

# FORMER YUGOSLAV REPUBLIC OF MACEDONIA

## VET GOVERNANCE ETF PARTNER COUNTRY PROFILE



## 1. GENERAL GOVERNANCE

The former Yugoslav Republic of Macedonia is a parliamentary republic. It has EU accession candidate status, granted in 2005, but has not yet entered into accession negotiations. In July 2015, the European Commission and Members of the European Parliament facilitated an agreement between the main parties to end a political crisis. The Commission presented Urgent Reform Priorities on systemic institutional failings that the government and all other political actors committed to implement. While the system of government is centralised to a large extent, the development of decentralised governance is a key objective, and is seen as an important pillar of state functioning.

Although social partners participate in general policy dialogue processes, and many are engaged in VET policy, their role is mainly advisory and they are not actively involved in the design and implementation of government policies. Institutionalising the engagement of stakeholders in governance and policy making, at sectoral and national levels, is often best supported by empowering social dialogue among government and social partners. The most active social partners are currently the Chamber of Crafts, Economic Chamber, Organisation of Employers, and Business Confederation.

## 2. VET GOVERNANCE

### Key roles and functions

The Ministry of Education and Science (MoES) leads the design, implementation and monitoring of education and training policies, both formal and non-formal. MoES shares responsibility for training programmes for the unemployed and job seekers with the Ministry of Labour and Social Policy (MoLSP), which identifies the relevant people. The Cabinets of the Prime Minister and the Vice Prime Minister in Charge of Economic Affairs have strategic roles in the development of VET, given its importance for growth. MoES and MoLSP are in charge of consultation mechanisms on the design of sector strategies, with representation from ministries, agencies, and some social partners. The

respective Ministers have the authority to organise high-level inter-ministerial groups on coordination and coherence with other government policies and strategies. The VET Centre, a public agency, is the key actor in VET. It has a strategic role, and holds executive functions extending to supervision, evaluation, studying, promotion, and research and development.

Social partners and associations engage in the design of VET strategies, mostly in the area of sector strategies. However, they have a mainly advisory role which, while important, is institutionally limited, and in several cases they do not formally participate in policy making and implementation. On the other hand, actors such as the various Chambers and Trade Unions participate actively, and contribute to VET provision via their own training centres and by providing vocational and management skills and IT training. Some Chambers conduct research in their sectors, initiating partnerships between VET schools and companies. NGOs engage actively in implementing and monitoring programmes which address inclusive education, education that is ethnically and linguistically integrated, training for unemployed job seekers, and basic skills education for adults. NGOs and university research centres carry out studies, empirical analysis, and surveys in education and training, and labour market and social inclusion. These are supported by international funding in several cases. NGOs also support and finance training programmes for VET teachers.

### Financing

Three main schemes exist, namely national sectoral training funds; training tax incentives for companies and workers; and loans. Other schemes include various on-the-job training programmes, block grants for municipalities, and donations. The main source of funding is public money, specifically from the Ministry of Finance (MoF) and MoES. The Employment Service Agency (ESA) and MoLSP also contribute financially, through support for labour market-related training and active labour policies such as internships for unemployed youth. MoF is a major stakeholder, participating in drafting of Action Plans.



Initial and continuing VET are also supported and financed by international donors and NGOs on a project basis, with a focus on teacher training, adult education, National Qualifications Framework (NQF) development, and inclusive education. Some schools organise income-generating activities, such as training for external users and other services, as well as making and selling products. However, VET remains under-funded overall, due to the current emphasis on higher and secondary education. This has an impact on both the infrastructure and the operation and function of institutions and councils overseen by MoES. While basic expenditures such as salaries, equipment, and student transportation are covered, there is a lack of development initiatives at regional and municipal level.

### **Coordination mechanisms for VET policymaking**

The government's vision, supported by stakeholders, is to establish an evidence-based VET system to serve as the main driver of human resource development. This in turn will lead to the strengthening of individual and social productivity, employability, and economic growth. The coordination mechanisms in place are oriented by legislative or normative structure; institutionalised policy advice; public-private structure; or knowledge creation.

Legislative or normative oriented mechanisms include a wide range of official laws, frameworks, and strategies. In addition to the main ministries and the ESA, a number of other public agencies and legislated authorities deliver specific functions and services that are wholly or largely VET-related. These include the Bureau for the Development of Education, which leads on teachers' continuing professional development and curriculum design, the National Examination Centre, and the State Education Inspectorate (SEI). In addition, partnership and collaboration among stakeholders is being promoted and strengthened within the context of a capacity building plan related to the NQF (a National Board for the Macedonian Qualifications Framework is set to begin work in 2016). On the whole, though, stakeholders have a consultative role in the setting of objectives in VET policy and in the implementation of the government's vision, and institutionalised participation in key bodies is lacking.

Coordination mechanisms that are institutionalised policy advice oriented cover national agencies

and other supervisory bodies; national, regional, and sectoral skills councils; steering or joint social partner committees; and inter-ministerial working groups. The limits to stakeholder participation already noted mean that even the most active groups, such as the Chambers and Trade Unions, lack influence. In some cases, their role may be more procedural than substantive. Some social partners have influence at the objective-setting stage in policy making, and others at the implementation stage. At the national level, an MoES-led Steering Council monitors delivery of the VET strategy, but only after outputs in the Action Plan have been assigned to the respective ministries and other bodies. The Steering Council can't influence adjustments to the Action Plan or advise budget-holders. This stands in contrast to the major advisory role of the Economic and Social Council, and the Innovation Committee at the Cabinet of the Vice Prime Minister in Charge of Economic Affairs. The respective ministries manage stakeholder consultations in the design of sector strategies, including working groups, which bring together ministry staff, public agencies, and some social partners. International stakeholders, such as the ETF, EU, World Bank, and United States Agency for International Development (USAID) had or continue to have an important advisory role.

Coordination mechanisms that are public-private structure oriented include a greater degree of collective bargaining, for instance over agreements for skills development and provision. This operates only at national level, with a sectoral focus on issues such as occupational and qualification standards. It remains uncoordinated at operational and functional level and, in short, institutionalised, systematic, multi-actor, and thematically oriented social dialogue concerning VET remains a challenge.

Finally, knowledge creation oriented mechanisms are currently based on the ETF's Torino Process indicators, EU Education and Training 2020 indicators and benchmarks, and headline targets from the EU's Europe 2020 growth strategy. There are initiatives in place to create a domestic system of indicators and data collection in the country, and several actors are providing data directly or indirectly related to VET and VET policy. But fragmentation and a lack of coordination hamper the prospects of a coherent national VET data policy.

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## Country typology

The country's current typology can be described as hybrid, i.e. centralised but moving towards decentralisation. The governance of VET is centralised to a large extent. However, a more decentralised model of has been adopted in recent years, and the VET governance vision is effective and transparent. Despite the fragmentation, under-funding, and deficits in subsidiarity and proportionality that continue to exist, multi-level governance of VET in the country is not out of reach. Progress towards this aim has been made and will continue, given effective responses to the challenges of institutional empowerment of social partners' participation, lack of policy coordination, localisation of social dialogue, and the development of a coherent data policy. All of which, of course, requires adequate funding.

## Development assessment

The assessment is based on qualitative ratings of ETF's indicators of good multi-level governance in VET. These are detailed in the Data Collection Tool available on the ETF web site. As discussed above, the general picture in the country is of a multi-actor governance eco-system featuring an institutional context in which many actors consult and offer advice, yet have much less say in decisions and governance. In the terms of the Data Collection Tool methodology, VET governance is structured, with potential for it to be defined since many actors have the capabilities to engage in consultation on the strategies, in the formulation of the vision, and in providing advice to government on various aspects of VET policy. However, this is currently prevented by a range of issues, including fragmentation and overlaps, under-funding and weaknesses in policy coordination, and the centralised governance of decision making, policy delivery, and funding.

## Ongoing work in policy development

MoES leads six national strategies related to VET and human resource development, and participates, with MoLSP, in the implementation of other, related strategies. This offers evidence of the prioritisation of VET in the broader policy agenda, as well as further inclusion of VET policy in public policy overall. The evaluation and review of VET policies, including audit systems for VET financing, includes a range of evaluation and self-assessment practices. For instance, self-assessment by VET

schools, under the supervision of the SEI, has become well established. Improvements in the internal efficiency of the VET system contribute to transparency, and the evaluation of the system itself is substantially correlated with the evaluation of VET policy implemented in practice. A recent update of the Copenhagen-Bruges process provides a case study of good practice in the management of public-private partnership for VET skills and provision. An innovative, competence-based approach for in-company mentors and professionals dealing with practical, work based training for VET students was set up, with support from USAID. This reflects a trend towards more effective cooperation among state agencies, social partners, and VET providers.

## 3. POLICY POINTERS

Policy makers may wish to consider the following points for reflection, with a view to working towards their implementation in line with national priorities and in the context of national, regional, and local needs.

### Overall planning and management

1. Empower the VET Strategy Steering Council and increase delivery on commitments.
2. Institutionalise cooperation among social partners at sectoral and regional levels.
3. Provide targeted and context-relevant incentives to private VET stakeholders.
4. Encourage employers to showcase good practice in employee training and retraining, and to enter into partnerships with training providers.
5. Modernise the regulatory framework and parts of existing legislation.

### Finance and funding

1. Increase budget and enhance resources in VET, including continuing VET.
2. Discuss financial autonomy for VET providers, and consult with the relevant partners.
3. Plan, develop, and adopt a comprehensive legal framework for VET providers' financial autonomy.



4. Develop a well-structured framework of financial incentives in the context of the existing public-private partnerships for VET financing.
5. Adjust funding allocation at all government levels, especially sectoral and regional.
6. Increase funding for scholarships and initiatives, especially at regional level.

#### **Coordination mechanisms for VET policy making**

1. Clarify the liabilities and roles of public agencies involved in VET governance .
2. Reform current coordination mechanisms, focusing on the distribution of liabilities to stakeholders at sectoral and regional levels.
3. Institutionalise social partners' engagement in the VET Centre and other relevant agencies, giving them active involvement in decision-making and governance, and subsequently reinforcing their involvement at all levels of VET.
4. Develop mechanisms at regional level for following labour market requirements, e.g. establish an efficient system and mechanisms for skills anticipation and matching leading to a comprehensive information system for jobs, skills, and qualifications.
5. Improve evidence-based policy development and coordinate with other government policies, e.g. develop a national VET database and a coherent VET data policy.