

**DECENT WORK COUNTRY PROGRAMME  
OF THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA  
2015-2018**

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## Abbreviations

DWCP Decent Work Country Programme

GDP Gross Domestic Product

ESC Economic and Social Council

FDI Foreign Direct Investment

ILC International Labour Conference

IPA Instrument for Pre-accession

LESC Local Economic and Social Council

LFS Labour Force Survey

NEET “Not in Education, Employment, or Training”

OSH Occupational safety and health

PES Public Employment Service

SSO State Statistical Office

SWTS School-to-work transition survey

TU Trade Union

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## **Introduction**

The primary goal of the International Labour Organization (ILO) is to promote opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity. Its main aims are to promote rights at work, encourage decent employment opportunities, enhance social protection and strengthen social dialogue. ILO works in close partnership with Governments, trade unions and employers' organizations in order to ensure that economic growth and competitiveness is also socially sustainable and inclusive, responding to the most important aspirations of women and men: a fair income, security at the workplace and social protection for themselves and their families, better prospects for development and social integration, freedom to express their concerns, including to collectively organize and participate in the decisions that affect their lives, and equality of opportunity and treatment for all women and men.

Decent Work Country Programmes (DWCPs) promote decent work as both a key component of development policies and as a national policy objective of governments and social partners. The Decent Work Country Programme represents a medium-term planning framework that guides the work of the ILO in a country in accordance with priorities and objectives agreed upon with its tripartite constituents.

This DWCP and its priorities and outcomes are agreed upon after an extensive process of tripartite consultations with ILO's constituents in the country. The identified strategic priorities and outcomes will be pursued during the period 2015-2018 through joint action of the Government and social partners on the one hand, and the ILO on the other hand.

This document consists of a narrative outlining the socioeconomic context, the lessons learned to date, a strategy of interventions, and a logical model that details the interventions. The progress made towards achievement of the priorities covered by the DWCP will be monitored throughout its implementation.

## **I. The current situation from a Decent Work perspective**

### ***Socio-economic context***

The economy recovered significantly in 2013 and 2014, influenced by net exports, enhanced private consumption and reduced unemployment, supported by the fiscal stimulus for infrastructural projects, and accommodative monetary policy. Economic growth turned positive in 2013, with an annual increase of 2.7 per cent of gross domestic product (GDP) compared to -0.5 per cent decrease in 2012, but still far from the pre-crisis levels of real GDP growth of 6.5 per cent in 2007 and 5.5 per

cent in 2008. Almost all activities had a positive or neutral contribution to the overall real GDP growth, but the largest contribution came from public and private investments in construction, followed by the growth of value added of industry. Data on the first, second and third quarter of 2014 indicate continuation of the growth of the domestic economy (3.5, 4.3 and 4.1 per cent respectively), which is more dispersed, with construction still recording double-digit growth rates. The macroeconomic outlook is favourable, with GDP growth projected at 3.2 per cent in 2014 and 3.5 per cent in 2015.

Foreign direct investments in the technological zones have contributed to the improvement in the exports and to the gradual strengthening of the external position of the country. The trade deficit decreased from -21.4 per cent of GDP in 2012 to -18.1.6 per cent in 2013.

Inflation decelerated (2.8 per cent on an annual basis in 2013 compared to 3.3 per cent in 2012), driven by lower food and energy prices.

The fiscal deficit in 2013 was 4.1 cent of GDP, annual growth of the total debt of the central government and funds was 8.4 per cent, whereby the central government debt reached euro 2,757 million, still one of the countries with the lowest share of central government debt to GDP.

Latest poverty and social exclusion indicators available (SSO Laeken poverty indicators for 2012) show that 26.2 per cent of the population are at risk of poverty (540, 000 persons), while that rate before social transfers and before pensions is 42.6 per cent. Unemployed persons have much higher risk of poverty, with a 46.5 per cent rate compared with 11.1 per cent of the employed persons. If you compare the persons with full and part-time jobs, the risk of poverty rate is much higher for person working part-time (10.4 per cent compared to 32 per cent). Most of the persons working part time (58 per cent) are men. One of the most disturbing indicators is that on the inequality of income distribution, Gini coefficient, which stands at 38.8 per cent for 2012.

### **Labour Market**

Enabling environment for job creation and decrease of the unemployment is the main priority of the Government. Much political attention has also been given to the employment of young people in the country. In recent years, the government has been active in developing policies to promote youth employment. As the challenges are many and cut across several policy dimensions, measures focus on both supply and demand, and are curative as well as preventive. The main policies are elaborated in the National Employment Strategy 2011-2015 and its National Employment Action Plan, as well as in the National Action Plan on Youth Employment 2013-2015, aimed at youth aged 15-29. Emphasis is placed on education and training, job creation and entrepreneurship, inclusion of youth in the labour market, and institutional reform.

The data of the Labour Force Survey show that in 2013 the unemployment rate for the working age population (15-64) stood at 29.1 per cent – equally distributed between men and women – and the employment-to-population ratio was 46 per cent (54.5 per cent for men and 37.3 per cent for women). Over 82 per cent of the unemployed had been searching for a job for one year and longer, making long term unemployment one of the most serious problems of the labour market. In the same year, the number of job vacancies averaged less than 5,000 per quarter, with a ratio of around 55 unemployed workers for each job opening.

The labour market situation of the working age population has improved since 2007, with declining unemployment rates (from 36 per cent in 2006 to 29.1 per cent in 2013) and increasing employment-to-population ratios (from 39.6 per cent to 46 per cent) and activity rates (from 62.2 per cent to 64.9 per cent). Women activity rate remains a challenge, with gender gap in activity rate of 24.1 percentage points (LFS 2013)

Youth unemployment and underemployment represent a major challenge for the country. One in every two young persons in the national labour force is unemployed. The high youth unemployment rate — means a loss of investment in education and training, a reduced tax base and higher social costs. At the same time, long periods of unemployment in the early stages of life affect the job prospects across the working-life span of young people.

The largest share of youth in the country has completed education at the secondary level (51.2 per cent of total youth), but there is still 32.3 per cent of youth who finished school at the primary level (33.7 for women) and another 2.2 per cent with no education at all (same for women and men). The percentage of youth who have completed higher education is 14.3 per cent. Young women are more likely to have attended university than their male counterparts, (18.3 per cent compared to 10.5 per cent). Out of the total youth population with a higher education degree, 61.9 per cent are women.

Higher education ensures better labour market outcomes for young people. Youth unemployment rates decrease progressively with each extra level of education. A young economically active person with no or pre-primary level education has more than a one in two chance (52.4 per cent) of being unemployed. Young females have a greater tendency to be inactive than young men while young men are more likely than young women to be either employed or unemployed. The unemployment rate of youth with a university degree is still high at 38.1 per cent, but when compared to outcomes of other education attainment groups, it becomes clear that education still brings higher returns in the country's labour market. Thirty per cent of youth in the country fall under the category of neither in employment nor in education or training (NEET). Two-thirds of the young NEETs are unemployed non-students and one-third is inactive non-students.

Low quality employment impacts approximately half of young workers: five in ten young workers receive a wage that is below the average of all workers (paid workers and own-account workers), five in ten are in informal employment, five in ten are in irregular employment, three in ten are overeducated or undereducated for the job that they hold and three in ten are working an excessive number of hours. Only 16.5 per cent of youth work part-time, and among these nearly half qualify as —“involuntary part time workers”.

Although there is no one-size-fits all approach to tackling the youth employment crisis, there are some key policy areas that need to be considered and tailored to national and local circumstances. These areas were identified at the International Labour Conference (ILC) in June 2012 and are included in its resolution “The youth employment crisis: A call for action”, which was adopted by representatives of governments, employers’ organizations and trade unions of the 185 member States of the ILO (ILO, 2012). The call for action underlines the urgency for immediate and targeted interventions to tackle the unprecedented youth employment crisis. It provides a global framework that can be adapted to the national circumstances in implementing policies and strategies for decent work for youth that are based on a multi-pronged and balanced approach. Among its guiding principles are that “all programmes and policies respect the rights of young workers and are gender-sensitive”. The framework covers five main policy areas: (1) employment and economic policies to increase aggregate

demand and improve access to finance; (2) education and training to ease the school-to-work transition and to prevent skills mismatches; (3) labour market policies to target employment of disadvantaged youth; (4) entrepreneurship and self-employment to assist potential young entrepreneurs; and (5) labour rights that are based on international labour standards to ensure that young people receive equal treatment and are afforded rights at work.

### *Working conditions*

With proper design, a minimum wage can prove to be an effective policy tool, ensuring a decent living standard for workers. Moreover, a minimum wage acts as an automatic stabilizer, supporting the aggregate demand and is often associated with strategies targeting poverty reduction. In 2011, the Government, after a consultative process with the social partner within the Economic and Social Council, proposed a minimum wage law, setting a single, nationwide minimum wage at 39.6% of the average gross wage in the previous year. A law was adopted by the national Assembly in January 2012, and then amended in February 2014 to increase minimum net wage from 8,050 denars to 8,800 denars. The same Law also stipulates that by 2016 the minimum wage should reach the level of 10,080 denars.

While the current legislation provides for the principle of equal remuneration for equal or same work, the principle of equal remuneration for work of equal value as enshrined in ILO Convention No. 100 on Equal Remuneration is not fully implemented in national labour law. Equal remuneration for work of equal value would include workers performing work of a different nature which is, nevertheless, of equal value.

Family responsibilities affect women disproportionately: 64 per cent participate in unpaid household and care work, which may delay or hinder (re)entry onto the labour market. For instance, 89.3 per cent of women have interrupted work because of child care at least for a month (10.7 per cent of men have done so) and 77.9 per cent of women have reduced their working hours for the same reason (22.1 per cent of men). The way in which paid work schedules are organized have an impact on the ability to balance work, family and private life. Maternity protection and work and family reconciliation measures available for and used by women and men are essential for improving gender equality.

The great majority of workplace accidents and diseases are preventable, but good intentions have not always been implemented or sustained. While some may be tempted to cut back on occupational safety and health (OSH), especially during an economic downturn, it remains true that “good safety is good business”. Prevention must remain a high priority for all stakeholders who are motivated to sustain efforts to make workplaces safer and healthier. The TU’s in the country had put special emphasis on the need to enforce OSH legislation and strengthen effectiveness of the Labour inspection. The national OSH Council is still not functioning regularly and efforts must be made to fully implement ILO Promotional Framework for Occupational Safety and Health Convention (No.187).

## *Social Dialogue*

Tripartite social dialogue was re-institutionalised through the creation of the national Economic and Social Council (ESC) in 2010, after more than two years of its inactivity. With the aim to better reflect existing national industrial relations system and following the ILO and the EC recommendations, the 2005 Labour Relations Law was amended in 2009 so as to include new criteria of representativity of the social partners, along with a transparent procedure for their certification. Representative organizations negotiated with the government the new tripartite Agreement for establishing of the national ESC, which was concluded in August 2010, after two-year break in the functioning of the former ESC.

The Agreement provides for an expanded scope of the national ESC, in conformity with international labour standards. Moreover, it is now mandatory for the Government to request ESC's opinion on a wide range of laws and regulations in the field of labour relations, employment, pension and disability insurance and occupational safety and health. Furthermore, the Government has the obligation to provide feedback on the follow up to ESC's opinions and recommendations.

The ESC is composed of twelve members, only two of which are women, both from the employers' organization. Since its establishment, the ESC has had regular meetings (one every 2 months on average), with important topics on its agenda relating to recommendations on enactment of draft amendments to the labour related legislation. Among the most important achievements of the ESC was the consensus based recommendation on the adoption of the Law on Minimum Wage in 2011, enacted by the Parliament in 2012. It was for the first time, that the social partners agreed on the level of the minimum wage and the instrument for its enforcement.

Although it made significant progress in the past three years, the ESC faces problems and challenges. There are still number of laws and policy documents in socio-economic field which are adopted without prior consultations with the ESC. Participation of policy makers in the debates is important for a good communication and trust building, which are key for a meaningful social dialogue. A "face to face" exchange of views is likely to bring necessary clarity for all parties, to facilitate tripartite consensus based recommendations and thus to increase the credibility of the institution.

Tripartite social dialogue at the local level is only modestly developed. Six Local Economic and Social Councils (LESC) were established, but they all lack clear vision on the direction of their future development.

According to article 32 of the country's Constitution the exercise of the rights of employees and their position are regulated by law and collective agreements. According to the law, general collective agreements are applicable to all workers and employers in the country, no matter they are members of the signatory parties or not. Collective agreements on branch level apply only to members of signatory parties, while a collective agreement at the enterprise level applies to all workers employed in the enterprise.

Lack of organized social partners in some sectors does not allow for development of collective bargaining and concluding of collective agreements at the level of concerned sector. Especially in the private sector, low trade union density, along with the lack of operational employers' infrastructures make collective bargaining difficult at the branch level. There are no reliable official data on the trade unions density rate and on collective agreements coverage, making it difficult to judge how many workers or employers benefit from the concluded collective agreements. Collective agreements at



enterprise level are not registered and therefore there is no data regarding the parties, content, and validity. Moreover, trade unions report difficulties to establish trade unions in some of the companies, which prevent the workforce employed in the company from the realization of fundamental rights at work, freedom of association and the right to collective bargaining.

In 2013 the country ratified the Collective Bargaining Convention, 1981 (C154) of the International Labour Organization (ILO) which applies to all branches of economic activity. It provides the obligation for the government to take measures to promote collective bargaining. These measures shall aim to make collective bargaining possible for all employers and all groups of workers covered by the Convention. The only exception concerns the armed forces and the police.

According to the ILO Collective Bargaining Convention, 1981 (No. 154), the country should ensure that procedures for the settlement of labour disputes contribute to the promotion of the collective bargaining. The country has also in 2013 ratified the ILO Convention No. 151 on Labour relations (Public service), which calls for settlement of disputes through independent and impartial machinery, such as mediation, conciliation and arbitration. The Law on amicable settlement of labour disputes was adopted in 2007, but it was not implemented in practice. That proved to have potential to undermine the foundation of the social dialogue. With ILO technical assistance in September 2013, changes to the Law on amicable settlement of labour disputes were prepared. The changes were approved and supported by the ESC and were later adopted by the Assembly.

### ***International Labour Standards***

The country has ratified all the fundamental and priority ILO Conventions<sup>1</sup>. In the past four years the country ratified seven ILO conventions (C187, C177, C183, C181, C 150, C151, C154), bringing the total number of ratified conventions to 77. The country fulfils all of its reporting obligations on time. Developments regarding freedom of association were examined by the ILO in the recent period.

## **II. Lessons learned from previous cooperation**

In order to strengthen national ownership of the DWCP a DWCP Board will be established consisting of members/deputy members, of which at least one third will be women, who would also play the role of focal points in their respective institutions/organizations. By doing so, the constituents' DWCP institutional memory and a proper flow of the DWCP-related information, as well as the DWCP adjustments, if necessary, to the changing circumstances, would be provided for. Moreover, it will also facilitate taking better stock of the achieved results, as well as of the challenges faced in the areas related to the decent work agenda, not necessarily being part of the DWCP, so as to be properly reflected in the DWCP and guide the Constituents in the design of the next DWCP generation. With regards to ILO's assistance, it is noteworthy that the constituents have unanimously praised its help and also highly value the technical support received.

Through the review process of the DWCP 2010-2013, done in 2014, the following lessons learned surfaced:

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<sup>1</sup> Fundamental conventions: C29, C87, C98, C100, C105, C111, C138, C182; Priority conventions: C81, C122, C129, C144

- Social dialogue based on respect for each individual partner's views and opinions increase the trust among the social partners. The step by step process in the establishing of the ESC where the three social partners are represented, and the guidance provided by ILO directly influenced the functioning of this tripartite body. Despite the disagreements regarding the criteria for representativity to participate in the ESC, without exception all social partners value the work and function of the Council.
- Stronger social partners and a well-functioning ESC contribute to economic and social development of the country. In only three years (2010-2013), eight ILO Conventions are ratified by the country. Previously, between 1991 (when majority of ILO Conventions were ratified through succession) and 2010, only three ILO Conventions have been ratified.
- Regular review of the progress of implemented interventions, increases the commitment of social partners to provide input and to promote the initiatives. The case with the development of the first ever National Action Plan for youth employment and the annual monitoring of progress is highly valued by the social partners. This example can be utilized to encourage the social partners in future to review the progress and achievements of the implementation of activities from the next DWCP on annual basis. A well-structured review process, with opportunities to contribute in the review by providing data and suggestions for modifications/changes where the progress is lagging behind can increase the commitment and ownership of the social partners.

### **Good Practices**

The development, implementation and review of the National Action Plan for youth employment qualify for a good practice that can be replicated for similar processes in the country in future. Establishing a practice of regular monitoring of the implemented activities through receiving structured feedback from all involved social partners and modifying the future interventions based on the findings is essential for successful implementation of activities and achievements of the NAP goals in this case.

### **III. Country programme priorities**

The priority areas of cooperation and the country programme outcomes have been developed in conjunction with the constituents. The process started with evaluation of the past DWCP and a tripartite roundtable discussion in October 2014. Based on these initial inputs, the ILO prepared the first draft in December 2014, to which the constituents provided written comments and observations.

The consultation between national tripartite constituents and the ILO has sought to focus - from a possible very broad agenda – on a limited number of shared priorities and results that can be reasonably attained in the proposed time frame on the basis of available or foreseeable resources. The priorities identified through this process also respond to area of critical importance for the current and future work of the ILO globally. This will also help the ILO focus its own resource mobilization initiatives vis-à-vis potential donors and additional partners.

Within the overarching theme of “Decent Work for All” the ILO will concentrate on three country programme priorities in the period 2014-2018. These are:

- 1) **Job-rich inclusive growth and sustainable enterprises**
- 2) **Effective social dialogue**
- 3) **Formalization of the informal economy**

The DWCP should be considered as a living document, open to regular reviews and adjustments in line with the evolution of needs, demands and opportunities. The plan shall therefore be regularly be monitored and adjusted depending on the availability of resources, on the partners’ response capacity and on the evolution of the country’s economic and social situation.

### **Priority 1: Job-rich inclusive growth and sustainable enterprises**

More and better jobs for inclusive growth, improved youth employment prospects and promoting sustainable enterprises remain areas of high priority for the present and future work of the ILO. Employment remains an issue in the country, with an overall unemployment rate at above 28 per cent and a youth unemployment rate over 50 per cent. Against this background, a national employment strategy had been adopted for the period 2011-2015. This strategy enabled the country to reduce the rate of unemployment during the economic crisis. During the tripartite consultations for the preparation of the new DWCP, tripartite constituents highlighted the need to maintain a strong focus on employment creation through a combination of policies, skills development, active labour market measures and sustainable enterprise development.

#### ***Outcome 1.1. Comprehensive National Employment Strategy promotes decent jobs and inclusive labour market***

The ILO will assist the Government and the social partners in the development of a comprehensive National Employment Strategy for the period 2016-2020. The Strategy will promote creation of decent jobs and better inclusion of young people and women in the labour market, as well as disadvantaged groups.

#### ***Outcome indicators:***

- 1.1.1. A comprehensive National Employment Strategy promoting decent jobs and inclusive labour market is adopted by the Government.

*Target:* A National Employment Strategy based on tripartite consultations is formally approved by end of 2015.

- 1.1.2. A tripartite mechanism for monitoring the implementation of the Strategy is put in place.

*Target:* The Economic and Social Council reviews the implementation of the Strategy twice per year.

- 1.1.3. Gender-responsive guidelines for matching education and training systems with labour market needs are adopted as part of the comprehensive National Employment Strategy, based on consultation and involvement of social partners.

*Target:* Guidelines are included in the Strategy on the basis of ILO recommendations, to be formally approved by the end of 2015.

***Outcome 1.2. Labour market policies and programmes targeting young women and men are developed and implemented***

The ILO will support the Government in the development of a new Youth Employment Action Plan – to be implemented up to 2020 – which will be constructed around: i) the problems identified in the Employment Strategy and ii) key policy areas such as investment policy, enterprise development, education and training and active labour market policies.

Labour market institutions will receive training and assistance to pilot-test, monitor and evaluate new targeted youth employment services and programmes for young men and women, particularly from most disadvantaged groups and areas. In the EU, job-search training is being increasingly included in broader packages of youth employment programmes that aim at improving young people's prospects of finding decent work. The ILO will assist the Public Employment Service (PES) to offer job-skills training as a first labour market measure, followed by individual employment planning and finally, comprehensive assistance in the form of labour market training.

***Outcome Indicators:***

- 1.2.1 Number of recommendations of the impact evaluation of Active Labour Market Measures (undertaken in 2014) reflected in the re-designed Operational Plan for Active Labour Market Programmes and Measures.

*Target:* At least 60% of ILO recommendations are taken on board.

- 1.2.2 A gender-responsive National Youth Employment Action Plan until 2020 is adopted by the Government based on tripartite consultations and yearly monitored and evaluated at least twice.

*Target:* A National Youth Employment Action Plan until 2020 based on tripartite consultations is formally adopted by end of 2015. Annual monitoring and evaluation reports on the implementation of the National Youth Employment Action Plan are produced.

- 1.2.3 Number of broader packages of youth employment programmes that include job-search training aiming at improving both young women and men's prospects of finding decent employment.

*Target:* Five employment centres of the ESA include job-search training in their offer.

***Outcome 1.3. Improved policies and programmes on sustainable enterprise development***

Industry and enterprises of all sizes are key drivers of inclusive growth and job creation. The creation of an enabling environment for sustainable enterprises requires not only enterprise-specific interventions for businesses to grow, but also policy reforms to look at the political, social and

economic environment in which they operate and the existing regulatory and institutional constraints. While recognizing steps taken by the Government to create business enabling environment and attract Foreign Direct Investment (FDI), the need exists to further improve the business environment for enterprises to overcome a range of constraints.

The ILO, its tripartite constituents and other stakeholders will collaborate to promote sustainable enterprise development using, among others, ILO global tools.

#### **Outcome indicators**

1.3.1. A strategy for development of competitive and innovative small and medium-sized enterprises is developed through tripartite consultations.

*Target:* Strategy developed by the end of 2017.

1.3.2. ILO global tools for increasing productivity and competitiveness of small and medium enterprises are adapted and applied.

*Target:* Key ILO tools adapted by 2017.

#### **Outcome 1.4. Strengthened labour statistics**

The availability of up-to-date, relevant and credible labour statistics is crucial to support an evidence-based approach to policy-making. Labour statistics include both indicators collected through surveys (e.g. employment, unemployment, and wages) and administrative sources. While the country has a long tradition in statistical data collection, small gaps remain in terms of coordination, harmonization, dissemination and the use of data in the analysis. ILO will provide support to identify gaps and improve labour statistics. This will include reviewing the current statistical system to highlight the gaps and needs, leading to a roadmap for addressing them.

To further support the Government, the ILO will provide assistance to implement a school-to-work transition survey (SWTS). This will increase the knowledge base on the situation of young people in the labour market, but especially on the demand of young workers and the expectations of prospective employers. The findings of the survey will, on the one hand, profile those youth population groups most at risk of poor labour market outcomes and, on the other, inform the development of specific youth employment interventions.

#### **Outcome Indicators:**

1.4.1. An improved Labour Force Survey is applied.

*Target:* LFS reflects recommendations produced by the ILO assessment by the end of 2015.

1.4.2. A school to work transition report is produced and its recommendations are validated through tripartite consultations.

*Target:* The report produced by the end of 2015.

### ***Outcome 1.5. Better integration of women in the labour market, through improved wage policies, working time arrangements and improved maternity protection***

Gender equality is a key element of decent work. ILO will support better integration of women in the labour market from three angles: promotion of the principles of equal remuneration for men and women for work of equal value; introduction of working time arrangements improving work and life balance; and adoption of maternity protection measures which could foster women's return to work and more family-friendly policies for working parents. This component will build on the work already undertaken and the results achieved in the first DWCP.

#### ***Outcome Indicators:***

- 1.5.1. Amended legislation/regulation to improve implementation of ILO Convention No.183 on maternity protection.

*Target:* Existing legislation and/or regulations are amended on the basis of ILO technical assistance by the end of 2017.

- 1.5.2. An awareness raising campaign on innovative working time arrangements for women and men's better work-life balance is organized.

*Target:* Campaign organized by the end of 2015.

- 1.5.3. Strengthened capacity of the social partners regarding the principle of equal pay for work of equal value.

*Target:* 50 persons trained on the principle of equal pay for work of equal value.

### ***Priority 2: Effective social dialogue***

Promotion of tripartite social dialogue is and remains a core value and priority of the ILO. During the DWCP consultation process, the need for further strengthening of the Economic and Social Council and of individual constituents' organizations was stressed once again.

A new national project on "Promoting Social Dialogue" with funding by the European Union was launched in October 2014. The project will assist the country in strengthening the capacity of the government, employers' and workers' organizations to engage in effective social dialogue. Throughout the project, the ILO will offer support to enhance the capacity of social partners, to strengthen collective bargaining and amicable labour dispute settlement. The activities will target the members of the National Economic and Social Council and its Secretariat, the Ministry of Labour and Social Policy, employers' and workers' organizations, local Economic and Social Councils, the State Labour Inspectorate, judges and labour lawyers.

The activities and strategy of the DWCP in the field of social dialogue will be largely supported through the implementation of the IPA project.

### ***Outcome 2.1 Institutional and technical capacity of social partners is strengthened***

The DWCP will aim to enhance the capacity of the social partners. In particular, it will enable employers' and workers' organizations to deliver value to their members through targeted, timely and useful services to their members and thus become more relevant and representative.

ILO technical assistance will therefore focus on enhancing the capacity of employers' organizations to respond to their members' needs by applying a three-pronged approach: a) building internal capacity, b) developing new or improving existing services and c) strengthening advocacy capacity of employers' organizations.

ILO technical assistance will also enhance the capacity of trade unions to deliver qualitative services to their members and increase their relevance and visibility; to build trade unions' internal capacity, strengthen their resources for organizing new members, empower young workers and women in their structures and activities; and develop their capacity for campaigning and advocacy.

**Outcome indicators:**

- 2.1.1. A strategic plan for employers' organizations is developed and adopted.

*Target:* One strategic plan by each organization adopted by the end of 2016

- 2.1.2. Governance of employers' organizations is enhanced.

*Target:* Governance charter is developed and adopted by the end of 2016

- 2.1.3. A marketing and communication strategy is developed and implemented by employers' organizations.

*Target:* one strategy developed by each employers' organization by the end of 2016.

- 2.1.4. Enhanced capacity of employers' organizations to engage in collective bargaining.

*Target:* New services on collective bargaining offered to members by September 2016; Pool of trained negotiators in place by September 2016.

- 2.1.5. Position papers promoting enabling environment for sustainable enterprises are developed by employers' organizations.

*Target:* Three position paper developed by end of 2016.

- 2.1.6. Enhanced capacity of trade union activists to engage in collective bargaining.

*Target:* New services on collective bargaining offered to members by September 2016; Pool of trained negotiators in place by September 2016.

- 2.1.7. Young trade union members and unorganized workers are made more aware of the role and the benefits provided by trade unions through campaigns.

*Target:* One campaign carried out in 2015 and one in 2016.

- 2.1.8. Young workers and women are better empowered to participate in trade union activities and structures at all levels, especially in collective bargaining and agreements

*Target:* 20 trade union activists are trained on gender equality principles and women and youth empowerment by the end of 2016.

- 2.1.9. Trade unions are better aware of the ILO supervisory mechanisms and their use for protecting and promoting workers' fundamental rights.

*Target:* Each trade union at national level has at least 2 experts on ILO supervisory mechanisms by the end of 2017.

***Outcome 2.2. Economic and Social Councils at national and local level have enhanced capacity to fulfil their consultative role.***

As a form of participatory democracy, tripartite Economic and Social Councils are meant to voice the interests of the actors in the labour market and to express them in recommendations on economic and social matters to the Government and Parliament. To be able to effectively perform their consultative role in policy making processes, these bodies need to be widely recognized for the technical quality of their advice and its added value in terms of political action. This prerequisite depends on the level of trust and commitment of all parties, as well as on the technical expertise available to their members and technical secretariats.

The ILO will aim to contribute to improving the effectiveness and impact of Economic and Social Councils at both national and local level through increasing technical capacity of their members and technical secretariats to provide high-quality recommendations, developing a feedback mechanisms on the follow-up to their recommendations, as well as through awareness arising on their role in decision making processes.

***Outcome indicators:***

- 2.2.1. A Tripartite Action Plan for enhancing capacity of the National and Local Economic and Social Councils is developed and implemented.

*Target:* Tripartite Action Plan implemented by end of 2018.

- 2.2.2. Monitoring mechanism of recommendations of the Economic and Social Council is in place.

*Target:* Tracking system for the monitoring of recommendations is used in each case after January 2016.

- 2.2.3. Six (6) new local Economic and Social Councils are established.

*Target:* Local ESC established in 6 municipalities by the end of 2016

- 2.2.4. Improved visibility of the National Economic and Social Council.

*Target:* Communication strategy and tools developed and launched by June 2016

- 2.2.5. The Economic and Social Council recommends ratification of relevant ILO Conventions.

*Target:* ESC dedicates at least one session annually to examine prospects for ratification of ILO Conventions.

***Outcome 2.3. Social partners and government capacity to engage in collective bargaining processes are strengthened***

The ILO will aim at enhancing the capacity of policy makers, law enforcement bodies and the social partners to devise jointly coordinated machinery for effective collective bargaining and enforcement of its outcomes. In order to assist this process, the capacity of the Ministry of Labour and Social Policy to develop and maintain a database on employers' and trade unions organizations' membership and on collective agreements (signatory parties, coverage, level, content, validity, etc.) will be built.



**Outcome indicators:**

- 2.3.1. A tripartite action plan on strengthening collective bargaining is developed and implemented by the government and the social partners.

*Target:* 80% of measures agreed in the Action Plan implemented.

- 2.3.2. ILO recommendations on ensuring full compliance of existing law and practice with fundamental principles and rights at work as reflected in ILS are adopted.

*Target:* 50 % of ILO recommendations adopted.

- 2.3.3. A data base on social partners' membership and collective agreements is in use.

*Target:* Data base running by September 2016.

**Outcome 2.4: An operational mechanism of amicable settlement of labour disputes is in place**

Prevention and peaceful resolution of labour disputes in both the public and the private sectors promotes sound industrial relations, which can ensure industrial peace and enable sustainable economic growth. The DWCP aims at assisting the Ministry of Labour and Social Policy to take necessary legal and institutional measures conducive to the establishment of a cost-effective and functioning mechanism of amicable settlement of labour disputes; to create a specialized team of conciliators and arbitrators of labour disputes; and to develop a dispute management information system and a set of performance indicators.

**Outcome indicators:**

- 2.4.1. A permanent training programme is in place for conciliators /arbiters.

*Target:* Training program is approved by the Minister of Labour and Social Policy based on the recommendation of the ESC by December 2015.

- 2.4.2. A roster of specialized conciliators/arbiters is created.

*Target:* 50% of trainees get license for arbiters/conciliators

- 2.4.3. A case management system is created and in use.

*Target:* Case management system running by the end of 2016.

- 2.4.4. Increased awareness on the advantages of amicable settlement of labour disputes.

*Target:* A campaign carried out in 2016.

**Priority 3: Formalization of the informal economy**

Formalization of the informal economy is an area of high priority for the present and future work of the ILO. The share of informal employment is estimated at over 22.5% of the total employment in the country (58,811 out of 271,307 employed women and 93,993 out of 407,531 employed men) . High instances of informal employment have various negative effects on the economy, on working conditions generally, and on the policy making process. Low tax revenues, due to the non-payment of payroll taxes, constrain the Government's capacity to introduce effective labour market and social protection policies. In addition, the large informal economy and widespread practice of under-

reporting of wages create serious problems for the coverage and financing of social security systems, thereby rendering these workers and their families unprotected against substantial social risks. For employers, informal economy brings unfair competition and uneven level playing field. Entrepreneurs in the informal sector suffer from poor productivity, lack access to finance and markets, lack innovation and are overall unable to grow. For employees, working in the informal economy means being confined in an activity which is low paid, precarious and unsafe as occupational safety and health standards are often neglected. The lack of training opportunities prevents informal economy workers from claiming better paid positions in the formal sector. The rights of workers are difficult to enforce in the informal economy. Informal employees are generally not organized and labour inspections may not have the means to reach out.

### ***Outcome 3.1: Strengthened effectiveness of the Labour Inspection***

With the view to efficiently tackling the informal economy, the capacity of labour inspection needs to be improved. Labour inspection should also foster the cooperation with social partners. Social partners need to be sensitized on how to contribute to preventing, identifying and tackling the informal economy. In order to be able to fulfil their demanding mandate, labour inspectors need training on the diversity of situations related to undeclared work and informality of the employment relationship, so that they are able to correctly advise employers and workers on how to comply with the law. This knowledge is equally relevant to plan and undertake the investigation of cases of non-compliance with national labour and social security legislation regulating formal obligations of registration of workers, declaration of remuneration and payment of social contributions.

#### ***Outcome indicators:***

3.1.1. New methods and tools used by the inspectors to address the informal economy.

*Target:* Labour inspectors apply new tools to enhance compliance with national labour and social security legislation by the end of 2017, following ILO training.

### ***Outcome 3.2: Government and social partners have enhanced awareness and knowledge base on informality to promote and facilitate transition to formality***

Informal employment is multifaceted and of highly complex nature. Reducing informality implies addressing the problem through different entry points, namely a better enforcement of the law through strengthened labour inspection, cross-checking of data bases and application of adequate penalties; the re-definition and simplification of the regulatory framework; the development of incentives to formalize by offering better and easier access to social security, business development services and credit; and the promotion of public awareness around the individual and collective benefits of formalization. The medium-term objective of the ILO will be to lay the ground for the tripartite adoption of national policies and initiatives. The ILO will seek synergy with other relevant UN and international partners to expand the outreach and impact of its work.

#### ***Outcome indicators:***

3.2.1. Tripartite constituents identify drivers and profile of informality, including the different situations and needs of women and men and of vulnerable groups.

*Target:* Findings of a national diagnosis validated on a tripartite basis through the Economic and Social Council by 2016.

- 3.2.2. A gender-responsive national strategy for the formalization of the informal economy is adopted on a tripartite basis.

*Target:* A national strategy is adopted through the Economic and Social Council by 2017.

- 3.2.3. Constituents undertake an information and awareness raising campaign to promote the benefits of formalization.

*Target.* A national campaign organized by 2017.

#### **IV. Management and implementation**

The Decent Work Country Programme will be managed through a network consisting of the ILO Decent Work Team/Country Office (DWT/CO) in Budapest, the ILO National Coordinator in Skopje, the ILO Regional Office for Europe and Central Asia and technical units at ILO headquarters in Geneva and through establishment of the DWCP Overview Board. The National Coordinator will play a coordination role together with DWT/CO Budapest. The ILO will continue its cooperation with major stakeholders in the country such as the UN, the EU Delegation, the World Bank etc.

The objectives of the programme will be pursued through technical cooperation projects, advisory missions and seminars for information dissemination and capacity building. Extra-budgetary resources and the ILO's regular budget resources will be used to finance the implementation of this Country Programme. The ILO network mentioned will continue to mobilize further resources for the follow-up to the results achieved, bearing in mind priority concerns of the constituents. The government and the social partners will provide their respective expert staff and premises and provide logistic support, as appropriate. They are committed to implementing the follow-up steps necessary to achieve the expected results in accordance with the DWCP work plan which will be developed.

#### **V. Performance monitoring and evaluation arrangements**

The implementation of the Decent Work Country Programme will be reviewed on a regular basis by the constituents through the establishment of a DWCP Overview Board, consisting of the representatives of the Constituents and the National Coordinator. At least one third of the members should be women. The task of the DWCP Overview Board is to promote the DWCP goals and monitor and evaluate the implementation of the DWCP, ensure the active participation of all parties involved and the fulfilment of their commitments to achieve the jointly agreed outcomes. The Board will meet twice a year to assess progress made. This occasion will also be used to review the DWCP work plan and monitoring and evaluation plan with the National Coordinator. Adjustments will be made to adapt to changing circumstances, if necessary, with a view to guaranteeing the achievement of the expected results, including redefinition of some of the country programme activities. The revised implementation plan will be validated by the DWCP Overview Board. The DWT/CO-Budapest Director will assess the programme achievements with the constituents in the country at least once over the duration of the programme. The DWCP will undergo a final evaluation through the ILO's standard mechanisms.