

EFFECTIVENESS AND INNOVATION POTENTIAL IN THE AREA OF ACTIVE LABOUR MARKET POLICIES IN NORTH MACEDONIA

Working document

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PREFACE

This report is part of a wider study commissioned by the ETF and led by Fondazione Giacomo Brodolini on the topic of Active Labour Market Policies (ALMPs), labour market transition and skills development in the ETF partner countries, in the context of the COVID-19 crisis.

Since the COVID-19 outbreak, the ETF has launched several new work strands to seize on the immediate developments and provide targeted advice or the sharing of innovative solutions in response to the impact of the pandemic. One strand covers socio-economic dynamics and the impact of the COVID-19 pandemic on the labour market and policy responses in terms of the crisis, post-crisis and recovery phases, with a focus on the role of ALMPs, including skills development programmes.

The working assumptions are that (i) the economic downturn and pandemic have induced sectoral changes requiring a change in career paths, reskilling and upskilling for people without jobs or at risk of losing them; and (ii) approaches to active labour market policies and programmes may need adjustments to fit current and foreseeable socio-economic conditions, technological advancements, etc.

In this regard, the following report is dedicated to analysing the pre-conditions and measures to boost the efforts of public employment services and other stakeholders to address the post COVID-19 era in North Macedonia. The report includes concrete/actionable policy advice and measures to help respective PES and stakeholders prepare for the recovery period with activation and upskilling measures or other types of interventions, well grounded into the country's socio-economic realities and delivery capacities. The conclusions and policy advice can inform the planning of EU and external support and country priorities for building up ALMP delivery and continuous training, in pursuit of a transition agenda towards more agile economies and workforce.

The report was written between December 2020 and March 2021 by Antonie Onosimoski with the support of Eamonn Davern.

The ETF's Iwona Ganko, Cristina Mereuta, Filippo Del Ninno and Maria Rosenstock reviewed the report and provided comments and suggestions.

The ETF would like to thank all the institutions and organizations in North Macedonia who have shared information throughout the research. In particular, we are grateful to the representatives of the Ministry of Labour and Social Policy and Public Employment Service Agency of the Republic of North Macedonia. This report would not have been possible without their contributions

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EXECUTIVE SUMMARY

North Macedonia has experienced a significant decline in its population in the last two decades, primarily due to migration to EU Member States. The manufacturing sector employs the largest number of workers (19.7%), followed by wholesale and retail trade. The informal economy is large; government statistics report 18% of workers as having no written contract, though this is probably an underestimate.

Prior to the COVID-19 pandemic, North Macedonia had experienced a period of steady economic growth since 2016, driven particularly by wholesale and retail trade, construction, and real-estate services, with the major contributor to growth on the demand side being private consumption. There had been a slow but consistent increase in the active population over the same period before a decline and increase in unemployment with the onset of the pandemic.

The global recession from the end of 2007 with the financial crisis had a considerable impact on the economy, reducing growth. This was especially due to decreased foreign demand and a decline in trade, while reduced foreign direct investment was also a factor. There was, however, only a minimal labour market impact. This can be attributed to structural reforms introduced before the crisis, including tax reductions, which protected employment. Welfare support, especially through social assistance, was nonetheless insufficient to prevent an increase in poverty.

The Employment Service Agency of the Republic of North Macedonia (ESARNM) is responsible for providing services for jobseekers and employers, as well administering the unemployment insurance scheme. The government produces a National Employment Strategy coordinated by the Ministry of Labour and Social Policy, while Active Labour Market measures and services are defined in annual Operational Plans. ESARNM, as the other main player in the labour market's institutional framework, has the lead responsibility for implementing these and contributes to their formulation. The government has made a strong commitment to ESARNM, significantly increasing its staffing and budget since 2017, and has plans to further grow the organisation in 2021. ESARNM is also being restructured and a new Youth Guarantee Unit (YGU) is being set up to coordinate youth counsellors. New YGU members were ESARNM employees working in other units.

The planned increase will include programmes that allow for more flexible use of budgets than has previously been the case and are specifically designed to assist people who have lost their jobs since the start of the COVID crisis.

The main PES adjustment to the COVID pandemic has been a reduction in face-to-face contact with clients, though no offices were closed, and some face-to-face service was maintained. This decision was made in consideration of the relatively low levels of digital access and capability on the part of, especially priority, clients. Notwithstanding reductions and withdrawal in some services (which were provided through group activities), the PES was more successful in delivering the requirements of its Operational Plan in 2020 than 2019. It seems that this was due to some of the remote training and the fact that during periods of crisis, people come together and help each other to achieve better results. The Ministry of Labour and Social Policy has reviewed its policy goals in response to the pandemic, shifting the focus from job creation to job protection and employee health and safety. A new Employment Strategy was developed for 2020 and beyond, intending to define both medium- and long-term employment policy reforms, and introducing a new and enhanced emphasis on supporting the employment of vulnerable people. This is in line with the disproportionate impact of COVID on people with particular barriers to labour market integration. An Action Plan is currently being prepared for operationalising the Strategy.

Recent investments in improving ESARNM's employer engagement capacity have aimed to increase the number of vacancies placed and to encourage closer employer cooperation with an interest in employment programmes.

The scope of social protection was expanded in 2019, increasing rights to receive social protection, notably through the introduction of a Guaranteed Minimum Assistance (GMA) programme. The latter was accompanied by an obligation for recipients to participate in activation programmes. The Centre for Social Work, which administers the GMA, collaborates with the ESARNM Employment Centres to develop individual employment plans for beneficiaries.

The macro-economic forecasts for the medium term 2021-2023 are positive, predicting a moderate recovery. This should allow for the aforementioned reforms and policy adjustments in response to COVID to proceed without adverse economic consequences. Despite the crisis, an unfavourable external requirement and continuing uncertainty concerning the future trajectory of the pandemic, fiscal and monetary policy pursued hitherto is expected to enable some short-term increase in public expenditure, including increased infrastructure spending, before medium-term fiscal consolidation. This broadly favourable environment, including a growth in exports, will be assisted by the prospect of being able to relax monetary policy without risking inflation.

North Macedonia has been implementing the Youth Guarantee Scheme – IPA budget support since 2018 as a pilot process in three regions, while a large-scale roll-out followed in 2019 and 2020. The country was the first non-EU Member State that started to implement YG. This contributed positively to reducing the share of ‘Neither in Employment nor in Education or Training’ (NEET) in the country.

As with many other countries, skills predictions revised in the context of COVID point to an increased rate of change in the structure of the labour market, extenuating the impact of pre-existing trends. A greater demand for IT and knowledge workers seems likely to be accompanied by a reduced demand in lower-skilled sectors. This places a premium on the success of Active Labour Market measures and employment policy reforms adopted to meet the challenge of the crisis, particularly those designed to meet the needs of those with particular barriers to integration and workers in low/paid and precarious employment.

The **recommendations** for the future concern several areas:

Improving the effectiveness of targeting the riskiest economic sectors. Given that micro- and small enterprises have been identified as the most vulnerable on several occasions, most of the support should be directed at them. This of course does not mean that other enterprises should not be included, but enterprises should be divided into several clusters and should be targeted individually and specifically.

Digitisation has been supported by the pandemic. Accumulated knowledge and experience should be expanded. Although the ESARNM information system has good scores, especially in the area of records, allowing monitoring and evaluation of ALMMs and generally not needed too much to join EURES, a few key aspects must be a priority in the coming period:

- wider and more effective remote support to clients and providing different types of remote training;
- adapting software that can communicate with the LMS adapted by VET (vocational education and training) schools will provide online access to various types of learning resources, while mutual cooperation will mean benefits for all;
- digitising internal processes such as the most critical work procedures, self-evaluation and other processes that will help the effectiveness of ESARNM;
- incorporating non-formal education in the records of IT systems.

The **IT sector** is extremely interesting for young people. Although the relevant faculties are enrolling a large number of students and their number is growing every year, ESARNM should also follow this trend. On the other hand, of strategic importance is establishing effective monitoring schemes for trained unemployed people.

The informal economy and undeclared work are significant challenges. As many informal employees and companies that worked unregistered have registered to receive certain benefits, this is a good

opportunity to provide support to legalise businesses and reduce undeclared work. This will give a better picture of the labour market situation and can improve both planning and targeting.

There is no doubt that many of the activities and measures implemented by ESARNM have good results, but targeting the most vulnerable categories can be improved by introducing **more specific target groups**. This can be done by introducing two-dimensional or multidimensional targeting. The target population will then decrease but will be very precise. A combination of additional benefits and specific targeting for the most vulnerable can be considered.

Several interesting examples of flexible labour market and short-term employment schemes were noted, such as providing security guards in front of banks, shops and the like. This means a more **dynamic labour market**, and should be supported, but attention should also be paid to the well-being of workers. Support for short-term employment schemes can have specific and positive effects, especially among the young unemployed population.

For the purpose of reaching vulnerable groups of unemployed people, the establishment of a ESARNM **mobile unit** to reach and work with vulnerable groups should be considered. This could be implemented as a pilot project. The services offered could include a variety of information for support, counselling and motivation. The experience gained from former outreach support should be considered in designing this undertaking.

The competitiveness of the economy is extremely dependent on the coherent approach by the MLSP and the MES on skills provision in the long run. The long-term recommendation is to strengthen the **employment and skills framework** and adjust the education and training system. The initiatives on work-based learning by the public vocational system, the joint decision on enrolment in VET schools, and establishing regional VET centres should continue, while fostering broader transversal skills always brings us one step closer to a knowledge-based economy.

The **disparity among planning regions** are significant, with the Skopje region by far the most developed. Balanced regional development should be a priority for the country. This also reflects the uneven distribution of training providers across North Macedonia's regions, as most of them are concentrated in Skopje and larger towns in the country. This prevents unemployed people from accessing certain attractive ALMMS. An adequate mechanism should be devised to enable more even distribution of training provision. Specific training to regions may also be considered.

Policy decisions made before the pandemic have paid dividends in enabling the government to continue supporting – and in some areas even expanding – PES provision during the crisis. This has supported short-term job consolidation and contributes to North Macedonia maintaining its medium-term focus on the future prioritisation of ALMPs targeted at meeting the needs of those furthest from the labour market.

As the country emerges from the crisis, there are important strategic decisions to be made to determine the future orientation of support, particularly the balance between support for maintaining employment with current large employers and in major sectors and promoting recruitment and development in areas with the greatest potential for growth.

Some successful crisis responses developed at short notice to meet urgent needs had to be introduced with limited space for social dialogue. As North Macedonia emerges from the crisis, there is scope for utilising dialogue mechanisms to promote partnerships, especially to prioritise support for the hardest to integrate. This can be assisted through closer collaboration between PES and VET providers, increasing employer input, and actively targeting excluded communities, including through outreach to rural populations and digitally excluded people generally.

The confluence of these policy directions and trends creates potential to increase capacity to provide employment support from both PES and the wider employment system.

INTRODUCTION

The following report has been drafted as part of a research project led by Fondazione Giacomo Brodolini for the European Training Foundation (ETF) on the topic of effectiveness and innovation potential in the area of active labour market policies (ALMPs), with a focus on the ETF partner countries. Two forthcoming reports from the same project focus on the effectiveness of ALMPs in crisis contexts and innovations in ALMPs following the COVID-19 crisis. The final stage of the project involves a series of studies analysing the conditions for post-COVID recovery and the role of ALMPs in three ETF partner countries: Moldova, Jordan, and North Macedonia, the latter being the subject of this report.

The body of the report is structured as follows. After outlining the research methodology used to build the analysis, we look at the main contextual factors that determine the situation in North Macedonia. This includes the socio-economic and labour market context pre-COVID, the impact of the 2008 crisis and responses to it, the current state of the public employment services' institutional setting, and the social protection system.

We then look at how the COVID-19 crisis affected the country and how the institutions responded in terms of policies. This section covers the macro-economic impact of the crisis, changes to the provision of ALMPs in response to the crisis, and changes in the PES delivery model and policy priorities, and includes a critical perspective of the readiness of the ALMP system to build towards recovery. The following chapter takes a more forward-looking perspective through a section dedicated to pathways to recovery.

Finally, after summarising the main findings of the case study, we provide some recommendations for reforms in regard to the ALMP system, in both the specific context of the COVID-19 crisis and the wider state of affairs in the country.

The research in North Macedonia was conducted in December 2020 and January 2021 in two stages. During a first stage of desk research, a significant amount of information was collected. An interview with a ESARNM focus group, representatives of the Ministry of Labour and Social Policy, private employment agencies, the Centre for Adult Education, UNDP and UNOPS and experts in the IT field followed, providing additional information, opinions and views on specific issues.

It should be noted that wherever no solid data and indicators are available, conclusions are based upon the views and opinions of the interviewees.

During the preparation of the report, we considered discussing the relationship between the measures taken by the North Macedonia government, which are mainly aimed at supporting the economy and preserving jobs, and the initiatives of the MLSP and ESARNM. There is a very thin line here; however, government measures do not fall into the classification of Active Labour Market Policies, and therefore will not be part of this report.

1. COUNTRY CONTEXT

1.1 Socio-economic and labour market context

Population – At the last census, the population of North Macedonia was 2 022 547. The latest SSO estimates from December 2019 show a very small increase in the number of residents. However, it is widely believed that there has been a significant population decline in the last 20 years, especially due to migration to EU Member States and the decreased birth rate, which varies across regions and nationalities. This view can be supported by declining data on newborns and enrolled students.

The number of live births is constantly declining. In 2015 and 2016 it was around 23 000, in 2017 and 2018 it dropped to around 21 000, and in 2019 it was below 20 000. At the same time, the number of deaths in the period 2015-2019 has been stable, at around 20 000. In 2019, the largest natural population growth was in the Skopje region, followed by the Polog region. The Pelagonija Planning region has the largest population decline, followed by the East Planning Region¹.

Role of migration – Migration has directly affected population size. In 2017, there were 2 322 foreign nationals migrated to North Macedonia, 1 292 (or 55%) of whom settled in the capital Skopje, 118 (5%) in Gostivar, and 110 (4.5%) in Tetovo^{2,3}. The main countries of origin are Turkey (from where approximately 40% of new foreign-national residents hail), followed by the Serbia and Kosovo, with about 10% each⁴. The situation is very similar to the previous year⁵. These figures refer to foreign nationals who migrated to North Macedonia for any reason.

In 2019, a total of 4 132 residence applications from foreigners were submitted to ESARNM. 788 applications related to obtaining a work permit in North Macedonia, while 3 334 applications were for temporary residence permits from the Ministry of Interior. Most of these foreign nationals were from Turkey (1 347), followed by citizens of Serbia, Albania, Kosovo and Greece⁶.

According to the SSO's official figures, the number of North Macedonian citizens who moved to other countries in 2017 was only 141. However, this number does not correspond to the real situation. The actual number of emigrants, mostly to western European countries, is much higher, and according to the World Bank⁷ the emigrant stock share of the total population is 25.7%, i.e. about 0.5 million people. This has a significant impact on the labour market. Indeed, North Macedonian citizens working in western European countries, who for various reasons returned to North Macedonia during the COVID crisis and registered as unemployed to receive certain subsidies, are considered to have contributed to the increase in the number of unemployed persons⁸.

Sectorial employment structure – According to SSO data, the manufacturing sector has the largest number of workers (19.7%) among the total number of employees, followed by the wholesale and retail trade and the repair of motor vehicles and motorcycles with 14.6% each, and agriculture, forestry

¹ State Statistical Office – NATURAL POPULATION CHANGE, 2019.

² Both cities in the Polog region.

³ State Statistical Office – Statistical Review-MIGRATIONS, 2017, T-27.

⁴ State Statistical Office – Immigrated foreigners in the Republic of Macedonia, by countries- Statistical Review- MIGRATIONS, 2017.

⁵ State Statistical Office – Statistical Review – MIGRATIONS, 2017.

⁶ ESARNM Annual Report for 2019.

⁷ WORLD BANK ECA Migration and Brain Drain – ECONOMIC UPDATE FALL 2019.

⁸ This is a position that many government officials have publicly reiterated, and it is often mentioned in informal conversations. Official data does not exist publicly.

and fishing with less than 12%. Construction employs 7% and the IT, information and communications sector employs 2.5%⁹.

The informal economy – Although non-government estimates are generally much higher, the MLSP records 18% of employees as not having written contracts, i.e. they are treated as informally employed. This is a persistent characteristic of the North Macedonian labour market for both genders, as can be seen in Table 1 below¹⁰.

Table 1: Formal and informal employment by gender

Formal and informal employment by gender						
	2016			2017		
	Total	Men	Women	Total	Men	Women
Total employed	723 550	439 717	283 834	740 648	450 261	290 387
Formally employed	589 774	349 646	240 128	606 363	361 512	244 851
Informally employed	133 777	90 071	43 706	134 285	88 749	45 536
Structure by gender in %						
Total employed	100.0	60.8	39.2	100.0	60.8	39.2
Formally employed	100.0	59.3	40.7	100.0	59.6	40.4
Informally employed	100.0	67.3	32.7	100.0	66.1	33.9
Structure by employment in %						
Total employed	100.0	100.0	100.0	100.0	100.0	100.0
Formally employed	81.5	79.5	84.6	81.9	80.3	84.3
Informally employed	18.5	20.5	15.4	18.1	19.7	15.7

Source: State Statistical Office

GDP trends – The economy has been growing steadily from 2016 and continued to expand in 2019 before COVID-19 interrupted the upturn in the economic cycle. Growth accelerated in 2019 to 3.6 per cent, up from 2.7 per cent in 2018. The main contributors – the wholesale and retail trade, construction, and real estate services – altogether added 1.7 percentage points to growth. Agriculture and public services each contributed 0.3 pp, while due to a slowdown in late 2019 the contribution of manufacturing was neutral. The energy sector and mining added to growth. On the demand side, the main contributor to growth was private consumption (2.6 pp) spurred by rising wages, employment, pensions and household lending. Investments added another 2.1 pp, but as import growth surpassed exports, net exports were subtracted from growth¹¹. Predictions for growth in 2020 and 2021 vary between institutions and are presented in the following table.

⁹ State Statistical Office – Employed by sectors of activities and by type of ownership of the business entities, III quarter 2020 – T-06.

¹⁰ MLSP – Revised Employment and Social Reform Programme 2022 – PG 17.

¹¹ <https://openknowledge.worldbank.org/bitstream/handle/10986/33670/The-Economic-and-Social-Impact-of-OVID-19-The-Country-Notes.pdf?sequence=5&isAllowed=y> – last accessed January 2021.

Table 2: Real GDP growth according to the NBRNM, World Bank and IMF

Year	2016	2017	2018	2019 (e)	2020	2021
WB					-4.1%	3.6%
IMF	2.8%	1.1%	2.7%	3.6%	-5.4%	5.5%
NBRNM					-4.9% ¹²	3.9% ¹³

Source: World Bank, IMF and NBRNM

1.2 Labour market characteristics

In the last 5 years, the active population has increased slowly but steadily, from 56.5% in 2016 to a record 57.2% in 2019, before a decline of 1.4% in the third quarter of 2020. Similarly, the employment rate peaked at 47.3% in 2019 before a decline of 0.7% in the third quarter of 2020. The unemployment rate declined continuously during this period, as presented in the following table.

Table 3: Labour force

Year/ quarter	Total working-age population	Labour force			Activity rate (%)	Employ ment rate (%)	Employ ment rate (%)
		Total	Employed	Unemployed			
2016	1 678 890	948 599	723 550	225 049	56.5	43.1	23.7
2017	1 679 935	954 212	740 648	213 564	56.8	44.1	22.4
2018	1 682 702	957 623	759 054	198 569	56.9	45.1	20.7
2019	1 684 820	964 014	797 651	166 363	57.2	47.3	17.3
2020/iv	1 685 468	941 524	789 552	151 972	55.9	46.8	16.1

Source: State Statistical Office

The largest percentage of labour force in the fourth quarter of 2020 were persons with completed 4-year secondary education (48.7%), followed by persons with university education (25.9%), primary education (14.9%) and 3-year secondary education (6.8%), while 2% have higher vocational education and 1.8% have no education or unfinished primary education.

The State Statistical Office in the fourth quarter of 2020 recorded a total of 151 972 unemployed people. 49% of them have 4 years of secondary education, 7.3% have 3 years of secondary education, 21.7% have completed higher education and 20% have completed primary education.

In the fourth quarter of 2020, employed persons with 4 years of secondary education made up the largest group (47.5%), followed by those with university-level education (26.2%), primary education (13.6%), 3-year secondary education (6.5%) and higher vocational education (2.2%), while 1.8% of employed persons either lacked any formal education or did not complete primary education.¹⁴

¹² <https://www.nbrm.mk/content/Presentation%20Revision%20of%20macroeconomic%20forecasts%20-%20November%202020%20-.pdf> — last accessed January 2021.

¹³ <http://nbrm.mk/ns-newsarticle-soopstenie-11122020.nspj> — last accessed January 2021.

¹⁴ State Statistical Office – Labour force by educational attainment – T-08.

Women comprise 40.3% of employees. 45.4% of women have completed 4 years of secondary education and 34.3% have a university-level education, while the figures for males are 50% and 21% respectively¹⁵.

5.7% of employees are in the 15-24 age group, while the vast majority (65.7%) are between the ages of 25 and 49, with 27.2% between 50 and 64¹⁶.

The total number of registered unemployed persons according to the ESARNM database at the end of December 2020 was 156 432 – an increase of 48 700 between March and December 2020¹⁷. The total inflow of unemployed people during this period was 88 949. For the period of March to December 2020, the number of people previously registered as employed – regardless of how long ago their employment was terminated – was 44 163, or 49.6% of all people registered unemployed in the same period. 14% were registered as unemployed for the first time¹⁸.

During the same period, the total outflow of people – people who ceased to be registered as unemployed – was 38 333. Of these, 27 720, or 72.3%, entered employment.

In addition to registered jobseekers, ESARNM also works with a number of non-active jobseekers, referred to as ‘other people looking for a job’¹⁹. Their number as on 31 December 2020 was 89 211, and this number has remained fairly constant throughout the years.

A comparison of the data on registered unemployed persons as on 31 December 2019 to 31 December 2020 shows an increase of more than 50%, while the make-up of different categories of people according to education level does not differ significantly. The highest increase is noticed among people who have completed secondary education, whose percentage has increased by 2.6%.

Table 4: Registered unemployed persons by level of education (2020 to 2019)

Level of education	Unemployed persons as on 31.12.2020	Share in %	Unemployed persons as on 31.12.2019	Share in %
Unemployed persons	156432	100.0	101748	100.0
Without education and with primary education	83424	53.3	54989	54.0
Uncompleted secondary education	15664	10.0	11232	11.0
Completed secondary education	41896	26.8	24604	24.2
Higher vocational education	1430	0.9	1188	1.2
Higher education	13029	8.3	9015	8.9
Masters	960	0.6	695	0.7
Doctorate	29	0.0	25	0.0

Source: ESARNM

¹⁵ State Statistical Office – Activity rates of the population by age groups and gender – T-05.

¹⁶ Ibid.

¹⁷ A pandemic was declared on 11 March 2020.

¹⁸ Last accessed in January 2021.

¹⁹ Passive jobseekers do not have access only to ALMM: they are also eligible for labour market information, profiling and counselling services.

Regarding the gender structure, it is noted that in the period March 2020-February 2021, 53.2% of all unemployed persons were women, which makes them more affected than men.

Regarding the age structure for the same period, it is also noted that the percentage of unemployed young people between the ages of 15 and 29 during the pandemic rose to more than 3%, from 20.8% in March 2020 to 23.9% in February 2021. Although the unemployment figure among this population for this period increased by 15 796 people, the percentage of women remains the same, at 51.8%.

1.3 PES institutional setting

1.3.1 PES management structure

The Ministry of Labour and Social Policy is responsible for developing, controlling and implementing policies in the field of labour relations and employment, pension and disability insurance, and implementation and promotion of the system of social protection and child protection. It is also responsible for family welfare, vulnerable groups, and children and adults affected by social risk. According to the Law on Social Protection, 'social risk' is a condition that has the potential to hinder or impede the smooth social functioning of the individual, family or a certain group that may be in need of social assistance. The basic social risks to which the individual is exposed are: motherhood, illness, old age, death, injury and disability²⁰. The Department of Labour Law and Employment Policy within the MLSP is responsible for coordinating activities in the employment sector. EU-funded projects implemented in/by ESARNM are controlled by the IPA operational structure. Managing unemployment benefits is the responsibility of ESARNM, while the Centre for Social Work is responsible for social assistance.

In February 2015, a special Inter-sectoral Working Group coordinated by the MLSP and the MoES was established for the purpose of preparing the Employment and Social Reform Programme. The purpose of this group is to channel sectoral dialogue to ensure joint work on priority measures and policies in the education, employment and social policy sector. The sectoral working group determines which priorities will be financed by the EU, as well as monitoring their implementation coordinating all foreign aid.

The Employment Service Agency of the Republic of North Macedonia (ESARNM) provides services to meet the labour market needs of both employers and unemployed people, and maintains records in the field of labour, labour exchange and unemployment registration. It is an institution performing professional, organisational, administrative and other operations relating to employment and unemployment insurance and providing support, assistance and services to participants in the labour market. The headquarters of the Agency are in Skopje, while 30 employment centres are located in major towns across the country. ESARNM participates in the development of operational plans, as well as leading on implementation. ESARNM's Management Board is composed of nine expert members managed by a Director. The Director and the Deputy Director are appointed by the Government of the Republic of North Macedonia following a proposal by the Minister of Labour and Social Policy. The term of office is 4 years²¹.

1.3.2 PES mandate

Employment policy in North Macedonia is defined in several strategic documents: the Programme of the Government of Republic of Macedonia 2020-2024, the Revised Employment and Social Reform Programme (ESRP 2022), and the National Employment Strategy of the Republic of North Macedonia. Active labour market measures and services are defined annually in the operational plans.

²⁰ https://www.mtsp.gov.mk/content/pdf/zakoni/2019/28.5_zakon_SZ.pdf – last accessed in January 2021.

²¹ <https://av.gov.mk/esarm-today.nspj> – last accessed in January 2021.

The government's objective²² is to reduce unemployment by 3% annually. During the COVID-19 crisis, the Government is committed to: i) fighting for every job by providing about EUR 32.5 million each year for active measures to support employment and self-employment; ii) supporting the sectors most affected through assisting job preservation; iii) regulating seasonal jobs; and iv) introducing greater contractual freedom and establishing a voucher system for paying social contributions for seasonal workers.

In 2015 North Macedonia, in close cooperation and coordination with the European Commission, launched a new inclusive and participatory strategic process of socio-economic dialogue with new priorities and reforms in the field of the labour market, employment, education and social policy. Within this framework, an ESRP 2020 programme was developed and adapted in 2017, while the revised ESRP 2022 programme was adopted in December 2019 and extended until 2022²³.

The National Employment Strategy addresses the key set of challenges to increase employment through macro-economic, labour market, employment and education policies. ESARNM implements all the functions performed by modern public employment agencies, such as gathering information on the labour market, employment counselling and career guidance, employment mediation, and administering active and passive labour market measures. ESARNM performs the function of registering and deregistering employment contracts, i.e. compulsory social insurance. ESARNM is also preparing individual employment plans for registered unemployed people. ESARNM also issues: i) opinions on the fulfilment of the conditions for issuing a temporary residence permit to a foreign national for work; ii) work permits to foreign national who have a regulated residence; and iii) registration certificates for short-term services for foreign nationals who do not require a work permit²⁴.

The Operational Plan for active employment programmes and measures determines the annual priorities of employment policies through the implementation of active employment programmes and services.

1.3.3 Capacity

ESARNM's budget and special fund have grown steadily over the last 5 years, from EUR 32 million in 2017 to EUR 47 million in 2019. In 2021 it is projected to be approximately EUR 56 million. The number of employees in 2017 was around 500. The current 2020 figure is 508, while a further 35 posts are due to be added in 2021.

In 2020, ESARNM's headcount comprised 64 officials at central level and 60 in the Skopje employment centre. The remaining staff worked at the 30 employment centres. 338 employees worked directly with clients. This ratio varied across employment centres, with over a quarter of offices facing higher staff constraints than the national average. For instance, the employment centre in Kriva Palanka has a ratio double the national average²⁵.

Some figures indicating the labour force to staff ratio are presented in the following table:

²² https://vlada.mk/sites/default/files/dokumenti/programa-na-vlada-agenda2024-finalno_programa_1.pdf p. 8 – last accessed in January 2021

²³ https://www.mtsp.gov.mk/content/pdf/dokumenti/2020/1.4_esrp.pdf – last accessed in January 2021.

²⁴ <https://av.gov.mk/vrabetuvanje-na-stranci.nspk> – last accessed in January 2021.

²⁵ Assessment of delivery of employment services and programmes for youth by the Employment Service Agency of the Former Yugoslav Republic of Macedonia – http://ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/publication/wcms_384847.pdf - last accessed in January 2021.

Table 5: Labour force – ESARNM staff ratio

Item	Year 2020	Ratio of staff / labour force	Ratio of staff directly working with clients/labour force
Total number of ESARNM employees	508 ²⁶		338
Total number of registered unemployed people in November 2020	155 218 ²⁷	1/306	1/460
Total number of registered employed people in November 2020	785 561 ²⁸	1/1 546	1/2 324
Total working age population	1 685 741 ²⁹	1/3 318	1/4 987

Source: ESARNM and SSO

The ratio of frontline counsellors to total PES staff in 2009 in Bulgaria was 67.4%, Bosnia and Herzegovina 60.5%, Croatia, 52%, Serbia 61.2% and Montenegro 72.5%³⁰.

According to reports from 2015, although 55% of staff are engaged in the delivery of ALMPs, most of their time is spent on administrative work³¹.

1.3.4 Customer base

The Employment Agency distinguishes between two types of unemployed persons: unemployed persons and other persons looking for a job (passive jobseekers). If the unemployed person refuses employment offered for the second time in a period of two years or refuses to attend a job interview to which he/she was referred by the Employment Agency, he/she is automatically transferred to the list of other persons looking for a job. Unemployed persons check into the agency every 30 days, while the other persons looking for job check into the agency every six months. Unemployed persons have access to active employment programmes, measures and services. An unemployed person is entitled to unemployment benefit upon submitting an application, if that person was in employment for an uninterrupted duration of at least 9 months or for a period of 12 months with interruptions in the last 18 months before the termination of the employment, provided that mandatory social contributions were being paid. The other persons looking for job have access to the services of labour market information

However, special emphasis is given to vulnerable categories of unemployed people. These are identified as young people under 29 (sometimes up to 34), women, Roma, unemployed people with low qualifications, and the long-term unemployed. For these reasons, most initiatives targeting individual groups are aimed at one or more of the above groups. Also, most statistical indicators are divided into these categories. During the COVID pandemic, the scope of priority target groups was expanded to include workers who had lost their jobs during this crisis.

North Macedonia is the first non-EU country that has started to implement the Youth Guarantee scheme as a measure to increase employability among young people. As a possible solution to high

²⁶ Data acquired during ESARNM Focus Group interview held on 27 December 2020

²⁷ http://www.stat.gov.mk/PrikaziSooopstenie_en.aspx?rbrtxt=98 – last accessed in February 2021.

²⁸ Ibid.

²⁹ Ibid.

³⁰ Arvo Kuddo – Employment Services and Active Labor Market Programs in Eastern European and Central Asian Countries – October 2009.

³¹ Maja Gerovska Mitev – ESPN Thematic Report on integrated support for the long-term unemployed Former Yugoslav Republic of Macedonia, 2015.

youth unemployment, the scheme encompasses an integrated set of measures with a clear focus, defined indicators and a great impetus. The EU-funded IPA budget support Youth Guarantee Scheme started in 2018 as a pilot process in three regions, while a large-scale roll-out followed in 2019 and 2020.

ESARNM is implementing the EUR 4 million EU co-financed project 'Labour Market Activation of vulnerable groups' to activate vulnerable groups in the labour market in order to reduce long-term unemployment and dependence on a guaranteed minimum income. This is planned to be done by counselling people from vulnerable groups and establishing mentoring support programmes and skills development training services.

Companies are also part of ESARNM's customer base, receiving services including loans for job creation³².

1.3.5 Client services

ESARNM has a comprehensive system of labour market information that is regularly disseminated and updated through its website. In 2016 in the category of governmental/state institutions, ESARNM received an award for best website. There is information for jobseekers and employers on the labour market situation, announcements and other useful links, documents, various forms, etc.

In 2019, the individual approach to the previously existing job search assistance service was strengthened through various activities, including more frequent contact to inform clients about vacancies, available active labour market measures, individual assistance in preparing CVs, employment counselling, profiling, and drawing up individual employment plans. Within the Job Assistance service, a total of 103 904 activities were provided for unemployed people in 2019.

In 2019, to improve information for unemployed people about ESARNM services, information meetings for groups of unemployed people were organised, in which 684 people participated, of whom 324 (or 47%) were women and 291 (42%) were young people up to 29 years of age. ESARNM also organises job fairs, while job clubs are usually a place where joint meetings are organised and training is delivered.

The professional orientation activities carried out in the employment centres can be divided as follows: 1. Informing clients about the characteristics of occupations, the possibilities for continuing with secondary and higher education, the needs of certain occupations, and employment opportunities; 2. Professional orientation and counselling – counselling based on the examination of the person's professional interests, abilities and other characteristics; 3. Professional selection – selecting candidates for training, retraining or additional training and assistance to employers in selecting candidates for new employment.

For vulnerable groups such as Roma, the service 'Activation of unemployed Roma' service covered 605 people of Roma nationality in 2019 – 47% women and 51% young people up to 29 years of age. Mentors worked with unemployed Roma to boost their job motivation.

The entrepreneurship programme includes training for interested unemployed people to acquire entrepreneurial knowledge, support in drawing up sustainable business plans, and support for new business registration, as well as financial support for start-ups and for formalising existing businesses.

1.3.6 Employer services

In 2019, employer cooperation included: (i) employment mediation; (ii) employers' involvement in certain active employment programmes, measures and services; (iii) continuous information on all current ESARNM activities, measures and services available for them, as well as on the benefits of

³² The services include information for the benefit of employment among various target groups, legislation in the field of employment, active measures and services, and other opportunities.

employing unemployed persons registered with the agency ; (iv) providing services for clarifying labour legislation; (v) organising joint meetings for mutual information and consultations; and (vi) providing a favourable loan for opening new jobs.

Since 2019, 50 employees from the employment centres have been trained on the topic 'Employer Advisor'. The aim is to create a new model of working with employers, to strengthen the quality of employment mediation and to encourage employers to cooperate with ESARNM.

1.3.7 ALMPs

According to the classification of ALMPs, the information services conducted in 2019 were: i) the Job Search Assistance service – where a total of 103 904 activities with unemployed people were assisted, of whom 53% were women and 37% were young people up to 29 years old; and ii) introducing 4 821 pupils and students to active employment programmes, measures and services.

In regard to individual case management and work with unemployed persons in 2019, 36 355 unemployed people were profiled and 53 314 individual employment plans were drawn up, of which 27 612 (or 52%) were for women and 18 149 (34%) were for young people up to 29 years old.

ESARNM is required to administer LMP measures and support. Two documents are key to ESARNM's operations: the Labour Market Skills Survey (LMSS) and the Operational Plan (OP). The findings of the LMSS are the basis for the drawing up the OP.

In 2019, employers submitted a total of 4 705 applications for employment mediation, 2 987 (or 63%) of which resulted in employment for a total of 3 094 people.

In 2019, 4 285 meetings (meetings at the Employment Centre and visits to employers) were held with employers to encourage them to consider recruiting people in priority target groups, to advise them on legislation in the field of employment, and to provide information on active measures and services and other opportunities. Group meetings with employers were also held, which were attended by 134 employers, as well as employer forums attended by 192 employers.

The LM measures implemented by ESARNM in 2019 are presented in table 7.

In regard to private employment agencies, North Macedonia ratified the Convention on Private Employment Agencies, 1997 (No. 181) in 2012. A law on private employment agencies was enacted in June 2018. This stipulated that a private employment agency is established for performing one or more of the following activities: temporary employment, mediation for employment in the country, mediation for employment abroad, and mediation for employment in the country and abroad. The law introduces 2 types of licenses: for mediation and for temporary employment. The MLSP's Register of Private Employment Agencies contains 32 organisations. It seems that private employment agencies do not work much with state institutions. They often work with foreign companies in the country or specialise in mediation for working abroad.

1.4 Social protection system

Under a new Law on Social Protection enacted in May 2019, the rights to financial assistance from social protection are: 1. Guaranteed Minimum Assistance; 2. disability allowance; 3. compensation for assistance and care from another person; 4. compensation of part-time salary; 5. housing allowance; 6. permanent compensation; and 7. one-off financial aid.

The insurance rights in case on unemployment are exercised in the Employment Service Agency where the person is recorded as unemployed person. The procedure and requirements for exercising the insurance rights in case of unemployment are regulated by the Law on Employment and Insurance in Case of Unemployment. Thus, an unemployed person is entitled to unemployment benefit upon submitting an application, if that person was in employment for an uninterrupted duration of at least 9 months or for a period of 12 months with interruptions in the last 18 months before the termination of

the employment. The duration of unemployment benefit depends on the period during which the respective beneficiary was insured for unemployment (i.e. has contributed to unemployment insurance). The unemployed persons receiving unemployment benefit are recorded in the registry of unemployed persons as active job seekers, and enjoy the rights stipulated by law. As on 31 January 2020, ESARNM recorded 5 080 unemployed persons exercising the right to unemployment benefit, accounting for 4.8% of the unemployed persons recorded as on 31 January 2020. As on 31 December 2020, 6 706 unemployed persons were exercising the right to unemployment benefit, representing 4.2% of unemployed persons recorded on 31 December 2020.

According to the Law on Material Support of Unemployed Persons due to Privatization of Enterprises in Dominant State Ownership, 9 002 unemployed persons exercising the right to material support in form of monetary compensation were recorded as on 31 January 2020, while this number was 7 700 on 31 December 2020.

During 2020, due to Covid-19 pandemic, amendments to the Law on Employment and Insurance in Case of Unemployment during a state of emergency were adopted. Thus, all unemployed persons whose employment was terminated from 11 March to 30 April 2020 were entitled to monetary compensation, regardless of the duration of employment. 3 123 unemployed persons exercised this right and received monetary compensation.

Active jobseekers are entitled to unemployment benefit. Active jobseekers made up 55% of all unemployed people in January 2020, while in December 2020 that percentage was 64%³³.

Financial support through social assistance has been reformed and upgraded to introduce Guaranteed Minimum Assistance (GMA). This envisages enhanced activation of GMA beneficiaries in a way that all active household members will be included in active employment programmes to enable them to work and be employed. This involves mandatory continuous attendance at training, and accepting a job offer. At the same time, the beneficiaries will be provided with support for completing their education and acquiring skills, which will make them competitive in the labour market. The Centre for Social Work determines eligibility for guaranteed minimum assistance and cooperates with the Employment Centre on the production of beneficiaries' individual employment plans.

The other conditions for obtaining financial assistance are defined by the Centre for Social Work.

One-off financial aid is realised by centres for social work. One-off financial assistance or assistance in kind is granted to a person or family in a state of social risk, as well as to a person or family due to a natural disaster or an epidemic resulting in a family member's prolonged treatment in a health facility. Assistance in kind means the provision of clothing, food and other means that the Centre for Social Work determines to be necessary for a person and a family to live. The maximum amount of one-off financial assistance is EUR 500.

Unemployment benefits are under the responsibility of ESARNM. The Government of North Macedonia adopted a Decree with legal force to supplement the Decree with legal force applying the Law on Employment and Insurance in case of unemployment during a state of emergency³⁴, according to which all unemployed people whose employment contracts were terminated between 11 March and 30 April 2020 are entitled to monetary compensation, regardless of the time spent in employment.

According to the Decree, the monetary compensation was paid in the amount of 50% of the employee's monthly net salary paid for the last month, but not more than 80% of the previous month's average monthly net salary in North Macedonia. Unemployed employees eligible for compensation are

³³ <https://av.gov.mk/content/Statisticki%20podatoci/%D0%94%D0%B5%D0%BA%D0%B5%D0%BC%D0%B2%D1%80%D0%B8%202020/Nevraboteni122020.pdf> – last accessed on 17 March 2021.

³⁴ Official Gazette of North Macedonia no. 136/20.

those whose employment was terminated in writing by either the employee or the employer, and those whose employment was terminated by mutual agreement.

Based on the requests submitted to the employment centres in accordance with the above Decree with legal force, the right to monetary compensation was exercised by a total of 3 123 unemployed persons, who received payments totalling approximately EUR 880 000.

2. POLICY AND INSTITUTIONAL RESPONSE TO THE COVID-19 CRISIS

2.1 The macro-economic impact of the COVID-19 crisis

In North Macedonia, relatively stable growth was interrupted in 2020 and the expected decline in GDP is worse than the rate of -3.1%³⁵ experienced in 2001, when the country was involved in a military conflict. The growth rate of the gross domestic product for the second quarter of 2020 was -12.7%, followed by a further -3.3% in the third quarter^{36 37}.

The pandemic had a considerable impact on the economy with quarantine, disrupted supply chains and the prolonged pandemic worsening the already unfavourable outlook³⁸.

According to State Statistical Office data, the industrial production volume index, which indicates changes in the volume of production output³⁹, was 96.0 in comparison with November 2019. Industrial production in the mining and quarrying sector in November 2020, in comparison with November 2019, increased by 8.7%, Manufacturing decreased by 6.2%, while electricity, gas, steam and air conditioning supply increased by 0.1%.

The general assessment is that the second quarter of 2020 recorded the largest decline, while the third quarter saw a slight recovery.

In the second and third quarters, compared to the corresponding period of the previous year, growth was registered in agriculture, forestry and fisheries by 4.5% and 5.2% respectively. Construction grew by 3.4% in the third quarter. The information and communications sector grew by 0.9% in the second quarter and 3.3% in the third⁴⁰.

The manufacturing sector dropped by almost 30% in the second quarter and 9% in the third.

Final household consumption, including consumption by non-profit institutions serving households, decreased by 9.9% and 1.4% in nominal terms in the second and third quarters of 2020 respectively, while its share in the gross domestic product was 70.6% and 66.0% respectively.

Exports of goods and services nominally decreased by 32.0% in the second quarter and 6.8% in the third quarter of 2020. Imports of goods and services decreased in nominal terms by 30.2% in the second quarter and 3.2% in the third quarter⁴¹.

As unemployed persons are registered on the ESARNM information system according to the relevant regulation, the official number of unemployed persons recorded is affected by any amendments to the law setting down the rules and conditions governing the registration of unemployed persons.

The official number of unemployed persons increased by 47 486 between the March 2020 and the end of November 2020. Most of these people are from the processing sector, the wholesale and retail trade, and accommodation and service activities with food.

³⁵ <http://www.stat.gov.mk/pdf/2015/3.1.15.06.pdf> - last accessed in January 2021.

³⁶ <http://www.stat.gov.mk/PrikaziSoopstenie.aspx?id=31&rbr=13412> – last accessed on 15 March 2021.

³⁷ <http://www.stat.gov.mk/PrikaziSoopstenie.aspx?rbtxt=31> – last accessed on 15 March 2021.

³⁸ <http://documents1.worldbank.org/curated/en/752041603299573175/pdf/An-Uncertain-Recovery-North-Macedonia-Country-Note.pdf> – last accessed in January 2021.

³⁹ <https://data.oecd.org/industry/industrial-production.htm> – last accessed on 15 March 2021.

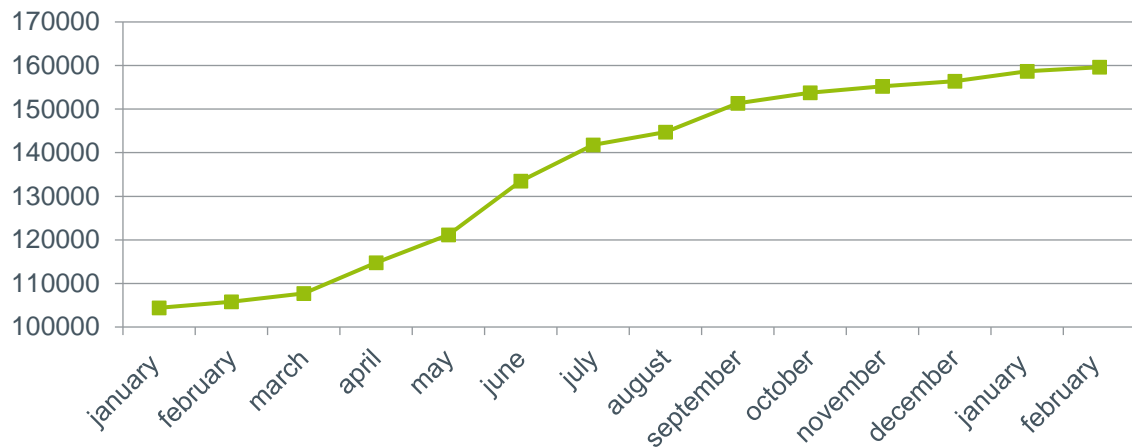
⁴⁰ http://www.stat.gov.mk/PrikaziSoopstenie_en.aspx?rbtxt=31 – last accessed on 15 March 2021.

⁴¹ <http://www.stat.gov.mk/PrikaziSoopstenie.aspx?rbtxt=31> – last accessed on 15 March 2021.

The number of unemployed persons recorded with ESARNM in accordance with the legal regulations marked an increase in the course of 2020, especially during the crisis caused by COVID-19 pandemic.

The total number of registered unemployed people by month in 2020 and the first 2 months of 2021 is presented in the figure below.

Figure 1: Total number of registered unemployed people by month in 2020 and the first 2 months of 2021



Source: ESARNM

Several causes contributed to the increase in number of registered unemployed. The Law on Social Protection stipulates that beneficiaries of guaranteed minimum income and all members of the household that are fit to work and unemployed, must regularly register with ESARNM as unemployed persons (active job seekers on a monthly basis).

To alleviate the impact of Covid-19 crisis, during 2020, the Government adopted multiple stimulus packages to support the economy and preserve as many jobs as possible. Furthermore, several decrees with legal force were adopted amending the Law on Employment and Insurance in Case of Unemployment, during a state of emergency, allowing people whose employment contracts were terminated between 11 March and 30 April 2020, to access unemployment benefits, irrespective of the duration of employment. Another Decree regulated the issue of payment cards for buying Macedonian products and entitlement criterion to exercise required the beneficiary to register with ESARNM as unemployed person – active job seeker.

The same measure for payment cards for boosting consumption also included the category of ‘other persons looking for job’ who were registered with the Employment Service Agency, which additionally contributed to the increase in the number of unemployed persons.

It is worth mentioning that since the outbreak of the COVID-19 crisis, in line with legal provision to prevent virus spread, the ESARNM suspended the requirement for unemployed persons to regularly apply every 30 days, respectively every 6 months for monetary compensation beneficiaries and social welfare beneficiaries.

All the above-mentioned laws and legal amendments, decrees, instructions, recommendations and measures adopted by the Government of Republic of North Macedonia to provide social support and protect jobs had a direct impact on increasing the number of persons recorded with ESARNM.

As of 31 December 2020, ESARNM recorded 156 432 unemployed persons (active job seekers) and 89 211 other persons looking for job (passive job seekers).

Despite COVID-19 crisis challenges, ESARNM continued performing its current functions, including the realisation of the active employment programmes and measures defined by the 2020 Operational

plan for active employment programmes and measures and labour market services, as well as the implementation of the Youth Guarantee scheme.

Regarding the inflow of unemployed persons due to termination of employment, on 31 December 2020, a total of 17 026 unemployed persons were recorded whose employment termination, i.e. mandatory social insurance deregistration, took place after 11 March 2020.

Employment termination numbers breakdown are as follows: 7 027 persons (41.3%) due to expiration of the fixed-term employment period, 3 974 persons (23.3%) due to mutually agreed termination of employment, 2 246 persons (13.2%) due to employee resignation, 1 378 persons (8.1%) due to layoffs as a result of business reasons (technological, economic, organizational and similar changes), 1 201 persons (7.1%) due to dismissal by the employer, 392 persons (2.3%) due to bankruptcy – liquidation, 180 persons (1.1%) due to winding up of the employer's activities, and the remaining 628 persons (3.7%) due to various employment termination reasons (State Labour Inspectorate minutes of inspection, court verdict, etc.).

Breakdown of the figures according to the employer's dominant business activity are as follows: 6 053 persons (35.6%) from the processing industry, 3 311 persons (19.4%) from the wholesale and retail trade sector, 1 442 persons (8.5%) from the sector of accommodation facilities and food service activities, 960 persons (5.6%) from administrative and support service activities, 954 persons (5.6%) from the construction sector, 767 persons (4.5%) from the transportation and storage sector, while the remaining new numbers of unemployed persons due to employment termination are from other business activities.

Breakdown of the inflow of unemployed persons due to employment termination according to the level of education is: 9 382 persons (55.1%) are with finished secondary education and incomplete secondary education, 4 565 persons (26.8%) have no education or have primary education, and 3 079 persons (18.1%) have higher education or higher vocational education.

By age, 7 687 persons (45.2%) were aged between 30-49 years, 5 539 persons (32.5%) over the age of 50, and 3 800 persons (22.3%) were up to 29 years of age.

Women aged 15-29 who have not completed secondary education are at the highest risk of losing their job. The number of registered unemployed young people aged 15-29 years in March 2020 was 22 404, i.e. 20.8% of the total number of people registered as unemployed. That percentage in November was 23.9%, i.e. an increase of 3.1%. This makes this age group the most affected group in the labour market.⁴²

The total number of unemployed women in March 2020 was 52 331, or 48.6% of all people registered as unemployed. That percentage in November 2020 was 50.1%, an increase of 1.6%, showing that women are more severely affected by the pandemic than men.⁴³

The share of youth 'Neither in Employment nor in Education or Training' among the total youth population in the country declined from 2017 (24.86%) to the record low level of 18.1% in 2019.⁴⁴ It seems that this is the result of the Youth Guarantee being implemented throughout North Macedonia in 2019. However, it seems that the situation changed in 2020.

Expectations are changing as the pandemic situation unfolds. After the initial optimism for a quick recovery, pessimism was prevailing again at the beginning of March 2021. The lack of vaccines and the uncertainty about the duration of the pandemic are contributing to the rising pessimism.

⁴² <https://av.gov.mk/pregled-na-evidentirani-nevroboteni-lica.nspix> – last accessed on 16 March 2021.

⁴³ Ibid.

⁴⁴ International Labour Organization, ILOSTAT database. Data retrieved on 18 March 2020 – https://www.ilo.org/shinyapps/bulkexplorer20/?lang=en&segment=indicator&id=EIP_NEET_SEX_RT_A-SDG_8.6.1

2.2 Changes to the provision of ALMPs in response to the COVID pandemic

On 20 September 2020, the Government of the Republic of North Macedonia and the European Commission signed amendments to the Financial Agreement for the Annual Action Programme for the Instrument for Pre-accession Assistance (IPA 2020). The changes introduce the new Action 'EU Support for Social and Economic Resilience of North Macedonia' within the sector 'Competitiveness, Innovation, Agriculture and Rural Development'.

According to the agreement, two active employment measures are envisaged, aiming to mitigate the negative impact of the COVID pandemic on the socio-economic life of the country by creating jobs and helping the economy. This is the first time that ESARNM, as an institution, has implemented such support measures, i.e. those aimed at direct employment, with direct support from the EU. This quick response to the crisis was followed by a review of the OP 2020 and the introduction of two new measures:

- Support for self-employment – entrepreneurship and formalisation of existing businesses;
- Employment and growth of legal entities that create new jobs in conditions of COVID 19.

The novelty of these programmes was that they targeted people who lost their jobs after March 2020 and are more flexible⁴⁵. These programmes were supposed to be implemented in 2020, but this was postponed to 2021

However, the new OP for 2021 was adopted and several changes from the initially planned activities have been made.

The scope of the measure 'Employment and growth of legal entities' is reduced to 226 people compared to the 600 originally planned. In addition to unemployed people who have lost their jobs after the outbreak of the pandemic, young people up to 29 years of age who are beneficiaries of guaranteed minimum assistance are eligible for this measure. There is a change in the amount of the financial support for new employment, which instead of EUR 4 000-20 000 euros depending on the number of new jobs, is now EUR 7 500-16 000.

The measure that was introduced in the revised OP 2020 'Support for self-employment – entrepreneurship and formalisation of existing businesses' does not exist in OP 2021. However, the measure 'Support for self-employment – entrepreneurship' gives a certain flexibility to interested unemployed people who lost their job due to COVID-19, as they can apply for businesses in areas such as agriculture, financial and insurance activities, transport, and others.

The new OP 2021 also has a new programme 'Training and employment of persons providing community care services for persons with disabilities and persons with chronic illness in the community'. ESARNM also notes a number of changes in how the training is delivered, and an increase in online training.

The Programme for Support of Self-Employment was also adapted. The programme consists of an initial assessment of interested candidates through a questionnaire, training and advisory support leading the development of a business plan, followed by an assessment and support for company registration and financing. For all individual items, the applicants received a certain number of points, which were summarised, and the project applications were ranked. The points for participation in training were also evaluated and added to the total points obtained on different bases. In pandemic conditions and in accordance with the legal restrictions, it was decided that the training should not be as a mandatory part and would not be evaluated. However, the interested candidates had the option to attend the non-compulsory online training. This decision was made because that there was a

⁴⁵ Source: ESARNM Focus Group interview held on 27 December 2020.

possibility that not all candidates could attend the training online, i.e. ESARNM was unsure whether the online training would be available to all, and some candidates would not be on an equal position with others. The online training was conducted by UNDP, and the preparation of the business plans that started in August 2020 was assisted by the APPRNM (Agency for Promotion of Entrepreneurship of the Republic of North Macedonia) through a voucher system.

Training for occupations demanded on the labour market started to be implemented before the pandemic outbreak in early 2020. Due to the sanitary measures due to COVID-19 and respecting the training deadlines, it was agreed after consultation with the verification stakeholders that the training would be conducted online wherever possible. A significant part of the theoretical training and a smaller component of the practical training were conducted remotely. Final exams were also conducted remotely in a significant number of cases⁴⁶. UNOPS supported these programmes.

According to a ESARNM focus group, the general assessment is that the training provider market has become more diverse in terms of types of occupations. Various other training measures were also adapted for online delivery.

2.3 Changes in the PES delivery model

Following the recommendations of the North Macedonian government, protection measures were taken. ESARNM therefore responded quickly to reduce the number of physical contacts – both among employees and between employees and clients – and to reduce office density, amongst various other tactical measures and changes. It is noted that there was more pressure in certain job positions, and therefore increased mutual cooperation among employees came higher on their agenda. A significant proportion of employees also worked remotely most of the time. Furthermore, the state has granted special leave to categories of workers considered more at risk. With reduced capacity, ESARNM managed to maintain face-to-face desk-based contact with clients, partially because some clients have no digital skills.

Despite all the threats, ESARNM did not introduce a temporary closure of its premises to the public, and no front-desk offices were closed.

ESARNM also communicated more frequently with training providers and all business partners, often remotely through different platforms. This meant bringing new and adequate solutions to protect all involved in the affected ESARNM activities.

This all had positive effects on ESARNM's operations, and ESARNM is satisfied with its achievements. All services, such as mediation profiling and motivational training, have been delivered successfully despite the crisis. Group activities and training decreased somewhat. The Operational Plan 2020 has been achieved with 94.5% of activities completed despite the crisis, which is actually a better result than 2019, when the percentage was 92.62%⁴⁷.

ESARNM requested 35 new staff, not only due to COVID-19 but also due to other reforms, such as amendments to the law on social protection that carry new responsibilities and obligations. Approval for the new posts has been obtained, and these posts are expected to be established in 2021.

ESARNM is also being restructured and a new Youth Guarantee Unit (YGU) is being set up to coordinate youth counsellors. New YGU members are ESARNM employees working in other units.

Due to employee health and safety recommendations, ESARNM did not continue with the ordinary registration of unemployed people who registered with ESARNM before mid-September 2020, as all of them were automatically re-registered. However, employees who wanted to register for the first time,

⁴⁶ Source: ESARNM Focus Group interview held on 27 December 2020.

⁴⁷ Written information by ESARNM to the National Consultant.

people who lost their jobs and people who wished to re-register after a period of inactivity, had to come to ESARNM in person to register. Due to the legal obstacle, i.e. the need for personal presence with a valid ID card, online registration for unemployed people underdoing ordinary registration was not an option, so their status was renewed automatically.

2.4 Changes to policy priorities

The Ministry of Labour and Social Policy has two top priorities in the time of COVID-19: preserving every job and protecting the most vulnerable categories of citizens to bridge the COVID-19 pandemic in the most painless way⁴⁸.

Policy goals have changed in response to the crisis. Before the crisis, the main focus was on job creation, while during it, focus has been on job preservation and employee health.

A new Employment Strategy for 2020 and beyond is being prepared, defining medium and long-term reform policies that should contribute to job creation with a focus on vulnerable people. New labour market forecasts will be developed. An Action Plan including specific measures will be prepared for the operationalisation of the Strategy.

A new target group to be addressed is unemployed people who have lost their jobs since 11 March 2020. Two new measures have been introduced targeting this group, by revising the OP 2020. However, in the new OP 2021, only one of the planned measures was adapted ('Employment and growth of legal entities'), while instead of the measures 'Support for self-employment – entrepreneurship and formalisation of existing businesses' and 'Support for self-employment – entrepreneurship' give a certain flexibility to interested unemployed people who lost their jobs due to COVID-19.

The target group is people who obtained monetary compensation in accordance with the adopted decree with legal force for the application of the law on employment and insurance in case of unemployment. This refers to people whose employment was terminated between 11 March to and 30 April 2020. Most of those workers lost their jobs due to redundancy or bankruptcy, but the law now also covers people who became unemployed due to their employment contract being terminated by agreement.

Young people up to 29 years of age, and in some cases 34; women; Roma; and people with disabilities remain high on the policy agenda. The new programmes aim for least 30% of participants to be young people up to 29 years old; 50% women; and 2% people with disabilities. The situation is very similar to other ALMMs. The data that ESARNM publishes very often shows the progress of these groups.

New programmes from the OP that should have been implemented in 2021 *give preference to companies of a certain size and in specific sectors*. The measure *Employment and growth of legal entities that create new jobs in conditions of COVID-19* focuses on micro- and small enterprises that employ up to 20 people and companies with at least 20% lower revenues in the period March-August 2020 compared to the same period in 2019 or compared to the average monthly revenue in 2019 (total revenue for 2019 divided by 12).

The measure *Support for self-employment – entrepreneurship and formalisation of existing businesses in terms of COVID-19* intended to focus on unemployed people who worked in the hardest-hit sectors: the processing industry, the wholesale and retail trade, accommodation facilities, food service activities, catering, tourism and transport, and who lost their jobs during the coronavirus crisis in or after March 2020.

⁴⁸ https://www.mtsp.gov.mk/pocetna-ns_article-ministerkata-shahpaska-na-konferencija-socio-ekonomsko-vlijanie-od-kovid-19-vo-severna-makedonija-za-nspX – last accessed in January 2021.

The new OP 2021 also has a new programme targeting skills development: 'Training and employment of persons providing community care services for persons with disabilities and persons with chronic illness in the community'.

2.5 A critical perspective on ALMPs in North Macedonia

2.5.1 Programme beneficiaries

The MLSP and ESARNM focus their initiatives on the most vulnerable categories of unemployed people. These are young people, the long-term unemployed, women, people with disabilities, and – specific to the pandemic – workers affected by the COVID-19 crisis. ESARNM engages its staff in activating and improving the employment prospects of these vulnerable categories of people, while at the same time it implemented three projects funded through the IPA instrument and directly aimed at employing young people, the long-term unemployed and women.

The majority of ESARNM programmes target vulnerable groups and the overall results have been encouraging, such as the results of three EU-funded projects to support the employment of vulnerable categories of unemployed people. Almost all target numbers for unemployed people who participated in various ALMMs were achieved, while targets increased from project to project, with a success rate of more than 90% and the goals for improving ESARNM ALMM deliveries were met. However, the initiatives have been less successful with some of the most vulnerable people within specific target groups. This is due to the generic definition of 'vulnerability' in various LM measures. This can result in one-dimensional eligibility criteria, such as all long-term unemployed people, women, Roma and young people, thus encompassing a relatively large population segment. This is because of the need to demonstrate good results and efficient spending of financial resources; therefore, the focus is on 'creaming' i.e. approaching the least 'problematic' population within a one-dimensional definition of the target group. Introducing multi-dimensional target groups and designing such measures would be very useful in enabling better targeting.

2.5.2 ALMP design and effectiveness assessment

The Operational Plan lists and elaborates all measures and services. It has been prepared every year since 2007. Over time, interventions have been improved and adapted to changing conditions. The three projects to support the employment of vulnerable categories of unemployed people have had a great impact on this, adding rigour and precision in certain activities. Over time, the target numbers of participants and the basic activities in the measures and services themselves have been improved.

The IPA project 'Support to the employment of young people, long-term unemployed and women I' was a EUR 1.3 million project that was implemented for about 2 years between 2011 and 2012. It had three components: Internship as a support for the first employment of young people up to 27 years old, General skills training, and Training for skills required in the labour market. This is the first project that ESARNM implemented. For that purpose, a team of professionals were hired. This turned out to be a highly resourceful idea, because in some areas the design of the project – such as 1 to 2 coordinators overseeing a team of 120 training experts and more than 6 000 trainees across the country – was a big challenge. From the lessons learned on this project, the approach was improved into the second and third projects. The project established new partnerships, such as a memorandum of understanding with many public schools across the country that provide space for certain training. The partnership was adapted and improved later. The internship components established certain procedures and defined the most critical checkpoints.

The project 'Support to the employment of young people, long-term unemployed and women II', which was run between 2015 and 2017, was financed by the EU under IPA Component IV. The value of the project was about EUR 2 million. The overall objective of the project was to integrate young people, the long-term unemployed and women into the labour market. The project's activities contributed to

improving the employability of unemployed young people, long-term unemployed people and women by increasing their competences, knowledge, skills and attitudes. With the acquired body of knowledge, the internship component could focus on a larger target population and polishing procedures. The realised targets exceed the plans. Training courses for occupations in high demand on the labour market were of great interest among the unemployed, although finding eligible and quality providers was a challenge.

The project 'Supporting Employment of Young People' was implemented for 1 year (2017-2018). The project had 4 components: internships as a support for the employment of young people up to 29 years old; training for skills demanded on the labour market; entrepreneurship training; and counselling and job search skills training for different categories of jobseekers. The lessons learnt from the previous two projects allowed for a better design of the project, and consequently to implement the activities in a relatively short period.

All three projects were extremely successful and the targets were met with more than 90% participation, meaning that in each of them, several thousand people in vulnerable categories gained employment skills. The internship component was extremely successful, and a large number of interns were employed before the projects had even been completed.

The project 'Activation of vulnerable groups in the labour market' will run for 36 months and began on 20 September 2019. The total budget of the project is just over EUR 4 million, of which EUR 3 million derives from a grant provided through IPA2. The overall goal of the project is to reduce long-term unemployment and dependence on a guaranteed minimum income by effectively integrating vulnerable groups, especially guaranteed minimum income recipients, into the labour market through their involvement in specialist skills development programmes and services. The project has 2 components: a counselling and motivation programme and an employment support programme through training.

As mentioned above, North Macedonia is the first non-EU Member State to have started implementing the youth guarantee as a measure to increase the employability of young people. The Youth Guarantee Scheme started in 2018 as a pilot process in three employment centres, while a large-scale roll-out followed in 2019. In 2018, 5 266 people joined the Youth Guarantee Scheme, of whom 1 879 were employed. In 2019, according to the ESARNM Yearly Report, the Youth Guarantee included 20 302 unemployed persons, of whom 51.7% were women. 6 036 were employed, while 1 177 unemployed people were included in some of the active employment measures that did not lead to direct employment. The threshold success rate was defined by a figure of at least 30% young people who, within 4 months of entering the Youth Guarantee, are employed, continue education or are involved in any of the active employment programmes and measures. According to this data, the Youth Guarantee Scheme has a 35% success rate. Of the total number of young people who were employed:

- 470 were employed through employment mediation;
- 467 were employed through some of the active employment measures, including 262 through subsidised employment and 190 through financial support for new jobs;
- 76 were employed as founders or managers of a company.

For 3 406 young people, there is no data as less than 4 months had passed since their entry into the Youth Guarantee Scheme when this report was drafted. Of the 1 177 unemployed persons included in some of the active employment measures that did not lead to direct employment, the internship is the most frequent, with 833 persons.

Of all the young people included in the Youth Guarantee, 11 068 (or 55%) received the services provided by ESARNM. Career counselling was implemented for 1 006 young people, while 3 913 individual employment plans – IPV1 for hard-to-employ young people and IPV2 for easy-to-employ young people – were developed. 148 young people were involved in motivational training, while 302

were supported in developing their CVs. 1 078 young people were given information about the labour market.

During the current crisis, ESARNM has increased operational interaction with key players for consultations and adjustments to training deliveries.

2.5.3 ALMP success criteria

Success criteria can be analysed on a variety of grounds. ESARNM has a good overview of the situation regarding the employment status of the ALMP participants after their participation in ALMPs. For the majority of measures and services, their success should be determined on three levels: i) in the short term, it is very important to measure what percentage of participants successfully completed the course, because it is unrealistic to expect them to gain employment in a short period of time; ii) the longer-term framework applies to a percentage of employed candidates after participating in certain measures; iii) a multi-year framework would enable deeper analysis of the success of interventions. Of course, this approach to determining success cannot be applied everywhere, because certain measures require a certain percentage of candidates to gain employment immediately after the training, and in some cases candidates work part-time because they do not want a permanent job. While the first two approaches are common in ESA operations, the multi-year framework is rarely observed. In order to obtain a complete and precise picture, each measure and service should be analysed separately.

The internship measure began to be implemented before 2010 with a few dozen candidates. During the project 'Support to the employment of young people, long-term unemployed and women I', the goal was 500 internships. In 2017 this number was increased to 1 000, and in 2018 to 1 500. This number has stabilised and become an annual standard from that period onwards. In addition, various relevant elements surrounding the measure were improved, such as a new law for this purpose and certain improvement adjustments. The Law on Internships regulates some elements for the successful implementation of internship programmes and prevents misuse, thus ensuring more efficient investment of public funds. It defines the number of interns a company can engage according to the number of employees and restricts the number of employees who can be changed out during the internship period, and defines the obligation for paying fees, the internship timeline, the need for a mentor, etc. The number of employees governed by these measures sometimes exceeds 50%, although employers are not obliged to hire anyone.

Training for a known employer is a similar measure to an apprenticeship. A requirement for employers to employ 50% of the candidates who participate in this measure has limited interest among employers, and about 500 candidates now participate annually.

The 'Training for occupations demanded on the labour market' scheme⁴⁹ has great potential, and interest in these programmes should increase because ESARNM has chosen relevant courses. Courses are usually selected through a consultation of documents such as the labour market analysis conducted by ESARNM, followed by consultation with an appropriate chamber of commerce. However, there are many challenges, the most pressing of which are finding a quality provider and training coverage throughout the country, and for some of the courses creating a full-size group, which is usually needed at local level for the course to be cost-effective and to be implemented. Participants usually complete the courses that they start; their dropout rate is very low.

ESARNM also conducts state-of-the-art, expensive IT training. The percentage of candidates who complete these programmes is not as high as for others due to the fact that the assessment process is very strict, usually performed by licensed organisations and the diplomas obtained are internationally

⁴⁹ Some of the training schemes under the 'Training for occupations demanded on the labour market' scheme are: masseur, make-up artist, accounting clerk, caregiver, solar panel installer, argon welder, catering services, specific construction occupations, etc.

recognised. There are also challenges in measuring success, because participants do not usually want regular employment, as the salaries in the public sector and parts of the private sector are not very high, while part-time work for foreign companies is much more rewarding. This makes it difficult to monitor the success of this measure. It may be of strategic importance to develop adequate monitoring schemes.

ESA prepares annual work plans and annual performance reports. A good information system facilitates this and provides a good overview of the employment status of people participating in ALMMs. However, for the purpose of deeper analysis and to evaluate the success of some measures, data must be analysed over a period longer than one year. Unfortunately, such analyses are very rare and mostly refer to EU-funded projects.

In 2019, 10 629 unemployed people were included in some of the active measures provided by ESARNM, and 3 388 candidates were coached by ESARNM advisors.

2.5.4 Institutional framework

The institutional framework in the labour market sector has two major stakeholders. These are the MLSP and ESARNM. The MLSP coordinates the processes of developing employment strategies, policies and plans, while ESARNM has an important say in this process.

ESARNM conducts a number of VET programmes. According to the regulations, the training providers, premises and trainers, as well as the content of the training, must be approved and verified by the state. The CAE and the MES have a role to play in the verification process. Public VET schools should undergo the verification procedures for the courses in order to become providers of VET training funded by ESARNM. However, not many schools have verified programmes, as they consider the process difficult and sometimes, it seems, lack motivation.

The efficiency of this structure depends upon regular and effective communication between various institutions: the state, NGOs, relevant chambers of commerce and various training providers. ESARNM leads the dialogue by regularly communicating on various operational consultations for selecting specific training courses that will be offered to the unemployed. Representatives of chambers of commerce and trade unions are members of the ESARNM Steering Committee and the steering committees of the EU-funded projects that ESARNM implements.

2.5.5 Assessment of the employment and skills ecosystem

The ecosystem before the pandemic was unfavourable, and the pandemic further worsened the situation. A skills deficit and lower levels of learning are widespread and represent a great challenge.

According to the ETF, employers complain that they cannot find people with the necessary skills. The World Bank has attributed this to a large number of programmes being too theoretical with little practical relevance, asymmetry of information – as many students enrol in programmes with little market value – and outdated curricula across many programmes.

Results from international student assessments reveal a significant improvement in 2018. Although this is one of the areas with the highest growth compared to the previous PISA measurement, the numbers remain poor and far below the OECD average. Students from secondary VET schools in all three cognitive areas achieve results about 60 points lower than students in secondary school classes. The highest levels of thinking were achieved in only 45 per cent of students in 2018.

In addition to this, a UNICEF survey from July 020 found that almost 77 per cent of teachers could not maintain regular communication with students during distance learning and about 80 per cent of parents had difficulties supporting them.

To complete the picture, it should be stated that although the number of unemployed people is constantly falling, it is still very high, with the grey economy and undeclared work being a significant

challenge in the country. Some of the larger companies, and those operating in technological and industrial development zones, provide in-house training in which they invest significant funds.

All this leads to a conclusion that the framework of the employment and skills ecosystem is very loose. The strategies for skills and future recovery must combine education with practical training. In this context, partnerships between the MES, the MLSP, ESARNM, academia, industry and other stakeholders should be strengthened. The scope of cooperation started with the practical placement of students, but VET is a mutual responsibility and cooperation must extend to enrolment policy, financing, research and innovation.

The practical component and dual education in VET schools needs to be strongly strengthened. The growing emphasis of work-based learning and the reform of the TVET (technical and vocational education and training) curricula should be rolled out across all TVET programmes. Social partners must support and accommodate the growing number of students in their facilities, but also invest in the schools.

Professional orientation in schools is carried out by professional associates, usually consisting of an educator and a psychologist. The system seems to need serious improvement. The system for career development of professional associates that has been announced could result in progress being made.

The public VET school network needs to be re-evaluated as the network is inefficient. The most challenging situation is with schools in smaller towns cities having secondary school and VET classes. Usually most of the classes are secondary school level and there are few classes for VET, which means that one teacher teaches many subjects. These schools usually have no appropriate facilities. Enrolment policy should be devised in close cooperation with social partners. The operationalisation of regional VET centres should also be supported.

A resilient ecosystem means shared rights and responsibilities in every aspect of providing workers with adequate skills.

3. PATHWAYS TO RECOVERY

3.1 Projections for the post-COVID impact

In 2020, macroeconomic and financial stability was maintained thanks to skilful policy management, as well as overall accommodating financial conditions⁵⁰. However, an economic downturn is expected. Estimates of autumn 2020 are changing over time and are generally becoming more pessimistic. For 2020, the World Bank estimates a decline of 4.1% while the IMF estimates a decline of 5.4%. This decline according to the NBRNM is due to:

- weaker domestic investment by the private and public sectors;
- a fall in private consumption of about 4% due lower disposable household income, amid unfavourable shifts in the labour market and smaller private transfers, as well as precautionary savings;
- an 11.7% decline in exports due to reduced foreign demand and temporary stagnation in global supply chains;
- reduced private and investment demand, resulting in weaker import pressures – i.e. imports are expected to decrease by about 12% compared to 2019.

The latest forecasts for growth range from the most pessimistic from the World Bank, with an estimate of 3.6%, to the most optimistic scenario from the IMF, which expects growth to be 5.5%. The National Bank's forecasts are in the middle at 3.9%. These forecasts were made in autumn 2020 when there was optimism for a quick response to the pandemic crisis. However, at the beginning of 2021, pessimism returned strongly, due to the delayed vaccination campaign and uncertainty as to how long the pandemic will last. Economic growth projected in 2021 is expected to be supported by all sources of growth, with domestic demand making a positive contribution. Expectations are aimed at increasing the propensity for consumption. Household consumption would also be supported by the growth of income and solid lending activity by banks. The Governor of the NBRNM expects increased investment activity due to the growth of corporate lending, the strengthening of state infrastructure projects, the stabilisation of the global economy, the growth of exports and increased foreign direct investment.

Inflation remains low and stable, despite the shock caused by the pandemic. The external position of the North Macedonian economy is moderate, with current projections for the balance of payments pointing towards growth in foreign currency reserves in the projection period⁵¹.

According to the National Bank of North Macedonia's press release 'Presentation: revision of macroeconomic forecasts – November 2020'⁵², the forecast assumptions for the North Macedonian economy relate to weaker foreign demand in 2020 and a more moderate recovery in the next few years.

⁵⁰ <https://www.imf.org/en/News/Articles/2020/11/19/pr20347-north-macedonia-imf-staff-concludes-virtual-visit> – last accessed in January 2021.

⁵¹ <https://www.nbrm.mk/ns-newsarticle-soopstenie-11122020.nspix> – last accessed in January 2021.

⁵² <https://www.nbrm.mk/ns-newsarticle-soopstenie-07122020-en.nspix> – last accessed in January 2021.

3.1.1 Predicted structural adjustment and disruption in industries and occupations

In July 2020 the Commission, on behalf of the EU, signed a Memorandum of Understanding with North Macedonia to pave the way for the disbursement of EUR 80 million in macro-financial assistance *(MFA). This is the first MoU signed as part of EUR 3 billion MFA package that the Commission proposed for ten enlargement and neighbourhood partners to help them limit the economic fallout of the coronavirus pandemic. For North Macedonia, the policy conditions for a EUR 160 million MFA programme relate to strengthening fiscal governance and transparency, the fight against corruption, enhancing financial sector supervision, improving the business environment, and tackling youth unemployment.

MFA funds are made available in the form of long-term loans on highly favourable terms. The funds will contribute to enhancing macroeconomic stability and creating space to allocate resources towards mitigating the severe negative socio-economic consequences of the coronavirus pandemic. The MFA programme for North Macedonia is worth up to EUR 160 million⁵³.

In April 2020, under the Rapid Financing Instrument⁵⁴, the IMF approved the disbursement of EUR 176.53 million in emergency financial assistance to North Macedonia to help it cope with the COVID-19 pandemic. This IMF assistance will help finance the health and macroeconomic stabilisation measures and meet the urgent balance-of-payments needs arising from the COVID-19 outbreak. The support is expected to have a catalytic effect in helping secure additional official, as well as market financing, to close the fiscal gap and ease the pressure on our balance of payments in 2020.

By the end of April 2020, the World Bank had approved EUR 90 million in financing to support North Macedonia's efforts to prevent, detect and respond to the threat posed by COVID-19, strengthen national systems for public health preparedness, and help mitigate some of the social consequences of the pandemic. It includes financing temporary income support for eligible individuals and households to enable them to comply with the social distancing measures by social assistance through cash transfers to vulnerable households affected by the economic consequences of COVID-19 and the provision of food and basic supplies to quarantined individuals and households affected by the virus. Additionally, it will finance temporary unemployment insurance through the provision of a cash benefit for those who have lost their jobs due to the crisis⁵⁵.

In addition to this emergency project, there is a plan to spend up to EUR 50 million from an emergency funding mechanism that is embedded in the recently approved Local Roads Connectivity Project. This mechanism provides for the fast -disbursement of funds that will be used to support viable micro-, small and medium-sized enterprises.

Micro-entities employ a total of 123 369 people⁵⁶ –is about 16% of all employees – and are financially very weak and vulnerable. It is likely that they will be one of the hardest-hit classes of businesses. The government has designed 5 sets of economic measures, some of which are aimed at micro-entities.

The lockdown, social distancing and closures of many stores will have a negative impact on the wholesale and retail trade, which will lead to a negative impact on the collection of budget revenue.

⁵³ MFA is part of the EU's wider engagement with neighbouring and enlargement countries and is intended as an exceptional EU crisis response instrument. It is available to enlargement and EU neighbourhood countries experiencing severe balance-of-payments problems. It demonstrates the EU's solidarity with these countries at a time of unprecedented crisis.

⁵⁴ The RFI provides rapid financial assistance to member countries facing an urgent balance-of-payments need, without the need for a fully fledged economic programme or reviews. Financial assistance under the RFI is provided in the form of immediate disbursements.

⁵⁵ <https://www.worldbank.org/en/news/press-release/2020/04/30/world-bank-supports-north-macedonia-in-managing-and-mitigating-the-impact-of-COVID-19-coronavirus> last accessed in January 2021.

⁵⁶ State Statistical Office – Structural business statistics, 2017 – final data.

In the field of tourism and catering, the number of tourists in October 2020 decreased by 65.1% compared to October 2019, while the number of overnight stays decreased by 59.7%. In the period of January to October 2020, compared to the same period of the previous year, the number of overnight stays decreased by 47.2%, with the number of overnight stays by domestic tourists decreasing by 14.1% the number of overnights stays by foreign tourists decreasing by 84.1%.

For the construction sector for the period of January to September 2020, the total value of contracted construction works abroad was 17.0% lower than the same period in 2019, while the value of completed construction works was 51.2% lower.

The analysis of job vacancies by occupation during the first three quarters of 2020⁵⁷ shows that vacancies in the second quarter in the occupations employing the most people decreased, while in the third quarter they returned to the approximately same level as in the first quarter. The situation is similar with other professions. Technicians and associate professionals note a continuous downward trend, while the number of skilled agricultural, forestry and fishery workers dropped sharply in the third quarter.

3.1.2 The potential impact of COVID on future employment and skills needs

The COVID-19 pandemic has had a strong influence on required critical skills. The growing need for workers with digital skills is most pronounced, especially in the field of management and working with various social platforms and digital tools.

COVID-19 also contributed to the flexibility of demand and the need for distance work. It is expected that more and more companies will look for workers to work from home or on a specific task. An increase in the number of contracts with flexible working hours is also expected.

This will also mean a change in how workers are monitored. Working with digital tools also means monitoring the work through digital tools, i.e. introducing and using various performance management electronic systems. Employers' and organisations' reputations will depend to a large extent on how they behaved during a pandemic. Health professions are also very much in demand.

Each year, ESARNM conducts a labour market survey, which serves as a basis for defining active measures. The survey is carried out on a sample of 3 000 private sector employers and aims at providing short-term indicators showing employers' expectations regarding new employment and the skills workers should possess in order to be competitive on labour market. The survey research results serve as basis for creating active employment programmes and measures aimed at improving the skills of the unemployed persons to make them more competitive and creating conditions for better functioning of the labour market by matching skills supply and demand and foster skilled workforce.

In 2020, the survey research was carried out in context of health and economic crisis caused by the Covid-19 pandemic. The employers felt the negative impact of the pandemic through reduced orders for production, challenges in transportation and production material supply, as well as reduced consumption on domestic and global markets. The restrictive measures for protection against Covid-19 slowed down or put on hold the production processes and reduced the revenues of employers.

When asked whether and in what way the Covid-19 crisis reflected on their operations, i.e. what impact had the crisis on their revenue from demand of their products/services, 44.2% of respondent employers answered they experienced reductions in revenue (from 20% to 50%), insignificant reduction in the revenue was the case with 35.5% of the respondent employers, while 20.4% of the respondent employers experienced significant revenue reduction (over 50% reduction).

In respect of the type of activities undertaken by the employers themselves to preserve jobs during Covid-19 crisis, the survey showed that all employers did undertake certain activities. In times of

⁵⁷ Author's own calculation based on information from State Statistical Office.

reduced volume of work, most of employers resorted to reducing working hours, i.e. reducing the working time and introducing shift work. A relatively large number of employers made changes in the way they approached their clients (for example, they switched to online selling), then shifted to a different mode of operations, such as working from home, whenever the nature of the business allowed for such working modality. A large number of employers also made changes to their production/offer of products, switching to manufacturing of products that were more in demand during Covid-19 crisis.

The sector analysis shows that in one of the hardest-hit business sectors – accommodation facilities and food service activities - the employers resorted to reducing the working hours and changing the access to clients in order to save jobs. The majority of the employers in the sector of information and communications, and the sector of professional, scientific and technical activities, resorted to working from home.

In conclusion, the activities most affected by COVID-19 are the processing industry, trade, transport and storage, accommodation facilities and food service activities. Employers reported the introduction of part-time, shift and online work; and work was carried out at home whenever physical presence was not required.

Regarding the expected need for staff for the next period, employers reported a similar situation to last year, i.e. high demand for developers, economists, managers, medical doctors, civil engineers and system administrators. For workers with a lower level of education, demand varied from administrators to commercialists and quality control workers. Skills in demand in the forthcoming period include IT skills, distance selling skills, etc. This is a change compared to the previous year.

3.2 Main findings

Following a period of constant GDP growth, North Macedonia is experiencing a decline in the economy, which is bigger than during the conflict in 2001. The COVID crisis declared on 11 March elicits a need for urgent intervention in all spheres of life and work. By advising, communicating and concluding various types of agreements with international health and financial institutions, the authorities deployed a rapid and internationally coordinated response. This was followed by an increase in funds allocated to health institutions and funds to support vulnerable categories of citizens and vulnerable sectors of industry. All of this was accompanied by reductions in central bank interest rates as a measure to support the economy. It is clear that the economy has declined, but this has still had only a moderate impact on unemployment.

The IT information system is a great asset and contributes to a great degree to appropriate planning, monitoring and evaluation of undertakings, at least in the medium term. The employment status of a person is recorded by registration of the establishment of employment, i.e. by registration in the compulsory social insurance of the employed person (M1 Form). It is also a great commodity, as it is possible to find out the employment status of an ALMM participant, which may serve to measure the effectiveness of measures and similar activities. The system also offers interactivity between jobseekers and employers, which is an essential requirement in order to be able to engaged in the EURES exchange of jobseeker profiles and job vacancies. However, the current IT system is not used deliver the training, counselling, or internal management aspects of ESARNM, such as self-assessment and similar. Incorporating non-formal education and training into the IT information system would have long-term positive effects. Further investment in human resources, equipment and organisational aspects are needed for services to be digitised.

Women, young people and people with low qualifications were the most affected groups by labour market shocks in 2020.

Two new measures⁵⁸ were envisaged to be implemented in the revised OP 2020, but were slightly adjusted in OP 2021, while several changes were made to the way in which training courses were delivered.

The main risks relate to the re-introduction of strict restrictive measures to prevent the spread of the virus, as well as the possible slower management of the virus than current expectations.^{59, 60} In December 2020, there was great optimism for a quick end to the pandemic. But by mid-March 2021, the situation had changed significantly. A very low vaccination rate, uncertain expectations about the arrival of vaccines, and the prospect of a longer duration of pandemic have quickly brought pessimism back into society.

In 2019, government debt stood at 41.9% of GDP. In Q3 2020, the budget deficit amounted to MKD 25.95 dinars, i.e. 3.8% of the GDP planned for 2020. In 2020, overall public debt is forecast to represent 59.6% of GDP and government debt 49.5% of GDP.⁶¹ With the stabilisation of the situation, it is certain that public debt will increase beyond 60%. However, the budget for the implementation of the Operational Plan for 2021 has also been increased.

⁵⁸ Support for self-employment – entrepreneurship and formalisation of existing businesses, and Employment and growth of legal entities that create new jobs in conditions of COVID-19.

⁵⁹ <http://nbrm.mk/ns-newsarticle-soopstenie-11122020.nspix> – last accessed in January 2021.

⁶⁰ Ibid.

⁶¹ OECD – THE COVID-19 CRISIS IN NORTH MACEDONIA – 31 January 2021.

4. RECOMMENDATIONS

The main and most effective tools for addressing the challenges generated by the COVID-19 crisis are active labour market policies and income compensation. The 94.5% implementation of the Operational Plan for Active Programmes and Measures for Employment and Services on the labour market for 2020, together with the measures taken by the Government of North Macedonia, are key for reducing lay-offs, preserving jobs and facilitating employment. The large number of ESARNM clients⁶² also led to keeping people connected to the labour market.

A **general approach** and recommendation in the support would be: accurate and informed identification of the target groups, application of different types of support for different target groups; the introduction of new measures or the alleviation of the existing ones by introducing more flexible criteria to have a larger and more relevant scope; an emphasis on the digitisation, administration and encouragement of new forms of employment poorly represented so far. Support for companies should be conditioned by the preservation of jobs. What should follow is a gradual reduction of state support and retention of innovations that have proven to be successful in the past, but also those that have strongly or modestly emerged as innovations, such as quick and effective consultation for adapting how measures are delivered, the online implementation of certain training courses, the simplification of scoring systems, and job rotation, while at the same time taking advantage of a better record in certain segments of the labour market in relation to undeclared work and the grey economy, since a large number of workers and companies have registered for benefits. Strong support for the continuation of the digitisation process, both for customers and for ESARNM itself, should also be a priority.

The various support measures for employees, the unemployed and firms affected by COVID-19 should be clearly and transparently targeted. The measures should be temporary, and this should be made clear to all beneficiaries. The financial measures must also be transparent and should not lead to any sector or profession gaining an advantage over another. The support should shrink gradually. If the crisis lasts longer than expected, the beneficiaries should be prepared for that. All this means the need for additional effort towards **integrated approaches** and closer cooperation among the government, its agencies and providers at national and local levels. At the beginning, there was a need for urgent intervention and a wider scope of consultations and implementation of social dialogue was not really possible, but as the crisis has progressed, it is more than necessary. The partners that should be included in the dialogue are the MLSP, the MES, the relevant chambers of commerce and trade unions, NGOs, private and public training providers, the representatives of the planning regions and municipalities. The MLSP should lead the dialogue and have an overview of the situation and understand the feasibility of certain actions, while representatives of the chambers of commerce and trade unions should identify and present the priorities. Regional challenges need to be taken into account, and therefore their representatives and the representatives of the municipalities should make more accurate modelling of the measures possible. This will lead to the development of a combination of services and measures to address direct barriers to job preservation and employability, as well as other challenges affecting job-readiness. It will also continue to play a critical role in the recovery process and will enable everybody to be on board.

In the operation of companies, some sectors are affected more than others. Adopting the **sector-specific approach, i.e. effectively targeting the design** of policy measures, would mean supporting the most at-risk economic sectors. On the other hand, micro- and small enterprises have been identified as the most vulnerable on several occasions. In determining the amount of financial support and designing the measures, companies should be divided into groups according to their economic sectors and their size, which should be the basis in the overall design of the support. This should also limit legal entities that have laid off a certain number of workers from being eligible for government support. This is applied to a significant extent in the new programmes that will be implemented in accordance

⁶² The analysis and preparation of the Report for 2020 is ongoing; this is the opinion of the employees.

with the OP for 2021: Employment and growth of legal entities and Support for self-employment entrepreneurship.

The government has been talking about digitisation for a long time, but the pandemic outbreak should serve as a catalyst for speeding up the **digitisation process**. The ILO has stated that PESs that invested in digitisation before the crisis were much better prepared to respond to the outbreak of COVID-19. ESARNM, customers and businesses must now embrace these trends. In the near future, it will be crucial to provide effective remote support to clients. Investing in service digitisation should be considered a priority for ESARNM. This will have a far-reaching impact on all involved. The Employment Service Agency of the Republic of North Macedonia's (ESARNM) information system is a modern system assembled from multiple subsystems, all developed with established technologies (Microsoft technologies using C# programming language) and offers interactivity with jobseekers and employers. The system is interoperable with other institutions and has a platform for data sharing, which make integration with EURES easier. Full integration between the ESARNM information system and EURES is possible and recommended.

The IT information system enables appropriate planning, but also monitoring and evaluation, of ALMMs. In this regard, one should mention the need to incorporate non-formal education and training into the IT information system, as this would have long-term positive effects on the labour market.

Beyond this, digitisation can encompass various internal ESARNM organisational issues, such as the digitisation of self-assessment processes, as well as most important and critical processes. It seems that many options lie ahead to be embraced for ESARNM to improve.

Digital technology also facilitates, and results in cheaper access to, high-quality training programmes at a time when there is a ban on meeting in groups and will prevent unemployed people from being excluded from new digital channels, or at least mixed-delivery training. ESARNM has repeatedly stated that training was conducted remotely wherever possible. Various online communication tools for free video calls and chats is a good low-cost solution for the provision of advice, job-matching, profiling, counselling and all sorts of relevant information and interaction with clients. This accumulates knowledge and experience that should continue to be used, so should remain an option even after the restrictions on meeting in groups have been lifted. Over time, the body of knowledge will increase and new free tools will be discovered. This is a great opportunity.

Online access to various types of training programmes and learning resources will increase the people's opportunities to learn and adjust. Public VET schools have adapted and are making steady progress on improving the learning process with a single adapted learning management system. Adapting the same LMS and connecting to VET schools in the medium term will bring many commodities and opportunities for all parties. It may also provide jobseekers with new open-source content that is relevant to a number of industries and sectors. Thousands of relevant materials may be accessible and free. If employers are included in the system, the opportunities will sharply increase.

IT professionals are in-demand occupations. The salaries of IT specialists are much higher than average salaries. ESARNM also conducts expensive and advanced IT training. Although all the analyses cite the need to conduct these training courses and the consensus on their usefulness is universal, there are still no adequate mechanisms for monitoring the candidates post-training, due to the fact that some of these people do not want regular employment. This can be of strategic importance, and the efforts of several ESARNM -led institutions could be focused on establishing monitoring schemes.

The new offer for **training programmes for unemployed** people for the next period is based on the results from the labour market analysis and consultations with the relevant chambers of commerce. However, for the following period, the offer should be expanded. In addition to the measures already identified, the expansion should include several more measures, such as expanding the scope of training for basic and advanced IT skills, where emphasis should be placed on communication programmes and digital platforms for online work. As for the measure 'Training for occupations

demanded on the labour market', the programmes considered should come as a result of ESARNM's labour market analysis and other relevant skills needs analysis.

Improving planning. A number of measures were intended for registered employees and registered legal entities. Many informal employees and companies that worked unregistered have registered to receive certain benefits. This is a good opportunity to legalise businesses and reduce undeclared work. This will give a better picture of the labour market situation and can improve both planning and targeting.

Improving targeting. Many of the measures and projects implemented by ESARNM have had excellent results, but also have one-dimensional eligibility criteria. Large population segments such as women, the long-term unemployed, young people, etc. are often mentioned as targets. But if we really want to reach out to the most critical groups, then maybe we should consider two-dimensional or multi-dimensional targeting, such as long-term unemployed women from rural areas.

Additional benefits for the most vulnerable. Measures have also been introduced to facilitate access to various benefits for companies and workers, and are particularly important in mitigating the crisis. In this context, additional benefits for the most vulnerable can be considered, such as prolonging unemployment insurance for pregnant beneficiaries or beneficiaries being trained or retrained, or supporting flexible work, such as part-time hours, flexible hours and the option to work from home.

Flexible labour market and short-term employment schemes. The COVID-19 crisis has contributed to the flexibility of a certain sector of the labour market in North Macedonia. It seems that a large number of companies reacted quickly and responded to changing conditions in the market by making modifications to its workforce. Several flexible, i.e. atypical forms of employment such as occasional work, on-call work, part-time employment, flexible work time, employment at home, etc., have emerged modestly. This means a more dynamic labour market on the one hand, while attention should be paid to the safety of workers on the other hand. A fine balance in this area is crucial for the labour market. Support for short-term employment schemes can have specific and positive effects, especially among the young unemployed population.

Mobile units. For the purpose of reaching vulnerable groups of unemployed people, the establishment of ESARNM mobile units to work with vulnerable groups should be considered. This could be implemented as a pilot project. The units would consist of an expert trained to work with that specific vulnerable group, and another ESARNM advisor. There are parts of rural areas, but also vulnerable categories from urban areas, that cannot be accessed either by phone or by other means of electronic communication. The services offered could include a variety of information for support, counselling and motivation. The experience gained from former outreach support implemented should be considered in designing this undertaking.

The long-term recommendation is to strengthen the employment and skills framework and adjust the education and training system to improve the correlation between the skills provided by the education and training system and those demanded in the labour market by enterprises. Competitiveness of the economy is extremely dependent on the coherent approach by the MLSP and the MES on skills provision in the long run. The current initiative and emphasis on work-based learning by the public vocational system is a good step in this direction, and should therefore continue. Fostering broader transversal skills always brings us one step closer to a knowledge-based economy.

The disparity among planning regions is significant. **Balanced regional development** should be a priority for the country. Most of the income is generated in the city of Skopje. This also reflected in the disparity in the distribution of training providers across North Macedonia's regions, with most of them are concentrated in Skopje and larger towns in the country. This prevents unemployed people from accessing certain attractive ALMMS as training courses for occupations demanded on the labour market. An adequate mechanism should be devised to enable a more even distribution of training provision.

5. CONCLUSIONS

Government macroeconomic policy decisions pre-dating the crisis have contributed to a broadly positive environment. This has provided the fiscal space for investment in PES to continue, and for public finances to accommodate expansion. Therefore, despite some retrenchment in services during the crisis, support for vulnerable jobseekers has been maintained to a significant extent.

The development and reform of ALMPs presents a generally promising picture. The short-term trend points towards consolidation to maintain employment with a medium-term focus and priority on enhancing the employability of vulnerable jobseekers most likely to fall into inactivity and long-term unemployment. The success of recent programmes can provide a template for further consideration of active measures to assist those furthest from labour market integration. Commitments to assist those most at risk from labour market disruption due to COVID, and a particular focus on youth, especially NEETs, are positive.

There remain important decisions to be made in the targeting of policy measures towards certain employers and sectors, particularly the balance between micro-, SMEs and larger enterprises. The design and orientation of these measures needs to reflect a priority in maintaining employment, balanced with consideration of growth potential. A plan for the gradual phasing out of many of these measures should be developed whilst allowing the most successful to be retained, with some expansion in areas promoting innovation, such as digital technologies. Increased effort should be made in combatting the grey economy to reduce informal work. A significant number of previously unregistered companies and informal workers have applied for formal status to receive support during the crisis. There is an opportunity to build on this, further progressing steps to eliminate undeclared work and formalise the economy, reducing exploitative practices and precarious employment.

There is also scope for improved targeting of measures for the unemployed, and ensuring that support for companies does not distort the labour market by prioritising particular sectors over others unless there is a clear strategic rationale, e.g. labour/skills shortages in potential growth sectors. Similarly, the transparency of support measures should include make it clear to beneficiaries that many schemes, especially those specifically designed to deal with COVID implications, will be time-bound and, along with some others, may reduce in scope over time.

The government in many regards moved quickly to address the implications of the pandemic. This understandably limited the opportunity for dialogue between stakeholders prioritising action over a more conservative approach, as would have been preferable during 'normal times'. This means that there is scope for a more integrated approach. A review of measures taken to date, encompassing ALMPs and support for employers, and considering barriers to the labour market and integrating jobseekers, can enable a more coordinated approach to be developed. In this regard, social dialogue mechanisms can be utilised to good effect, promoting employability and supporting recovery.

There is considerable scope for enhancing the digital capacity of the PES, including the development of links between PES and VET delivery. Improving digital access for citizens can be particularly beneficial in enhancing opportunities for remote training and assisting the development of a more knowledge-based economy. In order to meet business requirements and growing interest, especially among young people, the provision of IT skills needs to follow the trends. The crisis has illuminated the need both to greatly increase citizens' access to digital services, especially (but not exclusively) in rural areas, and to ensure that government services, including PES, include their outreach capacity in the interim.

ESARNM's capacity and partnership capacity are improving over time. The established partnerships with the country's public schools through a memorandum of understanding at one time provided a large number of training courses as the schools provided the space. Partnerships have been nurtured and improved. The good communication and partnerships during COVID enabled a quick reaction and adaptation of some of the training courses. Several years of ALMM implementation enabled employee

skills to be continuously improvement year-on-year, thus improving the effectiveness of the way in which the measures are implemented.

The positive impact of various aspects of the expansion of social support, planned before the pandemic, has been proven during the crisis. There is scope to further review this as a part of the post-pandemic recovery, and to identify further possibilities for reform. Similarly, the introduction of more flexible working practices in response to COVID presents opportunities for more permanent adjustments, provided that an appropriate balance can be struck between the interests of employers, workers, and the wider economy.

The government has made generally positive adjustments to deal with the implications of the pandemic. This can provide a foundation to progress, enhancing the delivery capacity of employment services and improving the design of ALMPs, particularly through focusing on their optimum alignment with labour market needs to promote employability.

ANNEXES

1. ALMP – Classification of ALMP services and measures

Table 6: Labour market services in 2019

Intervention	Definition	
1. Labour market services	All services and activities undertaken by the ESARNM together with services provided by other public agencies or any other bodies contracted under public finance that facilitate the integration of unemployed people and other jobseekers into the labour market or assist employers in recruiting and selecting staff.	
1.1. Client services	Services provided by ESARNM or other bodies, which facilitate the integration of unemployed people and other jobseekers into the labour market or assist employers in recruiting and selecting staff.	
1.1.1. Information services	Services for jobseekers providing information and referral to opportunities for work, training and other forms of assistance and services for employers	<p>Within the Job Search Assistance service, a total of 103 904 activities with unemployed people were realised, of which 53% were for women and 37% for young people up to 29 years old.</p> <p>In 2019, 4 821 unemployed benefited from professional orientation and career counselling services. 2 683 unemployed persons, out of which 53% women and 41% young people up to 29 years of age, received information services on the active employment programmes and measures also through motivational trainings.</p>
1.1.2. Individual case management	Services of individualised assistance (e.g. intensive counselling and guidance, job-search assistance) and follow-up for unemployed people provided as part of a planned path towards durable (re-)employment, and apart from informing, the professional orientation and career counselling service also provides individual counselling of unemployed persons.	36 355 unemployed people were profiled in 2019. 53 314 individual plans were prepared, of which 27 612 (or 52%) were individual plans for women and 18 149 (34%) were for young people up to 29 years old.
1.2. Other activities of the PES	All other services and activities undertaken by the PES as defined above and that are not covered in any other category. Similar services and activities undertaken by organisations other than the PES are not included.	

<p>1.2.1. Administration of LMP measures</p>	<p>Activities related to the administration of LMP measures include:</p> <ul style="list-style-type: none"> ■ the management/co-ordination of employers and service providers engaged as direct recipients in LMP measures; ■ other activities related to the management and implementation of LMP measures – e.g. planning, coordination, monitoring, evaluation, decision-making, etc.; ■ any other functions directly related to the provision of LMP measures but that cannot be attributed to a specific measure – e.g. the running costs of the PES's own training centres. 	<p>ESARNM is responsible for administering LMP support. Two documents are key to the ESARNM's operations: is the Labour Market Skills Survey and the Operational Plan. The findings of Labour Market Skills Surveys are the basis for preparing the OP. ESARNM participates in the development of the Operational Plan and calculates the cost of LMS (EUR 3 000) as part of the total ALMP costs. 20 unemployed people are hired to carry out the Labour Market Survey, most of whom are young people (15) and women (13). In 2019, employers submitted a total of 4 705 applications for employment mediation. Of these, 2 987 requests (or 63%) were positively resolved, employing 3 094 people. There were 1 927 requests for mediation from private employers, with 703 (36%) being positively resolved with 784 employees.</p> <p>In order to get acquainted with the benefits of employing various target groups, legislation in the field of employment, active measures and services and other opportunities in 2019, a total of 4 285 meetings were held with employers. Of these, 1 399 meetings were held through visits to employers, and 2 886 in employment centres.</p>
<p>1.2.2. Administration of LMP support</p>	<p>Activities related to the administration of LMP support include:</p> <ul style="list-style-type: none"> ■ registering and monitoring beneficiaries (where not directly linked to the ongoing monitoring of job-search activity); ■ paying benefits, validating claims, etc; ■ the PES supervising or monitoring external benefit funds/offices, legal developments, etc. 	
<p>1.2.3. Other services/activities</p>	<p>All of the PES's other activities and general overheads that do not fall under any other category of the LMP database. The scope of this sub-category will vary between countries depending on the responsibilities of the PES. In countries where the PES is solely responsible for the provision of LMP and does not engage in other activities, this sub-category may be empty.</p>	<p>INTERNET SERVICES</p> <p>User profiles until the end of 2019: 53 331 individuals.</p> <p>User profiles until the end of 2019: 31 826 legal entities and 20 private employment agencies.</p>

Table 7: ALLM Measures – Contracted people (2019)

Interventions	Title of the measure	Unemployed people contracted (participants)	Young people	Women	Roma
2. Training	1 Introductory IT skills training (online) ⁶³	500	361	248	5
	2. Training for conducting the LM survey ⁶⁴	20	20		
2.1. Institutional training	Advanced IT skills training	193	140	53	0
	Advanced IT skills training (co-financed)	60	42	10	0
	Training for occupations demanded on the labour market	542	187	386	31
	Pilot training for demanded occupations and crafts demanded in Strumica region (depending on the occupation)	92	48	72	1
2.2. Workplace training	On-the-job training for a known employer	94	47	52	5
	Vocational training at the request of employers (implemented with UNDP)	96	37	30	3
	Internship	1 697	1 521	1 089	37
	Pilot training for occupations and crafts demanded in Strumica region (depending on the occupation)				
	Training for demanded crafts	92	37	52	7
	Training for occupations demanded on the labour market (depending on the occupation)				
2.3. Alternate training	Pilot training for occupations and crafts demanded in Strumica region (depending on the occupation)				

⁶³ This is here as it could not be included in any of the categories below.

⁶⁴ Ibid.

	Training for occupations demanded on the labour market				
2.4. Special support for apprenticeship	On-the-job training at known employer				
	Vocational qualification training at the request of employers (implemented with UNDP)				
	Training for demanded crafts				
3. Job rotation and job sharing					
4. Employment incentives					
4.1. Recruitment incentives	Employment and growth of legal entities	621	387	298	14
	Wage subsidies	1 383	752	726	46
4.1.1. Permanent	Lending to legal entities (micro- and small enterprises) to create new jobs	36	14	21	1
4.1.2. Temporary					
4.2. Employment maintenance incentives	Incentives for youth ⁶⁵	2 624 ⁶⁶			
4.3. Job rotation and job sharing					
4.3.1. Job rotation					
4.3.2. Job sharing					
5. Sheltered and supported employment and rehabilitation					

⁶⁵ https://av.gov.mk/nastani-ns_article-dodatok-na-platata-vo-visina-od-3000-denari-kje-dobivaat-mladite-do-23-godini-shto-se-sega-ili-kje-b.nspj – last accessed in January 2021

⁶⁶ https://mtsp.gov.mk/COVID-19-ns_article-mtsp-isplaten-mladinskiot-dodatok-za-april-za-pet-meseci-nad-45-milioni-denari-poddrshka-za-mladite.nspj – last accessed in January 2021

5.1. Sheltered and supported employment	Support for the employment of people with disabilities ⁶⁷	230			
5.2. Rehabilitation					
6. Direct job creation	Wage subsidies				
	Municipal utility work (implemented with UNDP)	490	150	428	6
	Public works	419	87	108	79
7. Start-up incentives	Support for self-employment (ENTREPRENEURSHIP) – implemented with UNDP)	1 299	478	439	17
	Project for self-employment through loans	141	41	48	0
Total		10 629	4 349 ⁶⁸	4 060 ⁶⁹	252

Short explanation of the interventions presented above:

2. Introductory training for IT skills was intended for young people up to 34 years of age who are registered in ESARNM. The training was for MS Office and Adobe.

2.1 Advanced IT skills training includes training for system engineer, cloud administrators, automation testers, UX design specialists, and ISTQB testers.

2.1 Advanced IT skills training with co-financing includes training for Full Stack Java development, front-end MERN Stack development, and the data analyst role. 51% of the funds should be co-financed by the training provider itself.

2.1 Training for demanded occupations and crafts is aimed at meeting the needs of in-demand occupations and trades. Both the trainee and the trainer receive compensation. As part of this measure, there are two sub-measures: Training for crafts and Training for demanded occupations

2.1 Pilot training for occupations and crafts demanded in the Strumica region was conducted to meet the needs of the business sector in the city of Strumica. Both the trainee and the trainer receive compensation. Preference for inclusion in the training was given to candidates who received guaranteed minimum assistance.

2.2 On-the-job training at a known employer refers to training to acquire skills according to the needs of the employer. Both the trainee and the employer receive compensation. After the training, the employer must retain 50% of the trainees.

2.2 Training for vocational qualifications at the request of the employer is organised in cooperation with UNDP, the Swiss Agency for Development and Cooperation, local government and training providers. Both the trainee and the trainer receive compensation, and after the training, the employer must retain 50% of the trainees.

2.2 The internship was intended for people up to 34 years of age with at least secondary education. The people involved in the internship received compensation.

4.1 Subsidising wages – The purpose of the measure is to support the employment of people who are more difficult to bring into the labour market, and consists of one-time financial support for 3, 6 or 12 months for a gross salary of MKD 19 000. 1 383 unemployed people were employed under this measure in 2019.

4. 1 Employment and growth of legal entities – Employers had the opportunity to receive a grant in an amount that depended on whether a person to be employed is under or over 29 years old. The workers had to stay at work for 9 or 12 months. The company must not reduce the total number of unemployed people that it hires.

⁶⁷ Financed separately through the Special fund for providing conditions for employment and work of disabled people.

⁶⁸ 4.2 and 5.1 are not calculated here as no data is available.

⁶⁹ Ibid.

4.1.1 – Lending to legal entities (micro- and small enterprises) to create new jobs. Legal entities can, under certain conditions, receive a loan of EUR 5 000 for each newly created job. The number of jobs is not limited. 106 legal entities applied for the openings published in 2019 for a total of 215 jobs.

4.2. Employment maintenance incentives – Incentives for youth⁷⁰ in the amount of EUR 50 per month is paid to young employees up to 23 years of age who have completed at least secondary education and are employed in the production sector.

5.1 For the measure 'Support for the employment of people with disabilities', financial assistance is granted, which varies depending on the purpose. About EUR 1 600 is granted for adapting a job place, amounting to 20-40 average salaries for permanently employing a person with a disability. Funds are also allocated for purchasing equipment and working aids and for job training.

6. The Municipal Utility Work Programme is aimed at vulnerable groups of unemployed people and people receiving social assistance so that they can provide municipal services. The people were hired part-time for a period of 6 months, for which they received compensation. 53 municipalities participated in this programme, and one project was inter-municipal.

6. Public works – 57 municipalities applied to employ unemployed people with low qualifications in projects for environmental protection and infrastructure at local level. The people hired received compensation.

7 Support for self-employment – entrepreneurship – The aim is to support unemployed people in establishing their own company, formalise an existing activity or create additional employment. Interested unemployed people received training to learn about the entrepreneurial process, to prepare a sustainable business plan, to get assistance in registering their own business and to obtain financial support to start a new business or formalise an existing one.

7. The project for self-employment through loans aims to grant loans to people for starting their own business or formalising an existing one. The minimum value of the loan is EUR 5 000 and the maximum is EUR 10 000. For each additional job, an additional EUR 5 000 is available. A maximum of 5 unemployed people can receive a loan.

NOTE: Some of the measures appear two or three times in the table as they meet the criteria for several of the interventions described. However, the numbers in the right-hand columns are counted only once.

It seems that youth guarantee data is not included in these figures.

⁷⁰ https://av.gov.mk/nastani-ns_article-dodatok-na-platata-vo-visina-od-3000-denari-kje-dobivaat-mladite-do-23-godini-shto-se-sega-ili-kje-b.nspix

2. Tables

2.1 LMI

Table 8: Employees by activity sector, 2019-Q3 2020⁷¹

Activity sector	2019		Q1 2020		Q2 2020		Q3 2020	
	numbers	%	numbers	%	numbers	%	numbers	%
TOTAL	797 651	100.0	811 106	100.0	793 416	100.0	785 561	100.0
Agriculture, forestry and fishing	111 033	13.9	99 109	12.2	96 415	12.2	93 525	11.9
Mining and quarrying	6 587	0.8	7 759	1.0	7 076	0.9	6,746	0.9
Manufacturing	157 831	19.8	161 431	19.9	157 381	19.8	154 842	19.7
Electricity, gas, steam and air conditioning supply	10 610	1.3	10 075	1.2	9 387	1.2	8 963	1.1
Water supply; sewerage, waste management and remediation activities	17 214	2.2	15 929	2.0	14 284	1.8	13 378	1.7
Construction	56 036	7.0	53 552	6.6	57 005	7.2	55 335	7.0
Wholesale and retail trade; repair of motor vehicles and motorcycles	112 624	14.1	118 783	14.6	117 888	14.9	114 336	14.6
Transportation and storage	44 410	5.6	49 556	6.1	37 557	4.7	40 440	5.1
Accommodation and food service activities	34 333	4.3	34 916	4.3	34 466	4.3	35 251	4.5
Information and communication	15 348	1.9	18 069	2.2	19 922	2.5	19 990	2.5
Financial and insurance activities	10 627	1.3	12 394	1.5	13 485	1.7	12 246	1.6
Real estate activities	2 093	0.3	3 106	0.4	1 915	0.2	1 706	0.2
Professional, scientific and technical activities	18 480	2.3	17 145	2.1	18 074	2.3	20 907	2.7

⁷¹ Combination of several tables from SSO (LFS?)

Administrative and support service activities	20 651	2.6%	21 636	2.7%	22 157	2.8%	17 529	2.2%
Public administration and defence; compulsory social security	53 425	6.7%	53 837	6.6%	54 567	6.9%	55 153	7.0%
Education	46 186	5.8%	49 521	6.1%	48 115	6.1%	49 535	6.3%
Human health and social work activities	45 279	5.7%	50 260	6.2%	49 099	6.2%	48 481	6.2%
Arts, entertainment and recreation	17 773	2.2%	17 595	2.2%	19 020	2.4%	18 919	2.4%
Other service activities	14 875	1.9%	14 469	1.8%	13 956	1.8%	17 737	2.3%
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	(665)		:				:	

Table 9: Number of employees by economic activity⁷²

	Agriculture	Industry	Services
Q4 2019	104 064	246 902	453 517
Q1 2020	99 109	248 746	461 287
Q2 2020	96 415	245 133	450 221
Q3 2020	93 525	239 264	452 230

⁷² <https://www.nbrm.mk/ns-newsarticle-kvartalen-izvestaj-statisticki-prilog-l-2020.nspix>

Table 10: Unemployed people by age group and gender – latest available data – November 2020⁷³

Number of unemployed people by age group and gender		Nov-20	Proportion of age group in total number of unemployed	Proportion of women in total for age group
Total unemployed		155 218	100%	
Total unemployed women		77 824	50.1%	50.1%
15 to 19 years	Total	4 034	2.6%	
	Women	1 949		48.3%
20 to 24 years	Total	15 978	10.3%	
	Women	8 060		50.4%
25 to 29 years	Total	17 112	11.0%	
	Women	9 253		54.1%
30 to 34 years	Total	15 733	10.1%	
	Women	8 324		52.9%
35 to 39 years	Total	14 400	9.3%	
	Women	7 812		54.3%
40 to 44 years	Total	15 338	9.9%	
	Women	8 291		54.1%
45 to 49 years	Total	16 399	10.6%	
	Women	8 867		54.1%
50 to 54 years	Total	17 377	11.2%	
	Women	9 197		52.9%
55 to 59 years	Total	21 213	13.7%	
	Women	10 200		48.1%
60 years and above	Total	17 634	11.4%	
	Women	5 871		33.3%

⁷³ ESARNM website.

Table 11: Unemployed people by education level and gender – latest known data – November 2020

Unemployed people by education level and gender		Nov-20	Proportion of age group in total number of unemployed	Proportion of women in total number of education level group
Total unemployed		155 218	100%	
Total unemployed women		77 824	50.1%	50.1%
Without education and with primary education	Total	82 263	53.0%	
	Women	42 760		52.0%
Not finished secondary education	Total	15 641	10.1%	
	Women	5 290		33.8%
Finished secondary education	Total	41 786	26.9%	
	Women	20 046		48.0%
Higher education	Total	1 450	0.9%	
	Women	720		49.7%
Bachelor's degree	Total	13 061	8.4%	
	Women	8 393		64.3%
Master's degree	Total	986	0.6%	
	Women	601		61.0%
PhD	Total	31	0.0%	
	Women	14		45.2%

Table 12: Unemployed people by gender and time spent waiting for a job – latest known data – November 2020

		Nov-20	Proportion of age group in total number of unemployed	Proportion of women in total in time span category
Total unemployed		155 218	100%	
Total unemployed women		77 824	50.1%	50.1%
Less than 1 month	Total	6 403	4.1%	
	Women	3 264		51.0%
1-5 months	Total	44 881	28.9%	
	Women	23 930		53.3%
6-11 months	Total	24 817	16.0%	
	Women	12 167		49.0%
12-17 months	Total	15 633	10.1%	
	Women	8 746		55.9%
18-23 months	Total	18 199	11.7%	
	Women	12 099		66.5%
2 years	Total	9 753	6.3%	
	Women	4 402		45.1%
3 years	Total	8 379	5.4%	
	Women	3 506		41.8%
4 years	Total	4 530	2.9%	
	Women	1 857		41.0%
5-7 years	Total	16 128	10.4%	
	Women	5 438		33.7%
8 years or more	Total	6 495	4.2%	
	Women	2 415		37.2%

Table 13: Number of registered jobseekers, by month in 2020

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Total number of registered unemployed people	104 409	105 816	107 732	114 762	121 187	133 455	141 777	144 759	151 359	153 799	155 218	156 432
Total inflow (people who acquired the status of unemployed during the given period)	7 653	6 677	4 399	8 852	8 587	15 378	11 724	6 258	13 702	8 137	6 241	5 671
Total outflow (people who ceased to be registered as unemployed)	4 992	5 270	2 483	1 822	2 162	3 110	3 402	3 276	7 102	5 697	4 822	4 457

Figure 3:2- Total inflow and outflow of persons in ESARNM database

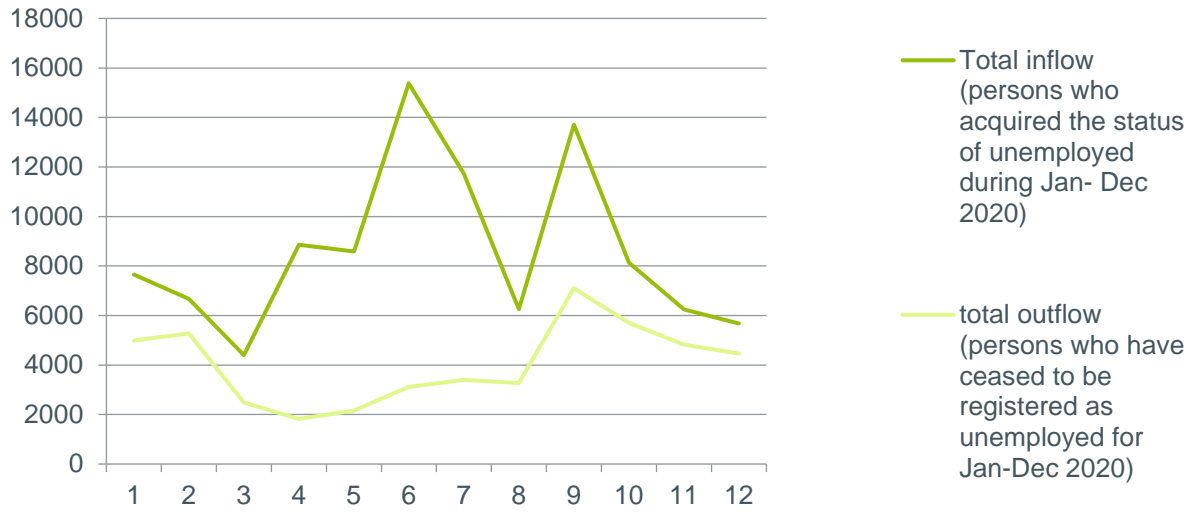


Table 14: Breakdown of inflow – people who acquired the status of unemployed during the given period

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total inflow (people who acquired the status of unemployed during the given period)	7 653	6 677	4 399	8 852	8 587	15 378	11 724	6 258	13 702	8 137	6 241	5 671
People who registered in the unemployment register for the first time	782	1 201	517	400	822	2 134	2 491	1 002	2 096	1 395	1 034	928
From employment – regardless of how long ago the employment was terminated	3 349	3 072	2 592	6 868	4 728	6 250	4 298	2 960	6 315	3 967	3 246	2 939
Other reasons	3 522	2 404	1 290	1 584	3 037	6 994	4 935	2 296	5 291	2 775	1 961	1 804

Table 15: Breakdown of outflow of people who have ceased to be registered as unemployed

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total outflow (people who have ceased to be registered as unemployed)	4 992	5 270	2 483	1 822	2 162	3 110	3 402	3 276	7 102	5 697	4 822	4 457
Got employment contract	1 918	2 786	1 474	1 459	1 776	2 751	2 556	2 791	4 664	3 792	3 409	3 048
Other reasons	3 074	2 484	1 009	363	386	359	846	485	2 438	1 905	1 413	1 409

Table 16: Employment and growth of legal entities creating new jobs during COVID-19

Title of the measure	Employment and growth of legal entities creating new jobs during COVID-19
Objective of the measure	Support in creating new jobs in micro-, small and medium-sized enterprises affected by COVID-19
Target group	Unemployed people registered with ESARNM
Scope of the measure	600 ⁷⁴ unemployed people registered with ESARNM. The beneficiaries are unemployed people who lost their jobs due to the COVID-19 pandemic (from March 2020). At least 30% are young people up to 29 years old; at least 50% women; 2% have a disability
Responsible institutions	Ministry of Labour and Social Policy, ESARNM, Central Register of the Republic of North Macedonia, Public Revenue Office, Centre for Social Work
Amount of financial support	
Support for new employment with amounts ranging from MKD 260 000 (about EUR 4 200) to MKD 1 302 000 (about EUR 21 000), depending on the number of newly employed people (from 1 to 5 newly employed people). Grants will be provided to support business development through job creation and the employment of new workers. Companies must use the grant for paying salaries or purchasing equipment/materials relevant to the business, in accordance with the information stated in the application.	
Users	
Micro-, small and medium-sized enterprises, unemployed people	
Method of application	
Public call/information from ESARNM staff; application: mediation and invitation by the employee from the Employment Centre.	
Eligibility criteria	
Participation in the programme and the selection of employers will take place in accordance with the following criteria: being registered in the Republic of North Macedonia as legal entities in accordance with the Law on Companies and registered craftspeople; have no unpaid taxes or contributions, unless they delayed payment has been permitted in accordance with the special regulations and they have previously been paid regularly (from 29 February 2020 or if the company has been active for between 6 and 12 months); not in the process of bankruptcy or liquidation. Preference will be given to: micro- and small enterprises that employ up to 20 people; companies whose revenues realised in the period March-August 2020 were at least 20% lower than in the same period in 2019 or at least 20% lower than the average monthly revenues in 2019 (total revenues 2019/12). The applicant must prove that the lower income is due to the COVID-19 crisis; the employer must have at least one employee on an open-ended employment contract. Companies that have used wage subsidies, subsidised compulsory social security contributions or government tax exemptions during the state of emergency and that laid off workers during the retention period or after September 2020 are not eligible to participate in the measure (according to data from Public Revenue Office) ⁷⁵ .	

⁷⁴ By March 2021, in accordance with the Action 'EU for social and economic resilience' from the IPA Action Programme for 2020, Sector Competitiveness, Innovation, Agriculture and Rural Development, the plan is to create a total of 1 500 jobs. In addition, at least 1 100 unemployed people should be covered by March 2021.

⁷⁵ According to the Decree with legal force for providing financial support to private-sector employers affected by the health and economic crisis caused by COVID-19, for paying salaries for the months of April and May 2020 and the Decree with legal force for subsidising the contributions from mandatory social security during an emergency.

Obligations

Companies that employ an unemployed person within this programme must employ the person full-time and keep them in employment for at least 12 months, counted from the first day of employment. If the person for whom financial support is provided terminates their employment on any grounds (except in the event of death, retirement or incapacity to work), the employer must employ another registered unemployed person in their place within 30 days, otherwise the company must return a certain proportion of the funds.

The company must not to reduce the total number of full-time employees with permanent contracts that it had on the day of applying for the support, except in the event of an employee's death, retirement or incapacity to work. Otherwise, the company must hire another person within 30 days in order to have the same number of employees, or failing this, must return the amount of funds in proportion to the unfulfilled obligation relating to the reduced number of employees.

Implementation process

Public call
Application
Selection
Employment
Grant agreement signed
New equipment and/or materials procured
Monitoring

Table 17: 1.A Support for self-employment (entrepreneurship) and formalisation of existing businesses due to COVID-19

Title of the measure	1.A Support for self-employment (entrepreneurship) and formalisation of existing businesses due to COVID-19
Objective of the measure	Support for unemployed people who faced unemployment due to COVID-19 in starting their own business or formalising their existing business
Target group	Unemployed people registered with ESARNM
Scope of the measure	50076 people employed in newly established legal entities or formalised businesses At least 30% are 29 years old or under; at least 50% are women; 2% have a disability
Responsible institutions	MLSP, ESARNM, Agency for Support of Entrepreneurship of the Republic of North Macedonia, Fund for Innovation and Technology Development, Centre for Social Work, Central Register of the Republic of North Macedonia

The amount of financial support

Up to EUR 4 99577, or up to EUR 9 988 (if a legal entity of two partners is established).
The funds from the grant can be used for job creation (self-employment through the payment of salaries, making adaptations or procuring equipment/materials for the needs of the activity), and in accordance with the prepared business plan.

Users

Unemployed people who are interested in starting their own business, with priority given to:

⁷⁶By September 2021, in accordance with the Action 'EU for social and economic resilience' from the IPA Action Programme for 2020, Sector Competitiveness, Innovation, Agriculture and Rural Development, a total of 700 self-employment positions are intended to be created. In addition, at least 500 self-employed people were expected to be supported by March 2021.

⁷⁷ EUR 1 = MKD 61.57.

unemployed people who worked in the hardest-hit sectors (processing industry, wholesale and retail trade, accommodation facilities, food service activities, catering, tourism, transport) and lost their jobs during the coronavirus crisis (from March 2020);
unemployed people who are beneficiaries of guaranteed minimum assistance, especially those who started using guaranteed minimum assistance from April 2020;
unemployed people aged 29 years or under;
unemployed people with disabilities;
unemployed people who were self-employed professionals/freelancers, whose business activities were the most affected by the emergency measures, such as (but not limited to) stylists, designers, masseurs, carpenters, car mechanics, electricians, plumbers, housewives, photographers, confectioners, bakers, carers, other professions related to the delivery of personal services, street vendors, taxi drivers, etc.;
unemployed people who will start businesses (new companies) promoting innovation and sustainability, such as digitisation, e-commerce, the design and maintenance of online services and products, the circular economy, eco-businesses and the social economy.

Method of application

Public call/notification, reference from the unemployment register, application and questionnaire for assessing entrepreneurial skills.

Criteria

In order to specifically help those affected by COVID-19, priority in the selection process will be given to unemployed people who lost their jobs during the coronavirus crisis as follows:
people who worked in the most severely affected sectors (processing industry, wholesale and retail trade, accommodation facilities, food service activities, catering, tourism, transport) and lost their jobs during the coronavirus crisis (from March 2020);
people who experienced a decline in income and started receiving guaranteed minimum assistance from April 2020, according to data obtained from the Public Revenue Office and the Centre for Social Work;
unemployed people who state on their applications that they want to formalise their business, and were significantly affected by the emergency measures.
Additional points in the selection process will be awarded to applications (business plans) that meet any of the following conditions:
(self-)employment of women (additional points for single mothers and women with small children);
(self-)employment of young people aged 29 years or under;
(self-)employment of people with disabilities (special needs);
formalisation of informal businesses in the most severely affected sectors;
innovation and sustainability such as digitisation, e-commerce, the design and maintenance of online services and products, the circular economy, eco-businesses and the social economy.

Grouping/merging of interested applicants

If two unemployed people are interested in starting a company together (as partners), they should go through all the implementation steps together (participation statement, questionnaire, developing a joint business idea and joint business plan, etc.).

The legal entity established by two partners in the register of trade companies should be registered a limited liability company of two persons with each partner having an equal (50%) share in the company.

The maximum amount of the grant is MKD 615 000 (EUR 9 988).

Obligations:

If the legal entity terminates its activity within 2 years of its registration or if the employment of the grant beneficiary is terminated on any grounds (except in the event of death or incapacity to work) within 2 years of the employment relationship being established, the founder/beneficiary of the grant must return:

80% of the grant if termination occurs within 1 year of the legal entity being registered; or

60% of the grant if termination occurs between 1 and 2 years of the legal entity being registered.

A founder/beneficiary of a grant who ceases to perform the activity cannot be placed back on the unemployment register within 3 years of the first day of employment.

The rights and obligations are described and regulated in the operating instructions and the contract.

Implementation process

Public call/notification for unemployed people

Application made and questionnaire completed

Business plan developed with advisory support through voucher system for APPRSM counselling (for unemployed people who are self-employed for the first time)

Most successful business plans selected, taking into account the criteria for regional representation
Company registered and employment commences
Grant funds paid into a special account (according to the operating instructions).

Note: People who have received a grant in the past are not eligible to participate in the programme.

In terms of economic sectors, there will be no restrictions; however, the programme will not support the establishment of businesses in the following areas of activity:

Agricultural activity, i.e. activity from Sector A/A, Section 01 – production from animal and crops, hunting and service-related activities, with the exception of organic agricultural production;

Businesses operating in class 49.32 – taxi services;

Production and distribution of weapons, i.e. activities in class 25.40 – Production of weapons and ammunition;

Financial and insurance businesses and activities that include games of chance, i.e. activities in Sector K/I – financial and insurance activities.

Note: Unemployed people with disabilities, beneficiaries of guaranteed minimum assistance, people who lost their jobs due to COVID-19 (from March 2020) and unemployed Roma people will be able to register a legal entity under agricultural activity and taxi services.

2.2 PES capacity

Annual budget in EUR, including breakdown, e.g. staff, IT, programmes, etc.

Table 18: Annual budget in EUR

ESARNM North Macedonia budget						
Budget line	Budget breakdown	Year				
		2017 ⁷⁸	2018 ⁷⁹	2019 ⁸⁰	2020 ⁸¹	2021 ⁸²
40	Salaries and allowances	3 198 052	3 214 286	3 287 338	3 465 909	3 652 597
42	Goods and services	1 152 597	1 282 468	1 282 468	998 377	957 792
46	Subsidies and transfers	16 234	16 234	16 234	16 234	16 234
47	Social benefits	28 165 584	40 470 779	42 873 377	51 314 935	50 698 052
	COVID-19 crisis measures				909 091	
48	Capital expenditure	178 571	146 104	146 104	267 857	649 351
Total		32 711 039	45 129 870	47 605 519	56 972 403	55 974 026

⁷⁸ <https://av.gov.mk/content/%D0%98%D0%BD%D1%84%D0%BE/buget.pdf>

⁷⁹

<https://av.gov.mk/content/%D0%97%D0%B0%D0%B2%D1%80%D1%88%D0%BD%D0%B8%20%D1%81%D0%BC%D0%B5%D1%82%D0%BA%D0%B8/2018.pdf>

⁸⁰

<https://av.gov.mk/content/%D0%97%D0%B0%D0%B2%D1%80%D1%88%D0%BD%D0%B8%20%D1%81%D0%BC%D0%B5%D1%82%D0%BA%D0%B8/2019.pdf>

⁸¹ <https://www.sobranie.mk/materialdetails.nsp?materialId=13353519-2b0f-49fa-8d86-ddf596c83681>

⁸² <https://www.sobranie.mk/materialdetails.nsp?materialId=13353519-2b0f-49fa-8d86-ddf596c83681>

Table 19: Breakdown of social benefits

	2017	2018	2019	2020	2021
Social benefits	28 165 584	40 470 779	42 873 377	51 314 935	50 698 052
Unemployment benefit payments from the Employment Agency	13 766 234	24 272 727	25 097 403	30 032 468	28 620 130
Benefit payments from the Employment Agency to encourage employment	14 399 351	16 198 052	17 775 974	21 282 ,468	22 077 922

Table 20: Percentage of benefit payments from the Employment Agency to encourage employment, as a proportion of the total ESARNM budget by year (%)

	2017	2018	2019	2020	2021
Benefit payments from the Employment Agency to encourage employment	44.02	35.89	37.34	37.36	39.44

Table 21: Number of ESARNM employees by year⁸³

Number of ESARNM employees by year	
Year	Number of employees
2014	473
2016	508
2017	476
2018	883
2019	499
2020	50884
2021	543 (expected)

⁸³ Годишен извештај од Регистарот на вработените во јавниот сектор 2016 – http://arhiva.mioa.gov.mk/files/pdf/dokumenti/Godisen_izvestaj_2016_Registar_na_vraboteni_vo_JS.pdf

Table 22: Number of job vacancies by occupation and by quarter in 2020 (combination of several tables from the SSO)

Occupation group	Q1 2020 ⁸⁵		Q2 2020 ⁸⁶		Q3 2020 ⁸⁷	
	Number of job vacancies	Structure (%)	Number of job vacancies	Structure (%)	Number of job vacancies	Structure (%)
Managers	34	0.38	5	0.1	15	0.18
Professionals	609	6.71	754	11.0	667	7.97
Technicians and associate professionals	1 668	18.38	1 278	18.6	1 174	14.04
Clerical support workers	720	7.93	483	7.0	749	8.96
Service and sales workers	2 878	31.71	2 107	30.7	3 227	38.58
Skilled agricultural, forestry and fishery workers	129	1.43	119	1.7	29	0.35
Craft and related trades workers	717	7.90	580	8.4	676	8.08
Plant and machine operators, and assemblers	1 058	11.66	752	11.0	1 091	13.04
Elementary occupations	1 263	13.92	788	11.5	736	8.80
Armed forces occupations	0	0.00	0	0.0	0	0.00
Total	9 075	100.00	6 866	100.0	8 364	100

⁸⁵ <http://www.stat.gov.mk/PrikaziSoopstenie.aspx?id=112&rbr=3331>

⁸⁶ <http://www.stat.gov.mk/PrikaziSoopstenie.aspx?id=112&rbr=13406>

⁸⁷ http://www.stat.gov.mk/pdf/2020/2.1.20.33_mk.pdf

Table 23: Job vacancies by activity sector and by quarter in 2020 (combination of several tables from the SSO)

Activity sector	Q1 2020 ⁸⁸		Q2 2020 ⁸⁹		Q3 2020 ⁹⁰	
	Number of job vacancies	Job vacancy rate (%)	Number of job vacancies	Job vacancy rate (%)	Number of job vacancies	job vacancy rate (%)
Mining and quarrying	154	3.89	142	3.41	187	4.24
Manufacturing	2 482	2.11	2 081	1.75	2 317	1.96
Electricity, gas, steam and air conditioning supply	89	1.06	8	0.10	14	0.17
Water supply; sewerage, waste management and remediation activities	197	1.84	40	0.38	80	0.78
Construction	803	2.72	1 073	3.46	617	2.03
Wholesale and retail trade; repair of motor vehicles and motorcycles	1 695	1.94	1 232	1.45	1 543	1.79
Transportation and storage	569	1.96	416	1.40	627	2.12
Accommodation and food service activities	419	2.09	123	0.67	941	4.69
Information and communication	425	2.79	380	2.48	376	2.38
Financial and insurance activities	84	0.83	51	0.51	85	0.87
Real estate activities	20	1.02	21	1.12	21	0.90
Professional, scientific and technical activities	186	1.06	163	0.95	254	1.42
Administrative and support service activities	933	4.10	720	3.23	758	3.19
Public administration and defence; compulsory social security	230	0.60	72	0.17	47	0.17
Education	169	0.47	71	0.20	176	0.49
Human health and social work activities	365	1.00	195	0.53	171	0.47
Arts, entertainment and recreation	160	1.26	60	0.49	100	0.84
Other service activities	92	2.05	18	0.39	50	1.17
-	9 075	1.81	6 866	1.36	8 364	1.69

⁸⁸ <http://www.stat.gov.mk/PrikaziSooostenie.aspx?id=112&rbr=3331>

⁸⁹ <http://www.stat.gov.mk/PrikaziSooostenie.aspx?id=112&rbr=13406>

⁹⁰ http://www.stat.gov.mk/pdf/2020/2.1.20.33_mk.pdf

2.3 PES client groups served

Providing labour market information

ESARNM has an excellent catalogue of labour market information that is regularly disseminated and updated through the ESARNM webpage. In 2016, ESARNM received an award for best website in the governmental/state institutions category. Information is available for the following audiences and on the following topics:

- jobseekers (entry into records, employment programmes, monetary compensation, professional orientation, employment mediation services, individual employment plan, deletion from records, job club);
- employers (registration and deregistration of employment, employment mediation services, benefits of employing registered unemployed people, employment counselling, employing disabled people, employing foreign citizens, redundancy, deregistering employment due to business reasons);
- the labour market situation (registered applications for established employment relationships, unemployment overview on various grounds, people exercising various rights due to their status, persons with special needs, Labour Market Skills Survey);
- announcements (for jobseekers and employees; each tab leads to several useful options);
- instructions for using e-Work – leads to a comprehensive document ‘Guidelines for using the electronic e-work system of the Employment Agency for Private Sector Employers’
- useful links;
- documents (relevant laws, rulebooks, annual work programmes, annual reports, operational plans, etc.);
- various useful forms;
- latest information;
- events, and more.

According to the Law on Employment and Insurance in Case of Unemployment, the employer is obliged to register at the Agency any establishment or termination of employment. Thus, ESARNM records the registration of establishment of employment or termination of employment. It is a very useful tool for ESARNM to monitor the inflow and outflow of unemployed clients into jobs, although this is not usually a task falling upon ESARNM.

The statistics derived from ESARNM’s IT system on registered unemployed people provide information divided into many useful characteristics, such as age, sex, duration of the unemployment period, educational level, prior work experience, place of residence, service and programme delivery.

For the last 10 years, ESARNM has been conducting an annual Labour Market Skills Survey to identify key information for the upcoming year to feed the planning process and development of the Operational Plan. In 2019, 3 023 employees were surveyed. They expected to employ just over 19 000 new workers. The largest number of new hires was expected in the processing industry, (45% of all job placements), while the most represented new employment segment by educational level is expected to be people with a secondary education (47%), with 35% for those with a primary education. Graduates in IT will be the most in-demand of all tertiary education graduates.

Most employers expected increased economic activity in 2020; only 10% thought economic activity would decrease.

Unfortunately, the Labour Market Skills Survey for 2020 will not be part of this report as it was not publicly available until the end of February 2021. However, some information may be requested from ESARNM to form part of this report.⁹¹

ESARNM's online services are offered for interested individuals and companies. Individuals can search ESARNM's website for vacancies and browse their employment history (registered employment). In order to use the electronic system for this purpose, you must be registered in the ESARNM system. By the end of 2019, 53 331 individuals had user profiles. Registration and deregistration of employment, i.e. of compulsory social insurance, can be done electronically by the employer from the private sector and by private employment agencies.

No less important are the individual and traditional ways of informing and inviting unemployed people to benefit from employment services through written and oral invitations, telephone contact, text messages, etc.

2.4 PES client services

Individual support (skills assessment, profiling, individual action plans)

In 2019, the individual approach to the job search assistance service was strengthened through various activities, such as informing clients, assistance in preparing CVs, employment counselling, profiling, preparing individual employment plans, and more.

The Individual Employment Plan (IEP) is prepared by the responsible person at the employment centre in cooperation with the unemployed person. The IEP determines the employment goals, the unemployed person's planned activities for employment, and their participation in the measures under active employment policies. Based on a joint assessment, certain measures and activities are proposed that the unemployed person must take as part of their active job search. The IEP for employment centre employees is a tool for further individual work with unemployed persons. The IEP is revised every six months, when its amendments are made. ESARNM performs profiling of unemployed persons according to the degree of employability and prepares an appropriate IEP form, i.e. IEP form for directly employable persons and persons with moderate difficulties for employment, and IEP for hard-to-employ persons (unemployed persons facing significant obstacles for inclusion in the labour market). In 2019, 36 355 unemployed people were profiled and 53 314 individual plans were made.

Within the Job Assistance service, a total of 103 904 activities with unemployed people were performed.

Group activities (information seminars, job fairs, job clubs, etc.)

In order to better inform the unemployed people about ESARNM's services, in 2019 information meetings were held. 684 people participated, of whom 324 (or 47%) were women and 291 (42%) young people aged 29 years or under.

A job club is usually a place where joint meetings and training sessions are held with clients. Many counselling and training activities are conducted to target topics such as interviews, planning the job search process, various workshops, lectures, etc.

ESARNM organized and realized employment fairs in 2014, 2015 and 2017 (the operational plans for 2019 and 2020 did not envisage organizing job fairs).

Motivational trainings were organized in 2019, which included 2 683 persons, of which 1 419 (53%) women and 1 094 (41%) young unemployed persons up to the age of 29.

⁹¹ Source: ESARNM Focus Group Interview held on 27.12.2020

Specialist advice (e.g. career/employment guidance for young/older people (over 50), jobseekers, graduates), counselling/vocational orientation

Professional orientation is implemented in the form of professional orientation and career counselling service and is part of the annual operational plans. This service includes various activities for information and group or individual career counselling. Unemployed persons may be included in multiple activities under this service according to their wishes and needs. Professional orientation and career counselling enables the unemployed persons to develop job seeking skills, planning and managing their own career development, get assistance in choosing their profession, training or employment, as well as additional support in assessing their own employment potential and adjustment to the real needs on the labour market

Specialist support for vulnerable groups, (e.g. people with disabilities, migrants, ex-prisoners, people with substance abuse problems, ethnic minorities, low-skilled/unskilled jobseekers)

In 2019, the 'Activation of unemployed Roma' service covered 605 Roma people (of whom 47% were women and 51% were young people aged 29 years or under). Mentors worked with unemployed Roma to boost their job motivation. With a questionnaire for profiling and evaluating the professional capacities of the unemployed people for inclusion in the active measures, an individual assessment was made for 298 people, of whom 133 (45%) were women and 142 (48%) were young people aged 29 years or under. Of all people involved in this service, 109 were directly employed in the private sector, of whom 30% were women and 50% were young people aged 29 under. 91 people were involved in some of the active measures.

Schemes to develop entrepreneurship^{92, 93}

The entrepreneurship programme includes training for interested unemployed people to acquire entrepreneurial knowledge, support in the preparing a sustainable business plan, support for new business registration, and financial support for formalising and registering existing businesses (for registered unemployed people with experience in the given field). In 2019, a non-refundable grant of about EUR 4 000 was provided to support each job.

The project for self-employment through is project led by the Government of North Macedonia. An unemployed person or a group of unemployed persons can receive a favourable loan with a grace period of 1.5 years for a period of 7 years with an interest rate of 1% per annum.

2.5 PES employer services

Cooperation with employers in involved the following in 2019:

- employment mediation;
- employers being involved in certain active employment programmes, measures and services;
- continuous information on all current ESARNM activities, measures and services available to them, as well as the benefits of employing unemployed persons registered with the agency;
- provision of assistance, opinions and clarifications concerning labour legislation;
- organisation of visits and meetings (for mutual information, exchange of information, providing guidance and proposals related to employers' needs)
- Provision of favourable loans for opening new jobs, etc.

In 2019, 50 employment centre employees were trained on the topic 'Employer Advisor'. The aim was to create a new model of working with employers, to strengthen the quality of employment mediation

⁹² <http://rabotaimoznosti.mk/samovrabotuvanje/?lang=mk>

⁹³ https://av.gov.mk/nastani-ns_article-samovrabotuvanje-so-grant.nspix

and to make employers more interested to cooperate and use ESARNM services as well as active employment programmes and measures, etc.

The Labour Market Skills Survey conducted in November 2019 showed that 90% of employers surveyed showed an interest in obtaining regular information from the agency. They are most interested in the following services:

- support for finding adequate staff for employment, i.e. for searching for candidates in the database of unemployed people and receiving referrals;
- regular information and consultation on amendments to labour law;
- support for job creation (subsidised employment);
- wage subsidies;
- training a known employer at the workplace;
- internships;
- other financial support for micro-, small and medium-sized employers for job creation.

The project 'Lending to legal entities (micro- and small enterprises) to create new jobs' is a project led by the Government of North Macedonia. Legal entities can obtain a loan of EUR 5 000 for each new job with a grace period of 1 year, an interest rate of 1% per year and a repayment period of 4 years.

Information, advice and guidance for recruitment (vacancy registration, vacancy and CV databases, pre-selection services, etc.)

Through the website of the Public Employment Agency of the Republic of North Macedonia, legal entities that are private-sector employers can:

- advertise vacancies (by submitting specific form – Application for registering a need for an employee);
- register establishment of employment (through M1 Form) after having submitted the above mentioned form; and
- Deregister employment (by submitting M2 form).

In order to use ESARNM's electronic system of the ESARNM for this purpose, employers must have a digital certificate (electronic signature).

Instructions for using e-Work are provided in the document 'Guidelines for using the e-work electronic system of the Employment Agency for Private Sector Employers', accessible on the website under the 'For employers' tab.

By the end of 2019, user profiles of 31 826 legal entities and 20 private employment agencies had been registered.

The mediation process for employment usually takes place as follows. Upon a request for mediation by an employer, ESARNM searches the database of unemployed people, makes a pre-selection and refers several candidates to the employer for final selection, or invites the selected candidates and the employer to a joint meeting.

Legal and financial counselling (information and guidance on access to subsidies, advice on employment contracts, etc.)

A total of 4 285 meetings were held with employer representatives in 2019 to get acquainted with the benefits of employing people from various target groups, legislation in the field of employment, active measures and services, and other opportunities.

In addition to these individual meetings, group meetings were held with a total of 134 employer representatives and employer forums, with 192 employers participating.

In 2019, all the above-mentioned activities covered 4 611 employers.

Support for HR development, etc. (training for new employees, placement information, subsidies for people from vulnerable groups, etc.)

If demand for workers cannot be met through employment mediation, employers are informed of other support measures, such as training at a known employer, or internships.

3. Interviewees

Ministry of Labour and Social Policy

1. Head of the Sector of Labour Law and Employment Policies
2. Assistant Head of the Social Protection Sector

Public Employment Service Agency of the Republic of North Macedonia

1. Head of the Unit for Material and Legal Protection of Foreigners and Citizens of North Macedonia abroad
2. Head of the Labour Market Research and Analysis Sector
3. Head of the Labour Market Analysis Unit
4. Head of the EU Integration Unit
5. Head of the Sector for Active Labour Market Measures and Policies
6. Advisers on active employment measures
7. Head of the Youth Support and Employment Department:
8. Head of the Unit for Normative and Legal-Administrative Affairs

Other

1. Representative of Vработување MK (private employment agency)
2. UNDP Monitoring Officer
3. Representative of UNOPS
4. Representatives of the Centre for Adult Education
5. IT expert responsible for assessing ESARNM's IT capacity

ACRONYMS

ALMM	Active Labour Market Measures
ALMP	Active Labour Market Policies
APPRSM	Entrepreneurship Support Agency of the Republic of North Macedonia
CAE	Centre for Adult Education
ESARNM	Employment Service Agency of the Republic of North Macedonia
ESRP	Employment and Social Reform Programme
EURES	European Employment Services
HRD	Human resources development
ILO	International Labour Organization
IMF	International Monetary Fund
IPA	Instrument for Pre-accession Assistance
LMS	Learning Management System
MES, MoES	Ministry of Education and Science
MFA	Macro-financial assistance
MLSP	Ministry of Labour and Social Policy
MoU	Memorandum of Understanding
NBRNM	National Bank of the Republic of North Macedonia
OECD	Organisation for Economic Cooperation and Development
OP	Operation plan
SSO	State Statistical Office
UNDP	United Nations Development Programme

UNOPS

United Nations Office for Project Services

WB

World Bank

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