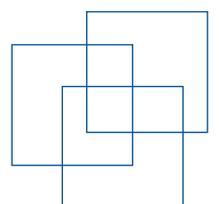


DECENT WORK COUNTRY
PROGRAMME 2019–2022

NORTH MACEDONIA



All photos by Kristina Mukoska Zaturavska

DECENT WORK COUNTRY PROGRAMME 2019–2022

NORTH MACEDONIA

2019

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LIST OF ACRONYMS

BCM	Business Confederation of Macedonia
CEACR	ILO Committee of Experts on the Application of Conventions and Recommendations
CPOs	Country Programme Outcomes
DWCP	Decent Work Country Programme
DWT	Decent Work Technical Team
ESC	Economic and Social Council
EU	European Union
EUR	Euro
GDP	Gross Domestic Product
GET	Global Employment Trends
ILO	International Labour Organisation
ILS	International Labour Standards
IOE	International Organization of Employers
ITUC	International Confederation of Trade Unions
KSOM	Confederation of Trade Union Organizations of Macedonia
KSS	Confederation of Free Trade Unions
ORM	Organization of Employers of Macedonia
OSH	Occupational Safety and Health
NEET	Young people (15–24) neither in employment nor in education and training
MKD	Macedonian Denar
MLSP	Ministry of Labour and Social Policy
SAA	Stabilisation and Association Agreement
SDG	Sustainable Development Goals
SMART	Specific, Measurable, Achievable, Relevant, Time-bound
SSM	Federation of Trade Unions of Macedonia
UN	United Nations
UNASM	Union of Independent and Autonomous Trade Unions of Macedonia



1 SUMMARY

Why is the DWCP needed?

Decent Work Country Programmes (DWCPs) are the main vehicle for delivery of ILO support to member countries. DWCPs represent a medium-term planning framework that guides the work of the ILO in a country in accordance with priorities and objectives agreed upon with governments, trade unions, and employers.

How was the programme developed?

This programme document is a result of the strategic planning of ILO cooperation activities in North Macedonia for the period 2019–2022. It has been prepared in consultation with the Government and the social partners with the aim of creating employment, extending social protection, guaranteeing rights at work, and promoting social dialogue—all key components of economic and social policies. At the same time the programme supports the ambitious reform agenda outlined in the Program of Government 2017–2020¹, which focuses on developing the economy and raising the standard of living. The new DWCP also contributes to the government’s efforts to achieve the Sustainable Development Goals framed in the “Partnership for Sustainable Development—United Nations Strategy for 2016–2020”. Priorities of this strategy document are more and better jobs, more responsive governance, a better life for vulnerable people, gender equality, and a cleaner, more resilient environment.²

What are the challenges to be addressed?

The key challenges addressed by the DWCP are insufficient employment opportunities, inadequate earnings and unproductive work, lack of stability and security at work, unequal opportunities and treatment in employment, unsafe work environment, and lack of voice through representation.

Objectives of the programme

The programme tackles the above listed decent work deficits by improving the governance of the labour market and through the creation of more and better jobs. The programme is poised to support the legal and policy reforms prescribed by the EU accession process, especially with regard to the negotiations

around Chapter 19 on employment and social policies, where the ILO has a clear mandate and technical expertise. Based on lessons learned from past cooperation and recent consultations with the constituents, the current programme focuses on two priorities with a total of seven outcomes. These are:

Priorities	Outcomes
1. Improved labour market governance through enhanced social dialogue	1.1 Increased relevance of the Economic and Social Council as dialogue platform in shaping the national and local economic and social reform agenda
	1.2 Increased representativeness of employers' and workers' organizations
	1.3 Labour legislation harmonized with the International Labour Standards and the EU <i>acquis</i>
2. More and better jobs for inclusive growth and improved youth employment prospects	2.1 A comprehensive National Employment Strategy promoting decent jobs adopted in consultation with the social partners
	2.2 Local Employment Partnerships implemented (with a focus on youth employment)
	2.3 An up-to-date skills needs anticipation system for reducing skills mismatches and enhancing access to the labour market in place
	2.4 An improved OSH policy guided by International Labour Standards and based on comprehensive data in place

2 COUNTRY CONTEXT

2.1 Economic and social context

EU as the main partner

The Republic of North Macedonia was the first Western Balkan nation to sign a Stabilization and Association Agreement (SAA) with the European Union, which entered into force in April 2004. The country was granted candidate status for EU membership in December 2005, but has not yet entered into accession negotiations. The EU Commission recently recommended to start accession talks, but the European Council has not decided yet. The EU is the country's main trading partner accounting for 60 per cent of the country's exports and for 48 per cent of its imports.

Political instability slowed economic growth

Since the 1990s, the Republic of North Macedonia has made considerable progress in terms of economic development and integration into global economic markets. Despite these achievements the country is experiencing one of the slowest income convergence with European Union countries compared to peers in the region. Economic growth in the past 15 years has been very volatile. Following strong economic growth during the period 2002–08 averaging at 4.3 per cent, average GDP growth has declined to 2.1 per cent per year since 2009 because of the Great Recession and a deep political crisis in 2014–17. In 2017, the unpredictability of the political situation brought economic growth to a halt. The establishment of the new government in mid-2017 reduced uncertainties and GDP growth has climbed to around 3 per cent in the second and third quarter of 2018.

Poverty and social inclusion

Declining risks of poverty

Fighting poverty and social exclusion is one of the main priorities of the country. In 2017, approximately 22 per cent of the population was at risk of poverty or social exclusion³ with no major differences between men and women. This is a significant reduction when compared to 2011 (27 per cent), but still above the average recorded at EU level (16.9 per cent).⁴

Income inequality is high, but on the decline

In 2017, the income share of the richest 20 per cent of the population was 6.6 times higher than that of the poorest segment, a decline compared to the highest multiplier of 10.2 recorded in 2012 but still well above the EU average of 5.1⁵. The Gini coefficient is declining from the peak of 38.7 per cent in 2012, but still high at 32.5 per cent in 2017 (EU average: 30.3 per cent⁶).

Labour market

The population is aging

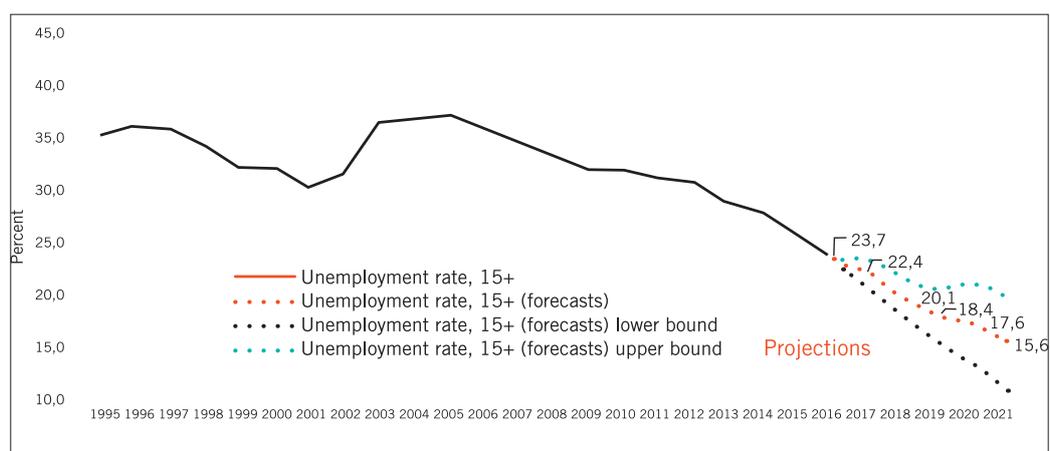
Similarly to the majority of EU countries, the Macedonian population is aging. According to projections,⁷ the share of the population aged 65 and above will double from 12.5 per cent in 2015 to 25.4 in 2050 placing significant strain on the social protection system. This trend will gradually reduce the share of the working age (15–64) population from 70.6 in 2015 to 60.4 per cent in 2050.

Inactivity has been steadily decreasing

In 2017, the labour force participation rate of the working age population (15–64) reached a record high of 65.3⁸ per cent, which is still below the EU rate of 73.3 per cent. The labour force participation rate was particularly low among young people (32.8 per cent), and especially among young women (23.4 per cent).

The 2008 economic crisis had a mild impact on the Macedonian labour market, despite the slowing down of output growth. The unemployment rate has been on a continuous declining trend since 2005. The unemployment rate is projected to further decrease and reach 15.5 per cent by the end of 2021.⁹

Figure 1



Projections of unemployment rate (15+) (%)

Source: ILO: Trends Econometrics Models, Geneva, 2016;

Note: The ILO econometric model uses the Global Employment Trends (GET) figures, which present small differences compared to the data reported by the State Statistical Office for the period 1995–2017.

Unemployment is declining, but the relative position of young people has worsened

The unemployment rate among young people is still very high at 46.7 per cent (48.6 per cent for young women) but the trend is declining. The position of young people relative to adults (25–64), however, worsened considerably since the youth-to-adult unemployment ratio increased from 1.7 in 2007 to 2.3 in 2017. In 2017, the share of young people (15–24) neither in employment nor in education and training (NEETs) represented around 25¹⁰ per cent of the total for both the female and male youth population. This indicator is on a declining trend compared to 2007 (41.7 per cent), but still over twice the number recorded in the EU (10.9). The sharp decline of the NEET rates is due to the contraction of unemployment (based on the unemployed component of the NEET rate declining from over 20 per cent to 14.6 per cent) and the increased participation of youth in education and training. However, the NEET rate for the age group of 25–29 was still above 40 per cent (over 52 per cent for women), pointing to an arduous transition to decent work for young Macedonians and to the need for specific measures supporting young women.

Employment levels are well below the EU average

In 2017, the employment rate in North Macedonia was at 50.5 per cent, the highest rate recorded since 2006, but still far behind the EU average (71 per cent) or the target of 75 per cent as defined in the Europe 2020 strategy (the current EU agenda for growth and jobs). The improvements in the employment rate result from both rising employment and a shrinking working age population due to demographic factors. Men are more likely to be employed (60.5 per cent) compared to women (40.3 per cent) and the gender employment gap is almost twice as high as in EU countries (11 per cent).

Skills mismatches hamper productivity and labour market outcomes

The distribution of employment by occupational category shows that in the last decade there has been a shift towards medium- and high-skilled occupations and a decline of elementary occupations. However, young workers are more concentrated in medium-skilled (over 60 per cent of total youth employment) and low-skilled occupations (24.9 per cent). The education and occupation mismatch¹¹ figures (32.9 per cent of all workers in 2017) show that women are more likely than men to be mismatched (15.2 per cent of women are overqualified compared to 12 per cent of men). Over-qualification is mostly accounted for by upper-secondary graduates working in elementary occupations, and tertiary graduates working as sales and clerical workers. In both these categories, women are proportionately more represented than men.¹²

Temporary employment is not a choice

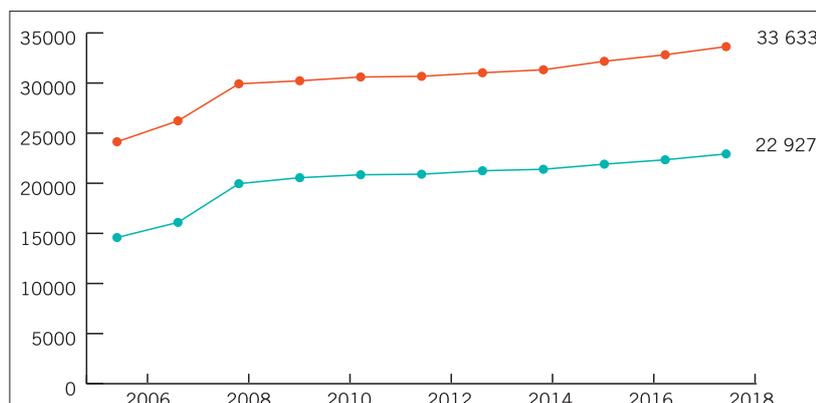
Temporary work has increased steadily since 2006 for all workers (from 11.8 per cent in 2006 to 14 per cent in 2017, with a peak of 16.4 per cent in 2010). Temporary work among young people is twice as that of adults: It concerned 30.2 per cent of all young workers in 2017. Temporary work is more common

among men compared to women (15.2 per cent and 12.3 per cent respectively). In most cases, temporary work is not a choice as over 87.5 per cent of temporary workers accepted this form of work because they could not find a permanent job.

Wages are on the increase but the gender pay gap is still significant

Most workers are wage employees (76.8%). Between 2007 and 2017, net wages increased in nominal terms by approximately 57 per cent (from MKD 14,586 or EUR 237 to MKD 22,927 or EUR 373). The largest increase was recorded in 2009 (24 per cent compared to the previous year). After that, however, earnings started to decelerate with an increase of just one or two per cent in the period 2010–2017 (Figure 2). A 2015 ILO study¹³ has found that women are paid 18–19 per cent less than men.

Figure 2: Average annual gross and net wages (2007–2017) MKD

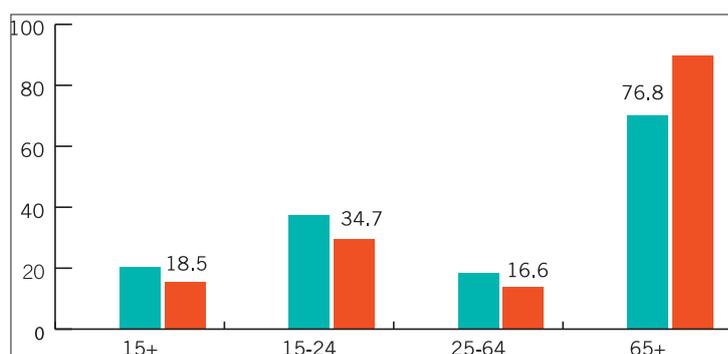


Source: State Statistical Office of the Republic of Macedonia: Average gross and net wages paid per months (2007–2017)

Informal employment represents a significant share of employment

The 2016 estimates of the State Statistical Office indicate that informal employment represented 18.5 per cent of total employment. Informal employment is more widespread among young people and older workers (Figure 3).

Figure 3: Informal employment by sex and broad age group, 2017, (%)



Source: State Statistical Office of the Republic of Macedonia: Labour Force Survey, 2016 (Skopje, 2017)

OSH data, policies and coordination need to improve

The ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR), in its regular review of the implementation of ILO Convention No. 187 (C187, Promotion of Occupational Safety and Health—OSH) commented on how to improve the promotion of OSH¹⁴. More recently the ILO prepared a technical report including (i) a comparative analysis of C187 and the national legislative OSH framework of the country and (ii) listed recommendations on how to improve the OSH legislation aligning it with C187. These recommendations include the introduction of prevention principles in OSH laws, strategies, and action plans; coordination between public authorities working on OSH; establishment of an OSH Unit in the Ministry of Labour and Social Policy (MLSP); introduction of OSH committees at the workplace, and harmonization of national statistics on occupational injuries with the respective ILO Resolution¹⁵.

Social dialogue

Limited influence of the social partners

Since independence, the Macedonian social partners have been struggling to become influential actors at national level. In many economic sectors, the membership of the respective organizations remains low, and their ability to address working conditions and the needs of businesses through collective bargaining and other forms of social dialogue is limited. The situation of social partners has become more difficult as assistance programs fostering economic reforms sponsored by the international community have tended to focus on promoting foreign direct investment rather than on enhancing working conditions and productivity through social dialogue.

Weak presence of TUs in the private sector

Trade unions membership was more widespread before independence. Current unionization figures are still high when compared to other countries in Central and Eastern Europe (approximately 22 per cent in 2017 as compared to the EU average of 23 per cent). However, most members come from the public sector. The relatively new private sector has a low degree of unionization, and the trade union movement is often perceived as strongly linked to the past and partly outdated. Currently there are four trade union confederations: the Federation of Trade Unions of Macedonia (SSM), the Confederation of Free Trade Unions (KSS), the Union of Independent and Autonomous Trade Unions of Macedonia (UNASM), and the Confederation of Trade Union Organizations of Macedonia (KSOM). The first two, namely SSM and KSS are considered the most representative ones, while the first three (SSM, KSS, and UNASM) are members of the International Confederation of Trade Unions (ITUC).

Relatively young EOs

Unlike the long-standing trade unions, employers' organizations appeared in sync with the emergence of democracy and transition to market economy to become a brand new social actor in North Macedonia. Being relatively young, employers' organizations face the dual challenge of expanding their membership base and increasing their capacity to effectively engage with the government and trade unions in policymaking. Expanding membership is difficult due to the individualistic approach and free rider behavior of many employers alongside their lack of awareness of the benefits joint action brings. The relatively low number of members in some branches also limits the role of employers in policy dialogue. At present, there are two main employers' organizations at the national level, namely the Organization of Employers of Macedonia (ORM) (most representative EO in the country) and the Business Confederation of Macedonia (BCM). Both are members of the International Organization of Employers (IOE).

Weak collective bargaining

Collective bargaining is weak or non-existent in many sectors and enterprises. The absence of union activities results in few enterprises having collective agreements at the company or branch level.

ESC potential not utilized

The scope of the Economic and Social Council's (ESC) interventions has in practice been limited to the area of labour and social affairs linked to the mandate of the Ministry of Labour and Social Policy. The ESC is still perceived as an extension of the Ministry and has not managed to get involved in national consultations over broad economic and structural reforms impacting labour and social policies.

International Labour Standards and national labour and industrial relations laws

Alignment with international labour standards, EU harmonization

The country has ratified all fundamental and priority ILO Conventions¹⁶. Just in the past four years the country ratified three new conventions (C141, C160, and C171), increasing the total number of ratified conventions to 79¹⁷. The ILO Committee of Experts has had a number of requests concerning ratified ILO conventions to which the government usually responds effectively and on time¹⁸.

In 2018 and 2019 the ILO provided technical comments on the draft law on labour relations and the draft law on trade unions, employers' associations, and collective bargaining. These ILO recommendations should be the basis for amending labour legislation in the upcoming process of EU accession.

2.2 Lessons learned

The internal ILO review of the 2015–2018 DWCP carried out in April 2018 has identified the following lessons learned:

- There is need for establishing a tripartite DWCP Overview Board to promote, monitor, and adjust the DWCP to realities. This recommendation has already been formulated by previous DWCP reviews.
- Constituents need to get involved already at a stage when interventions are designed. This improves quality and establishes ownership. The involvement of constituents and flexibility in adjusting formulated interventions were key in achieving several outcomes despite political deadlock.
- A Theory of Change clause should be added under each outcome description detailing the logic of the intervention, i.e. explaining why a given intervention was chosen and outlining action to be taken.
- Indicators should be more precisely defined and SMART. Gender-specific indicators ought to be formulated to allow for better progress monitoring.
- Financial contribution from national partners would further increase ownership and sustainability.



3 COUNTRY PRIORITIES AND COUNTRY PROGRAMME OUTCOMES

Priorities identified in this programme result from consultations with the national constituents and reflect the national priorities listed under the Sustainable Development Goals and during EU accession negotiations. Two priorities have been agreed upon for the period 2019–2022:

Priority	Outcome
1. Improved labour market governance through enhanced social dialogue	1.1 Increased relevance of the Economic and Social Council as dialogue platform in shaping the national and local economic and social reform agenda
	1.2 Increased representativeness of employers' and workers' organizations
	1.3 Labour legislation harmonized with the International Labour Standards and the EU <i>acquis</i>
2. More and better jobs for inclusive growth and improved youth employment prospects	2.1 A comprehensive National Employment Strategy promoting decent jobs adopted in consultation with the social partners
	2.2 Local Employment Partnerships implemented (with a focus on youth employment)
	2.3 An up-to-date skills needs anticipation system for reducing skills mismatches and enhancing access to the labour market in place
	2.4 An improved OSH policy guided by International Labour Standards and based on comprehensive data in place

The ILO has a clear mandate and a comparative advantage in implementing the DWCP in support of the identified priorities due to its unique tripartite structure, actions based on labour standards, high-level technical expertise, and established institutional cooperation with constituents. The ILO is the lead UN agency on SDG 8 globally and at national level. The ILO also chairs the Employment outcome of the UN Partnership for Sustainable Development 2016–2020.

INTERVENTION MODEL



MEASURE OF PERFORMANCE

Percentage of economic and social legal acts and measures discussed in the ESC



Percentage of ESC opinions on economic and social legal acts and measures upon which the government has taken action



Outcome 1.1 Increased relevance of the Economic and Social Councils as dialogue platform in shaping the national and local economic and social reform agenda

Developing and fostering social dialogue is an essential element of the European social model, since social dialogue plays a crucial role in promoting competitiveness, sharing the gains, and enhancing economic prosperity and social well-being for all.

In the period 2014–2017 infrastructure has been established for the national ESC and its capacity has been significantly enhanced. However, this infrastructure is still fragile and needs to be further strengthened through the regular practicing of social dialogue by the government and the social partners at all levels.

By the end of 2017 six new Local Economic and Social Councils (LESCs) were established with European Union funding and ILO technical assistance. Despite these efforts, municipalities rarely seek the opinion of the LESCs and seldom do LESCs submit initiatives to the municipality for solving a specific employment or social problem. The absence of strong social partners at the local level, a general lack of funding and resource mobilization, exclusive reliance on voluntary work of their members and the secretariat, all combined with political instability and bureaucratic barriers contribute to the very low impact of LESCs on local policy making.

In order to change this, the ILO will continue working towards increasing the participation of social dialogue institutions in policy making at national and local levels and will foster the practice of regular consultations through the national and local ESCs.

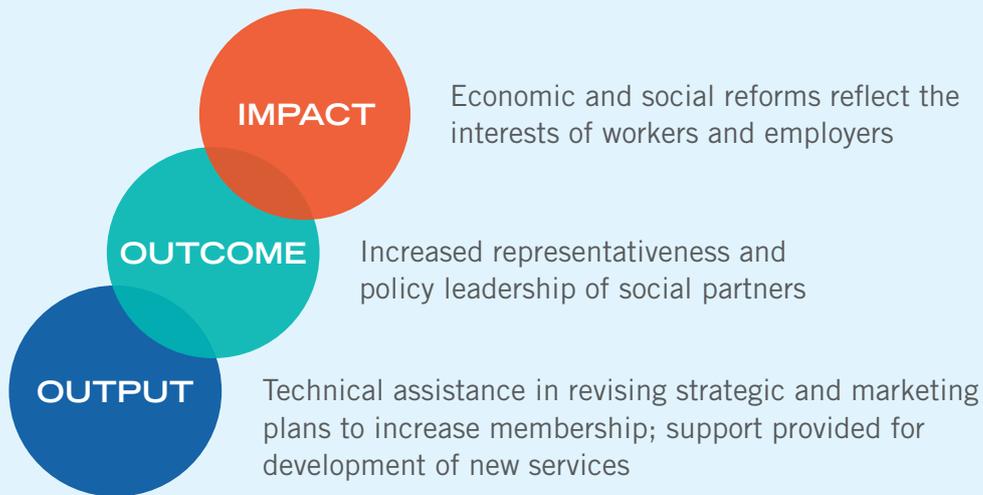
If the ILO builds the knowledge of ESC members and its secretariat in relevant technical areas, facilitates peer learning and exchange of know-how to improve operational processes, fosters communication between the ESC and the government, and assists the ESC and the LESCs with visibility campaigns strengthening their image,

... then the ESCs' influence in shaping national and local economic, labour and social policy will increase,

... leading to balanced and inclusive labour, social, and economic policies aiming at creating more and better jobs.

These changes will contribute to North Macedonia's achievement of SDG targets 8.3¹⁹ and 8.5²⁰.

INTERVENTION MODEL



MEASURE OF PERFORMANCE

Trade Union density rate



Employers' organizations membership



Number of women presidents, vice-presidents, CEO/secretary-generals of TUs and EOs



Outcome 1.2 Increased representativeness of employers' and workers' organizations

Independent and representative social partners play a crucial role in advancing the collective interests of their constituents and influencing policy development and reform.

Although previous EU-funded ILO projects contributed to increasing the membership of employers' organizations (ORM 12% and BCM 10%), in many economic sectors the membership of both social partners remains low, and their ability to address working conditions and the needs of businesses through collective bargaining and other forms of social dialogue is limited. Most trade union members come from the public sector and the relatively new private sector has a low degree of unionization. Both workers' and employers' organizations still lack ability to effectively respond to their members' needs and influence policy development. The ILO will capitalize on previous results by providing further support aimed at strengthening the capacity of social partners to deliver targeted services to their members and increasing their technical skills in quality advocacy.

Activities will also address women's participation in governance and management structures.

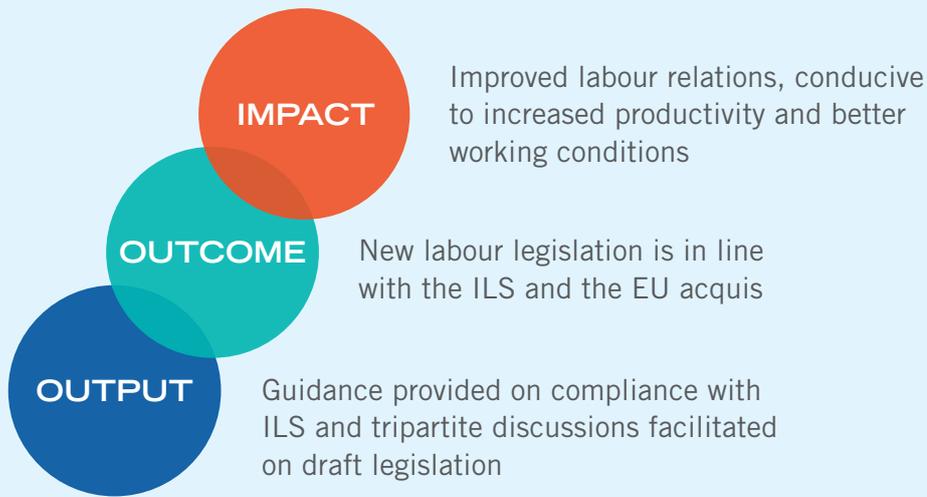
If the ILO assists employers' and workers' organizations to assess their members' needs, supports both social partners to revise and further implement their gender-responsive strategic and marketing plans, and assists the EOs to improve their institutional capacity,

... then social partners will be better equipped to provide quality policy advice, deliver demand-driven services, and will have a gender-balanced leadership; they will have a more prominent public image and improved chances to increase their membership and financial sustainability, and will acquire higher representativeness and higher influence over social policy,

... leading to economic and social reforms that work for everyone.

These changes will contribute to North Macedonia's achievement of SDG targets 8.3²¹, 8.5²², 8.8²³, 16.7²⁴ and 16.10²⁵.

INTERVENTION MODEL



MEASURE OF PERFORMANCE

ILO recommendations—including those addressing gender-related gaps—are reflected in the proposed changes of the labour legislation



Ratification of four ILO Conventions (to be determined by the ESC) by 2022



Outcome 1.3 Labour legislation harmonized with the International Labour Standards and the EU acquis

Conformity of national legal and institutional frameworks with the International Labour Standards (ILS) and the EU acquis is an international obligation of the state as a member of the ILO and a key element of future EU accession negotiations.

The reform of labour and industrial relations is part of the government agenda for advancing in the process of accession to the EU. In order to achieve balance between the needs of workers and enterprises, and to secure full compliance with international labor standards and the EU acquis, the government has requested the ILO's technical assistance in reforming the 2005 Labour Relations Act and collective bargaining regulations.

Within the framework of an EU funded project, the ILO will assist the government and the social partners to bridge the legal and implementation gaps in compliance with ratified ILO conventions and EU law concerning fundamental rights at work. The ILO will facilitate tripartite consultations and give technical support for drafting the new labour legislation, such as commenting on the compliance with the ILO Conventions and EU Directives, making recommendations on areas to be amended, and providing legal advice.

In particular, the ILO will support national tripartite discussions and decision making aiming at aligning labour and industrial relations legislation and practice to international labour standards and the EU acquis (laws, institutions, best practices). The focus will be on the freedom of association and the right to collective bargaining, strike regulation, employment protection, working time arrangements, gender equality, minimum wage and wage fixing, and regulation of non-standard forms of employment. The main benchmarks in delivering the above mentioned technical assistance will be the observations and conclusions of the ILO's supervisory bodies regarding the implementation of ratified ILO conventions²⁶.

If the ILO provides comments on the new draft Labour Relations Law, technical backstopping to the tripartite drafting working group, support in the process of ratification and implementation of ILO Conventions,

... then the new labour legislation will conform to the ILS and the EU acquis while meeting the needs of both workers and employers,

... leading to harmonious and productive employment and industrial relations conducive to increased productivity and better working conditions.

The action supports North Macedonia to achieve progress on SDG targets 8.5²⁷ and 8.8²⁸.

INTERVENTION MODEL



MEASURE OF PERFORMANCE

A NES 2021–2030 that

- is evidence based;
- sets clear employment targets in line with the EU guidelines;
- is gender transformative;
- caters to the specific needs of disadvantaged youth on the labour market;
- has been discussed and endorsed by the Economic and Social Council.

BASELINE

The outcomes and indicators of the NES 2016–2020

TARGET

The outcomes and indicators of the NES 2021–2030 reflect the quality dimensions indicated above

Outcome 2.1 A comprehensive National Employment Strategy promoting decent jobs adopted in consultation with the social partners

In 2015 the ILO—in partnership with UNDP and the World Bank—assisted the country to develop a comprehensive National Employment Strategy. The “National Employment Strategy of the Republic of Macedonia 2020” (NES 2020) follows the principles and the objectives of: the National Economic Reform Program 2015, the Fiscal Strategy 2015–2017, Europe 2020, and Southeastern Europe Strategy 2020 (SEE 2020). The implementation of the NES 2020 produced preliminary results on how active employment policies may be integrated into a broader policy framework encompassing education, social protection, and inclusion. More efforts are required to coherently integrate employment targets into the macroeconomic and industrial policy of the country. A new strategy, to be adopted for the period 2020–2030, needs to support the convergence with the EU employment strategy and guidelines.

A consistent, integrated, and well-designed employment strategy, which cuts across the macro- and microeconomic dimensions of the nexus between growth and employment is indispensable for achieving sustainable development and decent work.

A comprehensive employment strategy should elaborate (i) a vision, (ii) an explicit employment target to be achieved by 2030 (with relevant milestones), and (iii) a concerted framework linking all employment policy interventions, as well as all stakeholders. This requires the participation of ministries, government institutions, workers’ and employers’ organizations, financial institutions, industrial players, and civil society groups—namely all who may contribute to reaching employment targets. In the context of the DWCP, the ILO will facilitate the development of an evidence-based strategy by evaluating the current employment policy, promoting dialogue on lessons learned and good practices, and providing expert advice on priority areas identified through the consultation process.

If the ILO facilitates inter-ministerial and tripartite consultations with the government and the social partners around the results of the current employment policy and future labour market scenarios, guides and advises on the formulation of the new employment strategy by means of knowledge-sharing and participation, and backstops the formulation of specific action plans to deliver on critical aspects of the strategy, including a labour market information system and improved active labour market policies,

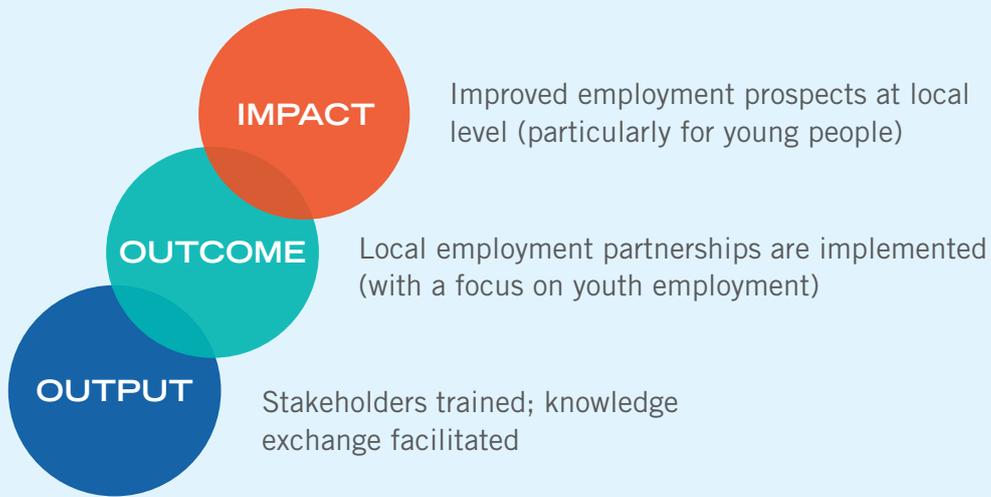
... **then** the new national employment strategy will incorporate good practices and will translate into action by the constituents,

... **leading to** a stronger institutional and policy framework operating coherently and ultimately the creation of more and better jobs.

These changes will contribute to North Macedonia’s achievement of SDG targets 4.4²⁹, 8.3³⁰, 8.5³¹, and 8.6³²

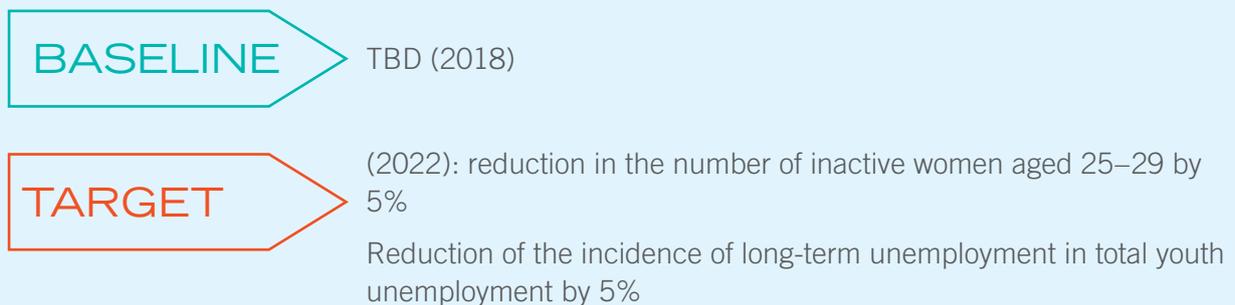
An important sustainability element of the intervention strategy is that it supports capitalizing on lessons learned, evidence-based policy development, and concertation around employment policies, which are core approaches used by EU member states.

INTERVENTION MODEL



MEASURE OF PERFORMANCE

Incidence of young NEETs in the LEP regions (by subgroup, by sex)



Number of vacancies per quarter



Outcome 2.2 Local employment partnerships implemented (with a focus on youth employment)

Local Employment Partnerships (LEPs) support the decentralized implementation of a national employment policy. They are tailor-made interventions agreed upon by multiple labour market actors in order to develop local solutions to specific employment challenges at municipal or regional level. Through LEPs local governments, social partners, businesses, labour market and education/training institutions, and other stakeholders assume complementary roles and responsibilities in order to achieve shared employment objectives for their municipality or geographic area. The approach was developed in the late 1990s in the EU and then later on adapted by the ILO for the Western Balkans. It has proven to be a good approach as it mobilizes local resources and expertise, and encourages innovation.

In the context of the DWCP in North Macedonia, LEPs support a series of intertwined objectives. Firstly, the development of LEPs relies on the local ESCs as catalysts among actors concerned with labour market outcomes at local level; secondly, LEPs complement active labour market policies (ALMPs) or other policy interventions such as the youth guarantee. The guarantee was introduced by the government of North Macedonia in 2018, with the goal of delivering better employment outcomes for vulnerable individuals and particularly for young people. Since the beginning of the transition to a market economy almost thirty years ago, the situation of young people in the labour market has been particularly difficult. Despite progress achieved in terms of economic development, young people—especially young women—experience high rates of unemployment and inactivity. When they work, they are more likely to hold temporary or atypical jobs or be engaged in the informal economy compared to their adult peers.

If the ILO supports local ESCs in driving the formulation of LEPs, provides guidance, tools, and technical advice on the implementation of ALMPs and youth guarantees including outreach and dispersing knowledge about rights at work,

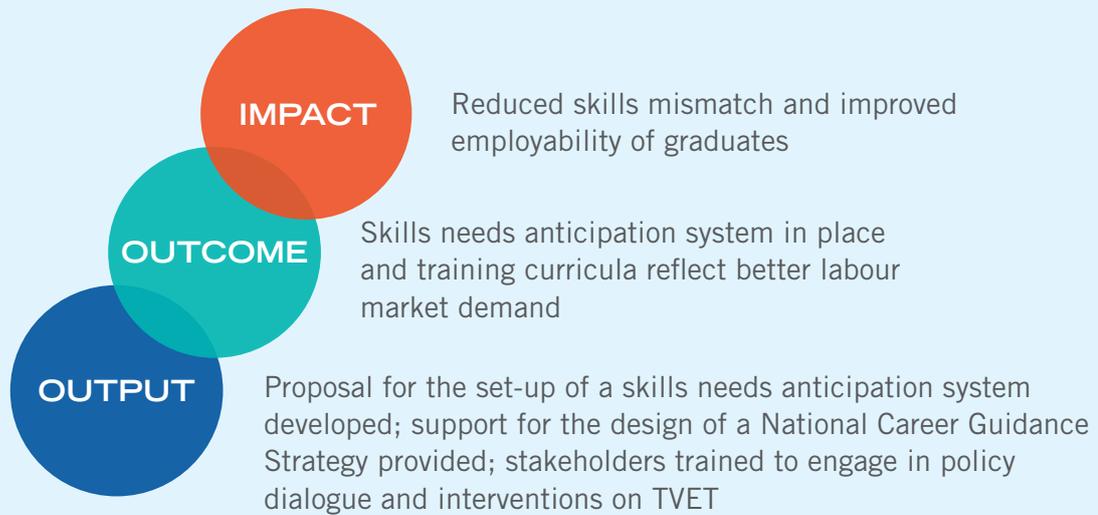
... then Local Employment Partnerships can play a significant role in engendering a new dynamics on the local labour markets and collaboration among local stakeholders,

... leading to a more sustained demand for labour and attainment of other policy objectives in relation to the employment of vulnerable individuals, young people in particular.

These changes will contribute to North Macedonia's achievement of SDG targets 8.3³³, 8.5³⁴, and 8.6³⁵.

An important sustainability element of the intervention strategy is that it supports local dynamics for job creation and empowers stakeholders to identify opportunities and continuously implement local solutions to their specific labour market challenges.

INTERVENTION MODEL



MEASURE OF PERFORMANCE

Skills needs anticipation system in place adopted by the Ministry of Labour and Social Policy and Ministry of Education

BASELINE 0

TARGET

The new system is in place by 2022 including

- the participation of social partners;
- use of comprehensive and reconciled data;
- a feedback-mechanism to a career guidance system that tackles gender-stereotypes

Outcome 2.3 An up-to-date skills needs anticipation system for reducing skills mismatches and enhancing access to the labour market in place

A key concern of the constituents is the employability of the workforce. However, detailed and pertinent information on skills mismatches and forecasting is either limited or existing information is not reconciled.

The Ministry of Labour and Social Policy requested support in establishing a comprehensive system on skills needs anticipation and matching. The system should be based on past experiences and lessons learned (e.g. an anticipation exercise carried out five years ago with ETF) and it should integrate, complement and harmonise data currently available (e.g. Occupational Outlook, quantitative and qualitative labour market information by the Ministry of Labour and the Employment Service Agency, and data generated by the Ministry of Education).

In addition, the Ministry of Labour and Social Policy wishes to use the system to support a modern career information and guidance scheme that provides orientation to job-seekers and promotes gender equality. At the same time, employers' organisations expressed a demand for a better integrated career guidance system also including schools.

An important factor for the design of such a system is the effective participation of the social partners. However, partners' proposals are not taken into account on many occasions the government and its institutions. Partners would also welcome capacity building to strengthen their knowledge on technical matters.

Therefore, the ILO, in cooperation with other organizations (primarily European Training Foundation — (ETF) will support the constituents in building up a comprehensive system of skills needs anticipation.

If the ILO provides technical assistance for building up a skills needs anticipation system and revising career guidance strategies, and engages in technical capacity building of social partners,

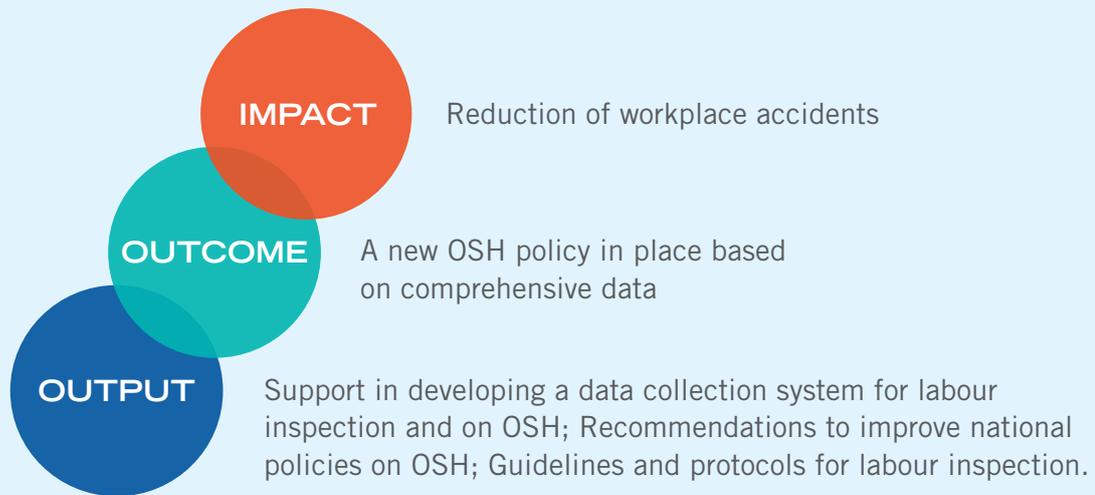
... then conditions will be in place for setting up a skills needs anticipation system, Technical and Vocational Education and Training (TVET) programmes and vocational orientation will become more responsive to labour market needs,

... leading to reduced skills mismatches and a smoother labour market transition of graduates.

The intervention contributes to achieving SDG targets 4.4³⁶ and 8.6³⁷.

In terms of sustainability this strategy supports i) the participation and hence the ownership of constituents and existing institutions in setting-up a skills needs anticipation system and ii) improving the technical capacity of social partners.

INTERVENTION MODEL



MEASURE OF PERFORMANCE

Disaggregated data collection system of labour inspection statistics including occupational injuries established



OSH legal framework aligned with ILS and the EU acquis



Outcome 2.4 An improved OSH policy guided by ILS and based on comprehensive data in place

Further to the ILO technical report assessing the status of the Macedonian OSH Law in 2018, the ILO technical mission in October 2018 identified a number of areas for improvement and in need of further ILO assistance, including the following: review of the forthcoming revised OSH law; comparative analysis of national legislation against Convention No. 161 on Occupational Health Services; capacity building of the new OSH unit in the MLSP and data collection systems including a labour inspection action management system.

In North Macedonia the lack of reliable data on work accidents presents a critical obstacle for developing evidence-based OSH policies in line with the ILS and EU regulations. In particular, the high degree of informality (one out of five workers works informally) is a major challenge for data collection on work accidents. Improving the collection of work accident data is a crucial prerequisite for developing effective national OSH policies and programmes.

Based on the comprehensive database of work accidents and improved data collection, national OSH policies and programmes should be developed aiming at preventing work accidents and occupational diseases by conducting risk assessment and eliminating or minimizing work-related hazards. The role of social partners is important in the development, implementation, and monitoring of national OSH policies and programmes. These national efforts will reduce the number of work accidents and occupational diseases and also lead to the creation of preventive OSH culture.

If the ILO provides technical assistance in improving the collection of work accidents including the development of labour inspection statistics system, assists with drafting a new OSH policy based on comprehensive data, facilitates consultation with social partners over the draft policy, and strengthens the capacity of relevant institutions, especially the State Labour Inspectorate and the Ministry of Labour and Social Policy in addressing OSH and informal employment,

... **then** a new OSH policy will be put in place based on comprehensive data and guided by ILS,

... **leading to** a reduced number of work accidents.

The intervention contributes to achievement of SDG targets 3.9³⁸ and 8.8³⁹.



4 MANAGEMENT, IMPLEMENTATION PLANNING, MONITORING, REPORTING AND EVALUATION ARRANGEMENTS

4.1 Implementation, performance monitoring and evaluation arrangements, including roles of ILO constituents

Joint implementation

The cooperation programme will be managed by the ILO office for Central and Eastern Europe (DWT/CO-Budapest), the National Coordinator in Skopje, the Regional Office for Europe and technical units at headquarters in Geneva. The ILO will continue its cooperation with major stakeholders in the country, such as the UN under the framework of the Partnership for Sustainable Development: UN Strategy for 2016–2020, and the EU Delegation.

The programme will be jointly implemented (including support, funding and monitoring) by the constituents and the ILO. From the ILO side, this will be pursued through technical cooperation projects, advisory missions, and seminars for information dissemination and capacity building. Extra-budgetary and ILO's regular budget resources will be used to finance the implementation of this Country Programme.

A tripartite Overview Board will be set up⁴⁰ with a clear role to promote the DWCP and monitor its implementation. The Board will review the implementation on an annual basis suggesting necessary adjustments, addressing bottlenecks and helping in resource mobilisation. The ILO will prepare

a progress report on an annual basis that will feed into the work of the Overview Board.

The ILO will commission an internal mid-term review and a country programme review at the end of the DWCP in order to evaluate its relevance, effectiveness and efficiency. In order to improve the evaluability of the new DWCP much effort has been put into defining clear theories of change for all eight outcomes as well as quantified measures of performance.

4.2 Risks

Main risks

The main risks for implementing the current programme are the unpredictable political environment, especially if the country does not start the EU accession negotiations in the near future, lack of strong ownership over the programme, and lack of resources.

Risk mitigation

Shared understanding of lessons learned, participatory planning, and strengthened role of the DWCP Overview Board are measures taken to minimise the risk of the lack of ownership. In addition, the current programme is closely aligned to the EU priorities, thus reducing the risks of major political changes. Support of the government and social partners will be crucial in securing funds for implementing certain parts of the programme and overcoming the funding gap.

4.3 Funding Plan

The DWCP will have to be resourced by a combination of contributions from North Macedonia, ILO regular budget, and ILO extra-budgetary sources.

Confirmed extra-budgetary resources and remaining funding gaps are listed in the results framework. Mobilizing resources to cover existing funding deficiencies will be done based on joint prioritisation. Traditional sources of external support for development cooperation are decreasing for higher middle-income countries like North Macedonia, while new forms of assistance are available through the EU accession process. In this context, the ILO and the tripartite constituents need to continue mobilizing resources in an orchestrated and coherent manner in order to operationalise the 2019–2022 DWCP for the Republic of North Macedonia.

ANNEX I

Advocacy & communication plan

The objective of advocacy and communication activities is to raise awareness among relevant stakeholders and the general public on

- The role of International Labour Conventions and SDG 8 in promoting inclusive and sustainable development;
- The importance of effective partnerships to address decent work challenges, implement the SDGs and national development priorities;
- Success stories emerging from initiatives under the DWCP.

Visibility and communication activities target primarily the tripartite constituents as well as multi- and bilateral donor organizations, civil society organizations, and other international and governmental agencies working in North Macedonia on similar themes while the general public is the secondary audience.

The ILO will develop a yearly “Advocacy and communication activity plan” in cooperation with the constituents. This plan will include at least 2 events per year specifically raising the visibility of the DWCP’s most important messages and achievements. The key communiqués will be developed jointly with the tripartite constituents; activities will be carried out in consultation, coordination, and/or collaboration with them.

Planned advocacy and visibility activities for year 1.

DWCP activity	Description	Partners	Channel
DWCP launch event	News item issued, interviews conducted with social partners, photo session	MLSP, social partners	ILO/ MLSP/EOs/TUs websites
Promotion of Ratification of ILO Conventions	Publishing a news item	Economic and Social Council	ILO/ MLSP/EOs/TUs websites

The Overview Board will undertake a mid-term review of Advocacy and communication activities and results.

ENDNOTES

- 1 https://vlada.mk/sites/default/files/programa/2017-2020/Programa_Vlada_2017-2020_ENG.pdf
- 2 <http://www.un.mk/docs/UNDAF20162020.pdf>
- 3 State statistical Office of Macedonia <http://www.stat.gov.mk/pdf/2018/4.1.18.94.pdf>
- 4 Eurostat 2018, http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=sdg_01_20&plugin=1 The most recent survey of Eurofound on European quality of life including 5 accession candidates from Western Balkans has similar results on living standards and deprivation. In North Macedonia 24% of the households report difficulties or great difficulties in making ends meet while the average for EU28 is 15%. Like in the EU28 no gender differences can be found. See <https://www.eurofound.europa.eu/data/european-quality-of-life-survey>
- 5 Eurostat: Income quintile share ratio (S80/S20) (online code: tessi180)
- 6 Eurostat: Gini coefficient of equivalised disposable income (online code: tessi190)
- 7 United Nations, Department of Economic and Social Affairs, Population Division (2017). World Population Prospects: The 2017 Revision, custom data acquired via website.
- 8 State Statistical Office: Labour Force Survey 2017
- 9 ILO Budapest: North Macedonia employment diagnostics. 2018
- 10 Eurostat: Young people neither in employment nor in education and training by sex, age and labour status (NEET rates) (online code: edat_lfse_20)
- 11 Qualification mismatch refers to a situation in which a person in employment, during the reference period, occupied a job whose qualification requirements did not correspond to the level and/or type of qualification they possessed. (Measurement of qualifications and skills mismatches of persons in employment : https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/meetingdocument/wcms_636052.pdf)
- 12 ILO Budapest: North Macedonia employment diagnostics. 2018
- 13 The gender and motherhood wage gap in the former Yugoslav Republic of Macedonia: An econometric analysis; Marjan Petreski, Nikica Mojsoska Blazevski; International Labour Office, ILO DWT and Country Office for Central and Eastern Europe—Budapest: ILO, 2015.
- 14 https://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:3191052:NO
- 15 https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087528.pdf
- 16 Fundamental conventions: C29, C87, C98, C100, C105, C111, C138, C182; Priority conventions: C81, C122, C129, C144
- 17 Ratification of C160 is still not registered
- 18 https://www.ilo.org/dyn/normlex/en/f?p=1000:13201::NO:13201:P13201_COUNTRY_ID:103555
- 19 SDG Target 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- 20 SDG Target 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- 21 SDG Target 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
- 22 SDG Target 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- 23 SDG Target 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
- 24 SDG Target 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels
- 25 SDG Target 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements
- 26 https://www.ilo.org/dyn/normlex/en/f?p=1000:13201::NO:13201:P13201_COUNTRY_ID:103555
- 27 SDG Target 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- 28 SDG 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
- 29 SDG Target 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
- 30 SDG Target 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- 31 SDG Target 8.6: By 2020, substantially reduce the proportion of youth not in employment, education or training
- 32 SDG Target 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
- 33 SDG Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
- 34 SDG Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- 35 SDG Target 8.6: By 2020, substantially reduce the proportion of youth not in employment, education or training
- 36 SDG Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
- 37 SDG Target 8.6: By 2020, substantially reduce the proportion of youth not in employment, education or training
- 38 SDG Target 3.9: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
- 39 SDG Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
- 40 At least 50% of Overview Board members will be women.

