aepm 10,000 in services
Share of Roma in the total number of registered unemployed at ESARNM	5.5%	4.5%	8.5%	8.7%
Inclusion of Roma children (0-6) in pre-school education	840	1,000-1,200	729	1,000 during the school year

Rate of transition of Roma pupils from primary into secondary education	83%	90%	87%	92%
Rate of transition of Roma pupils from secondary into tertiary education	40%	45%	38%	45%
Percent of Roma pupils who successfully complete primary education	75%	82.5%	77%	83%
Rate of infant mortality among the Roma population	14.2‰	<10‰	10.2‰	<7‰
Process indicators	2015	2020t	2018	2022 (target)
Number of communal infrastructure project implemented in settlements with predominant Roma population	8	23	/	23
Number of Roma families with access to social housing	102	110	118	150
Number of Roma students enrolled in tertiary education	188	205	300	400

The specific objectives under this overall objective include:

- 3.3.4.1. Further improvement of the living conditions and the quality of life, access to services and social inclusion of Roma

The achievement of this specific objective so far compared to ESRP 2020 and the relevant measures are presented below.

3.3.4.1. Further improvement of the living conditions and the quality of life, access to services and social inclusion of Roma

During the reference period the Roma, as a particularly vulnerable target group, were included in the implementation of various active labour market programmes and employment services such as the Self-employment programme, the Programme for support to the growth of micro, small and medium enterprises for creation of new jobs for youth up to 29 years of age, the Programme for community work, etc. There is an evident improvement of the inclusion of Roma in the services provided by the Employment Service Agency. A series of measures, programmes and grant schemes have enabled the improvement of the outcomes of Roma people in the spheres of education, housing and healthcare.

The development and implementation of policies and measures aimed at improving the position, inclusion and integration of Roma in various areas (labour market and employment, healthcare, education, etc.) will continue in the forthcoming period. The design of the measures targeting this vulnerable group of the population shall place special emphasis on improving the coverage of disadvantaged Roma women and girls, which

would entail specific tailored measures and activities. Among other things, the relevant authorities will continue the implementation of specific measures to enhance the participation and inclusion of Roma (including Roma women) in different trainings, activities for completion of education, awareness raising, and a number of other active measures to improve their employability and participation in the labour market, as one of the most efficient ways for long-term improvement of the situation of this vulnerable group of citizens.

Measures:

- Improving the employment opportunities and reducing unemployment within the Roma community and increasing participation of Roma in different active employment programmes and measures.
- Implementing measures to raise the education level of Roma population and their inclusion at all levels of education;
- Improving the quality of housing of the Roma community and the infrastructure in communities with prevalent Roma population;
- Continued improvement of the health status and access to healthcare for Roma.

3.3.5. Tackling the key challenges relating to the sustainability of the pension system

ESRP sets a total of 2 indicators to measure the tackling of key challenges relating to the sustainability of the pension system. It is expected that the previous downward trend of the source income of PDIFNM in comparison to the total expenditures would be reversed by the planned reforms and measures, while maintaining the standard of living of the pensioners.

Outcome indicators	ESRP 2020		ESRP(r) 2022	
	2015	2020t	2018	2022 (target)
% of source income compared to total expenditures of PDIFNM	54.5%	/	53.1%	65%
% of average pension benefit in the average salary	59.7%	/	59.5%	60%

The specific objectives under this overall objective include:

- 3.3.5.1. Strengthening the financial sustainability of the pension system and enhancement of efficiency in the exercise of pension and disability insurance rights
- 3.3.5.2. Maintaining the adequacy of the pension benefits and protecting the standard of living of pension beneficiaries

The achievement of these specific objectives so far compared to ESRP 2020 and the relevant measures are presented below.

3.3.5.1. Strengthening the financial sustainability of the pension system and enhancement of efficiency in the exercise of pension and disability insurance rights

Following a comprehensive analysis of the sustainability of the pension system in 2018, reforms of the system were launched. The reform included four key aspects. Firstly, the date of birth was introduced as a criterion for participation in the second pillar. All insured individuals joining the compulsory pension and disability insurance after 1 January 2019 who are under 40 years of age are mandatorily members of compulsory pension funds. The participation of mandatory members of the compulsory pension funds born before 1 January 1967 in the second pillar shall expire and they shall return to the first pillar, while the voluntary members of compulsory pension funds who were born before 1 January 1967 would have the right to opt to continue or terminate their membership in the second pillar in the period from 1 January 2019 to 30 September 2019. Secondly, the replacement rates for the members of the two-pillar system were increased, and the replacement rates for the members of the first pillar were adjusted to 1% for men (previously 0.75%) and 1.14% for women (previously 0.86%). Thirdly, as of 1 January 2019, the pensions would be adjusted twice per year, on the 1st of January and 1st of July in accordance with the increase of the consumer price index, and, if the gross domestic product in the preceding year experienced a real growth greater than 4%, additional adjustments could be made. Fourthly, as of 1 January 2019, the contribution rates were increased from 18% to 18.4% for pension and disability insurance and from 7.3% to 7.4% for health insurance. In 2020 those rates would be additionally increased to 18.8% and 7.5%, respectively.

A number of interventions are planned for the forthcoming period in view of improving the administration of social insurance and the accuracy of the data entered in the registers of compulsory social insurance holders, thus increasing the efficiency in the exercise of the pension and disability insurance rights. Such activities include, for instance, the introduction of a single system for registration of insured individuals and updating of their data, as well as simplification of the registration of individuals in the social insurance system. It is also planned to improve the legal framework governing matters relating to persons with disabilities and occupations with extended service period by simplifying the determination of disability for the purposes of exercising all rights arising from disability, increasing the share of persons with disabilities in the labour market, primarily in the open economy, and revising the occupations with extended service periods. These measures will be implemented with a loan from the World Bank within the framework of the Social Insurance Administration Project (SIPA Project).

Measures:

- Further improvement of the financial sustainability of the pension system;
- Improving the quality of services in the administration of social insurance, including improved accuracy of data in the records of compulsory social insurance holders;
- Facilitation of the access to rights on the grounds of disability or temporary/permanent incapacity to work.

3.3.5.2. Maintaining the adequacy of the pension benefits and protecting the standard of living of pension beneficiaries

The Law on Social Security of the Elderly was adopted in 2019, providing for cash benefits to persons who completed 65 years of age and are not beneficiaries of old age or other type of retirement benefits, in order to assist these people take a path out of absolute poverty. The pension reforms (see objective 3.3.5.1) introduced a new method of adjustment of pensions, i.e. the pensions would be adjusted on 1st of January and 1st of July every year in accordance with the rate of increase of the consumer price index, including a possibility for additional increases when the GDP growth exceeds 4%. Furthermore, the reforms aligned the replacement rates for calculation of the pension benefits for participants in the first and second pillar proportionally to the allocation of the contributions to the first and second pillars. Such measures, in addition to maintaining the fiscal sustainability of the pension system, would also help maintain the standard of living of the pensioners. The standard of living of the pensioners with the lowest pensions during the reference period was supported by the project for spa and climate recreation.

Measures:

- Ensuring the social security of pensioners through measures to protect and improve the social standard of this category of citizens.

3.3.6. Tackling the key challenges in the field of health system and public health care

ESRP sets a total of 3 indicators to measure the tackling of the key challenges in the field of health system and public healthcare. Certain progress has been noted during the reference period.

Outcome indicators	ESRP 2020		ESRP(r) 2022	
	2015	2020t	2018	2022 (target)
Rate of infant mortality	9.9‰	7‰	9.2‰	<7‰
Indicator 3.2.2 of sustainable development goals				
Process indicators	2015	2020t	2018	2022 (target)
Number of newly constructed and reconstructed public health facilities	/	2 new 4 rec.	1 new 3 rec.	2 new 4 rec.
Upgrading the integrated health information system "My term" with new modules	19	33	31	33

The specific objectives under this overall objective include:

- 3.3.6.1. Improving the access to health care for all citizens, conditions in the health system and the quality of health care services
- 3.3.6.2. Reducing the outflow of medical staff and improving the professionalism and competence of health workers

The achievement of these specific objectives so far compared to ESRP 2020 and the relevant measures are presented below.

3.3.6.1. Improving the access to health care for all citizens, conditions in the health system and the quality of health care services

Target 3.8 of sustainable development goals

The health system had been a subject of continuing reforms in the past years in order to improve, promote and maintain the public health. The implementation of the project for construction and reconstruction of public health-care facilities continued in the reference period, so as to provide for significant improvement and restructuring of the health sector until 2020, by creating a new network of public health-care facilities that would provide better, more efficient and higher quality health-care. The activities for construction and reconstruction of health-care facilities, in line with the existing legislation, pay special attention to providing adequate accessibility for persons with disabilities. There are also activities to promote the health-care of patients with specific diseases or conditions, as well as of persons with special needs, as well as to improve the coverage and access to high quality health care for specific vulnerable groups. With regard to the implementation of

the project "Construction of a University Clinical Centre in Skopje", the Government of RNM adopted a decision to construct the centre at a new location on the territory of the municipality of Gjorche Petrov.

Measures:

- Continuation of the measures for construction, upgrading and reconstruction of public health facilities;
- Improving the access to health care for specific vulnerable groups – pregnant women and infants, elderly over 62 years of age, Roma and other;
- Improving and upgrading the established integrated health care information system “My term”;
- Improving the system for prevention and control of communicable diseases.

More detailed information on the policies and measures planned to contribute to significant improvement of the access to healthcare and the health status of the members of the Roma community in the country are presented in the section *3.3.4. Promotion of social inclusion of Roma*.

3.3.6.2. Reducing the outflow of medical staff and improving the professionalism and competence of health workers

Indicator 3.c of sustainable development goals

Taking into account that human resources are the core of the healthcare system, there are plans for the forthcoming period, too, to implement intensively measures and activities that would contribute to significant improvement of the knowledge, expertise and competencies of health workers.

Measures:

- Increasing the quotas for public funded specializations;
- Providing funding to co-finance specialization, i.e. sub-specialization of health workers employed at private health institutions, other legal entities and unemployed.

4. MANAGEMENT AND FINANCING

Some of the main prerequisites for a high quality and efficient implementation of the priorities and measures laid down in the revised Employment and Social Reform Programme are to provide for a sound management system, defining clearly the competencies and responsibilities in the implementation process, sustainable financing and ensuring the required budget support, as well as continued monitoring of the implementation of policies and measures, and timely response in the event of specific problems and/or risks.

The **Ministry of Labour and Social Policy** is the leading institution both for the development and revision and the process for implementation of the ESRP, and it has the role of a main coordinative body ensuring the efficient and effective implementation of measures and achievement of objectives.

The competent and directly responsible institutions, organizations, etc. for the implementation of the specific priorities and measures laid down in the ESRP will be those institutions and organizations that are explicitly defined in the **ESRP Matrix of Objectives and Measures**, which states the competent institution, as well as other institutions and partners which are expected to engage in the implementation, for each individual measure.

Apart from the Ministry of Labour and Social Policy, other institutions that are involved directly and to a greater extent in the implementation of the revised ESRP are: Ministry of Education and Science, Ministry of Health, Ministry of Finance, Ministry of Transport and Communications, Ministry of Economy, the Employment Service Agency with its network of employment offices, Social Work Centres, Institute of Social Activities, State Labour Inspectorate, Adult Education Centre, Vocational Education and Training Centre, Bureau for Development of Education, local self-government units and a number of other institutions and organizations that will coordinate or will participate directly in the implementation of measures.

Strong cooperation and engagement is expected from the social partners, civil society organizations, as well as numerous international organizations, donors and development and support agencies, which would provide great contribution also to the practical implementation.

The established **mechanism for regular monitoring and reporting** on the progress in the realization of the ESRP would provide the greatest contribution to ensuring an efficient practical implementation of the revised ESRP, successful addressing of identified challenges and achievement of the objectives.

More detailed information on the process for monitoring the implementation of the ESRP is presented below in the section "*4.3. Following the implementation of ESRP and the progress achieved*".

4.1. Capacity building and institutional reforms

An important driver of the appropriate implementation of the revised ESRP is **the existence of appropriate administrative capacities**, both of the institutions directly tasked with implementation, and of other entities and partners, the engagement of which is necessary in the development, implementation and monitoring of sector policies and reforms (social partners, civil society, expert community, etc.).

Therefore, special emphasis shall be placed on the public administration reforms and on the parallel and continued capacity building for all relevant entities, in particular in the key areas for the ESRP. In terms of further **strengthening of the sectoral approach**, it is particularly important to strengthen: 1) the mechanisms for promotion of mutual cooperation in the development and implementation of sectoral policies and reforms, 2) the capacities for looking at the “big picture” in defining and implementing cross-cutting, interrelated and interdependent policies and measures with a scope that exceeds the competencies of a single institution, 3) capacities for development and application of instruments and tools for monitoring and evaluation of sectoral policies and actions, 4) mechanisms and practices for efficient engagement of social partners and the civil society, 5) capacities and capabilities for efficient use of available and future EU funds, financial and other assistance provided by international donors and financial institutions, etc. In the forthcoming period, in particular taking into account the sector budget support, it would be necessary to strengthen the mechanisms and capacities for implementation, monitoring and reporting of the policies and the sector reform programme.

The implementation of such capacity building activities will continue in the forthcoming period at various institutions and at various levels. The support shall also be realized through projects funded by EU and international organizations. The support will be provided by organizing various capacity building events and activities, such as trainings, workshops, conferences, technical assistance, peer reviews, regional cooperation and networking, exchange of good practices and positive experiences, study visits, regional meetings, development of studies and analyses on specific topics, piloting new approaches, etc.

4.2. Budget and sources of financing

The funding allocated for the implementation of the ESRP are the **Budget of the Republic of North Macedonia** (budgets of the relevant public institutions - line ministries and organizations), and the support by the **European Union's funds**, in particular the financing under the current IPA financial framework 2014-2020 (**IPA II**). It has also been planned for the local self-government units to contribute in the funding of some of the measures, in line with their abilities and budgets.

The implementation of some of the reforms and measures is planned to be, or is already, funded by other bilateral donors, international organizations and developmental partners in the country, which provide assistance and support to the implementation of the sectoral policies, such as ILO, UNDP, the Swiss Development and Cooperation Agency, USAID,

UNICEF, UN-Women, OSCE, etc., while some of them are financed by loans secured from the international financial institutions, such as the World Bank, European Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Investment Bank, etc.

ESRP includes programmes and measures for which the financing still has not been secured and the source of financing is to be determined in the course of the implementation.

As it has been noted above, significant funding for the employment, education, and social inclusion policies is provided via the Instrument for Pre-Accession Assistance of the European Union, within the financial framework 2014-2020 (IPA II).

In November 2018 the Government of the RNM and the European Commission entered into a financing agreement for the implementation of the 2017 IPA Action Programme, which includes the action **“EU Support for Education, Employment and Social Policy”** in a total amount of EUR 25.15 million. The first project financed under this action provides for further strengthening of the capacities and impact of social dialogue institutions in shaping economic and social policies in the country. It is also used to finance a project that should support the establishment of the legal and institutional framework for development of community-based services for persons with disabilities in accordance with the National Deinstitutionalization Strategy 2018-2027. The programme focuses on other issues, too, such as the enhancement of the system for anticipation of labour market skills needs and its efficient integration with the education system at different levels, improving the working conditions, activation of beneficiaries of guaranteed minimum assistance, support to Roma housing, stimulating social entrepreneurship, etc.

The programming of the **2019 IPA allocations** in the Sector *“Education, Employment and Social Policy”* is in the final stage. This sector will be supported with funds in a total amount of EUR 23 million, to be realized through the Action “EU for Youth” in the amount of EUR 16.5 million and the Action “EU for Inclusion” in the amount of EUR 6.5 million.

The **“EU for Youth”** action would contribute to facilitated access to the labour market for young people by improving the quality, relevance and inclusiveness of the vocational education and training system and improving the employability of young women and men. More specifically, the action will invest in improvement of the professional qualifications, skills and readiness of young people to enter the labour market. Three secondary VET schools will be transformed into centres of excellence that offer work-based learning and high quality education. Furthermore, the action will support the smooth school-to-work transition by implementing the “Youth Guarantee” programme, with special focus on youth neither in employment nor in education or training (NEET). The action is expected to result into increased employment rate of young women and men.

The **Action “EU for inclusion”** shall contribute to the reduction of poverty in the country by improving the social, educational and economic inclusion of persons belonging to the most disadvantaged groups. It shall invest in improvement of the access to housing, education and economic opportunities for the Roma and people living in absolute poverty.

The Action will also improve the physical accessibility of 8-12 educational facilities for persons with disabilities. Furthermore, the access to social community services for the vulnerable groups will be enhanced by establishing one or several centres providing high quality social services in the community. The action shall focus mostly on the underdeveloped regions in the country.

All of the above, as well as many other planned reforms, measures and activities have already been covered by the ESRP and the support that would continue to be provided under the EU Instrument for Pre-Accession Assistance would contribute greatly to the efforts for successful addressing the key challenges identified in the present strategic document.

The financial support for certain measures under the ESRP are expected to be provided through other IPA II sectors and actions, such as the sectors "*Competitiveness and innovation*", and "*Public Administration Reforms*", and the actions "*EU Integration Facility*", "*Support to Participation in Union Programmes*" (co-financing of the financial contribution for participation in the Erasmus +; Employment and Social Innovation (EaSI) programme; Horizon 2020).

There is also available support by specific projects under the IPA multi-beneficiary programmes. For instance, significant support is expected from the second phase of the **regional ESAP - Employment and Social Affairs Platform project**. This project provides assistance to governments and other relevant institutions in the Western Balkans countries in strengthening their administrative capacity to develop, implement and monitor policies in the fields of employment, education and social protection.

The total indicative budget planned for the implementation of the reforms and measures under the revised Employment and Social Reform Programme for the period until 2022 amounts to cca. **EUR 1.2 billion**.

The funds allocated for the implementation of ESRP(r) 2022 have been indicatively distributed to the three priority areas in the following manner:

1. Labour Market and Employment:	125,580,000 €
2. Human Capital and Skills:	111,786,562 €
3. Social Inclusion and Social Protection:	944,586,000 €

However, taking into account the multifaceted nature of the planned reforms and measures, as well as their interconnection, overlapping and complementarity, it is neither effective nor possible to define precisely where specific activities belong and what would be the budget for their implementation.

More detailed description of the amounts and the planned sources of funding allocated for implementing specific objectives and measures is presented in the ESRP Matrix of objectives and measures (**Annex 1**). Funds under the IPA instrument for the period until 2022 will have a share of cca. **EUR 48.15 million**.

In addition, significant funding shall be provided by loans from the international financial institutions, such as the loan of more than EUR 100 million from the Council of Europe Development Bank to finance several important projects (for instance, construction, reconstruction and modernization of health-care facilities, improvement of overall conditions in primary and secondary schools, rehabilitation of schools, etc.). Some of the activities under ESRP, for instance projects in the field of social protection and education, shall be funded with a loan from the World Bank - Social Services Improvement Project, in the amount of EUR 30.5 million for activities relating to pre-school care and education and development of social services, then the Social Insurance Administration Project (under development) in the amount of EUR 13.78 million, which should reform the disability insurance system and the operation of institutions responsible for administration of this system, etc.

4.3. Monitoring the ESRP implementation and the achieved progress

An **operational framework and monitoring mechanism for the ESRP** were established for the purposes of consistent and coordinated implementation of the objectives and measures contained in ESRP. The monitoring process is coordinated by the Ministry of Labour and Social Policy, with active participation of all relevant state institutions, social partners and the civil society.

The sector-wide approach introduced by the IPA Regulation for the financial perspective 2014-2020, inter alia, requires coordination of policies, strategies and sources of funding within a specific sector of intervention, in order to provide for effective management of reform processes and resources. The Government of the Republic of North Macedonia adopted the sector coordination model and established the bodies in charge of its implementation.

The sector working groups were established in 2015. **The Working Group in the sector “Education, Employment and Social Policy”** has a multifaceted mandate, but it primarily is an interagency forum for dialogue about the sectoral policies, assessment of the progress made in the realization of the sectoral policies and institutional capacities. The sector working group is also the body which sets the priorities to be funded by EU, monitors their implementation and coordinates with the donors. The sector working group convenes in plenary sessions at least twice per year. Since 2018, the plenary sessions are presided by Ministers of labour and social policy and of education and science.

The Sector Working Group is coordinated by the Ministry of Education and Science and the Ministry of Labour and Social Policy and is composed of representatives of the institutions in charge of development of sectoral policies and strategies, European integration, IPA and budget management.

More specifically, this working group comprises representatives of the following **state authorities and institutions**:

- Ministry of Labour and Social Policy;
- Ministry of Education and Science;
- Ministry of Health;
- Ministry of Finance;
- Secretariat for European Affairs;
- Office of the President of the GRNM;
- Cabinet of the DPMRNM in charge of economic affairs;
- Cabinet of the Minister without portfolio – Coordinator of the Roma Decade;
- Ministry of Information Society and Administration;
- Employment Service Agency of RNM;
- State Labour Inspectorate;
- Adult Education Centre;
- Vocational Education and Training Centre;
- Bureau for Development of Education;
- State Statistical Office.

When necessary, other institutions with competencies in the fields of education, employment and social policy may join the working group.

Moreover, the **social partners** are also involved in the Working Group. The representative organizations of employers and employees, which are also members of the Economic and Social Council (Organization of Employers of Macedonia, Federation of Trade Unions of Macedonia and Confederation of Free Trade Unions of Macedonia), have nominated their representatives in the working group.

Since 2018, representatives of the **civil society** also take part in the group. The cooperation with the civil society and other interested relevant organizations is carried out by virtue of thematic consultations, briefings, etc.

The working group also integrates the **donors** (EU, bilateral donors) and **international organizations** (ILO, UNDP, USAID, UNICEF, UN-Women, World Bank, etc.).

In terms of the criterion relating to the existence of relevant and credible sectoral policies, it was decided that ESRP would represent a single coherent strategic framework for the sector, since it united the employment, education and social policies, has clear priorities and long-term reform objectives.

In the forthcoming period, the working group should adopt a framework to monitor the performance of the sectoral policies, based on indicators and sources of information. The development of the monitoring framework started in 2019. The indicators, which constitute an integral part of the Employment and Social Reform Programme, present the basis for development of the performance assessment framework in the sector "Education, Employment and Social Policy".

As regards the implementation and monitoring of the pre-accession assistance, the sector working group identified the needs, strategic priorities and actions to be funded by IPA 2019. In the future, the Group should make an assessment how and to which extent the actions funded by IPA contribute to the sectoral objectives and what are their impact and sustainability.

In 2018, the sector group worked on the drafting of the First report on the implementation of ESRP 2020. *This task and additional obligations relating to the regular monitoring and reporting about the progress of the ESRP have been appropriately reflected and included into the Rules of Procedure of the Sectoral Working Group.*

Taking into account the composition and tasks of the Sectoral Working Group, it would be most suitable for this body to continue to be in charge of the monitoring and assessment of the progress in the implementation of the Revised Employment and Social Reform Programme – ESRP(r) 2022. *The Ministry of Labour and Social Policy is coordinating the preparation of the annual progress reports, which are then discussed by the working group. The Group assesses the progress made in the accomplishment of objectives, outcomes and results, discusses problematic issues and proposes measures to address them.*

ANNEX 1

ESRP MATRIX OF OBJECTIVES AND MEASURES

Objective/Measure	Description of activities	Institutions	Timeframe	Budget / Source(s)
Labour Market and Employment				
3.1.1. Improvement of the unemployment situation, especially with the most vulnerable categories (youth, long-term unemployed and others)				
3.1.1.1. Objective: Improvement of youth employment and promotion of more and better jobs for young people				
a/ Support to labour market integration of young people - support to employment, continued education and training, and traineeship (YG – labour market integration)	Development and implementation of concrete measures for labour market integration of young people (implementation of short second chance programmes for vocational education and training, increasing the wage subsidies intended for youth at risk, implementation of training programmes for acquisition of skills for NEET youth, trainings for digital skills, trainings for self-employment and business start-up, traineeship programmes targeting youth NEET, etc.)	ESARNM MLSP, AEC and other local institutions, service providers, employers	2022	The budget allocations for these measures are included in the total budget of the Operational Plan. Sources: Budget of RNM (MLSP, ESARNM, MoES), IPA II, donors, etc.
b/ Promotion and extension of the scope of services delivered by the Employment Service Agency to unemployed youth (YG – activation);	Services delivered by ESARNM for activation of youth (NEET) supporting their labour market integration (job search assistance, counselling and guidance, development of individual employment action plans, monitoring, etc.). Measures to strengthen the capacities of ESARNM for delivery of the services under the Youth Guarantee, i.e. structural and organizational reform of ESARNM (recruitment of at least 80 qualified persons and their training, reconstruction/renovation of local employment offices an upgrade of the IT, new model for management of the YG service delivery system, designing a new business process, revision of the implementation procedures and redesign of youth employment services)	ESARNM MLSP	2022	8,450,000 € The funds should be allocated in the Budget of ESARNM in the function of successful implementation of the YG and are in line with the YG Implementation Plan
c/ Promotion and reforms of the education system, with special emphasis on the quality and contents of vocational education and training and its relevance in preparing young people for smooth transition to and integration in the labour market (YG - early intervention)	Establishing regional vocational education and training centres, in particular in those municipalities where the young people are facing a greater risk of becoming NEET. Reforming the system for training of teachers in order to improve the quality of education at all levels (improvement of teacher training methodologies). Extending the second chance VET programmes.	MoES MLSP, BDE,VETC, AEC,SEI	2022	3,500,000 € (IPA II, Regional VET centres, training of teaching staff and validation of learning) 3,800,000 € (IPA 2017 for the sector of EESP; professional and career development of teachers and associates, various training

				programmes) 200,000 € (only training costs)
d/ Introduction and implementation of effective mechanisms for the validation of non-formal and informal learning (YG – early intervention)	Piloting the validation of non-formal and informal learning (VNFIL)	MoES MLSP, BDE, VETC, AEC, SEI	2022	The funding of these activities is covered by the budget allocation referred to for the measure above
e/ Upgrading and enhancing the existing models and information systems in the function of developing more relevant youth education and employment policies (YG - early intervention)	Strengthening the Education Management Information System (EMIS) in order to enable the monitoring of labour market outcomes of students and to ensure that EMIS identifies youth that leave the education system early; it combines the information in the field of education with other administrative data to identify excluded young people.	MoES MLSP	2022	1,000,000 € (Support within the framework of the IPA 2017 Project on EMIS and data exchange, upgrading the labour market skills forecasting model)
f/ Identification, information and engagement of youth to participate in labour market integration measures and improve their employability (YG – outreach)	Outreach activities to engage and motivate the NEET to join the Youth Guarantee. Enhancement of the processes for dissemination of data and information to the young people, their families and the wider public, so as to help them in the selection of education and employment opportunities and pathways. Strengthening the capacities of the outreach (youth) workers (training)	ESARNM MLSP, Youth and Sport Agency, National Agency for European Education Programmes and Mobility, youth and civil society organizations, service providers	2022	1,110,000 € (the scheduled funds presented are in line with the YG Implementation Plan)
g/ Strengthening the local approach in improving the employability of young people	Further strengthening of the capacities of all stakeholders at local level for more successful development and implementation of employment programmes, measures and initiatives, aligned to the actual local challenges and needs, primarily of the young people. Improvement of the functioning of the established 15 Local Economic and Social Councils (LESCs). Support to the development of four Local Employment Pacts , with special emphasis on supporting youth employment. Financial support to the implementation of specific targeted youth employment programmes and measures, aligned with the local needs and conditions and with the developed Local Employment Pact. <i>The International Labour Organization shall provide expert support to the implementation of the activities (IPA II Project)</i>	MLSP ESARNM, local institutions, LESCs, social partners, ILO	2021	260,000 € - the funding of these activities will be supported under IPA II Strengthening Social Dialogue programme)

3.1.1.2. Objective: Reducing unemployment among long-term unemployed and persons belonging to other vulnerable groups					
a/ Preparation and implementation of the annual Operational plans for labour market services and active employment programmes and measures, focusing on designing a set of various services and measures tailored to the needs of the different specific vulnerable groups of unemployed persons	Annual Operational Plans for active employment programmes and measures and labour market services will be developed and implemented annually in accordance the labour market needs, experiences and outcome of the implementation of active employment measures and services, in consultation with all stakeholders.	ESARNM MLSP social partners, service providers	2022	cca. 86,000,000 € (In 2019 the budget of the OP is cca. € 20 million with plans for gradual increase) Sources: Budget of RM (MLSP, ESARNM), IPA II, donors, etc.	
b/ Development and implementation of specific activation and employment support measures for the persons at social risk (guaranteed minimum income beneficiaries, Roma, etc.), aimed at stimulating their active participation in the labour market, job seeking and employment	Supporting employment and activation by inclusion of persons at social risk (impoverished, beneficiaries of social assistance/GMA, Roma, etc.) in active employment programmes and services. These measures are also in the function of reduction of informal work among these categories. These efforts will include the implementation of measures aimed at strengthening interinstitutional cooperation in providing support to these people, recruitment of mentors for outreach work, counselling and motivation in the activation process. There are also plans to implement innovative solutions following the Spanish experience (Aceder model) for labour market integration of Roma, long-term unemployed and persons with disabilities. The non-governmental sector will take part in the delivery of activation services to the Roma and other groups at social risk in the labour market. The services will be operational in 5 municipalities with Roma population. (Four-year project implemented by UNDP with financial support by the Swiss Development and Cooperation Agency) <i>(Such measures would be laid down in the Operational Plans, and the financial support would be provided also under IPA II - Direct grant to ESARNM)</i>	ESARNM MLSP; Social Work Centres; social partners; service providers;	2022	the budget for these measures is included in the total budget of the Operational Plan	
c/ Support to the employment of persons with disabilities	Implementation of existing and designing new measures for inclusion of persons with disabilities in the labour market (such as subsidies and other incentives for employment of persons from this vulnerable group, the measure/programme for self-employment of persons with disabilities, development of efficient cooperation among the relevant institutions, organizations and associations working with persons with disabilities and application of the individual approach to motivate persons to start-up their own businesses). There are plans to amend the Law on Employment of Persons with Disabilities in view of facilitating the entry of persons with disabilities in the open market.	ESARNM, MLSP, UNDP	2022	the budget for these measures is included in the total budget of the Operational Plan (special fund to support the employment of persons with disabilities) Funding for this purpose are also planned by using a	

	<p>Additional efforts will be made to pilot professional rehabilitation (Professional Rehabilitation Centres will be opened in two regions, with support from UNDP and the Swiss Development and Cooperation Agency). Procurement of equipment for assessment of the capabilities of persons with disabilities, validation of trainings in specific occupations, regulation of the professional rehabilitation service (standardization, costing, defining the financing, etc.).</p> <p>There are plans to expand the rehabilitation on the entire territory of the state.</p> <p><i>(Such measures would be part of the annual Operational Plans)</i></p>			World Bank loan – Project “Social Insurance and Pension Administration”	
d/ Development of social entrepreneurship, aiming at job creation and integration of the most disadvantaged categories into the labour market	<p>This entails realization of activities for development, promotion and support to <u>social entrepreneurship</u> in the country, by establishing and rounding up the necessary regulatory framework, defining adequate mechanisms and instruments to provide financial and other support to social enterprises, public awareness raising on these issues, etc. The enforcement of the new rules for public procurement relating to awarding reserved contracts will also be supported. The activities for promotion of social entrepreneurship would contribute to the direct creation of jobs for the categories under social risk within social enterprises, but also to increasing the opportunities for their inclusion in the labour market through participation in programmes run by established social entrepreneurship centres/social and professional (re)integration services.</p> <p>This would support and improve further the labour market integration of persons belonging to the vulnerable groups (long-term unemployed, homeless persons, persons with disabilities, single parent families, disadvantaged youth, victims of trafficking in human beings or domestic violence, former drug or alcohol addicts, former convicts, etc.).</p>	<p>MLSP, ME, ESARNM, MF, APERM, FITD, NGOs, banks and financial institutions, business sector</p>	2020	<p>2,000,000 €</p> <p>Funding for this purpose is also planned under IPA II project "Support to social enterprises" and specific grant scheme</p>	
e/ Regular and continued monitoring and evaluation of the performance of active employment measures and labour market services, setting targets and follow-up of their achievement	<p>Measures that promote and strengthen further the processes and mechanisms for regular monitoring of the implementation and evaluation of the performance of measures and services in the labour market will continue.</p> <p>The main objective is to contribute to improved efficiency and effectiveness of measures that are designed and implemented, to improve the utilization of available financial and other resources, to improve the targeting and coverage of beneficiaries, to provide the necessary information for the potential modification and improvement of the measures themselves, etc.</p> <p>It is essential that such activities for regular monitoring and evaluation of the implementation of employment policy include, in addition to state institutions, the social partners, which will contribute to a great extent to more efficient and effective development of new, and modification of existing (where necessary) labour market policies and measures.</p>	<p>ESARNM MLSP; social partners;</p>	2022	<p>1,500,000 €</p> <p>support through IPA II – budget support for this purpose is secured</p>	

3.1.1.3. Objective: Promotion of integration of women in the labour market and reducing the gender gap				
a/ Supporting female participation and employment and reducing the gender gap in the labour market	<p>Specific measures and activities will continue to be implemented in the forthcoming period with the aim of improving the employment situation of women and their labour market integration and further reduce the gender gap. This shall entail, inter alia, promotion and accounting for equal participation of women in active employment measures and labour market services, stimulation of development and implementation of measures targeting women belonging to specific vulnerable groups, such as women from rural areas, women from specific ethnic communities, women with low or no education, inactive and unemployed women.</p> <p>The measures will also be aimed at further enhancement of the legal and institutional framework for improvement of gender equality and prevention of gender-based discrimination, protection of motherhood, strengthening the inspection activities in this regard, addressing the pay gap between women and men and strengthening the capacities of a number of relevant institutions and social partners.</p> <p>This will also include measures to reduce the undeclared work among women and ensure decent work in specific sectors, such as care for children and the elderly, etc. (so-called care economy).</p> <p>Activities shall be carried out to support women's entrepreneurship and provide financial support (grants) to enterprises owned and/or managed by women. The specific measures and activities planned under this section, inter alia, shall be carried out within the framework of the implementation of active labour market programmes, as well as within the framework of activities supported by IPA (projects on services, grant schemes), programmes on competitiveness, innovation and entrepreneurship of ME, projects and initiatives supported by international organizations and developmental partners, etc. Gender impact analyses are also planned for some of the employment measures.</p>	<p>MLSP, ESARNM, ME, MAFWE, social partners, SLI, relevant non-governmental organizations, business sector</p>	<p>2022</p>	<p>160,000 €¹</p> <p>Apart from the above, the greatest part of the budget for the implementation of these measures and activities is allocated in other sections of the document (OP on active employment programmes and measures, reduction of informal employment, strengthening the capacities of social partners, development of home support and assistance services, etc.) Sources of financing – Budget of RNM and IPA II, international organizations</p>
b/ Reconciliation of private and work life	<p>Introduction of new legal solutions for parental, maternity and paternity leave, introduction of a legal obligation for employers to promote issues relating to reconciliation of work and family obligations of the employees, work with employers on their greater sensitization, raising the awareness for better balance between the work and private life, examination of possibilities for promotion and introduction of more flexible working arrangement, specific measures to reduce family obligations of</p>	<p>MLSP, social partners, business sector, relevant non- governmental organizations, ILO</p>	<p>2022</p>	<p>cca. 15,000,000 €²</p> <p>Sources of financing: Budget of RNM, IPA II, World Bank loan – “Social Services Improvement Project”</p>

¹ The presented amount refers solely to financial support to women's entrepreneurship (in accordance with the annual Competitiveness, Innovation and Entrepreneurship programmes implemented by the Ministry of Economy). A total annual budget of cca. 40,000€ (MKD 2,400,000) is provided for this measure. Source: Budget of RM.

² The presented budget includes funds under IPA II Project on Improving the working conditions, which has a component for promotion of equality of women and men in the labour market (cca. 500,000€), IPA II support for construction of kindergartens (1,700,000€), funds from the Budget of RNM for construction of pre-school education facilities (1,500,000€ for 2019), as well as the World Bank loan for the “Social Services Improvement Project”, i.e. the component for promotion of pre-school care and education and construction of kindergartens (16,000,000€ until 2024; 11,000,000€ until 2022)

	women, for instance care for children and other family members (development of community services for persons with disabilities, the elderly, etc. whose care is usually a burden for women), increasing the availability and the access to child care and education services (expanding the network of pre-school institutions), development of measures for promotion of the position of women following the end of the parental leave, development of alternative forms of child care, etc.			
3.1.2. Tackling informal employment				
3.1.2.1. Objective: Reducing informal employment				
a/ Promotion of processes and mechanisms for measurement, monitoring and detection of the informal economy	<p>Analysis of the availability and quality of data on the informal economy and informal work generated by SSO, inspection services, and other sources. Establishment of an advanced system for coordinated data collection and exchange among the institutions and building the capacities of the competent institutions and social partners to monitor and report on informal work. Defining relevant indicators and calculations for the size and characteristics of the informal economy, etc.</p> <p><i>(The implementation of the activities will be supported within the framework of the IPA II Project for “Improving the working conditions” – component on tackling informal work.)</i></p>	MLSP, SLI, SSO, PRO, State Market Inspectorate, Central Register	2021	500,000 € support secured under an IPA II Project
b/ Providing incentives and support for formalization of informal economic activities	<p>Activities to design and pilot a system of vouchers for formalization of undeclared work in activities with greater incidence of informal economy. Analysis of the opportunities and introduction of a model of identification cards in construction, agriculture, hospitality, etc.</p> <p>Activities to support and promote the interest in the development of cooperatives and financial support for agricultural cooperatives through MAFWE, as well as improvement of the legal framework in this area.</p> <p>The measures for development of social entrepreneurship will also be used in this context.</p>	MLSP MAFWE, MF, PRO, social partners	2022	2,000,000 €³ in addition to the above, funding for this purpose are also planned within the framework of the implementation of the IPA II Project referred to under the preceding measure
c/ Implementing promotional activities for information and public awareness raising on the necessity and benefits of formalization of the informal economy, as well as on the risks and detrimental effects of informal employment	<p>Information campaign on the benefits and detrimental effects of undeclared work targeting the public and social partners in particular. Educational and promotional activities to strengthen the tax morale and reduce the tolerance for informality. Educational campaign for students in primary and secondary schools.</p>	MLSP SLI, PRO, inspection services, social partners	2022	part of the funding for this purpose are also planned within the framework of the implementation of the IPA II Project referred to under the preceding measure

³ The funds presented relate only to measures for association in cooperatives, financed by IPA II grant (MAFWE)

d/ Strengthening the capacities and effectiveness of inspection services in tackling undeclared work, including also improving the harmonization with the European Union standards and the enforcement of the legislation in the field of occupational health and safety	Activities for training and strengthening the human and technical resources of the inspection services on issues relating to the emergence and tackling with informal economy. Promotion of the legal framework (Labour Relations Law, Law on Safety and Health at Work). Some of the activities should be carried out within the framework of a regional project implemented by the Regional Cooperation Council (RCC) and ILO (ESAP Project - second phase), which includes a component addressing informal employment.	MLSP SLI, inspection services, PRO, social partners, ILO	2022	Some of the activities will be supported financially by the allocations for the preceding measures in this area.
3.1.3. Improvement of the quality of work and services of the public employment service				
3.1.3.1. Objective: Further improvement of the ESARNM capacities				
a/ Improvement of the physical capacities and work conditions in the Employment Service Agency	By 2022, the modernization and reconstruction should cover a total of 25 regional employment services, which is expected to improve significantly the working conditions and the quality of the services provided to the unemployed and the employers. The reconstruction and the construction activities, in accordance with the current legislation, shall take into account the specific needs for accessibility of these facilities for persons with disabilities.	ESARNM	2022	1,000,000 €⁴
c/ Developing human resources in the public employment service, by increasing the number of employees and ensuring their continuing development	By 2022 it is planned to increase the number of employees in the public employment service to 550 and every employee (with the exception of the assistance–technical staff), should take part, at least once a year, in a specific training, workshop, or seminar of relevance for the improvement of the quality of the work at his/her post.	ESARNM	2022	The budget for salaries and professional development and continuing training of the ESARNM staff is defined in the budget of ESARNM, which, upon a proposal of the Government, is adopted by the Assembly of the Republic of NM. In addition to national funds, support to the further professional development of ESARNM staff will be provided within the framework of the IPA II programme, in the amount of EUR 350,000, allocated for training of 90 employees who will work on the implementation of the Youth Guarantee.
3.1.3.2. Objective: Further improvement of services and work of the ESARNM with its clients (unemployed and employers)				
a/ Improvement of the processes of profiling, development and quality of individual employment plans and their linking with active labour market programmes and measures	Profiling of the unemployed is a very important tool to determine their level of employability. By 2022 this process would be improved by additional training of the staff working on this activity in order to achieve a greater coverage and develop higher quality Individual Employment Plans for the hard-to-employ (IEP 2). The quality of the developed IEP 2 will be evaluated also through the links between the planned activities and the inclusion of these unemployed persons in the active	ESARNM	2022	The budget for this measure is incorporated in the total budget of ESARNM and cannot be presented separately.

⁴ Financial support shall be provided under the IPA II programme for modernization and reconstruction of 6 employment offices, while the funding for the remaining employment offices will be provided from the budget of ESARNM.

	<p>employment programmes, measures or services.</p> <p>Within the period 2019-2022, the number of unemployed with IEP 2 will range from 8000 to 14000, where it is planned to include at least 60% of them in some of the active employment programmes, measures or services in the subsequent 12 months.</p>			
b/ Promotion of the cooperation with employers	<p>In the course of 2019 the Agency provided trainings on cooperation with employees from the public sector to 50 employees from the employment offices. The trainings were held by an external consultant, and the staff who attended the training would serve as trainers for other employees in the employment offices. Every employment office should introduce a work post for cooperation with employers from the public sector, with one officer in the smaller offices and 2 or more officers in the bigger employment offices. These persons will possess greater knowledge about the needs of the employers in the municipalities covered by the relevant employment office, as well as about the available labour force in those municipalities. It is expected that such measures would lead to an increased number of applications for employment mediation by the employers, and that most of them would be realized successfully. In the period 2019-2022 the number of applications for employment mediation should amount to 5000 in 2019, i.e. 6000 in 2022, and that most of the applications should be realized successfully. Currently the offices receive around 4800 applications annually with a performance rate of 66%.</p>	ESARNM	2022	The budget for this measure is incorporated in the total budget of ESARNM and cannot be presented separately.
c/ Promotion of the cooperation between the employment offices and the social work centres, in particular in terms of activation of beneficiaries of guaranteed minimum income and other financial allowances and benefits, persons at risk of social exclusion, among whom Roma, persons with disabilities, etc.	<p>Designing and implementing specific activities for activation of persons who are recipients of benefits from the social work centres and are registered as unemployed in the employment offices.</p> <p>By 2022, at least 30% of the participants in the active employment programmes and measures and labour market services should belong to this target group.</p>	ESARNM, SWC, MLSP	2020	Budgets of ESARNM, MLSP, CSW, including financial support under IPA II
3.1.4. Strengthening social dialogue in RNM at tripartite and bipartite level, at national and local level, improvement of collective bargaining				
3.1.4.1. Objective: Strengthening the capacities of social partners and social dialogue mechanisms				
a/ Implementation of strategic and marketing plans of employers' organizations and trade unions	<p>Special marketing and communications agencies will be commissioned for the implementation of this activity in order to review the existing strategic and marketing plans of the organizations of employers and trade unions. A number of selected activities will be implemented in accordance with the revised strategic and marketing plans in view of improving the visibility and impact of organizations of employers and trade unions. Such activities will include promotional events and development of draft policies, studies or researches in specific areas of interest for the membership.</p>	Social partners, ILO, MLSP	2021	<p>Within the framework of IPA II</p> <p>cca. 1,100,000 €</p> <p>(with participation of ILO – Strengthening Social Dialogue)</p>

<p>b/ Strengthening the existing ones and developing modernized services to be delivered by the social partners (organizations of employers and trade unions)</p>	<p>Organization and implementation of different types of trainings, support to the improvement of the existing and development of new services for the members of organizations of the employers and the employees (legal assistance, implementation of trainings, support relating to occupational safety and health, etc.), development and improvement of the mechanisms for operation, consultations and representation of the interest of their memberships, mechanisms and instrument to organize and attract new members, etc.</p> <p>Support to the existing ones, as well as establishment and equipping of new local and regional offices of the employers' organizations and trade unions. Needs assessment, and, based on the results of such assessment, development and promotion of new services for the membership on specific topics in accordance with the expressed needs: effective organization and international labour standards, policy analysis (e.g., economic, legal, social, environmental policies), understanding of economic concepts, networking and representation skills, communication and public relations skills, legal counselling, web design, human resources management, financial and accounting skills for SMEs, "soft skills", etc.</p>	<p>MLSP, Social partners, ILO</p>	<p>2021</p>	<p>Covered by the funds allocated under item a)</p>
<p>c/ Enhancing the participation of the Economic and Social Council in shaping the national economic and social policies, by strengthening the capacity of ESC to issue high quality opinions to the Government and organizing campaigns in coordination with the LESC</p>	<p>Support shall be provided for greater and more effective engagement of ESC in the dialogue on the economic and social reforms at national level, debates on issues relating to decent job creation, enabling environment for sustainable enterprises, the future of work. Within this context, a programme shall be develop to promote the role of the social dialogue in the realization of the sustainable development goals, the Communications strategy of ESC shall be revised and two media campaigns will be organized to improve the visibility of ESC. Strengthening the technical capacities for the functioning the standing committees within the ESC on labour relations and wages, employment policies and labour market, social security and occupational safety and health by providing thematic trainings for the committee members.</p> <p>Furthermore, a comparative analysis will be developed relating to the functioning of ESCs in selected countries, which will be used to determine an appropriate model for self-funding of the Economic and Social Council, in view of strengthening its role and autonomy. Consequently, the need for revising the legal framework governing the functioning of the ESC will be assessed, in view of revising the tripartite agreement on the functioning of ESC, or stipulating a legal solution to its functioning. A tripartite action plan for the ESC shall be developed and adopted complementary to the activities referred to above.</p>	<p>Social partners MLSP, ILO</p>	<p>2021</p>	<p>Covered by the funds allocated under item a)</p>

<p>d/ Strengthening the social dialogue at local level by initiating the implementation of local employment partnerships in a process enabled by the Local Economic and Social Councils;</p>	<p>By analysing and assessing the functioning of the existing LESC, 4 municipalities, i.e. 4 LESC will be selected out of the total of 15 for development of Local Employment Pacts. In view of the above, 2 workshops will be organized for the selected LESC so as to determine the concept and procedures for development and implementation of Local Employment Pacts, as well as designate local contact points. Consequently, a territorial analysis will be carried out in order to identify the partners for the Local Employment Pacts in the four pilot municipalities. The developed draft Local Employment Pacts will be signed by the LESC in the selected municipalities, and, in consultations with the stakeholders at national level, one Local Employment Pact shall be selected and implemented by ILO. Additionally, trainings shall be provided to build the capacities for implementation of the Local Employment Pacts, monitoring and financial reporting. The piloting of the selected Local Employment Pact will be implemented and monitored by a local consultant commissioned by ILO.</p>	<p>Social partners, Municipalities, ILO, MLSP</p>	<p>2021</p>	<p>Covered by the funds allocated under item a)</p>
<p>e/ Support, efficient functioning and further improvement of the established mechanism for amicable settlement of labour disputes</p>	<p>The functioning of the newly established mechanism for amicable settlement of labour disputes will be ensured by implementing the procedures for amicable settlement. The functioning of the mechanism shall be monitored regularly and relevant activities will be undertaken to improve and promote it. In view of the above, in cooperation with the social partners, plans will be developed to extend the scope of the mechanism by revising the legal framework, in accordance with the needs assessed in the monitoring process. Appropriate activities are planned to promote the mechanism and raise the level of information and awareness about the benefits of amicable settlement of labour disputes within the capacities of the Ministry of Labour and Social Policy.</p>	<p>MLSP, social partners, ILO</p>	<p>2022</p>	<p>Funds provided within the budget of MLSP</p>

Human capital and skills

3.2.1. Providing high quality inclusive education and equal access to education for all

3.2.1.1. Objective: Reduction of the dropout rate and the number of early school leavers

a/ Supporting inclusion of children from marginalized groups, primarily into primary and secondary education	<p>In accordance with article 37 of the Law on Primary Education (Official Gazette no. 161/2019) educational mediators will be employed for Roma students coming from families at social risk and/or have been out of the education system for an extended period of time. The educational mediators will be engaged by virtue of a public announcement published by the Ministry at its web page no later than October 1st of the current year.</p> <p>In view of providing greater access to education, in particular to students who have completed part of their education abroad, the new Law on Primary Education provides for exemption of the costs for recognition and validation of certificates for families that are benefiting from the guaranteed minimum assistance.</p> <p>The new Law on Primary Education, adopted in July 2019, includes a section titled "Education for children who were not included in the educational system", which provides for the development of appropriate curricula in order to enable children who have not attended classes and have passed the age limits to return to classes in the appropriate grade in primary education. The testing of knowledge of the children will be carried out by the school prior to their inclusion in the education process using instruments laid down by the Bureau. Following the testing of the knowledge, the schools shall issue a certificate allowing the child to enrol in the relevant grade of primary education.</p> <p>Awarding scholarships to regular secondary education students coming from families at social risk, single parent families, children without parents and parental care.</p>	MoES	2019-2020	cca. 715,000 €⁵ (4 years – budget of MoES)
b/ Continued provision of free-of-charge text books to primary and secondary school pupils	The activities to provide free-of-charge textbooks to students in primary and secondary education will continue. Procurement of textbooks based on purchase, approval, printing, distribution to schools, in order to ensure the improvement and modernization of the quality of teaching in primary and secondary schools.	MoES	2019-2020	cca. 60,000,000 €⁶ (planned within the budget of MoES)
c/ Providing free-of-charge accommodation in the dormitories for pupils coming from the cities where there are no secondary schools (general education and vocational schools)	Enrolment and admission in municipal and national student dormitories is carried out in a competition announced by the Ministry in the public media no later than March 31 st . Preference for admission to public student dormitories will be granted to students from households with total income less than the minimum wage determined in the Republic of Macedonia in the previous year.	MoES	2019-2022	cca. 13,000,000 €⁷ (4 years - budget of MoES)

⁵ An annual budget of cca. 160,000€ (MKD 9,900,000) will be allocated for scholarships for students from families at social risk (MKD 7,920,000 – 400 scholarships x MKD 2,200) and for students – children without parents (MKD 1,980,000 - 80 scholarships x MKD 2,750)

⁶ The budget is in line with the Strategic Plan of MoES and refers to funds allocated for the period until 2020 for realization of activities relating to procurement and printing of textbooks for primary and secondary education students.

⁷ A total annual budget of cca. MKD 199,000,000 (≈3.23M €) is provided for this measure.

d/ Intensified monitoring and registration of the pupils which have not regularly attended classes in the school and undertaking timely appropriate (preventive) measures	Under the new Law on Primary Education the primary school is obliged to notify the competent education inspector within the municipality or the state education inspector in the municipalities that do not have an authorized education inspector about the children who have not enrolled in the first grade by June 20th, as well as for students who are not attending classes longer than one month without justification within three days upon the end of the month. For those students who have not enrolled in primary education in accordance with article 60 of the Law, the school is obliged to undertake activities for their enrolment (home visits to families of children who have not enrolled or students who have not been attending classes longer than a month, cooperation with civil society organizations working on reduction of discrimination, segregation and isolation, education of parents/guardians, open school days)	MoES	2019-2020	no budget implications
e/ Intensified work with the students' parents	Inclusion of parents in the organized pedagogical counselling together with their children/students, joint participation of students and parents in a series of school and extracurricular activities.	MoES	2019-2022	no budget implications
f/ Improving the integration and interaction among students attending classes in different languages	Establishment of a school integration team in charge of planning and organizing activities contributing to observance of multiculturalism and development of intercultural dialogue/interaction and promotion of interethnic integration within the schools. MoES will continue to provide financial support to schools – primary and secondary - which organized classes in one or more languages for the purposes of implementation of interethnic integration activities	MoES	2019-2022	200,000 €
g/ Stimulating and supporting the education of Roma students ⁸	Awarding scholarships, providing mentors and tutors to Roma students, measures for inclusion of Roma children in the street in the educational system, etc.	MoES MLSP, NGOs, RIC	2019-2022	The budget implications are covered under the section "Facilitating social inclusion of the Roma"; financial support under IPA II
3.2.1.2. Objective: Improving the coverage and conditions for access to all levels of education for persons (children/pupils/students) with disability				
a/ Providing for conditions for increased inclusion of children with special needs in pre-school education	Analysis and development of a decision-making mechanism and procedure for inclusion/non-inclusion of children with special educational needs in the regular pre-school education and procedure for introduction of such mechanism; construction and architectonic adaptations of the pre-school institutions buildings for the purpose of inclusion of children with physical disabilities (at least 20 kindergartens will be selected for adaptation); admission and establishment/staffing of appropriate teams of professionals (pedagogue, psychologist, defectologist, speech therapist, and	MLSP, MoES, local self-government	2019-2022	6,200,000 € (the budget is provided under the Education Strategy 2020)

⁸ A more detailed overview of the activities in this area is provided in the presentation of the planned policies and measures under the section "3.3.4. Promotion of Social Inclusion of Roma", i.e. in the component relating to raising the level of educational attainment of Roma and their inclusion in education at all levels.

	<p>social worker) in kindergartens; revision of the existing and development of new didactical materials for children with special educational needs, printing and delivery of materials to kindergartens, awareness raising campaigns for the staff of pre-school education institutions and the parents on the necessity for inclusion of children with special needs.</p>			<p>Budget of MLSP, MoES, local self-government (municipalities), financial support under IPA II</p>
<p>b/ Improving the participation of pupils with disabilities in the regular (mainstream) primary education</p>	<p>Adoption of a Concept for inclusive education in accordance with the new Law on Primary Education. Several concrete measures and reforms are planned, including: establishing school inclusion teams, inclusion teams for students, educational assistants, personal assistants, adequate professional support from the learning support centre, inclusion team and assistive technology upon recommendation of the professional assessment body and in accordance with the individual educational plan or the modified curriculum, development of the individual educational plan or the modified curriculum.</p> <p>Special schools for students with disabilities will be transformed into schools with resource centres, and special classes in regular schools into support centres.</p> <p>Continued training and support to teaching and professional staff for inclusive education.</p> <p>Construction work (in at least 10 primary schools) for full adaptation for inclusion of students with physical disabilities, etc.</p>	<p>MoES, BDE, MLSP, MH</p>	<p>2019-2022</p>	<p>7,700,000 €</p> <p>(the budget is provided under the Education Strategy 2020)</p> <p>- Budget of MoES, financial support under IPA II</p>
<p>c/ Increasing the coverage and inclusion of students with disabilities in secondary education</p>	<p>Several concrete measures and reforms are planned, including: establishing school inclusion teams, inclusion teams for students, educational assistants, personal assistants, adequate professional support from the learning support centre, inclusion team and an assistive technology upon recommendation of the professional assessment body and in accordance with the individual educational plan or the modified curriculum, development of the individual educational plan or the modified curriculum.</p> <p>Special schools for students with disabilities will be transformed into schools with resource centres, and special classes in regular schools into support centres.</p> <p>Continued training and support to teaching and professional staff for inclusive education.</p> <p>Implementation of measures to improve the physical conditions for inclusion of students with physical disabilities by means of construction works for adaptation of (at least) 5 secondary schools. Awarding scholarships to students with disabilities.</p>	<p>MoES, MLSP, BDE, municipalities, secondary schools</p>	<p>2020-2022</p>	<p>1,115,000 €</p> <p>(1,035,000€ - budget in line with the Education Strategy + 80,000€⁹ - 4-year budget for scholarships for students with disabilities - budget of MoES)</p> <p>financial support under IPA II</p>

⁹ An annual budget of cca. 20,000€ (MKD 1,237,000 – 50 scholarships x MKD 2,750) is provided for scholarships for students with disabilities.

d/ Improving the accessibility and availability of tertiary education for students with disabilities	Needs assessment and realization of construction and architectonic interventions for physical adaptation of the buildings of public universities for inclusion of students with physical disabilities, analysis and drafting of regulations and templates for exemption from payment of enrolment fees for those students. Adoption of a Decree on the exemption from participation for persons with disabilities by the Government, upon proposal by the National Council for Higher Education.	MoES, Universities	2020-2022	500,000 € (the budget is provided under the Education Strategy 2020)
e/ Improving the opportunities and widening the scope of learning programmes for adults with disabilities	Analysis, development and certification/verification of adult education curricula for persons with disabilities (min. 5 programmes), implementation of certified adult education trainings/courses including at least 25 adults with disabilities in individual programmes/trainings	AEC, non-formal education providers	2020-2022	300,000 € (the budget is provided under the Education Strategy 2020)
3.2.1.3. Objective: Improving the contents and quality of education by strengthening the capacities of human resources (capacities of schools and the teaching staff)				
a/ Improving the learning environment, including learning contents, methods and techniques in view of ensuring individual approach to teaching	<p>Adoption of standards to assess the quality of the primary education; National standards for the students in primary education, and National standards for students in secondary education, based on competencies that the students need to acquire at the end of their primary, i.e. secondary education.</p> <p>Based on the national standards, the curricula and syllabi and the textbooks will be revised, an additional teaching aids and digital content will be developed.</p> <p>The maximum number of students per class in the primary and secondary schools will be amended successively (starting from the first grade and moving upwards) in accordance with the latest amendments of the law.</p> <p>Students' organization and participation. Establishment of school communities (school parliament and students' ombudsman) in primary and secondary education.</p> <p>Analysis, development of methodology and a system of qualifications standards based on learning outcomes in the higher education, strengthening the networking of national with international (European) universities or within the Erasmus+ programme and realization of student exchange programmes, activities to optimize study programmes in the higher education in accordance with the labour market needs.</p>	MoES, BDE, NAEPPM, municipalities, schools, universities	2019 / 2022	2,580,000 € (the budget is provided under the Education Strategy 2020)
b/ Improvement of working/learning conditions in the education	Needs analysis and mapping and continuation of activities for reconstruction of schools in view of improving and modernizing learning premises, increased accessibility for students with disabilities, ancillary facilities (kitchens), sports halls and playgrounds, renewal of sports equipment, equipping schools with the necessary technologies, devices, teaching aids, etc.	MoES	2020-2022	3,025,000 € (the budget is provided under the Education Strategy 2020) part of the funds will be provided by a loan from the Council of Europe Development Bank

c/ Strengthening the capacities of human resources in education	<p>Implementation of activities contributing to improved quality, competencies, knowledge and skills of teachers/professors, monitoring their performance, etc., in accordance with the new Law on Teachers and Expert Associates in Primary and Secondary Schools. Promotion of the system and process for taking the traineeship examination, promotion of the system for mentor support for new teachers and expert associates, introduction of a system for continuing professional development of teachers and expert associates (at least 60 hours of training in the course of three academic years) and introduction of a career development system for teachers and expert associates at four levels (trainee, teacher/expert associate, mentor and advisor).</p> <p>It is planned to revise the criteria for enrolment of students at the faculties of pedagogy, provision of scholarships for studying pedagogy for the students of secondary schools with excellent grades.</p> <p>Implementation of measures to promote the mechanism for accreditation of universities and the external evaluation system, establishment of an Agency for quality assurance in higher education and improvement of the internal quality assurance systems in higher education, in accordance with the standards and guidelines of the European Association for Quality Assurance in Higher Education (ENQA).</p>	MoES, BDE, SEC, Faculty of pedagogy, schools, universities	2019 / 2022	2,740,000 € (the budget is provided under the Education Strategy 2020)
3.2.2. Implementation of the National Qualification Framework for lifelong learning - basis for quality assurance in the education and training system				
3.2.2.1. Objective: Establishing a sustainable NQF system and strengthening human resources for its application				
a/ Strengthening the role of the National Board for the Macedonian Qualifications Framework	Drafting by-laws governing the operation of the Board, implementation of trainings to build its capacities, securing financing for its operation.	MoES	2020	cca. 28,200 € ¹⁰
b/ Establishing Sectoral Qualifications Committees	Establishment of at least 13 sectoral qualifications committees tasked with promotion and development of sectors and participation in the identification and consultations on the needs for new or revision of existing qualifications. Development of rules and guidelines for the operation of the committees, organization of trainings for the members of such committees and their operationalization.	MoES, ME, MLSP, social partners	2020	42,150.00€ (2019 MoES budget)
b/ Adoption and implementation of Guidelines and procedures for quality assurance (QA) in accordance with the	Further promotion and development of the quality assurance systems and standards relating to qualifications in the Republic of North Macedonia and their alignment with the European requirements and standards (<i>EQUAVET - European Quality Assurance in Vocational Education and Training, ESG for HE – European Standards and Guidelines for Quality Assurance in the European Higher Education Area</i>). Analyses	MoES, BDE, VETC. AEC. National Board for MQF, Sectoral committees, etc.	2020- 2022	1,500,000 € financial support under IPA II – Twinning project)

¹⁰ The functioning of the Board at annual level will be supported by a budget of cca. MKD 1,728,000 (scheduled in the 2020 annual budget of MoES)

recommendations of the European Qualifications Framework (EQF)	of the existing system with proposals and plans for their improvement and promotion; development of specific Instructions and procedures for quality assurance, which would render the qualifications system in RNM clear and transparent, and would contribute to the quality of the qualifications acquired.				
c/ Upgrading the NQF information management system (Qualifications Register)	Maintenance and upgrading with a module of a register of occupational standards and module for revision of occupational standards via a software solution, integrated qualifications register and sub-registers, procurement of equipment, drafting rules and regulations for its operation, commissioning, training of human resources how to operate the system.	MoES, ME, MLSP, social partners	2020- 2022	70,146 € (2019 MoES budget)	412,000€ - financial support under IPA II - procurement
d/ Raising the awareness of the stakeholders and users on the role and the reform significance of NQF through public events and campaigns	Holding meetings with specific target groups, public debates, publications, etc.	MoES	2019-2020	cca. 8,000 € (planned in the budget of MoES)	
3.2.3. Strengthening the employability of the labour force and building flexible lifelong learning pathways					
3.2.3.1. Objective: Development, modernization and improved attractiveness of VET					
a/ Ensuring greater harmonization of the VET with the needs of the labour market	Successive rollout of the new reformed modular curricula, expressed in ECVET credits, in the four-year secondary vocational education and training (introduced in the first year of secondary education in the school year 2019/2020, and to be introduced in the second year of secondary education in 2020/2021 ...). The curricula were developed in cooperation and consultations with the employers and they are matching the labour market needs. Launching of the <u>Skills Observatory</u> ¹¹ and providing for its staffing and functioning, development and introduction of a mechanism for continuing tracing of VET graduates	MoES, BDE, VETC, MLSP, employers/enterprises, other relevant institutions, social partners	2019 / 2022	1,570,000 € (the budget is provided under the Education Strategy 2020) - supported by a project funded by a World Bank loan – SKILLS and IPA II	
b/ Establishing modern and effective post-secondary education system	Development of analysis of the situation and challenges in post-secondary education by reviewing the best European practices compatible with the national context, revision of the Concept for post-secondary education and its alignment with European standards, revision of the legal framework for post-secondary education, development of procedures for alignment of the post-secondary education with the NQF, development of curricula (at least 12) for post-secondary education, including the necessary teaching, learning and evaluation materials, organization of numerous activities for promotion and awareness raising about post-secondary education	MoES	2019 / 2022	4,000,000 € (the budget is provided under the Education Strategy 2020) - financial support under IPA II	

¹¹ The activity is closely related to some of the activities planned under section 3.1.1.1, which relates to improvement of youth employment, in particular the measures for “upgrading and improving the existing models and information systems supporting the creation of more relevant youth education and employment policies”.

c/ Measures to improve the attractiveness, learning conditions and quality of VET	Drafting and adoption of amendments and/or new Law on Vocational Education and Training. Development of methodology, standards and guidelines for quality assurance in VET, development and adoption of a Concept for enrolment into secondary VET and the required legislative amendments to improve the enrolment system and the number of students in VET. Introduction of a new mechanism for practical training / concept for work-based learning, inclusion of students in work-based learning in relevant organizations, companies, enterprises, etc. Procurement of equipment for the VET schools.	MoES, BDE, VETC, municipalities, VET schools	2019- 2020	1,435,000 € (the budget is provided under the Education Strategy 2020) - financial support under IPA II
d/ Implementation of the Concept of work-based learning	Adoption and implementation of a new Concept of work-based learning. Through such form of learning the students will develop practical skills and competencies directly at companies and will be training to perform tasks on the relevant job. Organization of training on work-based learning for successful implementation of the endorsed Concept, for the staff of VET schools and the organizations where such learning will be carried out. VET students will be included in work-based learning in accordance with the Concept.	MoES, VETC, VET schools, employers, chambers	2020	the funding planned to support this measure are included in the budget presented for the previous measure (3.2.3.1 c/) Planned financial support under the project "Education for Employment" financed by the Swiss Government
e/ Establishing Regional Vocational Education and Training Centres	Establishment of three regional vocational education and training centres that would offer opportunities for formal and non-formal education, post-secondary education and adult education. The regional centres will contribute to the optimization of investments into vocational education and training - including the procurements for the vocational education and training (infrastructure and equipment), will introduce modern and flexible curricula with a possibility to continue with traineeship in companies, opportunities for validation of non-formal and informal education, training and retraining for employed and unemployed persons. The regional centres will have a greater autonomy and freedom to innovate and adapt to the needs of the industry and the employers.	MoES, VETC, AEC, employers	2019 – 2022	30,895€ 2019 MoES budget 160,162€ Draft 2020 MoES budget 2,600,000 € IPA II – Sectoral budget support
3.2.3.2. Objective: Development and promotion of informal education and adult education				
a/ Raising the awareness about the importance, opportunities and inclusion in non-formal education (NE) and adult education (AE) and enhancement of the knowledge, skills and competencies of adults	Establishing a system for validation of competencies acquired through non-formal and informal learning, establishing a VNFIL Steering Committee linked with the NQF Board, development of rules and procedures for VNFIL, required legislative amendments, by-laws establishing the legal and financial grounds for implementation of VNFIL, development of methodological documents and tools for implementation of VNFIL. Organization of trainings and strengthening the institutional capacities for implementation of VNFIL, organization of campaigns/events to raise the awareness about the opportunities and benefits of VNFIL. Measures to expand the network of NE and AE institutions at regional and local level, development of tools and analysis to identify regional and local needs for NE and AE. Development of a model/concept for the introduction and financing, training of the	MoES, AEC, MLSP, training providers	2018 / 2019 / 2020	2,045,000 € (the budget is provided under the Education Strategy 2020) - support to the implementation of activities by IPA II, UNDP, ETF

	staff of public institutions on NE and AE, organization of campaigns to raise the public awareness about the importance and opportunities provided by NE and AE at all levels.			
b/ Improving the efficiency, contents and quality of non-formal and adult education and increasing the number of NE and AE providers	Development of appropriate curricula in line with the labour market needs, revising the procedures for verification of the curricula and providers of non-formal education and adult education, revising the system for quality assurance in NE and AE, and defining clear procedures and tools, in consultations with all stakeholders	AEC, MoES, MLSP, providers of non-formal education	2019-2022	110,000 € (the budget is provided under the Education Strategy 2020) financial support under IPA II

Social Inclusion and Social Protection

3.3.1. Enhancing the efficiency and effectiveness of the social assistance system

3.3.1.1. Objective: Improving the scope, coverage and targeting of the social assistance system

a/ Improving the adequacy and increasing the coverage of users by the social protection system	Efficient and effective enforcement of the Law on Social Protection; Establishing mechanism to control the functioning of the system; Development of a software solution on the benefits and services in the field of social protection and testing the solution; Monitoring the effects of the reform and, if necessary, undertaking corrective measures to improve the legal framework on the exercise of social protection rights.	MLSP SWC	2022	390,000,000 € ¹² Funds allocated in the Budget of RNM (MLSP)
b/ Ensuring the social security for persons aged 65 and above at risk of poverty	Effective enforcement of the Law on Social Security of the Elderly <i>This activity is complementing the measure a/ Ensuring the social security of pensioners through measures to protect and improve the social standard of this category of citizens, under the objective 3.3.5.2. Maintaining the adequacy of the pension benefits and protecting the standard of living of pension beneficiaries</i>	MLSP SWC	2022	Funds allocated in the Budget of RNM (MLSP)
c/ Improving the adequacy and increasing the coverage of children by the child protection system	Monitoring whether the redesigned child protection benefits enable the children a path out of poverty and access to education; Undertaking measures (legislative interventions, outreach, working with parents, etc.) to target the assistance to children and families with children at risk of poverty.	MLSP SWC	2022	290,000,000 € ¹³ Funds allocated in the Budget of RNM (MLSP)
d/ Improving the cooperation between institutions responsible for implementation of labour market activation measures and provision of social protection	The practical implementation of the integrated case management system, i.e. cooperation between the social work centres and the employment offices, which should take the people out of poverty through efficient labour market integration of beneficiaries of social benefits who are able to work. In accordance with the Law on Social Protection, the social protection and employment services develop a joint individual activation plan for the most employable member of the household using guaranteed minimum assistance so as to enable his/her participation in active employment measures and services and labour market integration. The cooperation is based on exchange of information by electronic means, in real time. For the purposes of successful activation of beneficiaries of guaranteed minimum assistance, a new Counselling and Motivation Service (N.B. so called SIM) will be introduced; it is complementary with the employment programmes and services and enables counselling (psycho-social support) and motivation (mentoring support), as	ESARNM SWC, MLSP, CSO, service providers	2022	32,000,000 € ¹⁴ Funds allocated in the Budget of RNM (MLSP) The budget for the activation measures is also included in the total budget of the Operational Plan Funds for this purpose are also provided within the framework of IPA II (project "Activation of Vulnerable

¹² The total amount of funds for the period 2019-2022 was obtained in accordance with an assessment based on the funds allocated in the budget of MLSP on different cash benefits (programme 50 under the MLSP budget) – guaranteed minimum income, disability allowance, allowance for assistance and support, salary supplement for part-time work, housing supplement, permanent supplement, one-off financial assistance, right to healthcare, financial assistance for social security of the elderly. The annual amount of these funds is cca. MKD 6 billion (≈96M €)

¹³ The total amount of funds for the period 2019-2022 was obtained in accordance with an assessment based on the funds allocated in the budget of MLSP for different child protection allowances (subprogramme 52 of the MLSP budget) – child allowance, education allowance, special allowance, one-off financial assistance for a newborn child, participation and parental allowance; The amount of these funds at annual level is cca. MKD 4,5 billion (≈72M €).

¹⁴ The amount of the required funds was obtained based on the assessment of the funds allocated in the MLSP budget for the Social Work Centres (programme 40 of the MLSP budget). The annual amount of these funds is cca. MKD 500 million (≈8M €)

	<p>well as tracing the beneficiary of guaranteed minimum assistance through the activation process. In the first phase the SIM programme will be supported financially under the three-year project "Activation of Vulnerable Groups", which is funded by the Instrument for Pre-Accession Assistance (IPA II). The project focuses on the activation of beneficiaries of guaranteed minimum assistance in line with the reforms for the social protection system. Within this context, it is planned to implement a set of targeted active labour market programmes in combination with the Counselling and Motivation service, which is introduced for the first time as a regular service delivered by the Employment Service Agency of RNM.</p> <p>In addition to the above, the capacities for the implementation of the reformed social protection system shall be strengthened, in particular through initial and continuing education of the relevant staff. This entails the introduction of a system of accredited training programmes, as well as a training centre for support to the practitioners in the field of social protection.</p>			Groups") and other donors.
3.3.2. Improving the availability of social services				
3.3.2.1. Objective: Development and improvement of social services and inclusion of various stakeholders in high-quality and efficient service provision				
a/ Creation of a legal framework conducive to delivery of social services by various providers	Completion of the legal framework on the delivery of social services by various providers, i.e. enactment of the necessary by-laws under the new Law on Social Protection; Establishment of working groups, committees and teams for enforcement of the legal framework for delivery of social services by various providers; Monitoring and, if necessary, undertaking corrective actions for improvement of the legal framework on delivery of social services by various providers	MLSP	2022	1,000,000 € (1 million € from EU, IPA project supporting deinstitutionalization) In addition to the above, the activities are financed by a World Bank loan - "Social Services Improvement Project"
b/ Provision of financial and technical support for development of social services	Publishing a public call for municipalities and civil society associations for development of social services: Publishing a call for provision of innovative and intervention social services; Providing technical support to municipalities - applicants at the call for development of social services (World Bank project)	MLSP	2022	10,800,000 € Sources of financing: Budget of RNM, World Bank loan – "Social Services Improvement Project"
3.3.3. Support to and promotion of deinstitutionalization				
3.3.3.1. Objective: Strengthening the deinstitutionalization process				
a/ Completion of the transformation of residential social institutions into providers of modern social services	Resettlement of users from institutions into the community; Strengthening the capacity of the managerial staff of the institutions about change management and organizational transformation; Establishment of a new organizational structure; Introduction of coordinated care (case management), personal planning and team work; Provision of training for the staff of institutions on the new services; Reconstruction, adaptation and equipping the institutions in line with the new functions (social services); Establishing internal procedures for delivery of the new services	MLSP, the six residential social institutions	2022	11,200,000 € (the budget is allocated for the period 2020-2022, in accordance with the Action Plan for implementation of the National Deinstitutionalization Strategy 2018-2027)

b/ Development of new social services in accordance with the new Law on Social Protection	Mapping of local or regional needs for social services; Development of local or regional action plans for development of social services; Providing support to municipalities or regions for development of social services; Providing an enabling legal framework for enhancement of the participation of municipalities or regions in delivery of social services; Providing transparent financial and technical support to municipalities by MLSP in the delivery of social services; Strengthening the capacity of the existing and potential social service providers, including civil society associations; Advancement of the existing and development of new home-based services, community-based services and services for extra-familial care	MLSP	2022	7,500,000 € (the budget is allocated for the period 2020-2022, in accordance with the Action Plan for implementation of the National Deinstitutionalization Strategy 2018-2027) (2 m. € from EU, IPA projects to support deinstitutionalization)
c/ Start of the deinstitutionalization of institutions for people with mental health difficulties	In the psychiatric hospital – Skopje and the mental health hospital in Demir Hisar there are a great number of users who have been residing in the institutions for a long period of time, among other things, due to lack of programmes for their rehabilitation and local community centres that would provide them support in the daily activities. Currently there are seven Mental health centres on the territory of the Republic of North Macedonia (three in Skopje, and one each in Tetovo, Strumica, Gevgelija and Prilep). It is planned to start with an assessment of their programmes, capacities and capabilities to provide support to persons with mental health difficulties in the communities where they are residing, based on which relevant support programmes will be developed using the European experience. This would include provision of training programmes to strengthen the capacity of the non-medical staff in those centres (social workers and psychologists) to provide services of psychological counselling, support in the performance of the daily activities, strengthening their capacity to facilitate their access to the labour market, etc. Also, it is planned to start with the development of programmes for work-oriented rehabilitation of persons who have been residing in these institutions for an extended period of time	MLSP, MH, SWC, LSU, NGOs	2022	
3.3.4. Promotion of social inclusion of Roma				
3.3.4.1. Objective: Further improvement of the living conditions and the quality of life, access to services and social inclusion of Roma in the Republic of North Macedonia				
a/ Improving the employment opportunities and reducing unemployment within the Roma community and increasing participation of Roma in different active employment programmes and measures	Measures for increased inclusion of Roma in various employment programmes, measures and services implemented by ESARNM financed by the Budget of RNM, European funds (IPA), support from other international institutions and donors, etc. Provision of free-of-charge information of members of the Roma community about the available services and active measures and the employment opportunities, development of programmes on occupational counselling and mentorship programmes for the Roma, implementation of occupational training programmes for the Roma for qualifications and occupations in demand on the labour market, other types of trainings, increasing the participation of Roma in traineeship programmes, inclusion of Roma in self-employment programmes, measures to support the recruitment of Roma in the public and local administration. Measures relating to the	MLSP, MoES, ESARNM, SWC, local self-government, RIC, NGOs, CPD, international organizations	2022	1,670,000 € the funds are mostly provided in the budgets of the OP for employment - Budget of RNM (MLSP, ESARNM), budgets of local self-government units, EU funds (IPA II), other donor funding (UNDP, OSCE, IOM, etc.) Part of the funds allocated for this purpose have already

	<p>organization of information exchange meetings at local level with the unemployed Roma, sharing information on social networks and web portals for promotion of employment opportunities, organization of information exchange meetings with potential employers in order to motivate them to employ Roma using wage subsidies and other measures, carrying out campaigns, information meetings, information sharing, etc. to overcome the challenges, stereotypes and discrimination faced by Roma when entering the labour market, etc. Special emphasis shall be placed on increasing the participation of unemployed Roma youth and women, as specific particularly disadvantaged categories facing numerous challenges. Implementation of various training programmes, occupational training, awareness raising, other active employment programmes and measures and services for activation of Roma women in the labour market, support to equal opportunities and non-discrimination, support to labour market integration by virtue of development of entrepreneurial skills, self-employment, social entrepreneurship, etc.</p> <p>Measures for increased inclusion of Roma in active employment programmes and measures and labour market services under the Annual Operational Plans on active employment programmes and measures and labour market services implemented through ESARNM. Informing the unemployed Roma about the employment opportunities through participation in the active employment programmes and measures (Support for self-employment (entrepreneurship), wage subsidies, Employment and growth of legal entities, On-the-job training for a known employer, Professional qualifications training according to the needs of the employers, Training for in-demand occupations and crafts, Traineeship, etc.). Various types of services will be provided to the unemployed (motivational training, counselling, professional orientation and career guidance, etc., in order to improve their understanding (through face-to-face meetings, printed and electronic media) and the employability for their successful integration in the labour market. Meetings will be organized to inform the employers about the opportunities offered by the active labour market programmes and services such as job placement in order to increase the employment rate of the Roma. The activities will be particularly aimed at an increased participation of unemployed women and youth in the active employment programmes and services.</p>			<p>been presented in the other activities of the Programme, such as the section on "Reducing unemployment among long-term unemployed and persons belonging to other vulnerable groups"</p>
<p>b/ Implementing measures to raise the education level of Roma population and their inclusion at all levels of education</p>	<p>Implementation of a number of measures that would enable improved access, greater inclusion and successful completion of all levels of education – pre-school, primary, secondary, tertiary, as well as adult education for the Roma, in particular Roma women and girls. Further implementation of the successful programmes for free-of-charge inclusion of Roma children aged 3-5 in pre-school education, increasing the capacities for inclusion of Roma children in pre-school education/kindergarten in Shuto Orizari (municipality with prevalent Roma</p>	<p>MoES, MLSP, BDE, AEC, VETC, local self-government, RIC, NGOs, CPD, REF, international organizations</p>	<p>2022</p>	<p>9,900,000 €</p> <p>(the budget is in line with the NAP for Roma education)</p> <p>Budget of RNM (MoES), financing from the local self-</p>

	<p>population), activities for training and strengthening the capacities of the kindergarten staff for implementation of programmes for intercultural learning and raising the awareness of the Roma parents about the importance of pre-school and other levels of education for their children by organizing meetings with parents and their inclusion in managing bodies of kindergartens/schools. Continued operation of educational mediators in schools (primary and secondary) for Roma students and tutorship for Roma students with poorer results in certain courses, measures (legislative - by-laws, and other programmes) for inclusion of Roma children on the street in the education system, implementation of programmes for conditional cash transfers as a stimulus for regular attendance of classes in primary and secondary education.</p> <p>Implementation of programmes for providing scholarships to Roma students and other forms of additional support through mentorship and tutorship will continue; extending the existing quotas for admission of Roma students at the public universities, providing scholarships and other forms of academic support to Roma students. Activities for protection against segregation and discrimination of Roma students in education, activities to improve the quality of data and information on adult Roma who have not completed primary and secondary education and development appropriate curricula based on key competencies for completion of primary education, etc.</p>			<p>government EU funds (IPA II), other donor funding (REF, World Bank, OSCE, etc.)</p>
<p>c/ Improving the quality of housing of the Roma community and the infrastructure in communities with prevalent Roma population</p>	<p>Implementation of measures and activities to provide better living conditions for the Roma families by investing into public utility and infrastructure projects in municipalities and settlements with significant Roma population, such as construction of water supply and sewage systems, construction and reconstruction of streets/parts thereof in several municipalities and settlements. (In 2019 the Government of RNM adopted a Decision allocating funds in a total amount of MKD 20 million for 2019 to the following municipalities: Resen, Gostivar, Tetovo, Kichevo, Bitola, Berovo and Shuto Orizari).</p> <p>Activities to strengthen the capacities of the representatives of the LSUs in the relevant municipalities about issues relating to housing and urban development and preparation of design and engineering documentation in the field of communal infrastructure. Support to the legalization of Roma settlements and homes and development of local planning documentation.</p> <p>“Project for housing for groups at social risk – F/P 1674” (period of construction 2007-2021). This project provides for the construction of a total of 32 social buildings (facilities) with a total of 1725 social housing units intended for persons at social risk who lack proper housing, and such housing units will accommodate Roma families too. (by 2018 a total of 18 residential buildings were constructed throughout the</p>	<p>MTC in cooperation with the Cabinet of the minister without portfolio in charge of the implementation of the Strategy for improvement of the situation of the Roma in RNM and LSUs</p> <p>MTC in cooperation with Joint Stock Company for Construction and Management of Residential and Commercial Properties of Significance for the Country</p> <p>Habitat Macedonia, Horizonti and AREC</p> <p>LSU</p>	<p>2022</p>	<p>8,000,000 €</p> <p>Budget of RNM (MTC), financing by the LSU EU funds (IPA II)</p> <p>(the budget is in line with the NAP for Roma housing)</p> <p>1,256,000 € (joint fund of Habitat and Horizonti), which are to be used pay 290 users in the amount of MKD 43.500.000</p>

	<p>country, with a total of 842 housing units, and additional 14 buildings with 883 housing units should be constructed by 2021)</p> <p>Refurbishment and reconstruction of homes of Roma people (in cooperation with Habitat Macedonia and Horizonti); activities for organized and systemic registration of the Roma property in the real estate cadastre. Legalization of illegal buildings and securing title deeds, etc.)</p>			
<p>d/ Continued improvement of the health status and access to healthcare for Roma</p>	<p>In the forthcoming period it is planned to implement several programmes and measures to ensure an improved access to integrated and high quality healthcare services for the Roma population and to increase the type and scope of healthcare services in Roma communities. Activities will be implemented to raise the awareness of the Roma population how to exercise their rights to health insurance and healthcare, measures to improve the access of Roma to primary healthcare. Providing financial incentives to medical doctors in the fields of gynaecology and obstetrics to provide primary healthcare in Roma communities, in particular within the territory of the municipality of Shuto Orizari, implementation of outreach activities for preventive medical check-ups in Roma communities, development of measures to improve the access to healthcare for Roma who have not regulated their status and lack personal identification documents. Continued implementation of the project "Roma healthcare mediators", extending the network of Roma healthcare mediators, and further strengthening their capacities. In view of the identified deficiencies, measures will be taken for further advancement of the system for collection of relevant statistical data and information about the operation of the Roma healthcare mediators.</p> <p>There are also planned activities to raise the awareness on the need for immunization of Roma children, organization of educational workshops for Roma parents on vaccination, communicable and non-communicable diseases, implementation of outreach activities for identification of irregularly vaccinated and non-vaccinated children and their vaccination. Implementation of measures to improve the access to information to Roma women and men on promotion of sexual and reproductive health, information and education activities for family planning in the Roma communities, etc. Information dissemination and other types of activities aimed at reducing the discrimination relating to the access and use of healthcare services of the Roma, etc.</p>	<p>MH HIFNM, Healthcare centres, Public Health Institute of RM, MLSP, SWC, local self-government, RIC, NGOs</p>	<p>2022</p>	<p>750,000 €</p> <p>(the budget is in line with the NAP for Roma health)</p> <p>Budget of the RM (MH), and other donor funding</p>

3.3.5. Tackling the key challenges relating to the sustainability of the pension system					
3.3.5.1. Objective: Strengthening the financial sustainability of the pension system and enhancement of efficiency in the exercise of pension and disability insurance rights					
a/ Further improvement of the financial sustainability of the pension system	As of 01.01.2019, the replacement rates at retirement for the insured individuals in the second pillar have been increased, while those in the first pillar have been reduced. As of 01.01.2019 the pension and health insurance contributions have also been increased in total amount of 0.5% with plans for further 0.5% increase at 01.01.2020, in view of stabilizing the deficit in the pension system. Furthermore, as of 1 January 2019, the pensions are adjusted twice per year, on the 1st of January and 1st of July in accordance with the increase of the consumer price index, and, if the gross domestic product in the preceding year experienced a real growth greater than 4%, additional adjustments could be made.	PDIFNM MLSP, MAPAS	Continuously	Budget of PDIFNM	
b/ Improving the quality of services in the administration of social insurance, including improved accuracy of data in the records of compulsory social insurance holders	A number of interventions are planned for the forthcoming period in view of improving the quality of services in administration of social insurance, thus increasing the efficiency in the exercise of the pension and disability insurance rights: <ul style="list-style-type: none"> - Establishment of a Single Unified Registry System - SURS) which would contain all main functionalities relating to the management of the social insurance registry system, such as: registration of insurance holders; collection and maintenance of data on employment, insurance, collection of contributions and membership in the second pension pillar; updating and maintaining the data; control; accounting and reporting - Promotion and modernization of the business processes of PDIFNM in view of improving the accuracy of the data and the efficiency of the business processes in the Fund, in particular those related to the distribution to the members and the payment of the contributions to the private pension funds These activities will be implemented with a loan from the World Bank within the framework of the Social Insurance Administration Project (SIPA Project).	MLSP MF MH PRO ARSM PDIFNM HIFNM	2022	8,930,000 € funds from a World Bank loan - SIPA Project	
c/ Facilitation of the access to rights on the grounds of disability or temporary/permanent incapacity to work	Improvement of the legislation governing matters concerning persons with disabilities and jobs with extended service period, which incorporates the following sub-components: <ul style="list-style-type: none"> - Establishment of a centralized system of expert assessment of disability, i.e. capacity for work and a body coordinating the centralized expert assessment - Reforms of the system for employment of persons with disabilities (changes in the manner of allocation of funds from the special fund for employment of persons with physical disabilities, introduction of grounds for awarding funds for professional rehabilitation instead of funds for equipment, providing incentives to the employers to recruit persons with 	MLSP MF MH PRO ARSM PDIFNM HIFNM	2022	4,300,000 € funds from a World Bank loan – SIPA Project	

	<p>disabilities in the open labour market rather than solely in shelter enterprises</p> <ul style="list-style-type: none"> - Revising the list of jobs/professions entitled to early retirement due to extended service periods so as to stimulate a longer stay in the labour market. <p>These activities will be implemented with a loan from the World Bank within the framework of the Social Insurance Administration Project (SIPA Project). These activities are complementary with the activities planned under measure c/ under 3.1.1.2 Objective: Reducing unemployment among long-term unemployed and persons belonging to other vulnerable groups</p>				
3.3.5.2. Objective: Maintaining the adequacy of the pension benefits and protecting the standard of living of pension beneficiaries					
a/ Ensuring the social security of pensioners through measures to protect and improve the social standard of this category of citizens	<p>The amendments of the regulations on pension and disability insurance in December 2019 enabled the persons who were born before 01.01.1967, and entered into employment after 01.01.2013, and who are insured under the three-pillar pension system to return to the single pillar system so as to protect their living standard post retirement. As of 01.01.2019 the replacement rates at retirement for the members of the second pillar were increased.</p> <p>In May 2019 a Law on Social Security of the Elderly was adopted, providing for a social allowance in the amount of MKD 6,000 to materially deprived persons aged 65 and above. It is expected that the measure would cover of 6,000 beneficiaries and that it would significantly reduce the absolute poverty of this category of citizens. Furthermore, the implementation of alternative measures and projects to improve the living standard, quality of life and social inclusion of pensioners would continue (e.g. projects for free-of-charge public bus and train transportation, free-of-charge spa-climate recreation, free-of-charge weekend tours, etc.)</p>	MLSP	Continuously	cca. 3,000,000 € ¹⁵	
3.3.6. Tackling the key challenges in the field of health system and public health care					
3.3.6.1. Objective: Improving the access to health care for all citizens, conditions in the health system and the quality of health care services					
a/ Continuation of the measures for construction, upgrading and reconstruction of public health facilities	<p>Continuation of the projects for construction and reconstruction of buildings of the public healthcare institutions, in the function of improvement of conditions in the health sector, so as to provide better healthcare for the population. In accordance with the current legislation, the implementation of the construction activities shall take into account the specific needs for accessibility of these facilities for persons with disabilities. These activities include the construction of a new clinical hospital in the Shtip that would provide modern and high quality healthcare services for around 200,000 citizens residing in the east and southeast regions of the country. It is also planned to reconstruct the Special hospital for orthopaedics and traumatology "St.</p>	MH	2022	162,000,000€ (127M € are funds under a loan from the Council of Europe Development Bank - CEB)	

¹⁵ The calculations include the annual budget of the projects for free-of-charge spa-climate recreation (MKD 38,000,000) and free-of-charge weekend tours (MKD 9,000,000) in a total amount of cca. 760,000€

	<p>Erasmus" in Ohrid, the City general hospital "8th September" in Skopje, the General hospital in Strumica, the University clinic for surgical diseases "St. Naum of Ohrid" in Skopje. All of the above would contribute to the improvement of the coverage and the conditions to deliver healthcare services in these healthcare institutions. There are also plans to construct a University Clinical Centre in Skopje, at a new site in the municipality of Gjorche Petrov.</p>				
<p>b/ Improving the access to health care for specific vulnerable groups – pregnant women and infants, elderly over 62 years of age, Roma¹⁶ and other</p>	<p>In view of reducing the perinatal and infant mortality, the implementation of the Action Plan on strengthening neonatal services, organized under a regional model with at least three levels of care, will continue, as well as activities to promote the health of pregnant women by providing free-of-charge medical check-ups and delivery for all pregnant women, independent of their status relating to health insurance, continued efforts to introduce methods and procedures for early diagnostics of specific innate anomalies. It is also planned to continue the activities to improve the health status and access to healthcare for the Roma as a specific vulnerable group.</p>	MH	2022	1,600,000 €	
<p>c/ Improving and upgrading the established integrated health care information system "My term"</p>	<p>Measures for further improvement, optimization and upgrading with new modules and functionalities, for instance, a module for uterine cancer screening, continuation of the successfully implemented module on breast cancer screening, maintenance of electronic health records and electronic maternity care record, module on electronic entry of individual records in the health sector and establishing electronic registers, maintaining electronic immunization records, system for monitoring and management of emergency medical aid fleet, system for financial and material operations, system for registration and keeping records of working hours in all public health institutions, etc.</p>	MH	2022	1,500,000 €	
<p>d/ Improving the system for prevention and control of communicable diseases</p>	<p>The advancement of the system for prevention and control of communicable diseases will ensure the improvement of the capacities of healthcare institutions to implement the measures and activities for prevention and control of communicable diseases by virtue of promotion of the system for reporting, data collection and analysis, improvement of biosecurity in public health system's microbiology laboratories and advancement of the national reference system of microbiology laboratories, maintaining high coverage of the population with compulsory vaccination, improving the skills and knowledge of the employees in PHIs on intra-hospital infections and antimicrobial resistance (AMR).</p>	MH	2022	2,500,000 €	

¹⁶ More detailed information on the policies and measures planned to contribute to significant improvement of the access to healthcare and the health status of the members of the Roma community in the country are presented in the section 3.3.4. *Promotion of social inclusion of Roma.*

3.3.6.2. Objective: Improving the expertise and competence of the health-care workers					
a/ Increasing the quotas for public funded specializations	In order to prevent the attrition of medical staff from the public health it is planned to provide greater opportunities to improve the professional knowledge and competencies by awarding specializations/sub-specializations for the employees in the public health institutions. Each year a new competition for specializations will be published, in particular in the areas in demand. Providing a greater number of specializations for Macedonian medical doctors will enable greater availability of specialist services for the citizens, as well as better utilization of the medical equipment.	MH (Healthcare institutions, medical universities)	2022	2,800,000 € (700.000 € annually)	
b/ Providing funding to co-finance specialization, i.e. sub-specialization of health workers employed at private health institutions, other legal entities and unemployed	It is planned to continue with the provision of funding to co-finance specialization, i.e. sub-specialization of health workers employed at private health institutions, other legal entities and unemployed with the long-term objective to raise the quality of the delivery of healthcare services in the country.	MH	2022	1,280,000 € (320.000 € annually)	

ANNEX 2

ESRP TABLE OF INDICATORS AND TARGETS

Indicator ¹	2015	2020t	2018	2019	2020	2021	2022 (target)	Source/Calculation
	baseline	ESRP 2020	new baseline	ESRP(r) 2022				
LABOUR MARKET AND EMPLOYMENT								
Employment rate (15+) (%)	42.1	46.9	45.1				48.5	SSO - LFS
Employment rate (15+) – MEN (%)	50.5	:	54.4				58.7	SSO - LFS
Employment rate (15+) – WOMEN (%)	33.7	:	35.8				39.0	SSO - LFS
Youth employment rate (15-29) (%)	28.3	30.7	30.9				34.5	SSO - LFS
3.1.1. Improvement of the unemployment situation, especially with the most vulnerable categories (youth, long-term unemployed and others)								
Employment rate (20 – 64) (%)	51.9	:	56.1				59.8	SSO - LFS
Employment rate (20 - 64) – MEN (%)	61.5	:	66.6				70.4	SSO - LFS
Employment rate (20 - 64) – WOMEN (%)	42.1	:	45.2				48.9	SSO - LFS
Unemployment rate (15+) (%)	26.1	21.5	20.7				14.0	SSO - LFS
Youth unemployment rate (15-29) (%)	42.5	38.0	37.0				30.5	SSO - LFS
Long-term unemployment rate (%)	21.3	18.0	15.5				11.0	SSO - LFS
Rate of youth neither in employment nor in education or training (NEET, 15-29)	31.2	:	29.8				22.9	SSO - LFS
Total number of persons involved in various labour market services and active employment measures and programmes	:	min. 40,000 annually	117,347				min. 60,000 annually	ESARNM, MLSP
Coverage of young persons (15-29) with programmes, employment measures and services, within the annual Operational plans	:	min. 30%	38.8%				min. 30%	ESARNM, MLSP
All young persons registered for the first time in ESARM, are being profiled early, i.e. during the first 6 months of their unemployment period	:	✓	✓				✓	ESARNM
Number of youth involved (registered) in the Youth Guarantee	:	:	:				min. 10,000	ESARNM
% of youth involved in the Youth Guarantee, who, within a period of four months upon registration in the YG, had a successful exit (employed, entered a specific training or other active measure)	:	:	:				min. 30%	ESARNM
Share of unemployed persons – recipients of benefits from the Social Work Centres (GMA) in the total number of participants in active employment programmes and measures and labour market services	:	:	:				30%	ESARNM
Percentage of registered employments of persons with disabilities in the open economy, as compared with the employments in the sheltered companies	60%	>60%	69%				>60%	ESARNM
3.1.2. Tackling informal employment								
Share of informal employment in total employment (%)	19.9	18.0	18.6				16.5%	SSO - LFS

¹ The data presented in the annual progress reports on the Revised Economic and Social Reform Programme 2022 will be disaggregated by gender.

3.1.3. Improvement of the quality of work and services of the public employment service

Number of renovated/reconstructed regional employment centres with significantly improved work conditions	12	30	15				25	ESARNM
Number of employees in ESARM and number of staff involved in the activities for strengthening their capacities (trainings, workshops, seminars, etc.)	502	min. 550 each staff member is attending a training/seminar at least once per year	430				min. 550 each staff member is attending a training/seminar at least once per year	ESARNM
Number of unemployed persons with IEP-2	:	40,000 persons – IEP-2 at least 60% of these persons will be included in some of the active employment measures and services within a period of 12 months	6,213				14,000 of whom min. 60% included in active measures or services	ESARNM
Number of applications for employment mediation (N.B. job placement) submitted to ESARNM by employers	4,655 applications 3,348 (72%) decided positively	increase of 15% (6,000 annually) of the number of applications for job placement (most of which implemented successfully)	4,824 3,164 (66%) decided positively				6,000 Greatest part decided positively	ESARNM

3.1.4. Strengthening social dialogue and improvement of collective bargaining

Trade Union Density Rate (%)	22	>26	21.16				>26	SSO, MLSP. Data derived from decisions on representativeness (number of employees divided by the total employment (SSO quarterly report) Electronic database on the membership of social partners
Collective bargaining coverage rate at branch, i.e. sector level (%)	32.48	36	32.68				37	SSO, MLSP. Data from decisions on representativeness (number of employees divided by the total employment in the specific branch, i.e. sector with collective agreements – SSO quarterly report. Electronic database on the membership of social partners
Number of collective agreements at employer level	65	80-85	85*				95-100	MLSP * performance in 2017

Rate of successfully resolved collective labour disputes using the mechanism for amicable settlement of labour disputes	60%	min. 70%	60%				min. 70%	MLSP
Established and functional mechanism for following ESC's recommendations and regular monitoring of the number of opinions/recommendations issued to the Government of RNM	10 opin./rec.	min. 3 opin./rec.	7 opin./rec.				min. 3 opin./rec.	MLSP, ESC
HUMAN CAPITAL AND SKILLS								
Human Development Index	0.754	:	0.759				0.780	UNDP Human Development Data. The United Nations Human Development Index is a statistic composite index of life expectancy, education, and per capita income indicators used to rank countries at four levels according to human development * The last published value for 2017.
3.2.1. Providing high quality inclusive education and equal access to education for all								
Rate of early school leavers (%)	11.4	10.5	7.1				6.8	SSO - LFS. The share of the population aged 18-24 with primary or no education in the total population of that age group.
Share of persons aged 30-34 who completed tertiary education (%)	28.6	32.0	33.3				40	SSO - LFS
Rate of students with special educational needs included in regular primary and secondary education (%)	62	70	64.8				70	SSO - LFS. Share of students with special educational needs included in primary and secondary education in the total number of registered students with special needs.
3.2.2. Implementation of the National Qualification Framework for lifelong learning – basis for quality assurance in the education and training system								
Number of established Sectoral Qualifications Councils (for development and quality assurance of qualifications in specific sectors)	:	8 Sectoral Qualifications Councils	9				16	MoES
Established and functional Skills Observatory (to anticipate the needs for skills in the labour market)	:	Established	Not established				Established	MoES
Functional Qualifications Register (overview and transparency of qualifications)	:	Register established	Register established				Functional and upgraded register with a module for register of occupational standards and a module for occupational standards review	MoES
3.2.3. Strengthening the employability of labour force and building flexible lifelong learning pathways.								
Share of students in secondary schools in the VET system (%)	58.78	> 60	60.0				>60%	SSO - LFS

Share in lifelong learning (%)	2.5	> 5.5	2.4				>4.0%	SSO - LFS. Adults (25 – 64) who participate in learning (formal or non-formal) as a share of the total population at that age.
Employment rate of persons (20–34) who recently graduated secondary or tertiary education (%)	48.0	60	49.1				55%	SSO - LFS. Employment rate of persons aged 20-34 who graduated at least secondary education (ISCED 3 to ISCED 8), left education one to three years ago and are no longer in the education or training system)
Number of Regional Vocational Education and Training Centres (RVETC)	:	:	None				3 Regional VET centres	MoES

SOCIAL INCLUSION AND SOCIAL PROTECTION

Poverty rate (%)	21.5	19.0	21.9				16.0	SSO – SILC * Last published data for 2017.
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3.3.1. Enhancing the efficiency and effectiveness of the social assistance system

% of households covered by all types of social protection financial benefits	7.5	:	8				14	SSO - SILC
% of absolute poverty	4.3	:	:				<1.0	SSO - SILC
Number of children covered by child protection programmes (child allowance and education allowance)	:	:	43,000 c.a. 3,800 e.a.				75,000 c.a. 65,000 e.a.	MLSP
Number of recipients of benefits under social security of the elderly	:	:	:				6,000	MLSP

3.3.2. Improving the availability of social services

Number of established local (municipal) social protection councils		80	0				81	MLSP
Number of established regional social protection councils	:	:	:				8	MLSP
Number of licensed service provided (by type of service; home based, community based, extra-familial care)	:	:	:				30	MLSP

3.3.3. Support to and promotion of deinstitutionalization

Number of persons accommodated in housing units for supported living arrangements or in group homes	93	around 150	173				250	MLSP Number of persons resettled from the institutions, persons accommodated in small group homes, and persons accommodated in alternative supported living arrangements, for prevention of their institutionalization.
Number of users of social services (per service type: home-based, community-based, extra-familial care)	around 1,750	around 2,270 (30% increase)	3,058				4,500	MLSP The coverage is determined based on the average number of beneficiaries from different vulnerable groups, who are visiting and/or using services
Number of persons accommodated in residential social protection institutions	:	:	376				0	MLSP

3.3.4. Promotion of social inclusion of Roma

Participation of Roma in the labour market services and active employment programmes and measures	:	min. 350 annually (at least 1,400 until 2020) of whom 30% are women and youth	227 (in act. employment prog. and measures) 8,071 (services)				325 aepm 10,000 services	MLSP, ESARNM
Share of Roma in the total number of registered unemployed at ESARNM (%)	5.5	4.5	8.52				8.7	ESARNM
Inclusion of Roma children (0-6) in pre-school education	840	1,000 – 1,200 during the school year	729				1,000	SSO
Percent of Roma pupils who successfully complete primary education (%)	75	82.5	77				83%	DDPELMC, MoES
Number of Roma students enrolled in tertiary education	188	205	300				400	SSO
Rate of transition of Roma pupils from primary into secondary education (%)	83.0	90.0	87.0				92	DDPELMC, MoES
Rate of transition of Roma pupils from secondary into tertiary education (%)	40.0	45.0	38.0				45	DDPELMC, MoES
Number of Roma families with access to social housing	102	110	118				150	MTC
Number of communal infrastructure projects implemented in settlements with prevalent Roma population	6	23	:				23	MTC
Rate of infant mortality among the Roma population (per 1,000 live births, per mille, ‰)	11.8	< 10 (Reduction by 30%)	10.2				<7	MH

3.3.5. Tackling the key challenges relating to the sustainability of the pension system

% of source income compared to total expenditures of PDIFNM	54.5	:	53.1				65	PDIFNM
% of average pension benefit in the average salary	59.7	:	59.5				60	SSO, PDIFNM

3.3.6. Tackling the key challenges in the field of health system and public health care

Rate of infant mortality (per mille, ‰)	8.6	6.9 – 7.0	9.2				<7.0	SSO
Number of newly constructed and reconstructed public health facilities	:	2 newly constructed 4 reconstructed buildings	1 new 3 rec.				2 new 4 rec.	MH
Upgrading the integrated health information system "My term" with new modules	19 modules	33 functional modules	31 (4 new) functional modules				33 functional modules	MH

Note: The 2018 values marked in green (red) indicate that the progress toward the 2020 target was adequate (inadequate). In cases where a target has not been set in ESRP 2020 (new indicator introduced by ESRP(r) 2022), the progress is presented compared to the 2015 baseline.