

The former Yugoslav Republic of Macedonia

**MULTI-ANNUAL OPERATIONAL PROGRAMME
HUMAN RESOURCES DEVELOPMENT
2007-2013**

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ABBREVIATIONS

ALMP	Active Labour Market Policies
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CEEC	Central and Eastern European Countries
CFCD	Central Finance and Contracting Department
CSW	Centre for Social Works
Component I	Institutional Development Component
Component III	Regional Development Component
Component IV	Human Resources Development Component
Component V	Rural Development Component
EAR	European Agency for Reconstruction
ESA	Employment Service Agency
ESF	European Social Fond
ETF	European Training Foundation
EU	European Union
FDI	Foreign Direct Investment
EUROSTAT	Euro Statistics Office – Luxemburg
GDP	Gross Domestic Product
IFA	International Financial Assistance
ILO	International Labour Organisation
IPA	Instrument for Pre-Accession
JAP	Joint Assessment Papers
JIM	Joint Inclusion Memorandum
LFS	Labour Force Surveys
MES	Ministry of Education and Science
MoF	Ministry of Finance
MIFF	Multi-Annual Indicative Financial Framework
MIPD	Multi-Annual Indicative Planning Document

MLSP	Ministry of Labour & Social Policy
NAO	National Authorising Officer
NAPE	National Action Plan for Employment
NDP	National Development Plan
NES	National Employment Strategy
NGO	Non Government Office
NIPAC	The National IPA Co-ordinator
NMS	New Member States
NPAA	National Plan for Adoption of Acquis
NUTS	Nomenclature of Territorial Units for Statistics
OECD	Organization for Economic Co-operation and Development
OP	Operational Programme
PAYG	Pay As You Go
PISA	Programme for International Student Assessment
SCF	Strategic Coherent Framework
SEE	South East Europe
SMC	Sectoral Monitoring Committee
SMEs	Small and Medium Enterprises
SSO	State Statistical Office
TA	Technical Assistance
TIMSS	Third International Mathematics and Science Study
TWA	Temporary Work Agency
VET	Vocational Educational Training
UCI	Unit for IPA Coordination and Implementation

EXECUTIVE SUMMARY

The Multi-Annual Operational Programme “Human Resources Development” (hereinafter referred to as OP HRD) of the former Yugoslav Republic of Macedonia is a document for implementation of the national and European strategic priorities prepared in line with the new Instrument for Pre-Accession (IPA) established by Council Regulation (EC) 1085/2006 of 17 July 2006. It acts as a funds delivery framework, co-financed jointly by the Instrument for Pre-Accession and the national budget during the programming period 2007 – 2013, with financial indications for the 2007-2009 period, covering the territory of the whole country.

The overall strategic objective of IPA Human resource development component is to foster the development of human resources, in particular by improving the quantity and quality of human capital, leading to more and better jobs, higher growth and development and the increased national competitiveness at international level.

OP HRD objective was established on the basis of the socio-economic analysis in the field of the human resources development and includes a strategy defining the priorities and objectives as well as a description of the priorities and measures. It aims at addressing the following identified weaknesses:

- Low employment and high unemployment especially long-term unemployment;
- Rise of unemployment among disadvantage groups in labour market (ethnic communities which are not majorities in the country (hereinafter “ethnic communities”), women, disabled, young people, older) and their exposure to social exclusion;
- Mismatch between the relevant educational profiles and the labour market needs and demands
- Early school leaving, unsatisfactory level of adult literacy;
- Low level of funding for active employment policy.

IPA Human resource development component amounts to total of 19,176 mil. EUR in the period 2007-2009. About 85% of this amount represents the Community contribution, complemented with funds from national public sources. OP HRD takes account for the limited amount of money available and concentrates its strategy on limited number of operations in three priority fields: employment, education and training and social inclusion of marginalized groups into the labour market.

OP HRD has been prepared in conjunction with the country's National Development Plan 2007 – 09 and the Strategic Coherence Framework (SCF) which will cover the period 2007 – 2013. Other national documents and strategies have been included where relevant. The strategic priorities are entirely consistent with those set in IPA documents, such as the MIPD 2007-2009.

OP HRD 2007-13 has been prepared by the Ministry of Labour and Social Policy (MLSP) and Ministry of Education and Science (MES) in close collaboration with all relevant agencies and institutions including the social partners and NGOs'. Active participation of all stakeholders ensures ownership of the programme as it is an inevitable condition for successful implementation phase.

This Operational Programme will be implemented through decentralized management and managed by the Operating structure set up within the Ministry of Finance. MLSP and MES will be responsible institutions for the programming and technical implementation of the programme. Assistance under Human Resource Development component will be implemented only after completed accreditation of the National IPA structure.

1. CONTEXT, CONSULTATION AND COORDINATION

1.1 NATIONAL POLICY AND SOCIO-ECONOMIC CONTEXT

Labour market situation in the former Yugoslav Republic of Macedonia in 2006 is unfavourable and is characterised by a relatively low participation rate of 62.2%¹ low employment rate of 35.2% and high unemployment rate of 36% (State Statistical Office, Results from the Labour Force Survey 2006). The female unemployment rate in 2006 is higher than that of males and equalled 37.2%. Nearly two-thirds of the people looking for work had been without a job for at least four years and most of those people are younger rather than older workers. Unemployment problems prevail among young persons (up to 27) and disadvantaged groups like ethnic communities (Roma), older people (over 55), persons with disabilities. Formal labor market is stagnant with limited opportunities for new entrants and big informal sector.

Modest performance is an intrinsic characteristic of the labour market over the entire transition period and can be attributed to number of factors, including the low economic growth, inefficient privatisation process and structural problems. In spite of the positive developments in 2006, the moderate average GDP growth of around 4% over the last few years and slow gross investment growth could not lead to a stronger improvement of the labour market.

High unemployment points to an underutilisation of human capital in the former Yugoslav Republic of Macedonia, hindering its economic growth. Hence the main goal of all government priorities is to stimulate job creation, reduce rigidities and administrative barriers in the labour market, and improve efficiency of the main labour market institutions, mainly the Employment Service Agency (ESA) and employment centres.

In this regard, the government prepared a National Employment Strategy (NES) 2010, which contains the medium-term employment strategies of the former Yugoslav Republic of Macedonia. It comprises the main labour market challenges for the period up to 2010 and defines national targets and specific employment policies that will ensure achievement of those targets. The NES 2010 incorporates the employment policies of the revised Lisbon Strategy and the EU Integrated Guidelines for growth and jobs. As an implementation tool of the NES, the National Action Plan for Employment (NAPE) for 2006-2008 was prepared and adopted by the Government with specific programmes, projects and measures for the period 2006-2008. The NAPE is based on the Employment Guidelines No.17-24 and the microeconomic guidelines No.14 and 15 of the EU Integrated Guidelines for Growth and Jobs.

Besides, microeconomic policies aimed at faster growth and greater job creation, the NAPE puts much emphasis on active labour market policies to reduce skills mismatch and bottlenecks in the labour market. Active labour market measures foreseen in NAPE encompass training, re-training and advanced training, public affairs, employment support for specific target groups as well as measures for combating the grey economy.

¹ Working-age population is defined as population aged 15-64, an EUROSTAT definition, whereas national definition is according to the ILO standards of population aged 15-80. Most of the data presented in this analysis is according to the EUROSTAT definition. However, there is insufficient information to calculate some indicators by this definition, and hence they will be presented for population aged 15-80, with a clear remark.

Competitiveness in the today’s era of knowledge-based economy depends significantly on the knowledge and skills of a country’s population. However, given the relatively lower quality of human capital in the former Yugoslav Republic of Macedonia compared to the EU countries, documented in international education studies, as well as its low quantity, improving educational system and outcomes is one of the main national priorities.

Hence, national priorities in the area of human resources development, set out in the National Strategy for Development of Education 2005-2015 are promoting education for all, increasing social partnership, supporting activities of non-governmental and voluntary associations in the field of lifelong learning, linking formal and informal education, increasing the opportunities for educational mobility and raising the adults’ professional and social competences. These priorities should be reached through curriculum changes (introduction of entrepreneurship, early learning of two foreign languages and ITC, etc.), external evaluation, teacher’s in-service training, improvement of vocational education system, promotion of life-long learning, etc. In addition, the Government programme ensures relatively large investments into building new/modernisation of current school buildings and equipment.

The area of social inclusion as a specified field of intervention has not been envisaged till now. Though the main strategic goals in this area are set in the NPAA, they will be addressed in detail within the Joint Inclusion Memorandum (JIM) as a joint process of preparation between the European Commission and the Government of the former Yugoslav Republic of Macedonia.

Within the framework of the NPAA, the following priorities of the former Yugoslav Republic of Macedonia in the field of social inclusion are envisaged:

- Preparation for a complete participation in the Open Method of Coordination for social inclusion;
- Reduction of domestic violence, as well as strengthening capacities on the local level for working with the victims of the domestic violence;
- Obtaining the right of the child to live and to be taken care off in the biological family or suitably alternatively sheltered, through providing the suitable non-institutional protection;
- Strengthening the capacities of the CSW for alternative forms of sheltering of children;
- Improving the condition and obtaining the right of independent life of adults with intellectual disability;
- Developing out-of-institutional forms of social protection for the socially excluded people;
- Policies for inclusion of ethnic communities, Strategy of the former Yugoslav Republic of Macedonia on Roma and NAP for the Roma decade.

Recently adopted **NDP** 2007-2009 which provides an overall framework for investments to be (co)financed from public sources that will be consistent with overall development objectives of the former Yugoslav Republic of Macedonia in the three-year period 2007 - 2009. The overall objective of the NDP is to increase international competitiveness of the country that is required for a sustained economic growth and higher employment.

OP HRD has been prepared in conjunction with the National Development Plan 2007 – 09 and the Strategic Coherence Framework (SCF) which will cover the period 2007 – 2013. Other national documents and strategies have been included where relevant.

OP HRD aims were defined in line with the following national strategic documents:

- National Employment Strategy 2010 (NES);
- National Action Plan for Employment (NAPE) 2006-08;

- National Strategy for Development of Education 2005-2015;
- National Strategy for the Roma Decade 2005-2015, adopted in 2005;
- National Action Plans for Roma 2006-2008 (education, employment, health, housing);
- The National Action Plan for Gender Equality;
- The National Strategy for Development of Small and Medium Enterprises;
- Action Plan for Combating Grey Economy;
- Government’s Working Programme for the period 2006-2010;
- Strategic Plan of the Government of the RM for 2006-2008;
- Strategic Plan of MLSP 2006-2008.

1.2 COMMUNITY STRATEGIC FRAMEWORK

Following the Commission's recommendation of November 2005 the European Council (EC) decided on 16 December 2005 to grant candidate status to the former Yugoslav Republic of Macedonia for EU membership. The EU’s core policy documents from the enlargement package (the revamped European Partnership (EP), Enlargement Strategy Paper, the annual Progress Reports in the EU accession) define short- and medium-term obligations for the former Yugoslav Republic of Macedonia in relation to the EU membership and track the progress in the process of implementation and enforcement of EU standards. The former Yugoslav Republic of Macedonia has prepared a National Programme for the Adoption of the Acquis (NPAA), which also defines the main priorities in preparing for accession. The programme draws on the priorities stated in the European Partnership and on the Commission's Progress Report, but is considered broader than the European Partnership. The main priorities are the alignment of legislation, and reform of the public administration and judiciary. In that process, the country will be supported with financial assistance in accordance with Council Regulation 1085/2006. The assistance under IPA will complement and replace the assistance provided under the CARDS instrument.

As already mentioned the enlargement package of document provides a starting point for setting down the priorities for programming of overall assistance under IPA. OP HRD aims and specific objectives have also a strong correlation with specific short - and medium - term priorities identified by the European Partnership 2005. In particular, modernisation of the labour market institutions and implementation of new and improved active policies (*priority axis 1*) will help addressing the problem of unemployment while investment in better education and skills (*priority axis 2*) will enable the work force to respond to the new requirements of the labour market. At the same time, promotion of inclusive labour market (*priority axis 3*) will facilitate participation in employment of the most disadvantaged persons. The correlation between short- and mid-term priorities of EP and OPHRD measures is provided in the table below.

Correlation between the priorities of the OP HRD and EP

Address unemployment and support job creation. Ensure swift implementation of the new law on labour relations and of the reform of the employment agency. Initiate further efforts to promote job creation, in particular for women and young people.	1.1 Further development of the Employment Agency and enhancement of the Employment Conditions 1.2 Supporting the implementation of the Employment Strategy and JAP 1.3 Combating the labour market situation of young people, women and long term unemployed 1.4 From Informal to Formal
Take steps to integrate the informal sector into the formal economy, particularly in order to	1.4 From Informal to Formal

fully include employed persons into the social security system and to eliminate unfair competition from unregistered companies.	
Develop efficient management, monitoring, control and audit systems necessary for the implementation of programmes under the EU pre-accession instruments under decentralised implementation conditions	4.1 Support to the implementation of OP IV
Reinforce the labour inspectorate in terms of staff and equipment and enable it to apply effective and dissuasive sanctions.	1.4 From Informal to Formal
Develop and implement a comprehensive employment strategy involving all relevant stakeholders with a view to subsequent participation in the European Employment Strategy, matched by appropriate capacity building for analysis, implementation and assessment.	1.1 Further development of the Employment Agency and enhancement of the Employment Conditions 1.2 Supporting the implementation of the Employment Strategy and JAP 1.3 Combating the labour market situation of young people, women and long term unemployed 3.3 Empowering relevant actors
Modernise the educational system. Align the quality of the educational system with European standards. Modernise the curricula of secondary and university education. Step up efforts to create a modern vocational education and training system.	2.1 Modernising the educational and training system 2.2 Enabling access to quality education for ethnic communities 2.3 Developing adult education and lifelong learning
Develop capacity for project preparation and management in accordance with the Structural and Cohesion Funds, both at central level and at NUTS III level	4.1 Support to the implementation of OP IV

Council Regulation 1085/2006 is legal basis for IPA. As stated above the main objective of the IPA is to help the country to face the challenges of European integration, to achieve progress in the Stabilisation and Association Process and to implement all the necessary reforms needed for fulfilling the Copenhagen criteria for EU membership.

The IPA instrument consists of five components: I. Transition Assistance and Institution Building, II. Cross-Border Cooperation, III. Regional Development, IV. Human Resources Development and V. Rural Development.

Council Regulation 1085/2006 calls for providing the assistance 1) on the basis of multi-annual planning document (MIPD) and 2) through development of multi-annual programme in accordance with the priorities defined in the MIPD (the so-called programming principle). The MIPD 2007-2009 is the key strategic document for the IPA. It follows the Multi-annual Indicative Financial Framework (MIFF) 2007-2009, which indicatively allocates funds per beneficiary and per component, including the human resource development component.

The pre-accession assistance strategy identified in the MIPD for the period 2007-2009 is focused on preparing the country for implementation of the Community's Cohesion Policy, focusing in the field of transport and environment, education, employment and social inclusion.

IPA Human Resources Development component should support the former Yugoslav Republic of Macedonia in policy development, as well as preparation for the implementation and management of the Community's cohesion policy, in particular the European Social Fund. Within the Human Resources Development component MIPD 2007-2009 specifies three priorities:

Employment - Attracting and retaining more people in employment

Education and training – Investing in human capital through better education and training

Social inclusion – Promoting an inclusive labour market

There are two multi-annual programming documents in the area of human resource development component: Strategic Coherence Framework and the OP HRD itself, both covering the three separate fields of intervention over the period 2007-2013: Employment, Education and training and Social inclusion.

SCF 2007-2013 was prepared on the basis of the priorities set out in the MIPD. It provides a frame of reference for the IPA Regional Development and Human Resources Development components. This OP further expands the global objective outlined in SCF in the area of human resource development into more specific objectives in every field of intervention and elaborates the means by which the objectives are supposed to be pursued (Figure 1).

The strategy of OP HRD draws on the three main objectives of SCF 2007-2013. The first objective of the programme is to increase employment, reduce unemployment and retain more people in employment. This can be achieved by improving labour market functioning and employment possibilities, especially for vulnerable groups (young persons, women, long-term unemployed, older workers, ethnic communities and), as well as by speeding the transition of the engagement in grey economy into the formal sector employment.

Competitiveness of firms in today's era of knowledge-based economy depends on the quality and quantity of country's human capital. In this regard, education sub-component should improve quality of the education system ensuring, on the long-run, greater educational attainment of in-country citizens. In addition, education system reforms should increase responsiveness of this system to the labour market needs and changes. Education and training systems should enhance the learning of entrepreneurship and its inclusion as key competence in education curricula.

Third objective is to promote inclusive labour market for those who are currently disadvantaged, especially the Roma population. The objective will be achieved by improving quality and effectiveness of services provided to disadvantaged persons aimed at supporting their integration in the labour market and society and preventing further poverty. All relevant stakeholders, including NGOs will be encouraged to actively participate in pursuing the objective.

The purpose of the Human resource development component is to help the country to develop and strengthen its administrative capacity for management, implementation, monitoring and control of resources from European Social Fund (ESF). This will be fulfilled through the process of preparation and implementation of system actions and pilot projects in the areas of employment, education and social inclusion (“learning by doing”). Some support will come out in a form of technical assistance (additional to that funded in the framework of the Component I). The experience gained through the use of IPA funds will contribute to the development and implementation, monitoring and evaluation of the employment, education and social policy.

The OP HRD takes account of the framework and guidelines for the EU Cohesion Policy for the period 2007-2013 as established in the Community Strategic Guidelines on Cohesion, as well as the guidelines and priorities defined in the renewed Lisbon Strategy.

The main objectives of the Cohesion Policy, in line with the renewed Lisbon strategy, are acceleration of economic growth, encouragement of innovation and creation of more and better jobs².

OP HRD will support increased participation in the labour market of a highly qualified and adaptable work force, improvement of the education system quality and adaptability to labour market needs, promotion of life long learning, improvement of employees and enterprises adaptability, acquisition of necessary qualifications and knowledge for integration and mobility within the labour market, integration into employment of persons belonging to vulnerable groups, etc.

The overall and specific objectives of the OP HRD will contribute to the achievement of common political aims laid down in the Community Strategic Guidelines for Cohesion 2007-2013 and are in line with the following guidelines for action:

Attract and retain more people in employment, and modernise social protection systems through:

- Promotion a lifecycle approach to work
- Ensuring inclusive labour markets for job seekers and disadvantaged people
- Improving matching of labour market needs

Increase investment in human capital:

- Expand and improve investment in human capital
- Develop education and training systems responsive to the new competence requirements

Apart of the IPA programme, there are a number of other donor activities present in the Country aiming to support development of the human resource sector. The former Yugoslav Republic of Macedonia has received international support by international financial institutions such as the World Bank. Multilateral donor assistance has been provided mainly through EU (PHARE, CARDS), USAID and UNDP. The support has been also provided by bilateral donors, such as Swiss Government, German Government, Government of Japan, Norwegian Government, Netherlands Government and other donors.

The challenge in the programming of EU financial assistance is to avoid overlaps and to ensure that different but related activities are aligned.

The Government of the former Yugoslav Republic of Macedonia has gained substantive experience in mobilisation, coordination and implementation of foreign assistance. With the purpose of streamlining the cooperation with donors and international organisations, the National System for Coordination of Foreign Assistance was institutionalised, with one of the

² In particular, these include:

- Improving the attractiveness of Member States, regions and cities by improving accessibility, ensuring adequate quality and level of services, and preserving their environmental potential,
- Encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, including new information and communication technologies
- Creating more and better jobs by attracting more people into employment entrepreneurial activity, improving adaptability of workers and enterprises and increasing investment in human capital

Deputy Prime Ministers mandated with the role of a National Aid Coordinator and the establishment of a Committee of Ministers for Coordination of Foreign Assistance (CMCFA), Coordinative Technical Group of the CMCFA and Aid Coordination Sector (ACS) within the Secretariat for European Affairs (SEA).

The focus of the coordination between IPA and other national programmes will be put on strengthening coordination mechanisms through:

- Capacities for monitoring, analysis and policy support, in particular:
 - data quality on foreign assistance, improved, analysed and widely disseminated in a coordinated manner
 - priority needs, as a basis for programming the foreign assistance, identified and formulated (analysis of the priority areas for donor assistance; gaps analysis);
 - mechanism for monitoring and evaluation in place (establishing thematic working groups linked to the work of the Joint Monitoring Committees established for monitoring purposes of the IPA funded projects);
- Coordination activities - Information necessary for formulating and/or adjusting projects identified and communicated with donors (organisation of thematic coordination meetings, follow-up technical meetings and round tables);
- Professional skills for effective coordination of foreign assistance. Training plan developed and trainings organized/delivered (training for the mid-level of civil servants in strategic planning and programming).

1.3 PARTNERSHIP CONSULTATION

The present OP HRD covering the period 2007-13 has been prepared by the Ministry of Labour and Social Policy (MLSP) in close collaboration with the Ministry of Education and Science (MES) as the main institutions being responsible for the implementation of the pre-accession support within human resources development. Three working groups, one for each priority were set up within the ministries and have assumed the overall responsibility for the programming. In the course of preparation representatives of the Agency for Employment, relevant ministries (Ministry of Economy, Ministry of Finance) and State Statistical Office were consulted concerning data and policy analysis. In the initial phase of the programming the three working groups were assisted by a consultant assigned to provide a technical assistance.

In compliance with the provisions of the draft IPA Implementing Regulation (Article 155 (2) (b)) OP HRD has been developed in accordance with the principle of wide stakeholder representation and partnership of all interested and affected parties. Thus, as an integrated part of the programming process a special working group was set up, with representatives of line ministries, relevant institutions, bodies, local self-government association, social partners and civil society organization. It acted as a forum for consultation and enabled involvement of all stakeholders in the programming of each of the measures including the indicators. The list of all consulted stakeholders is provided in Annex I.

A couple of initial meetings of the working group were held with the objective to present and discuss the principles and preparation of IPA. A wide consultation process among all concerned parties (meeting of members of the working group) also followed immediately after the finalization of the 1st full draft version of the OP. Their recommendations were duly incorporated in the second draft version of the OP HRD covering the period 2007-13.

For example there were couple of suggestions for improvement of the socio-economic analysis. Partners requested more comprehensive gender analysis and widening of the scope of existing activities for women. Coverage of the women under the projects should become an integral part of the selection criteria. Social partners requested their inclusion into the Technical assistance priority measure.

Moreover the draft OP HRD was made available on the homepage of the Ministry of Labour and Social Policy www.mtsp.gov.mk and was open for comments for the public. The document will be discussed by the tri-partite Economic-Social Council.

.1.4 EX-ANTE EVALUATION

In accordance with Article 57 of IPA Implementing Regulation, this Programme has been subject to an ex ante evaluation in order to improve programming quality. The outcome of the ex ante evaluation is incorporated into the programme document and is designed to contribute to effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programme.

Ex ante evaluation is an interactive process based on the involvement of external expert in the planning process. Ex ante evaluation has been conducted by a consultant hired by EAR, Framework contract No. 06MAI01/12/012 during two missions from March 19 – April 2, 2007 (4 meetings) and from April 16-30, 2007 (2 meeting).

There has been not a ready draft OP HRD in the time when ex ante evaluation was carried out and in that same period all possible efforts were made and all capacities focused on the preparation of the first draft version of the document. Having in mind that the first version of the text had been prepared simultaneously with the ex ante evaluation, most of the comments and recommendations of the consultant were immediately taken into consideration and reflected in the draft OP HRD. Ex ante evaluation was mainly dedicated to the SWOT analysis and the output and results indicators and strangely many comments given in the ex ante report were not even verbally presented by the expert to the members of the working groups during the working session.

The information provided under this heading of the draft OP correspond to the remarks that the Authorities should share with the consultant in the course of the interactive process rather than to the description of the way the recommendations of the evaluator were addressed in the OP. Based on the analysis and comments he made on the interim report and comments of the National Authorities and possible further exchange, the evaluator should include in his final document a list of clearly worded recommendations. It is on this basis that this section of the OP should be elaborated.

We understand that this report will be issued in the forthcoming weeks.

Main conclusions arising from the ex ante evaluation interim report are presented below:

„It is of concern to us that the Operational Programme for Component 4 has been prepared by working groups that have ranged in size from 6-8 individuals (a reasonable number) down to one or two individuals working alone, albeit with limited support from an expert assigned to provide technical assistance. This means that there has been very little consultation with stakeholders and very little opportunity for people to feed their views and experience into the preparation of the Operational Programme.“

The given conclusion is not correct because for the purposes of preparation of the OP HRD a consultative working group ranged in size of app. 35 individuals from numerous ministries, agencies and institutions including social partners and NGOs, has been established. Due to the size of the group three separate working groups for each of the set priorities (employment, education and social inclusion) has been established. The ex ante evaluator has met only the coordinators of these small three working groups so it is not clear how he/she reached a conclusion after very modest consultation with the partners but also having in mind that he/she has never met them. We have pointed out that first draft version of the operating program has been reviewed in details by the members of the consultative working group and special consideration has been given to comments provided by social partners and non governmental sector. For specific open issues in relation to the program there has been daily communication and consultations with all partners.

„... There is a shortage of information from primary sources and major stakeholders... Some of the data is very old in statistical terms. Many of the tables relate to a situation within a particular point in time and this does not lend itself to trend analysis, which is important for defining important strategic issues. There does not appear to be any future trend analysis within the document, which is a weakness. There is a significant shortage of data relating to different ethnic groupings and their relationship to the labour market.“

For the analyses of the conditions in the OP are used all official sources (State Statistical Office, Employment Service Agency of the former Yugoslav Republic of Macedonia, MLSP, MES, Bureau for Education Development, Office for Development and promotion of Education Carried Out in Languages of the Ethnic Communities). According to these sources the information is given by ethnic background, age, gender and status. Such a data base gives the trends for relevant movements in the period 2000-2005. The findings of the expert are correct for not having available data for more creative analytical insight, on the basis of which a long-term trends would be determined. This is demonstrated as a weakness in the SWOT analysis – „Relatively poor statistical data on the labor market, obscuring policy design and assessment of achieved results.“

„The operational programming process for OP 4 needs to illustrate an awareness of the importance of regional disparities and how they impact upon the socio-economic situation within the country. There are references in many sections of the OP document that relates to the issues of regional unemployment, rural deprivation and references to issues of social inclusion.... There is a need for more analysis based upon employment characteristics disaggregated by gender and including sub-classifications into areas that impact on the labour market.“

The comment has already been taken on board and based on the available statistics OP HRD presents the state of play in the three areas of intervention by gender and regions.

„The terms of reference for this ex ante evaluation require for the SWOT to be revisited. To this end, the evaluation team reviewed the initial SWOT, made suggestions for improvement and offered a revised template. This was explained in a plenary session³, which covered issues such as the purpose of the SWOT, how it should be developed and how it is interlocked into the analysis of the Operational Programme. Finally in the second mission, a further refinement of the SWOT was presented to the beneficiary, based on feedback from the EU on the SCF and the OP. These drafts are included in the main body and annex to this report.“

SWOT analysis within the three priority fields has been substantially revised following the recommendations of the ex-ante consultant as well as the comments received from DG Employment, Social affairs and Equal opportunities.

³ First mission, to all the working groups developing the Operational Programme

Regarding the part for education the expert criticises the reforms in VET as inefficient, which we have been implementing for seven years. These statements are given under the:

3.3.4. Detailed description of labour market issues and analysis

"... There is limited information in respect of vocational education and the labour market, but this reflects the low state of development within this sector. There is limited information about the higher education system and its retention rates and the employment rates arising from particular degree programmes...."

4.4. Outputs and contribution towards programme

... The SWOT correctly identifies the need for the harmonisation of the HE system in Europe. It specifically mentions the CATS system (which should actually be EUROCATS). This system enables the acceptance of qualifications across Europe facilitating the harmonisation of the HE system across Europe and developing the free movement of labour process. Experience in other East European countries has shown that this change needs careful planning and a long lead in time frame. It would be sensible to concentrate more on the Universities in respect of their ability to deliver education and training (priority two). The priority relies on the development of VET systems to deliver curricula and training programmes that reflect labour market needs. The development of VET is a sound policy in this regard but even when fully developed and functional (and the Country is several years from this ideal even using the most optimistic estimates) if European experience is reflected in the former Yugoslav Republic of Macedonia, it will deliver only 70% of the training programmes. The only existing functional system, at present, is the Universities and it would be advisable to incorporate this part of the education system within this priority as a practical measure that will assist the deliver process of this priority axis...."

The VET reforms continue into IPA and are priority in MIPD, also suggested by the EC and ETF.

The expert also proposes to put University education as a measure, but still this is not priority in MIPD for 2007-2009. The Operational Programme for HR is focused not on higher education and its reforms but on education in function of unemployment decrease (which means that we are focusing on the vocational education and the adult education).

Output and results indicators have been further developed and completely revised in line with the comments provided by the experts from DG Employment, Social affairs and Equal opportunities during the technical meeting in Skopje on 21-22 June 2007.

2. ASSESSMENT OF MEDIUM TERM NEEDS, OBJECTIVES AND STRATEGIC PRIORITIES

2.1 SOCIO-ECONOMIC ANALYSIS

This section provides a detailed analysis of the socio-economic context within the labour market, education and social inclusion in order to establish the objectives and strategic priorities of the present OP HRD covering the period 2007-13. In addition a full overview of the SWOT analysis will be provided.

2.1.1 MACRO-ECONOMIC DEVELOPMENTS

After the initial transition-induced recession which started in 1991, in-Country economy started to grow again in 1996 with an average annual rate of around 2%. Partly as a result of various external shocks, the country's growth performance was below that of a large majority of other transition economies. In 2004 and 2005, the growth has been accelerated to around 4% per year.

On the other hand, the country has permanently had a stable macro-economic situation, characterized by low inflation, stable exchange rate of the Denar, conservative fiscal policy of the authorities, growing international reserves which, accompanied with the recent intensified structural and institutional reforms, allowed the Country to enter into a period of higher and sustainable economic growth.

Privatisation of the economy has been carried out for a period of a decade and a half, completing the ownership restructuring in more than 95% of National socially-owned enterprises. By the end of 2005, almost 1,700 enterprises out of 1,750 enterprises have been privatised. Majority of the remaining 50 companies are actually in the process of bankruptcy or liquidation and some of them are liquidated. (Source: Ministry of Economy)

The structure of economic activities in the Country changed substantially during the transition period. The share of industry dropped considerably, from around 45% in 1990 to around 25 % in 2005. With around 50% share, services are now dominant in the structure of the GDP, with major contributions coming from trade, transport, and telecommunications. Agriculture still accounts for 11% of GDP. In 2005 industrial production was the major driving force behind intensifying economic activity and its growth rate equalled 7%.

2.1.2 POPULATION AND REGIONAL DEVELOPMENTS

According to the 2002 census the country has a total population of 2,022,547 in 564,296 households, with an average population density of 79 persons per sq km, which is low (68%) compared to the EU average of 115 inhabitants/sq. km. In comparison to 1994, the density increased for 3.9%. There is a distinct difference in the concentration of the population in the former Yugoslav Republic of Macedonia on national, regional and local level,, but it varies largely from a region to region, ranging from 0.8% in the Eastern region, to 8.5% in the Pelagonia region (Table 1b, Annex II). The official data show that 57% of the population lives in the cities and 23.1% of the urban population lives in the capital city of Skopje.

The population structure is heterogeneous and in the 2002 census was reported as consisting of the following major ethnic groups: Macedonians (64.18%), Albanians (25.17%), Turks (3.85%), Roma (2.66%), Serbs (1.78%) and others counting together on the rest. (Table 1a, Annex II).

The average age of the population in the Country is approximately 33 years, and almost 68% of the population is between 15 and 64 years of age, i.e. is of able-bodied age. The net rate of population growth has been roughly estimated at approximately 0.4% for 2004, while the birth rate is almost twice as big as the mortality rate. Still, the former Yugoslav Republic of Macedonia has an unfavourable net average migration rate - 1.45/1,000 inhabitants. According to the last census of 2002, the former Yugoslav Republic of Macedonia has 2,022,547 inhabitants, with an average density of 78.5 residents per sq km, around 60 % of which live in urban areas.

According to the law there are a total of 84 Municipalities (33 with seat in a city, 49 with seat in a village, and 10 in the capital city of Skopje). In the former Yugoslav Republic of Macedonia there are a total of 1,715 villages encompassing 86.7% of the national territory and according to the 2002 census, 57% of the population lives in the cities and 43% of the total population live in villages. Villages in the former Yugoslav Republic of Macedonia face increased daily and permanent migrations towards cities as well as a significant depopulation especially in settlements in the undeveloped regions. The capital of the country is Skopje, located in the northern part of the country. Other larger cities are Bitola, Kumanovo, Prilep, Tetovo. The country is administratively divided into 84 municipalities and the city of Skopje, as a separate entity, is composed of ten municipalities (Table 1b, Annex II). The city of Skopje absorbs almost 29 % of the total and 40 % of the urban population, an enormous amount of the financial resources, investment (including FDI), apart from the really huge concentration of knowledge, science, cultural and other types of the human and social capital. An economic and social difference between cities is evident and the differences between urban and rural centres are further widening.

The general economic and social conditions, coupled with the lack of comprehensive balanced regional development policy throughout the entire transition period, are at the core of the existing economic structures and social conditions at regional (local) level. In other words, there are considerable regional disparities within the country.

There is a distinct difference in the concentration of the population in the Country on national, regional and local level. The city of Skopje absorbs almost 29 % of the total and 40 % of the urban population, an enormous amount of the financial resources, investment (including FDI), apart from the really huge concentration of knowledge, science, cultural and other types of the human and social capital. An economic and social difference between cities is evident and the differences between urban and rural centres are further widening.

In 2004, the Government adopted an action plan of activities on the legal and institutional framework for balanced regional development, which should be undertaken in future: Among other, they include:

- (i) Preparation of a strategy and a law on regional development,
- (ii) Establishment of institutions for implementation of the regional (at NUTS 3 level) development policy,
- (iii) Definition of criteria for measuring the development levels,
- (iv) Creation of statistical data at the NUTS 3 level,
- (v) Preparation of national and regional development plans,
- (vi) Provision of funds for implementation of the regional development policy,
- (vii) Development of policy instruments and human resources,
- (viii) Transformation of the Bureau for less-developed regions,
- (ix) Establishment of financial control in the implementation of the regional development policy, etc.

Until now a part of these activities has been implemented.

2.1.3 LABOUR MARKET DEVELOPMENTS

The former Yugoslav Republic of Macedonia is facing high level of unemployment for an extended period. The external influences caused by the economic embargo by the southern neighbour and the implementation of the UN Resolution No 946 for sanctions against the northern neighbour up till 1996 have caused negatives rates of GDP, cessation of most of the production plants which has led to dramatic decrease of the number of employed. In 1990 the total number of employed was 507,324 and in 1996, 339,824 meaning that in this period the number of employed has decreased for 167,500 persons. These led to increase of unemployed from 156,323 in 1990 to 237,572 in 1996 i.e. increase for 81,249 or 34%. In the same period the number of users of unemployment cash benefit has increased from 5,359 in 1990 to 45,790 in 1996 (Statistical year book of RM 1997). This condition led to significant increase of budget costs for these transfers. This had negative influence on unemployment structure based on qualification, age and the time needed for employment.

The trend of increase of unemployment has also been influenced by the process of privatization and structural reforms as well as by the natural inflow of persons who completed their education. (High and University). Further, the influence on the increase of unemployment has had the decrease of economic activity during the refugee crises (conflict in Kosovo) and the war conflict in the former Yugoslav Republic of Macedonia. As a result the employment rate had a declining trend, from the start of transition process until 2004. The negative trend was stopped and reversed in 2005, when the number of employed was 4.3% higher than the year before. The employment rate in the Country in 2006⁴ equalled by 35.2%.

In 2006 unemployment rate in the Country declined to 36% (by 1.3 percentage points from 2005), though it is still at a high level. The female unemployment rate in 2006 equalled 37.2%, and is 1.9 percentage points higher than the male unemployment rate.

In the further period the policies for attraction of foreign and local investments, development of entrepreneurship, development of small and medium enterprises, labour reforms, improvement of the accessibility to financial assets and measures for transfer from informal into formal economy and active labour market measures is expected to create a climate for accelerated growth of the GDP and increase of employment.

2.1.3.1 Labour Market Activity Rate

The labour market active part of the population consists of the employed and unemployed registered as looking for employment. According to data from the Labour Force Survey, the former Yugoslav Republic of Macedonia had an active labour market population of 869,187 in 2005 which is 54.1% of the working-age population over 15 years. In the period 2000 to 2005 the activity rate⁵ was relatively stable with 53% in 2000 и 54.1% in 2005.

Economic activity of the working-age population differs by gender, education level, age, ethnic origin and place of residence.

⁴ Labour market statistics for 2006 is available only for the most important employment indicators. Complete statistics will be available by the end of July 2007.

⁵ Activity rate is the participation of the labour force in the total population aged 15 years and over.

According to data from Labour Force Survey in 2005, the activity rate of the female population in the Country is lower than the activity rate of the male population and amounted 43.2% (male activity rate was 64.9%).

The educational level of the economically active labour force is for the majority (41.3%) a 4-year secondary education followed by 24.6% with finished primary education. 12.4% of the active labour force has completed 3-year secondary education while 11.1% holds a higher education. Activity rates are higher among women who have completed secondary and university education than among men who have identical schooling.

The most economically active part of the population is the group of 25 - 54 years of age. In 2005, 76.2% of this group was active while only 37% within the age group of 55-64 years and 32.9% within the age group of 15-24 years. The low activity rate among young persons is in particular due to their taking part in educational activities, which should be considered positive in terms of the European Employment Policy. Still the main reason for the low activity among youth is the lack of opportunities for their entering into the labor market. According to the Census data, 34% of youths aged 15-19 were part of the so called NEET (Not in education, Employment or Training) in 2002.

The economic activity rate is different concerning the members of different ethnic groups ranging from 29,3% of Albanians, 38,1% Turks, 47,3% Serbs, 47,6% Roma, 48,3% Vlachs and 53,5% of Macedonians. Participation rates are low for non-ethnic Macedonian women - 10.6% for Albanian women, 19,2% for Turk women, 29, 6% for Bosniacs, 34.7% Roma, 36.3% Serbs 41,8% and Vlachs (Population Census, 2002). The difference in the participation rates between the urban and rural areas has increased from 0.3% in 2001 to 8% in 2005 (See Annex).

2.1.3.2 Employment rate

The employment rate⁶ in the former Yugoslav Republic of Macedonia is significantly low. From 2000 to 2001 the employment rate increased from 35.8% to 38.6%. In the following three years it decreased to 32.8% in 2004. In the same period, the working-age population increased by 4.6%. In 2005 the employment rate rose to 33.9%. The main reasons for this increase in employment rate is due to correction⁷ of the unemployed data base, more intensive activity of labour inspection and the introduction of more flexible way of employment.

In the period 2000-2005, the female employment rates were significantly lower than those of men. In 2005 male employment rate was 41.2% while female employment rate only amounted to 26.6%.

Qualitative changes in the structure of labour force demand have occurred during the period 2001 – 2005. The share of employed persons without any formal schooling, having not-completed or completed primary education decreased from 34.3% in 2001 to 27.8% in 2005. At the same time, the share of employed persons with 4-year secondary education increased from 36.2% to 41.8% and those with higher university education increased from 10.5% to 14.1%.

The share of female employed persons according to educational level shows a strong bias towards the more educated groups, i.e. of the total employed women of 213,074 in 2005, 17.7%

⁶ The employment rate is the percentage of the working age population aged 15 years and over who are employed.

⁷ A regular update of the registered unemployed persons according to the Law on Employment and Insurance in the case of Unemployment

have a university education, 6.3% hold a higher vocational education and 50,9% have finished secondary vocational education. In comparison, out of the 332,179 employed men in 2005, 11.8% have a university level education, 5.2% hold a higher vocational education and 52.6% have secondary vocational education.

The employment rate of young persons aged 15-24 showed the very low rate of 12.3% in 2005 mainly due to high level of young unemployment, their engagement in the informal work and attendance at school which also can be seen in their low labour market activity rate. The employment rate of young persons aged 25-27 in 2005 was 35.6%. The employment rate of the age group of persons aged 55-64 is 26.2% while the highest employment rate is among the age group 25-54, i.e. 49.9%.

The employment rates among the different ethnic groups varies ranging from 10.2% of Roma, 11.4% Albanians, 15.9% for Turks, 17.2% for Bosniacs, 32.7% Serb, 36.1% Vlachs and 36.4% of Macedonians. Employment rates are in particularly low for women of Albanian (2.9%), Roma (5.5%) and Turkish (5.8%) origin (Population Census, 2002).

There are also important differences in the employment rates for the various regions in the country. According to the 2002 Population Census data the employment rate in Polog, Northeast and Southwest regions is 1.5 to 2 times lower than the total average employment rate in the country. Only the Southeast region has a higher employment rate than the average in the country.

In the period 2001-2005 the employment rate in rural areas has declined by 9.2 percentage points (Table 2, Annex II). Available statistics do not provide adequate details on rural employment by branches. Indeed the majority of rural population is engaged in the agricultural sector (mainly subsistence/household farming) and other activities, if any. The number of households living only from the farming is also decreasing.

2.1.3.3 Employment by Sectors and Forms of Work

The growing importance of the private sector is reflected in the number of employed persons, thus 62.4% of the total employment in 2005 was within the private sector – an increase of more than 18.5% compared to 2000. In 2005, 71.8% of the total numbers of employed persons were employees, 5.7% were employers, 12.0% were self employed. 14.9% of the self employed were women, and 19.6% of the employers were women. In addition, 10.4 % of the total number of persons in employment were unpaid family workers, mainly in rural farming but not formally registered as being employed or forming part of the active labour force.

The development of the private sector only showed little effect on the development of self-employment. Employment increase in the private sector is mainly a result of the privatization providing incentive for the development of small and medium-sized enterprises and secondly as a result of establishing new firms. The total share of self-employed out of the total employment figures in the period 2000-2005 has increased by 1.5 percentage points, while the share of employers has increased by 1.4 percentage points. In spite of these positive tendencies, the number of employers and self-employed in the country is still at a low level. One of the reasons is that self-employed people are engaged in the informal sector. The transfer from informal to formal sector would increase the number of self-employed.

Employment in the agriculture sector declined from 22.3% in 2000 to 19.6% in 2005 as a result of the privatisation and division of agricultural enterprises, denationalisation of the land as well

as small number of registered agrarians. In 2005, 2.9% of the total number of registered enterprises were in the area of agriculture, hunting, forestry and fishery (5,024) – of which 21.4% were based in the rural municipalities (Statistical report 6.1.1.02, State Statistical Office). The industrial sector share of employment decreased from 36,1% in 2000 to 32,3% in 2005, even though the industrial production share measured in GDP in the same period increased by 7 % which is a result of the pressure from the global competition and the need of strengthening the market competitiveness of industrial products. The service sector share of total employment increased from 41.6% in 2000 to 48,2% in 2005, which is mainly due to establishing job positions in the wholesale and retail trade, public administration, education and health.

According to the results from the 2006 Skill needs analysis on the labour market in the former Yugoslav Republic of Macedonia in 2007 the highest relative increase in the number of employees is expected in the following sectors: real estate, renting, services etc; hotels and restaurants, industry. The highest absolute increase goes to the sector of industry.

In terms of sectoral segregation, women are found in the usual sectors where they dominate in other countries as well: health and social work, education, and financial mediation. Men are more likely to work in agriculture and some specific service sector areas, such as real estate, transport, and, in public administration and defence. Job segregation by sector is a significant component of the wage gap.

In July 2005 a new Law on Labour Relations⁸ was adopted allowing for different types of flexible work contracts. However, a significant increase in such contracts is still to be seen. According to the data of the Employment Agency of the former Yugoslav Republic of Macedonia 8% of total employment refer to part-time work since the adoption of the Law until 31.12.2006. According to Labour Force Survey data, part-time employment represented 5% of total employment in 2005. In the same year women’s relative share of part-time work is slightly lower (for 5 percentage points) than that of men.

Fixed-term work contracts are the main element of labour market flexibility and can be an opportunity for achieving permanent work contracts. According to the Law on Labour Relations, the fixed-term work contract may be concluded for ‘work that concerning its character is of limited duration, with or without a break, for a period of four years’. Following the expiry of that period, fixed-term employment transfers into permanent work contract if the employee continues his work. In 2003, the share of fixed-term contacts in the total employment was 18.1%.

According to the Informal Economy Resource Database of the ILO, a total of 152,000 persons (men: 96,000, women: 56,000) were employed in the informal sector of urban and rural areas in 1999, which corresponds to 28 % of total employment in the same year. The informal sectors share of GDP has been estimated at between 20 to 30%. Data are not available on informal work by ethnic group.

Jobs in the informal sector in the former Yugoslav Republic of Macedonia are often seasonal work, temporary work or part-time work by workers who usually have low level of qualifications and low salaries. Informally employed persons are usually engaged in reselling in the marketplace; however there are other forms of employment in the illegal labour market (mostly in catering, construction, transport, textile industry, household services etc.) and the occurrence of new untraditional forms of informal sector activities are emerging such as translating, teaching, maintaining private classes, offer of hardware and software services⁹.

⁸ Official Gazette of RM No. 62/05

⁹ Activities and Measures for Legalisation of Grey Economy with Action Plan for Reducing Grey Economy - Ministry of Economy

2.1.3.4 Unemployment

There are two sources which provide information on the unemployment level. Employment Agency data, where unemployed and other persons register when seeking jobs, and State Statistic Office data from (quarter) Labour Force Survey (LFS), based on a sample of 10,000 households in line with ILO and EUROSTAT standards. There are differences in unemployment figures between the two data sources.

Data from LFS are more precise taking into account that unemployed register with ESA for the purpose of claiming health insurance and other benefits and are not really looking for employment. In relation to this it should be noted that National Employment Strategy 2010 and NAPE 2006-2008 envisage measures to provide the health insurance of unemployed people through the Health Insurance Fund.

Unemployment is a severe problem in the former Yugoslav Republic of Macedonia. According to LFS, the unemployment rate¹⁰ increased from 32.2% in 2000 to 37.3% in 2005. Unemployment mainly affects young people, people with low educational qualifications, ethnic minority groups, especially the Roma, and shows a strong regional bias towards urban areas. In 2005 women had on average a slightly higher unemployment rate than men (38.4% opposed to 36.5%). However, according to the data from the last census in 2002, unemployment is significant among women belonging to the ethnic minority groups of Roma, Albanians and Turks. Another striking feature of the unemployment problem is the high number of people being unemployed for long periods.

A very high percentage of 65.4% (64% for men, 67.4% women) of unemployed persons are unemployed for 4 years or longer (See Table 4 Annex). The percentage of long term unemployed persons has increased steadily since 1996 (44.5%) of the unemployed, being a real challenge for employment and labour market policies with all the negative effects such as deterioration of human capital, discouragement and de-motivation.

The seriousness of the problem is also illustrated by the long-term unemployment rate, i.e. the participation of persons being without work for a year or longer in the total number of unemployed. The long-term unemployment rate during the period: 2000 – 2005 has been more than 80% and in 2005 it was 86.6%. Long-term unemployment among young people is also a striking feature of the unemployment problem. About 66% were unemployed for over one year. One of the reasons for their unfavourable position in the labour market is lack of working experience.

67,197 young people aged 15–24 were unemployed equal to an unemployment rate of 62.6% in this group. Unemployment of young people is therefore one of the biggest problems the former Yugoslav Republic of Macedonia is facing. In 2005 the unemployment rate of young people aged 15 – 19, equalled 63.5 % and was higher than that of young people aged 20–24, 62.4%. However both age groups rates are over twice as high as the total unemployment rate of 37.2%. In the same year young adults aged 25-27 showed also high unemployment rate of 49.5%.

The main reasons for the unemployment rate of young persons in the labour market are:

- A discrepancy between the small demand and big supply of labour force in the labour market
- The education and training systems
- The employer's preference for persons with working experience.

¹⁰ The unemployment rate is a participation of the number of unemployed in the total labour force

The higher the level of education obtained by a person, the lower is the risk to be unemployed. In contrast, the unemployment rate of persons without education was 53.4% in 2005 compared to 20.5% for persons with university education.

ESA data show that the largest portion of registered unemployed people is unqualified and semi-qualified. The structure of the graduated secondary students is also very unfavourable because of the large number of high school graduates who find it very difficult to find a job. The ESA register shows large surplus of workforce with secondary education which is especially manifested at the unemployed that graduated from high school (gymnasium). According to the employers' anticipation (2006 Skill needs analysis on the labour market in the former Yugoslav Republic of Macedonia) the largest portion of the new employments in the following period will be qualified employees and semi-qualified employees.

In accordance with the preliminary results from the 2006 Skill needs analysis on the labour market in the former Yugoslav Republic of Macedonia from the aspect of the profile of deficient staff the following could be stated: regarding university and college graduates there is a lack mostly for graduated el. engineers in telecommunications and electronics. The deficit for high-school graduates refers to the ready-made technicians, shoe-making technicians, programmers, technicians in primary treatment of wood, etc. The shortage of qualified staff is mostly for ready-made workers, shoe-makers, brick-layers, furriers, welders, locksmiths, waiters, etc. The shortage for semi-qualified workers includes mostly ready-made tailors, tailors for light ready-made clothes, agricultural workers, workers for handling the construction machines in high-building, brick-layers etc.

As can be seen from Census 2002 Roma are most affected by unemployment and their unemployment rate is more than twice as high as the national average. Unemployment rates for Albanians and Turks are also high equalling at 61.2%, i.e. 58.2% respectively. Roma women have the highest unemployment rate of 84.1% followed by Albanian women (72.9%) and Turkish women (69.7%). High unemployment rates among Roma, Albanians and Turks can be contributed to the low education level and to the cultural factors.

The former Yugoslav Republic of Macedonia experiences large regional variations in unemployment due to differences in the level of economic development and utilisations of resources. Regional unemployment is particularly high in some rural areas and in areas where employment opportunities have disappeared. Low geographical mobility of the population is another reason for regional unemployment variations as well as the lack of information on job opportunities elsewhere in the country. In 2005 the unemployment rate was 38.70% in the urban areas and 34.80% in rural areas.

2.1.3.5 Institutional Structure

Employment Service Agency (ESA)

The Employment Agency is a public institution in the former Yugoslav Republic of Macedonia providing services in the labour market for the requirements of employers and unemployed persons. The Employment Agency is governed by the Managing Board of the Employment Agency comprising representatives of the government and social partners. 30 employment centres are organized within the Employment Agency whose operation covers the entire territory of the former Yugoslav Republic of Macedonia (Annex III, Organisational Structure 1a).

The main tasks or functions of the Employment Agency are stated in Annex III, 1b.

According to the ESA Annual Report, 504 persons are currently working in the ESA. 44 are working in the central Agency and almost a quarter of the remaining staff (92) is employed at the local centre of the city of Skopje. The current situation indicates that 269 employees are responsible for the active measures in the local employment centres and provide services to 366,408 unemployed persons, a proportion of 1:1400. This proportion cannot facilitate efficient assistance in the integration of the unemployed persons into the labour market and an efficient system for provision of services for the purpose of fostering employment.

Reforms in the employment service were carried out within the framework of CARDS I and II Projects related to its organizational structure, improvement and advancement of the working method and strengthening the capacity on the part of active policies.

The Employment Agency accomplishes its activity not only by competences laid down by Law but also in the framework of the employment policy established in the National Employment Strategy 2010, the National Action Plan for employment 2006-2008, the Programme of the Government of the former Yugoslav Republic of Macedonia 2006-2010, the Operational Plan for Active Employment Policies for 2007 and other projects and programmes. The ESA operation is funded from the employment contribution and the Budget of the former Yugoslav Republic of Macedonia, whereas at least 5% of the employment contribution is allocated to active employment measures. In 2006 the budget for active and passive employment measures was 268.9 million denars and 5419 million denars accordingly. Consequently, majority of the employees are engaged in delivery of the passive employment measures while the number of employees engaged for the active employment measures is limited. Therefore reforms and activities for redirection of funds for active employment measures should be taken.

State Labour Inspectorate

State Labour Inspectorate is a body within the Ministry of Labour and Social Policy, whose job is to enforce labour regulations and carry out inspections and prevention of informal working. The Labour Inspectorate is understaffed and under funded to effectively manage the scope of work. Currently around 60 labour inspectors are specializing on enforcement of the Labour Law and labour relations in general, including in small towns only part time. The 2005 Law on Labour Relations added authority to the Labour Inspectorate in supervision of labour relations, including the right to ban the performance of the employer's operations or alternatively impose fines.

2.1.3.6 Policies and Programmes

Taking into account the high unemployment rate the unemployment problem is one of the biggest problems of the Government and therefore the Government has continuously conducted several policies and programs to fight with this problem. The Law on Labour Relations is regarded as a very flexible law that is expected to encourage growth, investment, and a gradual shift in employment from the informal sector to the formal sector, with a concomitant strengthening of workers' rights. In 2006 the Parliament adopted legislation¹¹ which allows for establishment of Temporary Employment Agencies. These agencies are expected to help regulate the temporary employment of workers and to prevent engaging unemployed in the grey economy by regulating

¹¹ Law on Agencies for Providing Temporary Employment for Carrying out Temporary Work (Official Gazette of RM no. 49/06). The Agency for Temporary Employment provides a worker to an employer, for carrying out temporary work in specific cases and for a period of not more than one year.

their legal employment status, since great number of people were engaged for carrying out temporary work through youth co-operatives or directly from employers without employment contract. Further results in the strengthening the labour market flexibility are expected to come with the establishment of alternative dispute resolution mechanisms, and a re-negotiation of collective agreements and other similar, especially active labour market measures. These could rebuild the skills of the unemployed, and screen out those who register as unemployed but work in the informal sector.

The former Yugoslav Republic of Macedonia has drafted a number of active labour market programmes provided for in the Law on Employment and Insurance in Case of Unemployment. The Programmes are usually supported by donors and are focused on consultation concerning employment, training, public works, and employment of persons with disabilities and measures for encouragement to start new businesses.

In the previous period during the creation of the policies and separate programmes for employment, the social partners had actively participated. This has generally been achieved through their participation in the preparation of the strategic and operational documents as well as their passage through the Social-Economic Council (SEC). Three-partite social dialog exists and operates on a national level through the SEC and the bi-partite dialogue through conclusion of collective agreements (general and branch collective agreements). For overcoming the situation from the area of employment it is necessary to develop and strengthen the three-partite social dialogue on local level and bi-partite social dialogue on the level of an employer.

The funding of the active measures in the former Yugoslav Republic of Macedonia is insufficient and amounting to less than 0.09% of the GDP in 2006 compared to 0.7% in the 25 EU Member States. In 2006 compared to 2000 this percentage in the former Yugoslav Republic of Macedonia increased since the active policy expenditures has more than tripled achieving MKD 269 million.

In the former Yugoslav Republic of Macedonia only employers make direct contributions to financing social security. The contribution rate is 32 % of gross salary (21,2 % for pension and disability insurance, 9,2 % for health insurance and 1,6 % unemployment insurance contributions). The tax wedge is therefore a disincentive for employers to create job positions and for employment of employees. This increased the size of the informal economy by concluding ‘civil law contracts¹²’ for which no social contributions are payable. In this respect reforms in the tax policy have been undertaken by introducing a flat tax with a flat tax rate for personal income and profit tax. It is believed that the undertaken reforms will have positive effects on employment.

2.1.4 HUMAN CAPITAL

The education structure of the elder population is less favourable compared to the average EU member states, both in terms of number of years of formal education and in terms of the quality of education and average skills. Hence, a relatively huge proportion of employees who have lost their jobs due to privatization and restructuring of companies have not been able to secure new jobs via self-employment or finding new jobs. Yet, in embracing the concept of life-long learning the Country is at the very beginning, as is the concept of corporate investment in education of employees.

¹² Civil law contacts are legal contacts concluded according to the Law on Obligations. They are subject to personal income tax. However they do not present employment in terms of Labour Law and no social contributions are payable

The range of educational programmes does not follow fast enough the new demand for modern methods of training and re-training of active labour force and certification of vocational and professional qualification. Educational programmes remain approved at national level, unconnected, closed and content instead of goal and problem-oriented, insufficiently answering the needs of the economic, social and personal development (also from the point of view of culture, creativity environment and health protection).

2.1.4.1 Educational Attainment

In the former Yugoslav Republic of Macedonia, literacy levels are high by international standards and similar to those in other countries of the region. Today 97% of the population older than 15 can read and write without any difficulty. Despite these high levels, illiteracy is higher among women (4.5%) than among men (1.3%) and it is particularly worrisome among the female adult population as there are more than three times as many adult illiterate women as there are illiterate men. (Country Review of the employment policy in the former Yugoslav Republic of Macedonia, ILO, 2006).

The structure of the education system in the former Yugoslav Republic of Macedonia is as follows:

- **Basic compulsory education**, extending over 9 years, consists of 1 year of pre-school education, 4 years of primary education, starting at the age of 6, and 4 years of lower secondary education.
- After completion of compulsory education at the age of 15, students continuing at **upper secondary level**, enter either general secondary or vocational education and training (VET) programmes. Approximately two thirds of these students enrol in VET schools. The duration of studies is from two to four years in vocational or four years in (gymnasium level) technical schools that offer altogether 25 profiles and more than 100 specialisations.
- **Post-secondary vocational training** lasts from one to three years. Non-university level higher education is normally of two or three years' duration, and is provided within the universities.
- **Higher education** is broadly unified; there is no separate polytechnic sector. The typical course of undergraduate university studies is four years. An intermediary degree of “specialist” is awarded for studies extended by one year in certain fields. (Country Review of the employment policy in RM, ILO, 2006).

According to the Census of 2002 46.1 % of the total number of persons over 15 years of age do not have formal education or have a very low level of education (illiterate, with incomplete primary or without primary education).

4.2% of the population are without any education, 13.8% have not completed primary education, 35.0% has completed only primary school, 36.9% have completed secondary school, 3.2% have completed the *viša škola* (college-level education) and 6.8% have completed higher and tertiary education. This indicates that the EU target of meeting a level of completion of upper secondary education of 85% by 2010 (for those aged 22) will be a challenge for the former Yugoslav Republic of Macedonia. (Country Analysis for IPA Programming in the field of HRD, European Training Foundation 2006)

Since the late 1990s gross enrolment rates in education have increased at all levels except for primary education which was 98% for both boys and girls in 2004. Secondary enrolment rates

were 85% for boys and 83% for girls in 2004. Enrolment ratios are quite low especially in respect of pre-primary (32% in 2004) and tertiary enrolment (28% in 2004). When looking at overall national data, there are no significant gender differences in enrolment rates, except at university level where women’s enrolment rates are higher than for men, i.e. 33% for women and 23% for men in 2004. (Country Review of the employment policy in RM, ILO, 2006).

Substantial inequalities in educational participation rates remain between ethnic groups, in particular for ethnic Roma, Albanians and Turks. This division is particularly pronounced among girls. Gross enrolment rate in rural areas amount to 62.36% and is significantly lower than in urban areas: 78.52%.

In spite of strong emphasis in legislation and government policies on equal opportunities for education, school attainment varies significantly in the different ethnic groups. While in primary education the participation is proportional to the ethnic composition of the population, there are important differences at the higher education levels. The Macedonian language speakers, who are 67% of the population, have 77% of all students in secondary education and 89% in tertiary education. The Albanian community, 23% of the population, accounts for only 17% of secondary and 5% of tertiary students, in the public institutions. The Roma constitute 2.2% of the population and have a good level of attendance in primary education, but comprise only 0.5% of secondary and 0.3% of higher education students. (Country Review of the employment policy in the former Yugoslav Republic of Macedonia, ILO, 2006).

Regarding the quality of educational outputs, data on the learning achievement of students from two international studies, the Third International Mathematics and Science Study (TIMSS) and the Programme for International Student Assessment (PISA) identified the relatively poor performance of students. In particular, the average test scores of the students in the 2003 TIMSS were 7% and 5% lower than the international average in mathematics and science, respectively, and the lowest of all CEECs included in the study. Similarly, in the PISA 2001, a study that assesses the ability of 15-year-olds to apply their knowledge acquired in school to real world issues rather than assessing how much of what has been taught they have learned, the Country was among the four worst performers with two-thirds of male pupils facing serious deficiencies in reading literacy. Hence the need to undertake deep reforms at all levels and segments of the education system, that are curricula content and design, teaching methods and process, educational institutions and assessment.

As we can see in Table 1.19, ethnic based disparities in education are particularly evident as regards gender. Thus, ethnic Macedonian girls are included in an equal proportion to ethnic Macedonian boys, but this is not the case for girls from other ethnic groups. Ethnic Albanian, Turkish or Roma girls are equally included in primary education but their participation is lower than for boys at the secondary level. Apart from the cultural patterns this could be also related to economic reasons – the structure of employment opportunities may encourage girls to enter the labour force earlier than boys, who could have more difficulties in finding employment, particularly in rural areas. Similar socio-economic reasons determine the high drop-out rate in the former Yugoslav Republic of Macedonia, which is also highly uneven territorially as well as by ethnic group. (Country Review of the employment policy in the former Yugoslav Republic of Macedonia, ILO, 2006).

(Table 6 Annex II).

2.1.4.2 Dropout Rates

Data on the number of graduated students is scarce and not disaggregated by sex. Available data on numbers of graduated students from universities show that the completion rates are relatively low, typically about 50% or less. Available data on drop out rates show that these are high and highly uneven territorially as well as by ethnic group. The steepest drop-off points are between basic and secondary and between upper secondary and tertiary education. The question then arises whether these drop-offs are due to students dropping out voluntarily, or due to ‘push-out’ by the selection system at transition points. (Country Review of the employment policy in the former Yugoslav Republic of Macedonia, ILO, 2006).

According to statistical data and analysis of enrolment and dropouts of the education, it is noticeable that the problems mainly occur in the rural areas (in the mountain regions) and by some ethnical groups (mostly Roma population) regardless of their place of residence. There are numerous reasons for this but the following are the most influential:

- Worsening of socio-economic conditions
- The distance to schools,
- The impact of the traditional beliefs
- Lack of state pre-educational institutions in the rural areas.

The annual rate of dropouts of primary school in 2002 (State Statistical Office) was 1.71%. (From the total number of students in the primary education 56.39% were ethnic Macedonians; 33.18% Albanians; 4.20% Turks; 3.49% Roma; 1.00% Serbs; 0.18% Vlachs; and 1.55% others.) The figures in the brackets are referring to the structure of the students belonging to the ethnical community (Table 7 Annex II).

The premature dropout is a trend that has been present in the Country for a considerably long period of time. An analysis of the vertical progress of the students in the primary education shows that 95.52% from the generation enrolled in the primary education in 1991/1992 continued their education in B class, but only 88.32% of them finished primary education. This means that 11.67% from this generation is “lost” somewhere during the eight years of education.

Table 1.10 shows that the percentage of students who have finished primary education and enrolled in secondary schools 1999/2000 is 87.58% and for 2003/2004 that percent is 88.09%. Still, that percent in relation to the number of enrolled in primary education for the same generation is 77.35% and only 69.32% from them succeed to enrol in secondary education full deadline. The rate of finalising secondary education has improved during the period 1999-2003 from 87.41% to 91.26%. (Table 8 and 9 Annex II).

The records for the period of 1997/1998 to 2002/2003 show that the participation of students from Macedonian and Serbian ethnic groups has decreased, contrary to the increase of students from the other ethnical groups especially from Albanian and Romanian groups, as participants in the total number of students who finish secondary education (Table 10, 11 and 12 Annex II).

One of the major problems in secondary and post-secondary education is the failure to increase employment in the country. On the contrary, the number of unemployed young people of 15-24 years having finished secondary school is increasing. The secondary schools have been subject to centralized planning and have not been able to respond to the labour market needs at local and regional level. The centralized system has generated serious problems like inability to develop and adjust curriculum according to changed demands from industry and other social and economic partners in the society. Schools were not empowered to cooperate with appropriate local and national representatives from the labour market on curriculum development.

With the ongoing process of decentralization in education and passing of the Law for vocational education and training, most responsibilities except external quality control of the education are being transferred to the local and school level. Almost all secondary schools and local authorities are now responsible for the quality of higher education. The municipalities within Skopje will become founders and owners of the secondary schools property, are responsible for the financial issues and can decide if schools should be opened or closed. Since the maintenance of secondary schools will also be the responsibility of the municipalities, there is a risk that the local budgets will not be able to accommodate the financial burden which decentralization of the secondary schools will imply.

The development of a decentralised model is also hindered by:

- (i) the limited institutional capacity (in terms of expertise and availability of institutions) at central level to provide professional support to schools in the implementation of the reform;
- (ii) the low participation of social partners; and
- (iii) limited resources. (Country Analysis for IPA Programming in the field of HRD, European Training Foundation 2006)

2.1.4.3 Adult Education

Elementary adult education is an integrated part of the educational system. It should enable the attendees to acquire the necessary skills, knowledge and expertise for social inclusion and easy access to the labour market. However, the opportunities for adult education are limited and the same apply for continued training for the employed and unemployed.

According to the Law on Primary Education, the elementary education of adults can be organized both in ordinary schools and in institutions for adult education or other institutions. The elementary education for adults is realising in 13 ordinary schools, 1 special school for adult education and worker’s and people’s universities. The classes in schools for adult education are conducted in Macedonian and Albanian languages.

The elementary education for adults can also be attended by persons who haven’t completed basic education and who are older than fifteen years of age. Such education is organized and accomplished in accordance with separate teaching syllabi and curricula. The instruction is organized as full-time and as preparatory, depending on the age, the psycho-physical capabilities of the person and his/her capability for self-education. The secondary education of adults (part-time students) is an integral part of the regular education in the secondary schools.

Full-time and part-time students who have completed the elementary education can enrol in secondary vocational school attending for periods of two, three and four years. In addition, there is specialist education according to separate programs. To enrol, the candidates should have completed the four-year programmes, have working experience from two to five years, depending on the course or the type of the specialist education. In the vocational training of duration up to two years, persons without completed elementary education can also enrol and should complete elementary education together with the vocational training.

Adult education and training are mostly present in the following types of curricula:

- Vocational education in schools in accordance with curricula verified by the state institutions;
- Curricula and courses at the workers’ vocational training centres that are developed according to labour market development as well as of the personal needs of the candidates. At the workers’ vocational training centres curricula and courses with different durations are realized;

- Curricula for vocational training, additional training and specialization, after or in addition to secondary vocational education.

Within the last decade, a considerable number of private institutions offering non-formal and informal education and training have been established in the country. The students in these institutions acquire certain skills, abilities and competences. However, there are no mechanisms for comparing the non-formal and informal qualifications to the ones acquired by formal education. In order to achieve this goal, it is necessary to create mechanisms to verify the acquired knowledge and skills via accredited diplomas/certificates.

2.1.4.4 Vocational Education and Training

Vocational education and training (VET) starts after the completion of primary education and is parallel to general secondary education. The vocational secondary education is realised through the programmes for 4 years, 3 years and 2 years vocational education and training. The 4 years vocational education covers 14 reformed occupational clusters corresponding to 43 education profiles, and is corresponding to the level of general secondary education (gymnasium). The 3 and 2 years VET programmes are unreformed and they cover 18 occupational clusters for 90 educational profiles for 3 years VET programme and 20 educational profiles for 2 years VET programme. . Data on enrolment trends from 2001 show a gradual decrease in enrolment in VET during the last 10 years of almost 20%. (Country Review of the employment policy in the former Yugoslav Republic of Macedonia, ILO, 2006).

The structure of vocational education and training is as follows:

- **Two-year VET programmes** provide training for immediate employment. These programmes cover general and vocational education with practical sessions. The range of the practical sessions depends on the type of the educational profile. In some profiles 75% of the time is devoted to the VET with an emphasis on the practical sessions and 25% to the study of the student’s mother tongue and public affairs. The practical sessions take 40% of the time foreseen for vocational training. After the completion of these programmes, which cover 14 occupational profiles, the students cannot advance vertically in the structure, so if they want a higher level education they can enrol in the first year of a three-year VET school.
- **The three-year programmes** cover general education, VET and practical work. In some profiles VET covers 45%, and the general education up to 55% of time. After completing the three-year programme, which cover 40 educational profiles, students can easily continue their education for another year in order to acquire a four-year vocational education.
- **VET lasting four years** is the most attractive for students. This type of education has two goals: preparation for university study and acquisition of sufficient knowledge for employment in the field of industry, trade, tourism, and other clusters chosen by the students. The curricula cover general education, vocational-theoretical subjects and practice sessions (35-40% of the teaching time is offered to general education and 60-65% to vocational education and training). Four-year vocational education and training education ends with a final exam and cover 57 educational profiles. A diploma from a completed four-year vocational education and training gives the right to take the entrance exam to an appropriate university faculty.

(Country Review of the employment policy in the former Yugoslav Republic of Macedonia, ILO, 2006).

The VET system in the former Yugoslav Republic of Macedonia is facing some important challenges. The Law for Secondary education (1995) treats initial VET as a pathway through the secondary education system but it does not make reference to the essential links between the VET

system and the labour market and makes no provision for dialogue among the actors involved. In order to overcome these problems in May 2006 the Law on vocational education and training was passed. Because of the low allocation of resources, vocational schools suffer from the lack of adequate equipment which influences the quality and effectiveness of training provided to students. A high degree of centralisation characterises management and financing of the VET system as well as the curriculum and teaching/learning aspects of it. Due to several internal and external constraints the former Yugoslav Republic of Macedonia is facing difficulties to develop a decentralised model of VET provision.

Internal factors include

- (i) limited institutional capacity (in terms of expertise and availability of institutions) at central level to provide professional support to schools in the implementation of the reform,
- (ii) (ii) the low participation of social partners.

External factors include

- (i) a sub-national public administration system in transformation
- (ii) (ii) limited resources available. (Country Review of the employment policy in the former Yugoslav Republic of Macedonia, ILO, 2006).

Adult education and training has been weakened substantially during the recent years with only a miniscule number of the adult population receiving training. The most frequent providers for vocational education and training of the youth and adults are: vocational secondary schools; workers and people’s universities; centres for foreign languages; centres for computer education; associations of technical culture; NGOs, civil organizations; centres for education and training within the enterprises. The Workers University is the main-training provider of adult VET. Originally these institutions were set up by the Trade Unions during the old system and were pushed aside during the reform of the educational system of the 1980s. As a result they were forced to continue as quasi-private bodies including the provision of their own funding by selling education and training services. The Workers University has survived and has now developed as a significant provider of language, computer and some specific skills training both for the employed and the unemployed. (Country Review of the employment policy in the former Yugoslav Republic of Macedonia, ILO, 2006).

Most educational institutions are owned and managed by the state. There were four private VET schools in the 2001/02 academic year. At university level there are the two state universities and SEEU is the principal private institution, along with some smaller graduate programmes and new institutions. (Country Review of the employment policy in the former Yugoslav Republic of Macedonia, ILO, 2006). The VET support infrastructure is in an embryonic stage, but the new VET Law adopted on 30 May 2006 by the Parliament gives the legal basis for the establishment of the VET Centre.

2.1.4.5 Institutional Structure

There are significant developments in terms of decentralisation of the education system in the country. The changes in education legislation regarding schools headmasters and piloting of Matura as National Standard Assessment in 36 secondary schools in the country, which took place in May and November 2006, is a big challenge for the country. Still, the coherent model and picture of future roles and responsibilities of municipalities, as well as other actors, needs to be further developed.

There are 93 public secondary schools out of which 15 provide only gymnasium education while the remaining are either vocational (46) or a mixture of both in the same building (26) and 4 special secondary schools. Four-year VET programmes are the most attractive and prepare for higher education as well as the labour market. The transition rate from VET schools to tertiary education is about 27% (Country Analysis for IPA Programming in the field of HRD, European Training Foundation 2006)

Education in the mother tongue of the ethnic communities is a constitutional right and available as such in the system of primary and secondary education. There are several university study programs for minority languages and since 2004, there is an official public university with Albanian as the language of instruction- the State University in Tetovo. Also another private University – South-East European University in Tetovo has lectures in three languages of instruction – Macedonian, Albanian and English.

2.1.4.6 Policies and Programmes

In spring 2005, the Parliament of the former Yugoslav Republic of Macedonia adopted a “National Strategy for Development of Education 2005-2015”, which aims at promoting education for all, increasing social partnership, supporting activities of non-governmental and voluntary associations in the field of lifelong learning, linking formal and informal education, increasing the opportunities for educational mobility and raising the adults’ professional and social competences. As part of an effort to implement the reforms in education envisaged in the Strategy, in April 2006, the Parliament has endorsed programmes for the development of Pre-school Education, Primary Education, Secondary and Post-secondary education, Higher Education, Professional Education of the Teaching Staff, Quality Control in Education, Institutional Support to the Reform in Education, Development of ICT in Education and Development of Adult Education in the Context of Lifelong Learning.

Measures for increased scope in mandatory education are:

- The Ministry of Education and Science and the local government will introduce financial benefits (state and local funds, scholarships) for children that come from social endangered families).
- The government will implement incentives, but in specific cases also penal measures, for all parents who don’t allow their children to attend school.
- The Ministry of Education and Science consider formal forms of education will ensure opportunities for organizing the tuition in mother tongue, and also strengthen the learning of the Macedonian language for children, belonging to ethnical groups following the tuition in their mother tongue. However, this possibility does not exist in the tuition programme in the upper classes or degrees.

The Strategy for Adult Education in the Context of Lifelong Learning 2006 – 2015 is followed by specific measures in the second half of 2006. The Ministry of Education and Science is in the process of drafting the Law on Adult Education and the full draft will be ready in the first half of March 2007.

Concerning vocational education and training, the new VET Law was adopted on 30 May 2006 by the Parliament and it gives the legal basis for the establishment of the VET Centre. The necessary training activities of the VET Centre staff are taking place.

The Government of the former Yugoslav Republic of Macedonia is currently engaged in modernizing the VET system and for this purpose a strategy for the development of VET for 2000-2010 has been adopted. This strategy recognises the crucial role of human resources for future economic and social development of the country and underlines the role that vocational education and training plays in:

- (i) Developing knowledge, skills and attitudes relevant for work;
- (ii) Enabling the realisation of individual educational aspirations and occupational careers; and
- (iii) Laying the foundation for lifelong learning.

The VET strategy identifies *inter alia* the following benchmarks for the process of reform: democracy, high quality, coherence and continuity, labour market relevancy and flexibility, social partnership, transparency, integration of general and vocational subjects and life-long learning. More specifically, it promotes vocational education and training; ensures quality curricula and syllabi based upon technological development; involves the business community and local government as active participants in creating vocational school policy and training (through the establishment of a National Council for Vocational Education and Training); provides knowledge standards; designs a catalogue of professions etc. (Country Review of the employment policy in the former Yugoslav Republic of Macedonia, ILO, 2006).

Currently activities for changes of the Law on Secondary Education and for introduction of a mandatory secondary education are on-going. Also the Amendments of the Law on Primary education, which envisage changes in the structure of primary education (3+3+3 years) are on-going. and for introduction of a mandatory secondary education are on-going. In order to improve the quality of the education system and provide a full computer literacy among the pupils, the Government is planning to implement a project called “Computers for all”.

2.1.5 SOCIAL INCLUSION

2.1.5.1 Socio-economic Developments

Poverty is a multidimensional problem, which, in addition to the economic issues, also includes social, political and cultural ones. Therefore, poverty reduction cannot rely exclusively on the economic policy, but also on complex, well-coordinated measures in several areas. Still, the economic growth is a significant factor that affects poverty. The long-term economic growth reduces poverty directly by creating new jobs and increasing the actual available household income. However, not less important are the indirect effects of the economic growth. It increases the budget resources that are at disposal of the government for social programs, improvement of the quality and availability of education, and investment in infrastructure. Simultaneously, economic strengthening of the country creates possibilities for expansion of democracy and elimination of social discrimination due to gender, cultural, traditional, ethnic and religious considerations.

Since the independence in 1991, the former Yugoslav Republic of Macedonia has passed through a complex process of transition conditioned by a series of economic and political occurrences and changes, (changes in the structure of the accessible markets, production, trade liaisons, political constraints, security crisis), reflecting on the standard of living and the general social welfare of the citizens. Thus the problems of poverty and social exclusion appeared as a new social problems in the country.

The first governmental strategic document aimed at combating poverty was the National Strategy for Poverty Reduction (NSPR), published in 2002. This document, represents the first multi-sector and multi-discipline analysis of the poverty problem.

Latest published research on poverty is World Bank Poverty Assessment (2005) for the period 2002-2003. According to this report: the consumption, poverty (according to the basic needs) is 21.7%; the non-financial dimension of the poverty (sub-standard conditions for housing and the low level of education) for now, additional 30% of the population; and the poverty rate in Skopje, other urban centers and rural areas are similarly estimated, between 20% and 22%. These indicators show that 51% of the population suffers different types of poverty, and it can be concluded that the most concerned households are those with more members, the households where the head of the family is under forty and has no qualifications or has low educational level.

With aim to assess mostly affected groups with problems of poverty and social exclusion, within the NSPR in 2002 following categories were classified as most vulnerable:

- 1 The traditional poor, who are made up of rural, farming households;
- 2 The new poor, who are non-agricultural households with low-paid workers and the unemployed;
- 3 The chronic poor, who are pensioners, elderly without pensions, the disabled, or others without permanent income.

The common features of poor individuals/households are:

Low education level. The largest section of poor household members is with incomplete primary education or with completed only primary education. This is mostly present in rural households, which contributes to increasing the risk of impoverishment and in the long run, they are faced with the risk of deepening their poverty;

Risk economic status on the labour market. Most of the unemployed poor people are unemployed for a long time, or if they are employed, their job is usually not secure. Most of them are employed in the informal sector, which does not decrease the risk from further impoverishment. The consequences of the uncertain status in the labour market are more evident in the smaller urban region and rural areas. The main reason for this is that the labour market in these regions is limited and less flexible. At the same time there are less opportunities for re-training the poor as a way for their adaptation to the labour market demand. Most unemployed persons are registered in the Employment Bureau, but at the same time they are working in the informal sector.

Poor living conditions. Poor people, especially the traditionally and the chronically poor, live in very poor housing conditions. This is notable in rural areas and suburbs of the bigger urban regions.

Poor health condition. The low education level, poor living conditions, and above all, the long-lasting poverty affect the health situation of the majority of the poor;

Social justice/injustice. Aside from the quantitative, measurable features of poor individuals/households the qualitative features of the poverty are also evident. As a result of the process of impoverishment and long-lasting poverty most of the poor households have a distinctive feeling of social injustice.

2.1.5.7 Main Poverty Profiles

In the former Yugoslave Republic of Macedonia, in the process of poverty measuring, the “double method” is practiced, i.e. combination of the relative and the subjective method of poverty line assessment. The relative method of poverty is based upon assessment of a relative living standard, defined as an indispensable level of existence. This standard is defined as 70 percent of the medial equivalent consumption of the households.

During the period 1997 – 2000, the number of the poor population has increased by 2.7%. One of the risk factors for impoverishment is the place of residence. Statistics provide data on the regional distribution of poverty in the Country and for the urban and rural areas, and separately for Skopje. Due to fewer employment opportunities, particularly for the elderly persons with low qualifications, the smaller urban areas and rural communities are faced with high risk for impoverishment. At the same time, these locations have limited opportunities for vocational education and training, which contributes to the low education level of the young population from the low-income households, thus creating a high risk of their categorization as chronically poor.

The poverty measurements in the capital city of Skopje reveal impoverishment of the population. Although in 2000 a decline in the total percentage of poor households compared to the previous years was noticeable, almost 25% of the populations of the capital city are poor with significant deepening of their poverty (Table 13, Annex II). This introduces the need of special treatment of Skopje as a location with many specific features with simultaneous strong influences of many factors, which decrease the living and the total standard of its citizens. The basic reason for the dramatic changes in the living standard of the citizens of Skopje is social stratification, which is most intensive in the capital city.

A fundamental factor that has an influence on the risk of impoverishment is the education level (Table 14, Annex II). In Skopje, in a few years period, a high level of impoverishment especially for people without education is evident. In 2000, from the total number of people without education, 63.3 percent are poor. What is of even more concern is the process of impoverishment of individuals with high education, especially in the other urban areas. This confirms the limitation of employment possibilities in small urban areas.

Unemployed persons comprise the most vulnerable category of the population. Also employed persons with low qualifications, insecure working arrangements and irregular salaries are in this category (Table 15, Annex II). From the total number of households with only one employed member in 1997, 19.2% were poor; increasing up to 22.2% in 2000. The simultaneous deepening of their poverty indicates that their main risk factor is the education level accompanied by the vocation and the age. The dynamics of impoverishment reveals the conclusion that due to the low qualifications of these employed people, improvement of the living standard of their households cannot be expected. From the total number of households with two or more employed members in 1997, 9.8 % were below the poverty line, and in 2000, 6.8%. At the same time data shows a decline in the depth of their poverty. Because the poverty gap index is so low, only a small amount of financial aid to the family budget of these households could pull them out from the category of poor households.

Data from several years of poverty measurements indicate that the most vulnerable group is the group of households with no employed member. In 1997, 26.0% of these types of households were poor, and in 2000 almost 32.6% of these types of households were poor, with a high poverty gap indicator.

According to the World Bank (Poverty Assessment for 2002-03, October, 2005), relative poverty lines imply that poverty is a question of inequality only and disregard unfulfilled basic needs. Under this approach, whether a person is judged poor depends not on whether he has a certain level of consumption or income but entirely on how little he has compared to others. The official poverty line in the Country is a relative poverty line set at 70% of median household expenditures. In EU the relative poverty line is set at 60% of income.

An estimated 21.7% of the population lived below the cost-of-basic-needs poverty line in 2003. This means that about 445,000 persons in the former Yugoslav Republic of Macedonia were unable to meet their basic food and non-food needs. Of these persons, 113,000 had consumption expenditures below the amount needed to purchase the minimum food basket indicating that they suffered from extreme deprivation and most likely were malnourished.

The share of the population living in poverty between 2002 and 2003 in the Country increased slightly from 21.4% to 21.7%. Though the increase is not statistically significant, it is consistent with the decrease in average living standards seen in the Country during that period.

Between 2002 and 2003 there was a convergence in poverty headcount indices across the Country's urban and rural areas. In Skopje, the share of its population living in poverty increased marginally, from 19.1% to 20.4%. Poverty rates increased quite significantly in other urban areas, from 17.5% to 21.8%, while falling in rural areas, from 25.3% to 22.3%. As a result, poverty rates were, by 2003, almost uniform across the country.

With regards to the assessment of social exclusion there is a very modest sources of data within overall lack of statistics. There is an initial analysis of some of the Laeken indicators - indicators on poverty and social inclusion, those that are within the scope of the United Nations Millennium Development Goals presented in the National Report on MDG, 2005. This report includes 7 of the 18 Laeken indicators.

Laeken indicators (according to the Millennium Development Report)

Laeken Indicator	2003	2004
share of the persons living in jobless households	n.a.	27,7
long-term unemployment rate	31,2	31,7
long-term unemployment share	85,1	85,4
very long-term unemployment rate	27,9	27,6
Distribution of income (Gini coefficient)	29.3	n.a.
	73.21 (all)	
	Male	female
	70,8	75,74

Persons with a low educational attainment (ISCED 0-2)	43 ¹	
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Source: Millennium Development Report, 2006

The „persons living in jobless households“ is a Laeken indicator which shows the number of persons aged 0-65 living in eligible households where none of the members is working as a percentage (proportion) of the total population aged 0-65 who are living in eligible households. The share of the persons living in jobless households in 2004 was 27.7 percent. The poverty rate in households with no employed members in 2003 was 36.1 percent.

The data concerning 3 Laeken indicators on long-term unemployment rate, long-term unemployment share and the very long-term unemployment rate are also available. These figures are quite high according to all of the three indicators. The long-term unemployment rate is the total number of long-term unemployed (at least 12 months) as a percentage of the total active population aged 15-64. The rate of long-term unemployed in 2003 was 31.2 while in 2004 was 31.7. The long-term unemployment share is the total number of long-term unemployed (at least 12 months) as a percentage of the total number of unemployed. In 2003, this share was 85.1 while in 2004 it was 85.4. The very long-term unemployment rate is the total number of very long-term unemployed (at least 24 months) as a percentage of the total active population. This rate in 2003 was 27.9 while in 2004 it was 27.6. These figures confirm the general unemployment is not only extremely high, but it is also of long-term character. Hence, unemployment rather than low income has become one of the key factors of poverty and social exclusion.

Gini coefficient is used to measure income inequality, but can be used to measure any form of uneven distribution. For 2003, Gini coefficient/index was 29.3%. According to earlier analysis the Gini coefficient for the period 2000 was 34.74%. Disaggregated among different types of households, the Gini coefficient in 2000 was 25.93% among agricultural households, 35.96% among non-agricultural households and 30.84% among combined households. This showed that the agricultural households were in a better position in regard to other types of households due to their capability of self-employment.

Life expectancy at birth is another EU indicator that is included as an indicator measuring progress under the poverty reduction goal. Though the indicator relates to health and gives an indication of the efficiency of the healthcare system, it also predicts the future ability of society to fight poverty and social exclusion, and largely depends on the general development level of the society. This indicator is defined as the number of years a person may be expected to live, starting at age 0, if subjected through their lives to the current mortality conditions. For the former Yugoslav Republic of Macedonia, this indicator for the period 2001/2003 was 73.21 for all, and 70.8 years for man and 75.7 for women.

Persons with a low educational attainment is the Laeken indicator which is defined as the percentage (proportion) of the total population of 25-64 years olds who have achieved ISCED level two or less. According to the data provided by the population census of 2002, the figure is 0.46 percent. However a look at the share of female students by level of education, shows that girls living in rural areas or coming from lower social strata and/or belonging to a specific ethnic group, such as the Roma or to a certain extent, ethnic Albanian, are at the highest risk of being excluded from the educational system at an early stage. In terms of vertical mobility it is obvious that with each subsequent level of education, the

number of Roma girls decreases dramatically. This situation is largely due to an incomplete inclusion of girls in primary education and a high percentage of drop outs during schooling. The general drop-out rate is below 2 percent, but in the case of the Roma population, it stands at about 10 percent.

Within the aspirations of the country for EU accession it is envisaged preparation of JIM – Joint Memorandum on Social Inclusion – the first document in the field of social protection (covering three strands: social inclusion, pensions, health and long-term care) – signed by candidate country and European Commission (before the accession). The purpose is to prepare the country for full participation in the open method of coordination on social protection and social inclusion upon accession. One of the essential parts of this document are statistics according to Laeken indicators. In April, this year DG EMPL has a mission to explore preparatory steps of the country in the areas of employment, social inclusion and social protection. The issue on statistics was also highlighted as one of the priority areas that should be developed in the forthcoming period. In fact the lack of key statistical data and evidence based analyses need to be urgently tackled. The drafting of the Joint Inclusion Memorandum (JIM) shall be an opportunity for more comprehensive and in-depth analyses and for the identification of the challenges and priorities ahead in the field of the social protection and social inclusion.

This condition, largely restricts and thwarts the accessibility to the resources and services and simultaneously increases the risk of social excluding for these particular, specifically vulnerable groups of citizens.

2.1.5.7 Poverty and Ethnic Communities

There are no available statistics at National level on poverty related to ethnic minorities besides the Roma part of the population. Sources coming from Roma organizations suggest that the real number of Roma in the Country is somewhere around 80,000 (or 3.9%). Other sources (again from the Roma environment) consider that the Roma population in the state is far larger than the officially presented figure and that in fact there are 135,490 or about 6.7% of the population. The largest concentration of Roma, according to this data is of course in Skopje 69,120, then comes Prilep 12,000, Kumanovo 6,500, Strumica 6,500, Tetovo 6,000, Stip 5,000, Bitola 5,000, Kocani 3,500, Veles 4,000, Vinica 3,000, Gostivar 3,000, Kicevo 3,000 and so on.

A Strategy for Roma in the former Yugoslav Republic of Macedonia, December 2004, describes the situation of the Roma. Data shows that the largest number of Roma live in urban settlements (95%), and they are more concentrated in the poorer areas (ghettoes) or suburban areas.

The fact that large portion of the Roma looking for work still do not have the necessary level of education in order to be more competitive on the labour market makes the situation of the Roma population even more unfavourable. Official data show that in the year 2000 from the total number of unemployed registered in the Employment Agency of the former Yugoslav Republic of Macedonia 4% were Roma, and of these one half have incomplete elementary education.. In the same year for each officially employed Roma there were three unemployed (approximately). When we compare the total labour force according to ethnic structure, it is

evident that the Roma have the highest percentage of unemployed persons, always over 70% compared to the other groups who in that period registered unemployment of around 30%, and up to 49%.

The slow transition, the bad economic situation, the large number of unemployed additionally deteriorates the situation of the large number of Roma in the former Yugoslav Republic of Macedonia, as far as existence is concerned. At the same time, the slow privatization of large economic entities has led to the release of a large number of employees. This has also affected the Roma holding positions that require unskilled labour. In conditions where new jobs are not created and the army of unemployed is increasing, opportunities for new employment are reduced to the minimum. In such conditions, the monthly social assistance (Denar value equal to 50 Euro) received by relatively large number of the Roma population is the only source of regular income for them.

Besides regular employment, work in the informal sector (small trade, informal economy, hygiene maintenance, cleaning houses), as well as seasonal labour are considered as other main sources of income for the Roma population. According to the figures for 1996, 11.7% of the total number of households that are beneficiaries of social assistance are Roma, of those the largest portion were unskilled workers. Data in 2003 show that from the total number of households in the former Yugoslav Republic of Macedonia that receive social assistance (64,500), again, around 12 percent are families belonging to the Roma community (approximately 7,700 households). This trend shows that the Roma, to a large extent, become dependent of the social assistance they receive in the long run because they are unable to improve their current position. The Roma citizen organizations estimate that at the moment around 85 percent of the Roma are social assistance beneficiaries.

Although there are no available data specified on poverty rates for other minorities some assumptions could be made considering unemployment rate and educational level as well as participation in labour market of specific groups among other minorities, e.g. in the period 2000-2005, the female employment rates were significantly lower than those of men: In 2005 male employment rate was 41.2% while female employment rate only amounted to 26.6%, while participation rates by women of ethnic Albanian origin were only 9.7%. Also, sectors where women tend to work are usually underpaid, net of their educational, skills, and time requirements. In addition substantial inequalities in educational participation rates remain between ethnic groups, in particular for ethnic Roma, Albanians and Turks. This division is particularly pronounced among girls. Gross enrolment rate in rural areas amount to 62.36% and is significantly lower than in urban areas: 78.52%.

2.1.5.4 Vulnerable Groups

A number of groups in the Country can be considered as especially vulnerable and holding much marginalized positions on the labor market. Their exclusion in a wider sense is multidimensional and it is conditioned by the lack of security, uncertain possibilities for obtaining income and limited possibilities for real participation in the every day life, whereas the limited accessibility to the supporting systems in the community in general, reduces their life possibilities. These groups include:

- Children without parents or parental care
- Single parents
- Street children
- Victims of Family Violence

- Homeless persons
- Persons who use and abuse drugs and other psychotropic substances
- Elderly people

Children without Parents or Parental Care

In the 27 Centers for Social Services (CSS) in the former Yugoslav Republic of Macedonia, a total of 1,548 children and youth are recorded, 1,111 at the age of 18 and 437 at the age of 18 – 26. Financial assistance is provided to a person, who up to the age of 18 has had a status of a child without parents or parental care; single-use financial assistance or assistance in kind; accommodation in sheltering family, accommodation in an institution for social protection; accommodation in other institutions; right to housing; health care (if he/she cannot obtain it on other basis); direction to education and enabling; assistance in employment.

A certain number of children have some health problem, which is often connected to development disabilities and therefore they have the status of children with special needs and for them, during their lifetime, the state takes activities for prolonged care and protection. These children and youth need a special treatment during the planning of their education and employment. According to the type of education of the children, most often elementary and secondary, there is a need for a bigger stimulation of children for studying, obtaining higher education and professional direction towards completing suitable education for easier employment in the native environment. There is no priority for their enrolment in the educational institutions for using scholarships, student credits, and boarding – school accommodation. The number of employed, of the children without parents or parental care, of those that had completed certain education is around 25%.

Single Parents

According to the Law on Social protection, single parents have certain rights. A pregnant single woman has the right to accommodation one month before delivery in an institution and up the age of three months of the child. Single parents have the right to financial assistance – a single mother during the pregnancy one month before the delivery and a single parent with a child up to the age of 3 of the child. According to the data from the Statistic Newsletter of the PISID (2005), a total of 831 single parents, 51 men and 771 women are registered with the CSSs.

Street Children

A total of 459 street children were recorded only in the territory of Skopje during the last assessment of the number and condition related to the problem concerning street children in 2006. So far, there is only one Centre established in the country as an out-of-institutional form for sheltering street children. In 2007 opening of another such centre has been envisaged.

In the activities of the Daily Centre 290 children are included on the daily basis. In the Centre, children are facilitated conditions for satisfying basic children needs through different scope of activities, from acquiring essential skills and habits, administrative services (documents and etc.) to activities including education, pedagogical and psychosocial strengthening of the children. Each of the children who have been provided services in the Daily Centre are vaccinated and have regular medical checks. Until now, as a direct influence of the work with the children in the Daily Centre, 51 children have been included with the regular educational system (Table 16, Annex II).

Victims of Family Violence

The fact that family violence is to great extent treated as 'private matter', in particular, in the institutions which have legal capacity to interfere, contributed to minimum level of enforcement of the provisions that regulate family violence. With regard to promotion of the public awareness concerning the issue of family violence, the Ministry of Labour and Social Policy in cooperation with other ministerial sectors and the NGO sector, has initiated and participated in 3 national campaigns. In order to enable appropriate protection and assistance to the victims of family violence, services within the Centers of Social Works (CSW) active with the victims of family violence as well as a network of shelters for the victims of family violence have been established in 6 towns: Skopje; Bitola; Kocani; Strumica; Ohrid and Kumanovo. (Table 17, Annex II)

From 2004 to 2005, through multi-ministerial training, 86 professionals from different areas were trained: social protection; police, health; judiciary and nongovernmental sector. For the purpose of introducing national base of trained professionals to further realize training for their colleagues on local level, in December 2006 Training for Trainers was realized to work with victims of family violence in local community following which a core of 14 trained professionals from different sectors was established. The existence of such base of national and trained professionals is significant and necessity for application of the model and concept of work with victims of family violence on local level.

The Family Law envisages protection measures which provide different types of services: accommodation in Centre for Victims of Family Violence; appropriate health protection; appropriate psycho-social intervention and treatment; referring to adequate counseling service; schooling for children; report to persecution body; instituting procedure before the competent court; provision of legal advice and advocacy; if required, submission of claim to court to impose temporary protection measure.

Homeless Persons

One reception centre for homeless has been opened where currently 53 persons reside. Structural multi-ministerial approach is missing in the protection and help to this target group.

Persons who use and abuse drugs and other psychotropic substance

Drug use, abuse and consequences are global problem which requests implementation of a complex program for prevention, education, early treatment and detection of the users, rehabilitation, social reintegration and participation in all segments of the state: governmental institutions, local self-government, citizen organizations and individuals active in the field of combat with the consequences of drug-use.

The connection between drug-use and negative social occurrences such as poverty, unemployment, homelessness, social exclusion as well as the connection between drug abuse and delinquency and crime indicates to the need for provision of balanced approach between the activities concerning decrease of demand and accessibility to drugs.

The priority of the daily centers for drug-users and members of their families as a new form of out-of-institutional social protection, where users request immediate help, is early and timely intervention with intensive individual attention to the beneficiaries; those are places where difficulties can be undergone surpassed, where families are strengthened in order to successfully face the problems as a consequence of drug-using. The types of activities in the daily centers are as follows: advisory work organized with parents and other family members with regard to drug-

using – individual and group work with drug-users and their families; info-line for direct information of all interested to include in the activities; computer classroom; sports activities; art club: workshop for production of objects, handicrafts from different materials – intended for transformation into self-financing projects. The Program is implemented in regular coordination and connection with other public sectors as well as citizen organizations and associations.

Daily centers for drug-users and their families are found in Ohrid, opened in October 2004, Kumanovo, opened in December 2004 and in Strumica, in the already existing Daily Centre for drug-users. In Skopje, there are arranged and equipped premises; however it is not functional for more than two years due to the resistance by the local self-government. (Table 18, Annex II)

Elderly people

In 2002, the number of persons between 60-64 years of the population was 4.44% and 65-year and over was 10.57%. There are 4 state institutions for sheltering elderly people and a number of private institutions for sheltering and care of elderly people. Elder persons have the rights to permanent financial support – 1,998 persons; financial aid and care allowance – 1,977 persons; rehabilitation allowance – 59 persons; health protection (unless attained on other grounds); single financial support – 2,117 persons; aid in kind – 304 persons; accommodation in foster family – 10 persons; accommodation in social care institution – 276 persons; accommodation in other institutions – 11 persons.

2.1.5.7 Social Protection

Social protection and social security represented 25% of the total expenditures of the Budget of the former Yugoslav Republic of Macedonia in 2000. According to the 1997 Social Protection Law, the following rights to welfare are prescribed in the Country:

Permanent pecuniary assistance for the persons unable to work, determined by special medical comity; single woman during pregnancy one month before giving birth and single parents with children under the age of 3; and elderly over 65 years of age, without income and without close relatives responsible for supporting them, or relatives not being economically capable of that;

The welfare covers the persons able to work, who are socially unsecured. They include the unemployed, employed with low or irregular salaries, as well as pensioners with low pensions whose households have income below the prescribed percentage of the relative poverty line;

- Pecuniary allowance for help and care;
- Right to health care for the permanent pecuniary assistance beneficiaries;
- Salary allowance for part-time jobs due to care of disabled child;
- One-time pecuniary assistance;
- Housing right.

In February 2001, there were 5,079 households (1% of the total Country's households) were registered as permanent pecuniary assistance beneficiaries. In 2000 there were 17,080 one-time financial aids delivered (Ministry of Labour and Social Policy, 2001; Institute of Social Affairs, 2000).

Within the Budget of the former Yugoslav Republic of Macedonia, for 2007, means for protection of the socially endangered population to the extent of 2 657 000 000 denars are laid down, intended for: permanent financial assistance - 4 900 families/175 000 000 denars,

shall be paid to the individuals who are incapable for work and cannot earn means for existence according to other provisions; social welfare: 67 000 households/ 1.670.000.000 denars, for the households with members who are capable for work, but financially insecure; financial aid and care allowance - 21 000 users/ 750.000.000 denars, shall be paid to individuals who cannot perform basic needs for living without assistance from other person (the individual is immobile, fully blind, dystrophic or similar muscular or nervous-muscular illnesses, cerebral palsy or infantile paralysis) as well as to individuals with heavy and heaviest obstacles in the psychic development at the age of above 26. For certain categories of citizens, a holding census is opened as a condition for obtaining this right; financial assistance to a person who until the age of 18 has had a status of a child without parents or parental care- 295 individuals/10 000 000 denars, individuals with obtained status of an orphan and without parental care, if after the majority they have no funds for existence, i.e. they attend regular education, up to the age of 26; right to wage compensation for shortened working hours because of the care for the bodily or intellectual handicapped child – 3.500.000 denars, right which is laid down with the Law on Social Protection and the Law on Labor Relations, is implemented by one of the parents of the handicapped child, if the parents are employed; the right to expenses compensation for accommodation and compensation for sheltering of the accommodated person in a sheltering family- 200 families/provided for 340 individuals/ 24 000 000 denars: single-use financial assistance and assistance in kind – 22 500.000 denars, for individuals or families in a position of a social risk due to a natural disaster, epidemic, death, long therapy or other social crisis, as well as occasional assistance to certain biological families that take care for their members who have certain degree of invalidity; expenditures for health services which are not encompassed with the compulsory health care, according to the Law on Health Insurance- 2 000 000 denars, shall be paid by a given findings and an opinion for an estimate on the specific needs of the individuals with obstacles, issued by a competent body.

Allocation of the financial means intended for social compensations by the types of the rights and obligations is made in accordance with the available means within the Budget of the former Yugoslav Republic of Macedonia for 2007. Notwithstanding that significantly large sums are being separated, the conditions on the field in correlation with the mentioned indicators, refer to insufficiency of the envisaged means intended for meeting the needs.

The biggest number of beneficiaries, according to the social status of the holder of the right to welfare are unemployed (88.9%), 5.2% are employed, 0.1% are pensioners, 0.1% are permanent pecuniary assistance recipients and 5.5% are other individuals. An increase of the number of welfare beneficiaries is noticed in small town areas and their suburbs, as well as in the rural areas on the territory of the former Yugoslav Republic of Macedonia.

2.1.5.7 Institutional Structure

The former Yugoslav Republic of Macedonia has a social security system comprised of two parts:

- (i) social protection, which is intended for alleviation of poverty through financial aid to socially vulnerable groups;
- (ii) (ii) social security, which is mainly based on the principles of insurance. The system of social protection specifies several types of financial assistance, but it is important that intensive reform activities in this area have begun, primarily though the introduction of pluralism in the social protection (applying various models of partnerships between the

public and the private sectors and the public and the non-governmental sectors). In addition, the reforms were focused on: de-institutionalisation (expanding the existing types of care centres for socially excluded people, homeless, victims of family violence, alcohol and narcotics users etc.), and decentralization (transferring the founding rights of care centres to the local level, as well as creating conditions for each of the local communities to be able to develop those forms of institutional or non-institutional protection which would best match the needs and priorities of its citizens). The reforms have two-fold objective: improvement of service delivery, and improvement of the quality of services.

The Centres for Social Work (CSWs) are the basic public social protection institutions. In the Country there are 27 inter municipal CSWs, each covering the social protection needs of the population from the territories of several municipalities. The Inter municipal Centre for Social Work in Skopje (ICSW) is the only CSW with 6 dispersed units of the Department for social work, in 6 municipalities in Skopje. The ICSW functions based on the categorial principle of team work (combined teams of social workers, pedagogues, psychologists, lawyers and dialectologists) within the 7 Departments: Department for analytical and scientific work; Department for General Services; Department for Guardianship of Children without Parental Care and Protection of Adults; Department for Marriage and Family; Department for Protection of Children and Youth; Department for Persons with Physical and Mental Disabilities; Department for Socially Excluded and Victims of Family Violence; and Department for Social Work for the territory of the city of Skopje. The 6 dispersed units of the later Department, which are responsible for addressing the social protection needs of the population in terms of social assistance, function on the territorial principle in multidisciplinary teams composed of social workers and usually only one lawyer. The territorial principle of professional work and polyvalent services are typical for the CSWs in other cities in the former Yugoslav Republic of Macedonia (Bornarova, 2006).

There is no regional level of governance, but devolved national governance bodies on local level. The 27 CSWs and 7 social institutions for residential protection and treatment of children are under the jurisdiction of the Department for Social Protection of the Ministry of Labour and Social Policy (MoLSP). The CSW is established as a public institution for social protection with public jurisdiction for implementation of social protection activities. In the domain of the public jurisdiction, CSWs are empowered to:

- act upon the rights of social protection envisaged within the Law on Social Protection and the Family law;
- act upon the rights envisaged within the Law on Child Protection: child supplement, special supplement and assistance for newborns;
- act upon the Criminal Code, and
- perform other activities according to the law (Law on Social Protection, 2006).

Social insurance tackles the problem of unemployment by an unemployment benefit scheme, administered through the employment offices. According to this scheme, only unemployed persons who have been employed before and for whom the contributions to the Employment Fund have been paid by their employer are eligible to receive unemployment benefits. The unemployment benefit also covers health care insurance and disability and old age pension. Another part of the social insurance is the pension system, which used to be a mandatory universal pay-as-you-go (PAYG) regime, administered by the State Pension Fund. In 2000 a new pension system was established, which complements the PAYG scheme by the introduction of two new pillars – the compulsory capital financed pension insurance (the second pillar) and the

voluntary capital financed pension insurance (the third pillar). This reform was implemented relatively successfully until now, especially the introduction of the second pension insurance pillar, but there are still important issues to be resolved. (National Development Plan 2007-09)

The Unit for protection and sheltering of socially excluded persons was established in the Sector for Social Protection within the Ministry of Labour and Social Policy, where programmes for social inclusion are developed and implemented for vulnerable groups, i.e. street children; victims of domestic violence; drug abusers and members of their families; homeless persons and other vulnerable groups.

The introduction of the Register of associations of citizens in the area of social protection enables involvement of relevant NGOs in the programmes for tackling social exclusion. As regards the partner relationship with NGOs and private institutions, MLSP established a Unit for public and private institutions, through which during 2006, cooperation with 2 NGOs was realized for: National SOS line for victims of domestic violence and National SOS line for help regarding drug problems.

The reduction of risks from social exclusion is also realised through out-reach forms for social protection and helping the vulnerable groups reduce the risk of institutionalization.

The following facilities are opened:

- (17) Day-care centres for children with intellectual disability,
- (2) Day-care centres for drug abusers,
- (6) Centres for victims of domestic and
- (1) Day-care centre for street children
- (1) Reception centre for sheltering homeless persons.

2.1.5.7 Policies and Programmes

The Law on Social Protection functions on the basis of four mutually connected schemes:

- One for general social protection (implemented by the CSS);
- One for out-reach care (implemented through the day centres, refuges and other assisting forms);
- One for institutional care (implemented in the institutions for social protection)
- A financial assistance scheme, which should guarantee the necessary means (implemented by the CSS).

A new Law on Social Protection is being prepared, in which, among other changes, the observations and the learning's from implementing the activities of the SPIL project will be incorporated.

The laws governing suitable policies for improvement of the unfavorable condition of the vulnerable groups of citizens are:

- Law on Family,
- Law on Child Protection,
- Law on Local Self-Government;
- Law on Foundation and Citizens' Associations;
- The Criminal Code,
- Law on Criminal Procedure.

2.2 SWOT ANALYSIS

The SWOT analysis in the table below contains the strengths in the field, such as the degree of development of the schools and universities network and the good initial education of the large part of the labour force, will be the basis on which the strategy can develop. Main weaknesses are referring to mismatch between education and labour supply, a low adaptability of workers and poor life long learning, social exclusion, and relatively expensive system of social protection. The opportunities consist of using fully and effectively highly competitive and well-educated human resources, within a framework of stronger partnership and labour inclusive market. Finally, speaking of threats, one cannot avoid the high unemployment rate, the drain of highly educated people and the widening welfare gap between urban and rural as well as between geographical areas of the country.

The SWOT analysis for the human resources in the former Yugoslav Republic of Macedonia is presented in Table 2.1.

Table 2.1: SWOT analysis covering Human resources development component

Strengths	Weakness
<p>Employment and labour market</p> <ul style="list-style-type: none"> • Established institutional framework that supports employment strategies and implementation of policies • High percentage of young people in education and higher education • Active employment policy and its instruments in place but limited due to the currently relatively low level of funding 	<ul style="list-style-type: none"> • Lack of social dialogue which impacts on all three areas , employment education and social inclusion <p>Employment and labour market</p> <ul style="list-style-type: none"> • Low level of activity rate • High unemployment rates among young (15-27), elderly people (55 plus), women and long term unemployed (4 years plus) • Substantial share of engagement in the “Grey economy” • Lack of capacity of the Labour Inspectorate • High tax wedge • Skills mismatches between supply and demand on the labour market • Relatively poor statistical data on the labour market, obscuring policy design and assessment of achieved results • Active employment policy and measures limited due to the currently relatively low level of funding • Low level of employment rate which is exacerbated due to regional disparities across areas of the country and within ethnic groupings • Low knowledge and skills of public employees in conducting an appropriate cost-benefit analyses, hindering the improvement of the policy design • Additional lackness of skills and capacities in the rural population engaged in agricultural and related activities in rural areas • Insufficient capacity for policy making, monitoring and evaluation of the employment policy <p>Lack of tripartite social dialog on local level and bipartite social dialog on company level</p>
<p>Education</p> <ul style="list-style-type: none"> • Basic educational infrastructure in place in most parts of the country, including the VET schools • Basic ICT infrastructure in place • Established structure of educational policy institutions • Increasing competition in educaation system 	<p>Education</p> <ul style="list-style-type: none"> • Old-fashioned (non-modernised and unreformed) educational system • Inappropriate education conditions in terms of infrastructure in some parts of the country • Shortages in vocational education • Non-existent retraining system

- Grate involvement of main stakeholders in schools management through school boards

R and D

- Modest infrastructure of the research institutes

Social Inclusion

- Principal of social equity embedded into system
- Existing social infrastructure with widespread coverage of the whole country (27 SWCs)
- System of involvement of stakeholders and social partners being developed

Opportunities

- EU accession process offers opportunities to drive through essential changes in legislation and policy directions that will contribute towards the creation of a modern and vibrant economy based upon principles of social justice and equality of opportunity
- General policy acceptance of the need to be proactive in areas concerned with anti – discriminatory practices offers potential for improving access to range of employment opportunities, educational and social services provision
- Stable macro-economic environment

- Poor educational outcomes that is low quality of education

- Shortages in vocational education and initial delays in the implementation of the VET law
- The Roma population is especially affected by low education levels unemployment and permanent exclusion from the labour market

R and D

- Low level of R&D spending
- Low competitiveness and international recognition of domestic R&D
- Insufficient links with the business community

Social Inclusion

- High level of poverty and social exclusion varying across regions, educational segments of population and ethnicities
- Relatively expensive and ineffective system of social protection
- Lack of national strategy to reduce social exclusion and poverty
- Uncoordinated social protection and employment policies
- Lack of trained and qualified human resources to provide adequate forms of social service
- Ethnic communities and in particular the Roma population is especially affected by low education levels, unemployment and permanent exclusion from the labour market and in addition has a low level of usage of social services provision and poor access rates

Threats

- Widening gap between the country in its ability to compete in an increasing competitive European and world market
- Negative economic and social consequences of the lack of skills and low investment in human capital
- Roma group suffering from unemployment, deprivation and social exclusion

- Labour force exists that can be adapted to labour market needs
- Further improvement of dialogue with the civil society and social partners

Employment and labour market

- Improvement of the business environment will lead to a greater job creation
- Policymakers’ and public’ awareness that unemployment is a major problem, and hence their support to allocate all available resources in this area
- Tax and social contributions reforms will reduce the tax wedge, stimulating registration of the informal workers and new employment
- Labour Relations Law enacted in 2005 which allows for greater flexibility and mobility of jobs and workers
- Greater education system quality and curricula changes (inclusion of entrepreneurship) will increase self-employment, an important pathway to reducing unemployment

Education

- Citizens consider education an investment in the future
- Potential of modernisation of education system
- High share of secondary and post-secondary school students will result in an increased number of educated and skilled job seekers on the labour market
- Increasing number of university students improving educational skills of population at large
- Implementation of the new European System of Transfer of Credits in tertiary (high) education
- Modernised educational system that will provide a well educated and highly productive workforce with a positive effect on the country competitiveness
- Reinforced the Education State Inspectorate to address non enrolment in school
- Greater education system quality and curricula changes (inclusion of entrepreneurship) will increase self-employment, an important pathway to reducing unemployment
- Introduction of national system of qualifications

- Insufficient monitoring of implementation of government policies and strategies

Employment and Labour Market

- High demographic pressure on the labour market
- Low economic growth and development on local level
- Lack of administrative and financial capacity on local level for creation and implementation of employment policies

Education

- Non-recognition of the importance of improvement and investment in education
- Low dynamics of the reforms in education – widening educational gap
- Insufficient implementation and monitoring of implementation of government policies and strategies
- Brain-drain
- Low efficiency of education system expenditures
- Widening gap in educational attainment of the ethnic minorities

R and D

- Potential for increase of R&D cooperation between academia and businesses
- Expansion of ICT services

Social Inclusion

- Development of pro-active policies for social inclusion with the objective improving access to and take up of social provision
- Reforms in social protection and pension system commenced and in the process of review of operations offering potential for further improvement and more effective service delivery based on local needs
- Potential for rapid and cost effective deinstitutionalisation and transformation of institutions for social protection
- Further decentralisation of the social services offers potential for improving responsiveness of social work provision towards meeting needs of vulnerable groups within the local communities
- Recognised importance of partnership, involvement of pressure groups and interest representation organisations in decision-making offering potential for and capable of further development. Thus enabling a more focussed and targeted form of service delivery due to improved information and knowledge of local needs
- . Potential for development of new forms of non institutional forms of social protection
- Development of a strategic multi-dimensional approach to social exclusion and poverty
- Raising public awareness of ant-discrimination

R and D

- Further marginalisation of R&D in the former Yugoslav Republic of Macedonia

Social Inclusion

- Possibility of continuously increasing public expenditures on social protection and equity policy
-

The analysis of the human resource development sector presented above reveal the main weaknesses of the in-Country labour market (lack of investments and jobs, high youth unemployment and very large proportion of long term unemployment, problems of disadvantaged groups like people with disabilities or ethnic communities like Roma and an especially large grey economy). The analysis indicates medium-term needs, which need to be address if improvement of the current unfavourable situation in this sector is to be achieved.

Some of the challenges with high priority include: improvement of business environment and entrepreneurship, support of investments and business start ups for a better job creation. The same holds true for improvement of education and vocational training and providing better employment opportunities for young people, combating grey economy. Other priorities should be to prevent long term unemployment and assist vulnerable groups.

Following the analysis, the strategic and specific objectives of the Operational program human resource development for the programming period 2007 – 2013 have been identified.

Strategic objective of the OP is to foster the development of human resources, in particular by improving the quantity and quality of human capital, leading to more and better jobs, higher growth and development and the increased national competitiveness at international level.

Specific objectives of the OP are:

- To improve the quality, efficiency and effect of the services provided by the Employment Agency with a view of reducing unemployment and preventing that people in employment get unemployed.
- To strengthen the capacity of bodies, institutions and social partners in the area of creating and managing policies for employment in addition to implementing and monitoring the Employment Strategy.
- To develop and enhance the social dialogue between the labour market parties.
- To integrate young people in the labour market, reduce and prevent long-term unemployment (over 4 years) in addition to increasing women’s employment rate.
- To increase formal employment by reducing grey economy employment, in order to provide greater social security of workers and rise public revenues
- To support modernisation of the education system and training in the 2- and 3-year vocational education;
- To ensure functional relationship between vocational education and training schools and business partners;
- To support integration of ethnic communities, mainly Roma population and Albanians, in education system;
- To achieve systemic approach to adult education and coordination of activities at national level through the creation of a coordinative body for adult education activities;
- Develop a Programme for development of adult education; and
- Develop a Programme for acquisition of literacy and elementary education for socially and economically excluded persons and groups;
- To facilitate integration of people at disadvantage in employment through strengthening their employment potentials or through subsidised employment;

- To enhance active participation of the civil society, including NGOs and social partners in the implementation of social inclusion policies.

2.3 STRATEGIC PRIORITIES

For the overall programming period of 2007-2013 four strategic priorities have been defined in the framework of the Operational Program Regional Development. The priorities are based on the SWOT and socio-economic analysis and set strategic and specific objectives.

Priority Axis 1: Employment - Attracting and retaining more people in employment

The aim is to modernise and improve services delivered by the Employment Service Agency (ESA) and develop and implement better active approaches for addressing the labour market malfunctioning.

Priority Axis 2: Education and training – Investing in human capital through better education and training.

This priority axis aims at modernising the education and training system, including the development and mainstreaming of entrepreneurship learning in education, in order to improve its adaptability to the labour market needs, as well as promoting life long learning. In addition, the priority will ensure equal access to quality education for all, irrespective of ethnic origin.

Priority Axis 3: Social inclusion – Promoting an inclusive labour market.

This priority axis should foster social inclusion to favor integration in the labour market of disadvantaged people, *inter alia* by training professionals and volunteers involved in social inclusion, enhanced linkages between all partners and the strengthening of the capacity of civil society to provide (quality) social assistance.

Priority Axis 4: Technical assistance

It aims at achieving efficient implementation, monitoring, evaluation and expenditure verifications of the OP, as well as supporting preparatory activities for the future management of the ESF.

The strategic priorities identified within the programming document are founded on the cascade system whereby they are first set at the level of the national development plan and from there established at SCF level through the OP HRD. This Operational Program is only one of the instruments for pursuing national strategic objectives. National strategic objectives should also be supported by means from other financial sources.

CONSISTENCY OF OP HRD WITH STRATEGIC PRIORITIES FOR HUMAN RESOURCE DEVELOPMENT

National Development Plan

“To make full use of the existing and to begin the upgrading of the human resource potentials of the former Yugoslav Republic of Macedonia for strengthening its international competitiveness, as well as to increase the overall quality of life of the population is the strategic objective of this development/investment priority of the NDP”.

MIPD

*“attracting and retaining more people in employment”
“investing in human capital through better education and skills”
“promoting an inclusive labour market”*

National Strategy For The Development Of Education (2005-2015) and Vet Strategy

- *Promoting education for all*
- *Increasing social partnership*
- *Supporting activities of non governmental and voluntary sectors in the area of lifelong learning*
- *Linking formal and informal education*
- *Increasing opportunities for educational mobility*
- *Raising the adults professional and social competencies*

National Employment Strategy 2010

- *Programs on increasing employment and maintaining the current jobs (job security);*
- *Stimulating life-long learning;*
- *Employers’ and enterprises’ adaptation to flexible employment forms and overall learning;*
- *Increased level of investment in human capital;*
- *Repealing the link between the right to health insurance and the unemployment status;*
- *Ensuring the use of all kinds of state assistance and support conditioned by regular employment or entrepreneurship status; and*
- *Employment stimulation according to the stage in the life cycle.*

Strategic Coherence Framework

“To foster the development of human resources, in particular by improving the quantity and quality of human capital, leading to more and better jobs, higher growth and development and increased national competitiveness at international level.”

Operation Programme

- *Increasing employment, reducing unemployment and retaining more people in employment*
- *To modernise the educational and training system with a view of improving its adaptability to the labour market demands and promoting life long learning*
- *Optimising the effect of social protection services provided for vulnerable groups with main goal to facilitate their integration in the labour market*

The Operational Program Human Resource Development leads to implementation achievement of the following National Development Plan’s long-term objectives in the area of HRD:

- *Education* - To secure high quality education and training for all, which will be responsive to the requirements of the labour market as well as of the requirements of a knowledge based economy;
- *Employment and labour market* - To upgrade the employability of workforce, especially of vulnerable groups (youth, long-term unemployed, etc.);
- *Social security* - To begin the creation of modern and viable (sustainable) system of social protection;
- *Public administration* - To strengthen the capacity of human resources in the public administration (to be capable for effective market regulation and supervision as well as for design and implementation of complex reforms).

According to the Multi Indicative Planning Document 2007 – 09 IPA component for human resources development will support system actions and pilot projects in the area of employment, education and social inclusion. As for employment, initiatives shall contribute to further developing employment services, supporting employment strategy implementation and tackling the labour market situation of the most vulnerable. Activities related to education aim to modernise education and training systems in accordance with labour market needs and providing access to education for ethnic communities. In the field of social inclusion, assistance is aimed at fostering the integration of disadvantaged people and enhancing the participation of civil society.

The Strategic Coherence Framework (SCF) for the period 2007-2013 aims at strategic programming of the investments in the areas of regional and human resources development, in consistency with the EU Multi-Annual Indicative Planning Document (MIPD) 2007-2009, as well as with the National Development Plan (NDP) 2007-2009 and other strategic documents prepared by the Government of the former Yugoslav Republic of Macedonia .

The strategic priorities of the OP will be implemented through the measures specified for each priority. The programme strategy is described in chapter 3.

3. Programme Strategy

3.1 PRIORITY AXES AND MEASURES

Priority Axes	Employment	Education and Training	Social Inclusion	Technical Assistance
	<p>1. Attracting and retaining more people in employment</p>	<p>2. Investing in human capital through better education and skills</p>	<p>3. Promoting an Inclusive Labour Market</p>	<p>4. Technical Assistance</p>
Measures	<p>1.1 <i>Further development of the Employment agency and enhancement of the employment conditions</i></p>	<p>2.1 <i>Modernizing the educational and training system</i></p>	<p>3.1 <i>Fostering social inclusion of people and areas at disadvantage</i></p>	<p>4.1 <i>Support to the implementation of OP HRD</i></p>
	<p>1.2 <i>Support to the implementation of the Employment Strategy and IAP</i></p>	<p>2.2 <i>Enabling access to quality education for ethnic communities</i></p>	<p>3.2 <i>Integration of ethnic communities</i></p>	
	<p>1.3 <i>Tackling the situation in the labour market of young people, women and long-term unemployed</i></p>	<p>2.3 <i>Developing adult education and lifelong learning</i></p>	<p>3.3 <i>Empowering relevant actors</i></p>	
	<p>1.4 <i>From Informal to Formal</i></p>			

3.1.1 PRIORITY AXIS 1: EMPLOYMENT – ATTRACTING AND RETAINING MORE PEOPLE IN EMPLOYMENT

Priority 1: Employment – Attracting and Retaining more People in Employment

Aim

Increasing employment, reducing unemployment and retaining more people in employment through modernisation and improvement of the services provided by the Employment service agency as well as through development and implementation of new and improved active policies and measures as defined in the National employment strategy and National Action Plan for Employment (NAPE).

Specific Objectives

- Further strengthening of the capacities of the ESA which should contribute towards efficient implementation of the NAPE.
- Implementation of active employment measures to facilitate the integration in the labour market of unemployed persons, specifically the following groups: young, elderly (55 and over), women, long-term unemployed and ethnic communities.
- Activities and measures to support the transfer from the informal into formal *employment*

Rationale

The labour market in the former Yugoslav Republic of Macedonia is facing severe difficulties with a high level of unemployment combined with low activity and employment rates. The restructuring of the economy led to an overall decline in labour demand, as the low growth dynamics and the poor business environment failed to create a sufficient number of job opportunities.

As a result, the activity rate has remained particularly low, especially among women and, even more, ethnic communities. The employment rate has basically stagnated at an extremely low level, around 35%, varying according to the education level and ethnical origin.

Unemployment is especially widespread among young people, whose employment rate is also extremely low, and among people with low education. Long term unemployment is particularly high. Official labour market data contain a high degree of uncertainty also due to the significance of the informal economy, which according to rough estimates accounts for more than 30% of GDP.

Primary responsibility for employment policy rests with the MLSP. Implementation is done mainly via the ESA. Employment policy reforms started only very recently. In addition to a revision of the labour regulations, the employment policy is being re-focused on active labour market measures for job creation, for activation of jobless people and for human resource development. There is a need to modernise the administration in this field and improve efficiency of the main labour market institutions, mainly the Employment Service Agency (ESA) and employment centres. Also the administrative capacity of the State Labour Inspectorate needs to be significantly strengthened in order to increase the efficiency and effectiveness of the labour inspectors in view of decreasing informal employment.

Description

This priority will focus on improving the quality, efficiency and effect of the services provided by the Employment Agency besides strengthening the capacity of bodies, institutions and social partners in the area of creating and implementing policies and strategies for employment. Also, the social dialogue between the labour market parties will be enhanced.

In addition, the measure will implement special activities to enhance the labour market integration of women, the young people, the elder people, ethnic communities, the long-term unemployed (over 4 years) and unemployed within geographical areas experiencing low economic development.

Further, the priority will pay special attention to pursue a decrease the number of persons engaged in the grey economy and thus contribute to the level of formal employment and the overall economic development of the former Yugoslav Republic of Macedonia.

Targeting

This priority is targeted at unemployed persons as well as at central level agencies and local offices:

- Young persons aged 15-27
- Long-term unemployed persons laying special stress to persons who are 4-year beyond the labour market
- Elder unemployed persons (55 and over)
- Unemployed persons with disabilities
- Persons registered in the ESA as unemployed, who actively seek for a job and still do not have a status of long-term unemployed
- Unemployed women aged 15-64
- Unemployed persons from ethnic communities
- Unemployed from the developing regions
- ESA with the employment centres
- Units of local self government
- Social partners
- NGOs
- Education Centres
- Labour inspection services

Measures

The priority's measures are designed to provide appropriate assistance to the specific needs of each target group of the unemployed sections of the country. Measure details are given hereunder, including objectives, rationale and eligible activities. In summary, they are:

Measure 1.1: Further development of the Employment agency and enhancement of the employment conditions

This measure will improve the quality, efficiency and effect of the services provided by the Employment Agency with a view of reducing unemployment and preventing that people in employment get unemployed.

Measure 1.2: Support to the implementation of the Employment Strategy and JAP

This measure will strengthen the capacity of bodies, institutions and social partners in the area of creating and managing policies for employment in addition to implementing and monitoring the Employment Strategy.

Measure 1.3: Tackling the situation in the labour market of young people, women and long-term unemployed

This measure will seek to integrate young people in the labour market; reduce and prevent long-term unemployment (over 4 years) in addition to increasing women's employment rate

Measure 1.4: From informal to formal

This measure will decrease the number of persons engaged in the grey economy and thus contribute to increase the level of formal employment and the overall economic development in the Country.

Delivery of the Priority

The activities to be funded within this priority includes investment in ICT, software development, training courses for ESA employees, social partners and unemployed, apprenticeships, support for first employment, mentoring for self-employment, information and advise for business registration and management, surveys and public campaign.

The delivery of Priory 1 is closely interlinked with the delivery of Priority 2 and 3. Together the three priorities will lead to an improved condition for human resources development within the former Yugoslav Republic of Macedonia. In order to achieve the best possible effect from the implementation of Priority 1, 2 and 3, the concrete implementation of activities to the benefit of the human resources will be coordinated to achieve the optimal possible effect.

Thus, Priory 1 will partly strengthen the capacities of existing labour market agencies at all levels, i.e. at national, regional and local level and partly implementing new and improved approaches to tackling the unemployment situation of specifically the following groups: Young, elderly, women, long-term unemployed, disabled, ethnic communities and unemployed people in areas experiencing low economic development.

For optimization of resources, pilot projects and projects targeting directly people will be implemented in the municipalities which will be selected in the course of the implementation of this programme. In order to qualify the municipalities should fulfil the following general qualification criteria:

- I. Higher share of unemployed people in the total number of inhabitants living within the municipality
- II. Showing distinct difference in the composition of the inhabitants in terms of the size of different ethnic communities, e.g. the size of Roma and Albanian communities¹³

¹³ Municipalities which hold the biggest numbers of Roma population, listed in order of seize of Roma Community: Skopje, Prilep, Kumanovo, Stumica, Stip and Tetovo. Municipalities which hold the bigger numbers of Albanian population: Tetovo, Gostivar, Debar, Kicevo, Struga and others.

III. Higher share of long-term unemployed in total number of unemployed in the municipality

System actions will be implemented through the whole country territory.

Criteria for selection of proposals include: Quality and feasibility of the proposal, number of people trained, link with labour market needs, gender implication and number of new jobs expected.

Operations will be selected following call for proposals, managed by the Central Finance and Contracting Unit (for pilot projects, in the transition period, see chapter 5) and the MLSP (for capacity building activities within the ministry and its related institutions, in the transition period, and for all projects after it).

Specific further selection criteria will be defined in the project fiches.

Targets and indicators

The table below outlines the priority's Core Indicators.

Anticipated Total Spend (in million euros)		8,054
EU Support (m euro)		6,846
Indicators	Baseline	Target
Results		
% of employees who successfully passed the training	0	90%
% of employees fully supported by up to date IT system.	0	80%
Total number of employed young persons up to 27 years of age in employment 30 months after the completion of the first employment support programme activity , 60% women; 30% ethnic communities	0	800
Strengthened and enhanced capacities for implementation, monitoring and evaluation of the employment policies	0	80%
Strengthened and enhanced capacities in relation to social dialogue	0	80%
% of employed young persons in employment 6 months after the completion of Programmes for improvement of skills and employability, 60% women; 30% ethnic communities	0	50%
Successfully running businesses two years after the activity	0	30%
Employed people after completion of trainings, 60% women;	0	30%
Successfully running businesses two years after the activity	0	30%
LI networked and fully operational	0	80%
Percentage of successfully running businesses 1 years after completion of the temporary administrative support	0	50%

Measure 1.1: Further development of the Employment agency and enhancement of the employment conditions

Specific objective

To improve the quality, efficiency and effect of the services provided by the Employment Agency with a view of reducing unemployment and preventing that people in employment get unemployed.

Rationale

The operations of the Employment Agency are outdated and old fashioned both in terms of technology used and methods and approaches applied in order to deliver quality services to the labor market partners. In addition, at present around 270 employees of the local ESA offices deliver services to 366 400 unemployed persons, a proportion of 1:1400.

Under the present conditions, it is not possible to provide efficient assistance to the unemployed persons in respect of fostering their integration to the labor market. Thus, it is necessary to build the capacities of the Employment Agency both in terms of upgrading the systems for coordination and information sharing between the offices and the methods applied by the local employment offices in their direct and actual assistance to the unemployed persons.

Description

The measure will focus on improving the quality and quantity of the services delivered by ESA concerning mediation and counseling through enhancement and development of the human resource capacities and the method and manner of providing active measures to the labor market in the former Yugoslav Republic of Macedonia.

The measure shall specifically achieve the following:

- I. Upgrade the qualification of the employees of the employment centers for the purpose of:
 - Implementing efficient active measures for employment and self-employment,
 - Provision of training, re-training and advanced training for employers who reported a need for specific training (known employer) or employers who did not demanded any specific need for training (unknown employer),
 - Support to first employment of young persons,
 - Provide incentive and support in self-employment,
 - Subvention to employment of certain categories of persons – young unemployed persons, long-term unemployed persons, women, elderly unemployed persons (55 and over), persons with disabilities and members of ethnic communities having limited access to the labor market.
- II. Intensify and enhance the cooperation with employers aimed at determining the labor force and skill requirements in the labor market;
- III. Centralization of the database administration and development of web based application for ESA clients as well as enhancement of the ICT System capacity of the Employment Agency and networking of all employment centers.

The activities foreseen in the measure are in compliance with the employment policies of the European Union laid down in the Lisbon Strategy and the European guidelines for employment, which require the Member States to update and strengthen the institutions in the labor market, and in particular employment services. The activities will complement and contribute to achieve the

recommendations of the CARDS Project ‘Technical Assistance for Support of the Institutional Build-up of the Employment Polices – Phase II’

Eligible Actions

Actions which may be funded are:

- Developing software for the ESA (web based application for ESA) and networking of all employment centres;
- Procurement of hardware for local employment centres within the limits set by the IPA implementing regulation;
- Providing training of the employees in the local employment centres upgrading their skills and knowledge in the area of provision of labour market services;
- Strengthening the capacity of the employees within the ESA for monitoring and evaluation of the effects from the implementation of the labour market services;
- Development of a sustainable system for monitoring and evaluation of the effects from implementation of the active employment measures.

Selection Criteria

Formal approval of the criteria for selecting operations to be financed under this measure will be subject to consideration by the Programme Monitoring Committee. Principles to underlay the criteria are:

- Quality and feasibility of the proposal;
 - Comprehensive review of the connection between the project, the strategic goals of the OP and the aim of the priority axis and of the measure;
 - Economic and social benefit from the use of IPA fund assets;
 - Comprehensive review that the bidder fulfils the selection criteria;
 - Quantification of the results and objectives to be achieved;
 - Demonstration that the proposal promotes equal opportunities (by providing gender segregated information);
 - Draft budget including co-financing.

Final Beneficiaries

- ESA with the employment centers

Target Groups

- Employed in ESA and the employment centers
- Employers
- Unemployed persons

Indicators/objectives/monitoring definitions

Spent (mil. Euros) total – 1,006

EU funding (mil.euros) - 0,855

Investment rate - 85%

Indicators	Baseline	Target	Definitions and presumptions	Source of data
<i>Outputs</i>				
Development of integrated software	0	1		Project reports
No of trained employees in the Employment Centres dealing with active labour markets measures	176 (94 men, 83 women) ¹⁴	460		ESA statistics, Database
<i>Result</i>				
% of employees fully supported by up to date IT system	0	80%		ESA statistics, database
% of employees who successfully passed the training	0	90%		ESA statistics, database

Measure 1.2: Support to the implementation of the Employment Strategy and JAP

Specific objectives

- Strengthening the capacity of bodies, institutions and social partners in the area of creating and managing policies for employment in addition to implementing and monitoring the Employment Strategy.
- Development and enhancement of a social dialogue between the labour market parties.

Rationale

The government prepared a National Employment Strategy (NES) 2010, which contains the medium-term employment strategies of the former Yugoslav Republic of Macedonia. It comprises the main labour market challenges for the period up to 2010 and defines national targets and specific employment policies that will ensure achievement of those targets. The NES 2010 incorporates the employment policies of the revised Lisbon Strategy and the EU Integrated Guidelines for growth and jobs. As an implementation tool of the NES, the National Action Plan for Employment (NAPE) for 2006-2008 was prepared and adopted by the Government with specific programmes, projects and measures for the period 2006-2008. The NAPE is based on the Employment Guidelines No.17-24 and the microeconomic guidelines No.14 and 15 of the EU Integrated Guidelines for Growth and Jobs.

¹⁴ Trainings have been carried out in 2006 (CARDS employment policy II)

In relation to this there is a need for continuous empowering of the institutional capacity of line ministries, bodies and social partners in the area of development of employment policies, also for the management and operation of bodies and institutions in charge for implementing the employment policies. Capacity building for implementation, monitoring and evaluation of the employment policies and relevant strategic documents should be supported as well.

Description

The measure will focus on providing trainings for development and improvement of the skills of bodies and institutions needed for implementation of National Employment Strategy, National Action Plan for Employment and local action plans for employment. It is foreseen that this measure also can cover the implementation of the measures that will be identified in the Joint Assessment of Employment Policies (JAP). Special emphasis will be put on establishment of continuous system for monitoring and evaluation of the strategic documents, use of monitoring indicators and ensuring readiness for preparation of regular reports on the progress achieved and effects of their implementation.

Moreover it is necessary to resume the work and to build capacities of the bodies in the institutions responsible for policy making and for their active involvement in the monitoring of the implementation of employment policies and adopted documents.

The measure intends to develop local action plans for three municipalities. Focus will be on active labor market measures and programmes, i.e. focus on consultation concerning employment, training and measures for promotion of starting new businesses.

In order to speed up local economic growth and job creation it is envisaged to initiate measures and activities to support setting up of an institutional framework for social dialog on local level and to encourage social partners to fully contribute to the development and implementation of local employment plans. In this regard measures and activities will be undertaken for promotion and development of bi- and tripartite social dialog on local level and within the Economic Social Council.

This is in compliance with the European Integrated Guidelines for employment recalling Member States to implement active and preventive measures in the labor market including early determination of the requirements, assistance in work seeking, professional orientation and training as a part of individual action plans for the purpose of sustainable integration of the unemployed and inactive persons in the labor market.

Eligible Actions

Actions which may be funded are:

- Development of local action plans for employment (pilot projects for three municipalities);
- Introduction of longer term forecasting of the labour market development to improve the matching of the educational system and the labour market
- Capacity building of structures, bodies and social partners for implementation, evaluation and monitoring of National Employment Strategy and National employment plan;

- Strengthening the capacity of the bodies and institutions competent for implementation of the National Employment Strategy and National Action Plan for Employment (policy and programmes development, monitoring and evaluation, reporting);
- Strengthening and enhancing the capacities for realization of a social dialogue on bi- and tripartite level;
- Strengthening and enhancing the process of collective negotiation on the three levels of collective agreement (on employer, branch and national level);
- Organizing workshops for the persons involved in the social dialog on national and local level including foreign experts and exchange of experiences and practices with EU member states;

Selection Criteria

Formal approval of the criteria for selecting operations to be financed under this measure will be subject to consideration by the Programme Monitoring Committee. Principles to underlay the criteria are:

- Quality and feasibility of the proposal;
 - Comprehensive review of the connection between the project, the strategic goals of the OP and the aim of the priority axis and of the measure;
 - Economic and social benefit from the use of IPA fund assets;
 - Comprehensible review that the bidder fulfils the selection criteria;
 - Demonstration that the proposal promotes equal opportunities (by providing gender segregated information);
 - Quantification of the results and objectives to be achieved;
 - Draft budget including co-financing.

Final Beneficiaries

- Line ministries, bodies, institutions and social partners
- Local municipalities
- Employment Agency
- Service and training providers
- NGOs
- Education centres

Target Groups

- Relevant line ministries and bodies
- ESA
- Units of local self government
- Social partners
- NGOs

Indicators/objectives/monitoring definitions

Spent (in mil. euros) total 1,05
EU funding (mil. euros) total 0,89

Investment rate - 85%

Indicators	Baseline:	Target	Definitions and presumptions	Source of data
<i>Outputs</i>				
Deployed pilot projects for development of local action plans for employment	0	3		Database, Project Promoters
Number of trained persons in relation to employment policies	0	300		Database, Project Promoters
Trained persons in relation to social dialogue	0	150		Database, Project Promoters
<i>Result</i>				
Strengthened and enhanced capacities for implementation, monitoring and evaluation of the employment policies	0	80%	Percentage of persons that participated in the training programme	Database, Survey Project Promoters
Strengthened and enhanced capacities in relation to social dialogue	0	80%	Percentage of persons that participated in the training programme	Database, Study, Project Promoters

Measure 1.3: Tackling the situation in the labour market of young people, women and long-term unemployed

Specific Objectives

- Integrating young people in the labour market
- Reducing and preventing long-term unemployed (over 4 years)
- Increasing women's employment rate.

Rationale

The former Yugoslav Republic of Macedonia experiences very high unemployment rates among young people between the age of 15 and 27 years. The group of young unemployed persons is prioritized in the employment policy. There is a gap between offer and demand in the labour market, mismatch between the labour market needs and educational system and training and employer's preference for hiring people with work experience.

One of the unemployment features in the Country is long-term unemployment. Whereas the representation of persons unemployed over one year is dominating (86.7% - LFS 2005, or 81.5% -

ESA June 2006). Of this figure 65.4% (LFS), or 50.7% (ESA) have remained unemployed for 4 years and more.

Further, there is a gender imbalance in activity and employment rates in the Country. In 2005, the Labour Force Survey recorded the female activity rate at 43.2% and the male activity rate at 64.9%. Traditional living habits among part of the country's citizens and the traditional role of woman in the families are believed to be one of the reasons for women's low activity in the labour market and thus low employment rate.

The highlighted difference in the activity and employment rates between men and women is among other things, due to low activity of the women from ethnic communities. At the extreme end, the participation rates by women of ethnic Albanian origin were only recorded to be 10.6% in 2002. In contrast to the countrywide unemployment rate of woman at 38.4% in 2005, the unemployment rate of ethnic Albanian women were 72.9% and as high as 84.1% among ethnic Roma women according to the 2002 Census.

The measure will provide bigger scope and integration into the labour market of young unemployed, long-term unemployed and women through specific programmes and projects for implementation of active labour market measures.

Description

The measure will implement programmes and projects focusing on the unfavorable situation of young unemployed persons, long-term unemployed and the low labour market participation of women.

In terms of young unemployed persons, the measure will focus on active labour market measures with the purpose of improving their competitiveness and employability in the labour market.

With the aim of fostering employment among the long-term unemployed, preventive and proactive approaches will be applied, i.e. training, re-training, advanced training, practice/internships, work or other employment measure. Appropriate active employment measures are foreseen such as offering every unemployed person a new beginning during the first six months of their unemployment period with regard to young persons, or during the first 12 months of their unemployment period in case of adults.

In order to increase the female participation rate in employment, measures like training, development of entrepreneurial spirit, employment and self-employment will be applied on the one hand, in addition to put focus on reconciliation of family life with work, on the other hand. Furthermore, this measure lays special stress on training and re-training of women for the purpose of increasing their share of employment in the sectors they are underrepresented.

Eligible Actions

Actions which might be funded are:

- Support to the first employment of young persons up to the age of 27;
- Incentive of practice of young unemployed persons with completed secondary and university; education lacking working experience for the purpose of enhancing their skills and preparedness for employment;

- Support to self-employment (family business) to long-term unemployed persons and unemployed women;
- Provide trainings for long-term unemployed adults (men and women) in skills which are highly demanded in the labour market but there is an insufficient supply;
- Training of people in rural areas;
- HR formed and trained in environmental fields;
- training and development of HR specialized in environmental issues;
- training for the protection of workers and for the prevention of casualties during working time.

Selection criteria

Formal approval of the criteria for selecting operations to be financed under this measure will be subject to consideration by the Programme Monitoring Committee. Principles to underlay the criteria are:

- Quality and feasibility of the proposal;
 - Comprehensive review of the connection between the project, the strategic goals of the OP and the aim of the priority axis and of the measure;
 - Economic and social benefit from the use of IPA fund assets;
 - Comprehensible review that the bidder fulfils the selection criteria;
 - Demonstration that the proposal promotes equal opportunities (by providing gender segregated information);
 - Quantification of the results and objectives to be achieved;
 - Draft budget including co-financing.

Final Beneficiaries

- Employment Service Agency
- Employers
- Training bodies

Final Target Groups

- Young persons aged 15-27
- Long-term unemployed persons laying special stress to persons who are 4-years and more beyond the labour market
- Persons registered in the ESA as unemployed, who actively seek for a job and still do not have a status of long-term unemployed
- Unemployed women aged 15-64.

Indicators/objectives/monitoring definitions

Spent (mil. Euros) total - 5,34

EU funding (mil.euros) - 4,539

Investment rate - 85%

Indicators	Baseline	Target	Definitions and	Source of
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			presumptions	data
Outputs				
Number of young persons involved in the programmes “First employment support for young people up to 27 years of age”, of which: 60% women; 30% ethnic communities	0	2200		ESA database, Project Promoters
Young persons with completed high and university education included in the Programmes for improvement of skills and employability, 60% of the total number of beneficiaries should be women; 30% ethnic communities	0	2400		ESA database, Project Promoters
Number unemployed who use the incentives for self-employment, 60% of the total number of beneficiaries should be women	0	450		ESA database, Project Promoters
Long-term unemployed involved in the Training programmes for re-entry in the labour market, Of the total number of participants 60% will be women; 20% elderly persons (55 years of age and over)	0	1000		ESA database, Project Promoters
Result				
Total number of employed young persons up to 27 years of age in employment 30 months after the completion of the first employment support programme activity, 60% women; 30% ethnic communities	0	800		Project reports, ESA data-base, Project Promoters
% of employed young persons in employment 6 months after the completion of Programmes for improvement of skills and employability, 60% women; 30% ethnic communities	0	50%		Project reports, ESA data-base, Project Promoters
Successfully running businesses two years after the activity	0	30%		Data-base, Project Promoters
Employed people after completion of trainings, 60% women;	0	30%		ESA database, Project Promoters

Measure 1.4: From Informal to Formal

Specific objectives

- To decrease the number of persons engaged in the grey economy and thus contribute to increase the level of formal employment and the overall economic development.

Rationale

The size of the grey economy in the former Yugoslav Republic of Macedonia is very large and estimates suggest that at total of 152,000 persons were employed in the informal sector in 1999 and its share of GDP ranges between 20 – 50%.

This causes serious problems for the whole society. Firstly, it affects the public revenue as unregistered businesses in the informal sector evade paying tax and thus do not contribute to the public expenditures. Secondly, with high numbers of people being engaged in the grey economy, the national statistics become unreliable in terms of activity, employment and unemployment rates. Thirdly, informal businesses can pay lower wages to employed persons and sell goods at a lower price and thus oust registered business. In this way normal market forces are disrupted and hinder growth in the number of formal registered businesses.

By being registered as unemployed with Employment Service Agency (ESA) the person will be covered by a health insurance if he/she does not already have one. Many of registered persons with ESA as unemployed are believed to do so for the sake of being covered by the health insurance since some of the unemployed indicate that they are not searching for a job. It is assumed that those persons work and make income within the grey economy. Similarly, a good number of women are working as unpaid family workers in the agricultural sector while at the same time being registered as unemployed.

Description

The measure will implement programmes and projects aiming at reducing the size of the grey economy in line with the National Employment Strategy, the National Action Plan for Employment and in the Action Plan for Lowering Grey Economy.

Taxation and social security systems and the system of other incentives and support shall strengthen the interest of all stakeholders in the informal sector to leave the grey economy and become formal registered businesses and employees. Benefits in connection with starting up a formal business in addition to support of the business operation shall be tied up with formal registered operation. This shall increase the percentage of transfer of grey economy businesses to legal ones.

Harmonization and improvement of the legislation with the European principles will go hand in hand with appropriate penalty measures for the operators of illegal business. By strengthening the supervision and penalty measures for those engaged in grey economy, and enhancing inspection and integrated inspection work (cooperation and coordination of the State Labour Inspectorate with the other inspection services) shall significantly contribute to the decline of grey economy.

Eligible Actions

Actions which may be funded are:

- Public campaign “Stop to informal economy”;
- Counselling services for registration of businesses and on-going temporary administrative support;
- Involvement of social partners;
- Survey on undeclared work;
- Strengthening the capacity of inspection services.

Selection criteria

Formal approval of the criteria for selecting operations to be financed under this measure will be subject to consideration by the Programme Monitoring Committee. Principles to underlay the criteria are:

- Quality and feasibility of the proposal;
 - Comprehensive review of the connection between the project, the strategic goals of the OP and the aim of the priority axis and of the measure;
 - Economic and social benefit from the use of IPA fund assets;
 - Demonstration that the proposal promotes equal opportunities (by providing gender segregated information);
 - Comprehensive review that the bidder fulfils the selection criteria;
 - Quantification of the results and objectives to be achieved;
 - Draft budget including co-financing.

Final Beneficiaries

- Competent institutions, social partners and Association of the local self-government communities
- Inspection services

Indicators/objectives/monitoring definitions

Spent (mil. Euros) total – 0,66

EU funding (mil.euros) – 0,56

Investment rate - 85%

Indicators	Baseline	Target	Definitions and presumptions	Source of data
<i>Outputs</i>				
Setting up an IT system in Labour Inspectorate	0	1		Project reports
Percentage of identified unregistered business who become registered	0	30%		Database
<i>Result</i>				

LI networked and fully operational	0	80%	Percentage of labour inspectors accessing the system	Project reports
Percentage of successfully running businesses 1 years after completion of the temporary administrative support	0	50%		Survey

PRIORITY AXIS 2: EDUCATION AND TRAINING – INVESTING IN HUMAN CAPITAL THROUGH BETTER EDUCATION AND SKILLS

2: Priority Education and Training – Investing in Human Capital through better Education and Skills

Aim

To modernise the educational and training system with a view of improving its adaptability to the labour market demands and promoting life long learning. In addition, the priority will ensure equal access to quality education for all irrespective of ethnic origin.

Specific Objectives

To support the modernisation of the educational and training system by implementing reforms in this area, in particular with a view of enhancing quality and a better match between education and labour market needs in addition to ensuring quality education for all ethnic communities. More specifically this includes:

- Linking VET schools with business partners and modernise the two and three years vocational education.
- Support the integration of ethnic communities in the educational system, e.g. the Roma population and Albanians.
- To create a national coordinative body for adult education activities and pilot the development of programmes for adult education, literacy and fulfilment of elementary education for excluded.

Rationale

Competitiveness in today’s age of knowledge-based economy depends significantly on the knowledge and skills of a country’s population. In the former Yugoslav Republic of Macedonia, almost half of the population (49.39%) and about 42% of unemployed has not gone beyond primary education. The enrolment ratio for primary education is high, which is reflected in relatively high literacy rates. However, insufficient investment during the last two decades has had a negative impact on the overall education quality and relevance and the participation rate in higher education is still relatively low. International assessments of student competencies at various levels, e.g. PISA, point to the relatively low efficiency of the education system. The percentage of early school leavers was about 32% in 2002. Access and permanence in education is lower for ethnic communities and in particular for the Roma population, which records the highest percentage of early school drop-outs. There are also differences between urban and rural areas.

The relations between the initial and the continuous vocational education and training are weak. The country has made efforts to develop its initial VET system. The secondary VET system is currently being transformed, redefining its role, the structure and curricula of lower vocational education and reforming post-secondary education, to improve labour market relevance and information on skill needs, as well as the overall quality of education.

Only about 50% of the labour force reached secondary education and the majority in this group (some 65%) attended vocational training. The share of university graduates in the labour force is about 15%. There is a need for raising skills and for adult education, which is currently under-developed. The participation rate of people aged 25-64 in education and training was below 2% in 2003.

Educational programmes have become outdated and there is a mismatch with respect to labour market needs. Unemployment rates among secondary school-leavers are high and job search periods long. The difficulties in the labour market have resulted in an increase in the number of students and also in the emigration of the highly educated ones.

Description

With this modernization process, the two- and three year vocational education will significantly increase the vocational competences of the students, i.e. their skills will correspond to the needs of the labour market, especially if these skills are supported by computer technology skills, business and entrepreneurship knowledge and the use of one foreign language. This means that besides the reformation of the programme documents it is also necessary to train the teaching personnel especially to the teachers of vocational training, but also to the participants (lecturers) in the education system from the social partners, their introduction to the vocational didactics and upgrading of the students competences. Also training of the employees in a firm who are prepared to take students for internship training is necessary and a network between the schools and the business partners within the local area is needed.

Resources will be focused on modernizing the educational system by reforming the vocational education (two and three years) and supporting the establishment of a system for adult education, literacy and elementary education. In addition, resources will be devoted to adapting and introducing intercultural curriculum in multi-ethnic schools.

By raising awareness for literacy of the Roma population, introduction of innovative programmes for the Roma children, ethical training of the teachers and directors of the schools and upgrading the Centres for training of Roma population, the unfavourable educational structure of especially the Roma population will be targeted. Focus will also be put on the other ethnic communities, including Albanians, by implementing activities that contribute to the: raising the literacy of persons belonging to the ethnic communities; decreasing of illiteracy of persons who do not speak Macedonian as a mother tongue; elaboration and introduction of innovative programmes for education and training; initiatives for applying the inter-cultural education, tolerance and solidarity principles among the education and training process participants from different ethnic groups, etc.

Current absence of organised system for adult education in the Country urges the necessity of establishment of a body that will coordinate adult education activities until the system becomes fully operational. Strengthening capacities will be confined to action plans and training courses.

Programmes for adult education, literacy and fulfilment of elementary education will be developed, implemented and evaluated in 3 pilot Municipalities.

Targeting

The final target groups of this priority include present and future students of vocational education, adults for elementary and continuing education besides members of ethnical communities.

The following central level and local offices in addition to private organisations is foreseen as final beneficiaries:

- Centre for Vocational Education and Training
- Vocational schools
- Employment Agency
- Local self-government.
- Economic Chambers of Commerce
- Craft Chamber of Commerce
- Trade Union
- Employers’ Federations
- Centre for Roma Education
- Adult educational and training institutions
- Local firms

Measures

The priority’s measures are designed to provide appropriate assistance to the specific needs of each target group of students. Measure details are given hereunder, including objectives, rationale and eligible activities. In summary, they are:

Measure 2.1: Modernising the educational and training system

This measure will support modernization of the educational system and training in two and three year’s vocational education and assist with the process of linking the vocational education and training schools with business partners

VET systems should enhance the learning of entrepreneurship and its inclusion as a key competence in education curricula, in line with the EU Lisbon process, the EU Oslo agenda on entrepreneurship learning and the stipulations of the European Charter for Small Enterprises, to which the former Yugoslav Republic of Macedonia has adhered

Measure 2.2: Enabling access to quality education for ethnic communities

This measure will support the integration of all ethnic communities, Roma, Albanians etc. in the educational system.

Measure 2.3: Developing adult education and lifelong learning

This measure will establish a coordinative body for adult education activities and piloting and testing programmes for the development of adult education and for literacy and the fulfilment of elementary education for excluded persons.

Delivery of the Priority

The activities to be funded within this priority include preparation of vocational qualification standards and reform of curricula, investment in modern teaching equipment, training of teachers and lecturers in reformed curricula, apprenticeships, studies for and testing of new curricula. Reforming curricula with elements for inter-cultural education, training of teachers and directors of multi-ethnic schools, financial support to and training of parents of the Roma and other ethnic

communities children and public awareness conferences. Establishment of a Coordinative Body for Adult Education Activities and development of programme for adult education, literacy and elementary education for excluded persons, studies and testing for new programme.

As for reform and development of curricula, i.e. for two- and three year VET, for integrating intercultural aspects and for adult education, the proposals will be developed by the concerned institutions, i.e. Centre for Vocational Education and Training, Centre for Roma Education and governmental adult educational and training institutions. For all proposals it is imperative that more partners are involved in the preparation of proposals and implementation of projects and programmes to ensure that links to the social partners and the labour market needs are pursued in the course of developing and reforming curricula. As for pilot projects call for proposals will be carried out by the CFCU.

To facilitate that civil society including the units of local self government is able to respond effectively to the calls for proposals a selected number of municipalities will be prepared in advance with training on ESF procedures, proposal development, application forms etc. in the form of TA. Following selection of proposals, TA under this priority will also enhance the capacities of the final beneficiaries in implementing, monitoring and evaluating the projects.

Close links to Priority 1 and 3 of the present OP will be pursued. Together the three priorities will lead to an improved condition for human resources development and the concrete implementation of activities will be coordinated to achieve the optimal possible effect. Thus, the pilot projects are foreseen to be implemented in a limited number of municipalities.

Close link to OP III will also be pursued in terms of ensuring that training needs for road and transport works and waste management are met by relevant curricula and training provider.

Criteria for selection of proposals include:

- Quality and feasibility of the proposal,
- number and relevance of partners,
- demonstration of link with labour market needs and
- relevance for ethnical communities.

Specific selection criteria will be defined in the project fiches.

Targets and indicators

The table below outlines the priority's Core Indicators.

Anticipated Total Spend (1,000 euro)		5,772
EU Support (1,000 euro)		4,906
Indicators	Baseline	Target
Results		
3 and 2 years VET schools introducing modern curricula according to the labour market needs	0	60%
Continuing cooperation of the VET schools with the business partners	0	70%
Multi-ethnical schools introducing reformed curricula adaptable for multi-ethnical environment	0	60%
% of children attending the next year of school from the assisted Roma	0	50%

families		
Coordinative body for Adult Education set up and functioning	0	1 (100%)
Percentage of successfully developed and tested programmes	0	70%
Percentage of successfully pilot programmes for literacy and fulfilment of elementary education.	0	60%

Measure 2.1: Modernising the Educational and Training System

Specific Objectives

- To support modernization of the educational system and training in three year vocational education.
- To support modernization of the educational and training system in two year vocational education.
- To assist the process of linking the vocational education and training schools with business partners.

Rationale

The three and two year’s VET programmes in the former Yugoslav Republic of Macedonia are old-fashioned and are lacking essential links to the labour market. The modernization of three and two year’s VET is a priority in the sense of providing further education and training to the students from the enormous data and theoretical subjects which are not preparing the students in vocational terms.

The dropout of the youth from the secondary VET is a major problem. Among the reasons for the dropouts of the young people, is the length of the period of studying. Many young people also drop out of the three years VET, which do not have sufficiently developed practical training module.

VET systems should enhance the learning of entrepreneurship and its inclusion as a key competence in education curricula, in line with the EU Lisbon process, the EU Oslo agenda on entrepreneurship learning and stipulations of the European Charter for Small Enterprises, to which the former Yugoslav Republic of Macedonia has adhered

In order to successfully reform the two and year’s VET including a modularly approach allowing the students to acquire their qualifications it is imperative to develop the cooperation between the schools and the labour market partners. Presently, this cooperation is on a minimal level in the former Yugoslav Republic of Macedonia and requires the inclusion of the Centre for Vocational education and training, the Ministry of Labour and Social Affairs, the Employment Agency, Economic Chambers, Craft Chamber and the Union.

Description

In order to reform the two and year’s VET programmes, a network between the schools and the business partners within the local area is needed. Also training of the local authorities who are related with the education is necessary for connecting the schools with the local businessmen, through public tribunes, flyers, training and organizing days for presentation of the schools to the businessmen and

local chambers. With this, a sustainability of the cooperation between the schools the firms and the local self-governments are provided.

For the reformation of the two year education and for the students to be able in a short period of time to acquire vocational competences for accomplishing additional work tasks it is necessary to prepare standards for vocational qualification, conceptual connection of the two year with the three year education, preparation of plans and programmes which partially will be realized modularly.

If the young people leave the three year education after finishing first or second year in any profession, the development of their vocational competences may be achieved modularly. This means that the modular training will last from one to three months depending on how complex their vocational qualifications are. If a two year vocational education for acquiring vocational qualifications develops, the young people who have left the three year education system or are willing to acquire less complex vocational qualifications are given the opportunity to leave the three year education and form their vocational qualifications modularly, in a shorter period of time.

With this modernization process, 6 occupational clusters for 1 educational profile in three year and 6 occupational clusters for 1 educational profile in two years vocational education will significantly increase the vocational competences of the students, i.e. their skills will correspond to the needs of the labour market, especially if these skills are supported by computer technology skills, business and entrepreneurship knowledge and the use of one foreign language. This means that besides the reformation of the programme documents it is also necessary to train the teaching personnel especially to the teachers of vocational training, but also to the participants (lecturers) in the education system from the social partners, their introduction to the vocational didactics and upgrading of the students competences. Also training of the employees in a firm who are prepared to take students for internship training is necessary.

The Measure will support both capital and training based activity. Capital investment will be confined to the teaching equipment. Also vocational schools may benefit from support for teaching premises and working premises.

Eligible Actions

Actions which may be funded are:

- Support to the social partners for cooperation with the vocational education schools
- Preparation of standards for vocational qualification;
- Reform of the curricula in accordance to the labour market needs;
- Linking the two year vocational education with the continuing of education, i.e. supplementing it to the lifelong learning;
- Training of the teachers of vocational training;
- Training of participants (lecturers) in the education system from the social partners;
- Purchase and update of the teaching equipment for vocational training;
- Training / information activities for the social partners

Selection Criteria

Formal approval of the criteria for selecting operations to be financed under this Measure will be subject to consideration by the Programme Monitoring Committee. Principles to underlay the criteria are:

- Quality and feasibility of the proposal
- Target sectors of the Priority
- Vocational schools in the areas for the highest rate of unemployment
- Consistent with National and Regional policies
- Consistent with Development plan of Municipalities

Final Beneficiaries

- Vocational schools,
- Local firms,
- Local self-government.
- Centre for Vocational Education and Training.
- Employment Agency,
- Economic Chambers of Commerce
- Craft Chamber of Commerce
- Trade Union

Monitoring Indicators/Targets/Definitions

Total Spend (1,000 euro) – 2,886

EU funding (1,000 euro) – 2,453

Intervention rate – 85%

Indicators	Baseline	Target	Definition and assumptions	Source of data
Outputs				
Total number of trained trainers from 3 and 2 years VET Schools and trained participants (lecturers) from the business partners	0	80		VET Center
Number of adopted reformed curricula according to the labour market needs in the 3 and 2 years VET Schools.	0	12		VET Center
Number of Working groups established for reform of the curricula	0	12		VET Center
Number of adopted standards for vocational qualifications	0	25		VET Center

Number of cooperation agreements signed between VET schools and business partners	0	108		VET Center
Results				
3 and 2 years VET schools introducing modern curricula according to the labour market needs	0	60%		VET Center
Continuing cooperation of the VET schools with the business community three years after the completion of the assistance	0	70%		VET Center

Measure 2.2: Enabling access to Quality Education for Ethnic Communities

Specific Objectives

- To support integration of Roma population in educational system
- To support integration of other ethnic communities, including Albanians

Rationale

Ethnic communities account for around 35% of the total population of the country. The size of the Albanian ethnic minority with a quarter of the total population has increased by about 4% since former Yugoslav Republic of Macedonia gained independence. Other substantial ethnic communities are Turks and Roma. The size of each ethnic community has been relatively stable over the last 15 years. Education in the mother tongue of the ethnic communities is a constitutional right and available as such in the system of primary and secondary education. There are several university study programs for minority languages and since 2004, there is an official public university with Albanian as the language of instruction- the State University in Tetovo. There are few vocational training programs targeting ethnic communities and some of them are only for a specific ethnic group. The official unemployment rate within the ethnic communities is alarming. Albanians, Turks and Bosnian communities report unemployment rates of around 60 percent. Serbs and Vlachs are under the average unemployment rate and have the smallest percentage of social welfare recipients. The official statistical data is that unemployment of the Roma population is around 80 percent. This ethnic community is among the most frequent beneficiary of social welfare measures.

According to the last census in 2002, the Roma population represents 2.66% of the total population in the Country. Roma population represents the vulnerable ethnic community, where 20,6 % are illiterate, 0.8% are in the education process, 23.2% are without education, 28,6% are with uncompleted primary education, 37,4% are with completed primary education, , 9.7% are with

completed secondary education and 0.2% is with completed high or higher education. The biggest drop out from the schools is coming from the Roma ethnic community and they have the highest rate of unemployment.

The main objective of this measure is to ensure equal access to quality education for persons from all ethnic communities in order to achieve higher educational results, to acquire higher education level and professional qualification. Achievement of a better integration and socialization of persons and pupils belonging to ethnic communities is important for the former Yugoslav Republic of Macedonia as a multicultural society.

Description

Having in mind this unfavorable educational structure of the Roma population, this measure will contribute to the raising of awareness for literacy of the Roma population, introduction of the innovative programmes for the Roma children, ethical training of the teachers and directors of the schools, upgrading of the Centers for training of Roma population etc.

This measure should also focus on the other ethnic communities, including Albanians, by implementing activities that contribute to the: raising the literacy of persons belonging to the ethnic communities; decreasing of illiteracy of persons who do not speak Macedonian as a mother tongue; elaboration and introduction of innovative programmes for education and training; initiatives for applying the inter-cultural education, tolerance and solidarity principles among the education and training process participants from different ethnic groups, etc.

Eligible Actions

Actions which may be funded are:

- Training of the teachers and directors of schools;
- Training of the parents of the Roma children
- Updating the curricula with elements for inter-cultural education;
- Introduction of innovative programmes for education and training
- Financial support to the parents of the Roma and other communities children;
- Supplying the Roma pupils with necessary books and literature;
- Implementation of programmes for inclusion of the Roma children and other ethnic communities in the educational system;
- Public awareness conferences.

Selection Criteria

Formal approval of the criteria for selecting operations to be financed under this Measure will be subject to consideration by the Programme Monitoring Committee. Principles to underlay the criteria are:

- Quality and feasibility of the proposal
- Number of multi-ethnic classes in the schools
- Consistent with School Development plan
- Municipalities of ethnical communities

Final Beneficiaries

- Educational and training institutions,
- Municipalities,
- Centre for Roma Education
- NGOs.

Monitoring Indicators/Targets/Definitions

Total Spend (1,000 euro) – 1,154

EU funding (1,000 euro) – 0,981

Intervention rate – 85 %

Indicators	Baseline	Target	Definition and assumptions	Source of data
Outputs				
Total number of trained teachers, directors of schools	0	50		Data base of National Directorate for Development and Promotion of Education on the languages of the Ethnic Communities in the former Yugoslav Republic of Macedonia (NDDPELEC)
Number of Roma families assisted	0	50		(NDDPELEC)
Adopted reformed curricula with inter-cultural education and innovative programme.	0	10		(NDDPELEC)
Results				
Multi-ethnic schools introducing reformed curricula adaptable for multi-ethnic environment	0	60%		(NDDPELEC)
Percentage of children attending the next year of school from the assisted Roma families	0	50%		(NDDPELEC)
Continuing cooperation with the parents of the Roma children three years after the completion of the assistance	0	50%		(NDDPELEC)

Measure 2.3: Developing adult education and lifelong learning

Specific Objectives

- To achieve a systemic approach to adult education and the coordination of activities at national level through the creation of a coordinative body for adult education activities.
- Development of adult education.
- Fostering of a programme for literacy and the fulfilment of elementary education for excluded persons.

Rationale

Some of the more pronounced weaknesses of adult education in the Country are the absence of a good adult education programme, the lack of coordination of activities and the lack of a partnership approach in their realization.

The decentralisation is to a large extent a challenge for the local self – governments. In the new situation, the local economies will directly depend on the competencies of the available labour force. It is of interests to the local self – government to continuously monitor the needs and opportunities offered by the local labour market and adapt the educational offer to those needs. The human resource development will be crucial to the local self- governments in the coming period. The opportunities for intensifying the cooperation between the stakeholders and the utilisation of their capacities for the achievement of the common goals are great. At the same time successful anticipation of the future education and training needs becomes a prerequisite for development of businesses and the local economy.

Description

The Measure will support both strengthening capacities for adult education and human resources investments. Current absence of organised system for adult education in the Country urges the necessity of establishment of a body that will coordinate adult education activities until the system becomes fully operational. Strengthening capacities will be confined to action plans and training courses. This measure should result in establishment of a Coordinative Body for Adult Education Activities, managed by the body comprising adult education institutions and some other relevant representatives (education, economy, employment, union, government and civil sector). The functioning of this body should standardize the offer of adult education services, creation of a win-win strategy for cooperation in the field with an inclination to work toward a systematic approach to the development and realization of adult education at all levels. Its primary objective is planning, implementation, standardization and coordination of initiatives and activities in the area of adult education throughout the country.

In addition, the Coordinative Body will implement following activities: Organization of training courses, cooperation with other National Bodies with competences in Adult Education, collection and provision of information (on the labour market and the opportunities it offers, on education, government development programmes, civil sector initiatives and initiatives of the local self-governments), respond to the movements in the labour market and the educational supply and

demand, practical functioning of providers of education services in the area of adult education and mediation for programme implementation

Also this measure addresses the local needs for development, considering the interests and needs of all subjects determining regional development (local authorities, employers, education and civil sector)

Additionally the Coordinative Body shall propose active methods to respond to the real educational needs of youth and adults, initiate implementation of adult education programmes, local action for promotion of education and development of culture of learning, as well as permanent monitoring of factors that mostly influence groups at risk tending to become long –term unemployed and facilitation of mobility and provision of counselling by the employment services.

Eligible Actions

Actions which may be funded are:

- Establishment of a Coordinative Body for Adult Education Activities.
- Functioning of a Coordinative Body for Adult Education Activities.
- Development of Programme for Adult Education
- Development of Programme for literacy and fulfilment of elementary education for excluded persons.

Selection Criteria

Formal approval of the criteria for selecting operations to be financed under this Measure will be subject to consideration by the Programme Monitoring Committee. Principles to underlay the criteria are:

- Quality and feasibility of the proposal
- Target sectors of the Priority
- Geographical / regional position of Municipalities
- Consistent with National and Regional policies

Final Beneficiaries

- Adult educational and training institutions
- Governmental institutions
- Municipalities
- Private sector firms (SMEs)
- Chambers of Commerce
- Employers’ Federations

Monitoring Indicators/Targets/Definitions

Total Spend (1,000 euro) – 1,732

EU funding (1,000 euro) – 1,472

Intervention rate – 85 %

Indicators	Baseline	Target	Definition and assumptions	Source of data
Outputs				
Training carried out for new members of a Coordinative body for Adult Education activities	0	10		MES
Number of developed and tested programmes for adult education	0	6		MES
Number of developed and tested programmes for literacy and fulfilment of elementary education	0	6		MES
Results				
Coordinative body for Adult Education set up and functioning	0	1 (100%)		MES
Percentage of successfully developed and tested programmes	0	70%		MES
Percentage of successfully pilot programmes for literacy and fulfilment of elementary education.	0	60%		MES

PRIORITY AXIS 3: SOCIAL INCLUSION – PROMOTING AN INCLUSIVE LABOUR MARKET

Priority 3: Social Inclusion – Promoting an Inclusive Labour Market

Aim

This priority axis should foster social inclusion to favor integration in the labour market of disadvantaged people, *inter alia* by training professionals and volunteers involved in social inclusion, enhanced linkages between all partners and the strengthening of the capacity of civil society to provide (quality) social assistance.

Specific Objectives

To improve the efficiency and quality of social services in respect of provision of access to the services and facilitating integration in the labour market of vulnerable groups by training professionals and volunteers who work in the field of social inclusion.

1. To facilitate integration of people at disadvantage, including from different ethnic communities and ethnic communities, in employment through strengthening their employment potentials or through subsidised employment;

2. To provide appropriate (hands-on) training to the experts working with vulnerable groups, on central and local level;

3. To enhance active participation of the civil society, including NGOs, (Non-for-Profit-Type) and social partners in the implementation of social inclusion policies; and to develop the capacity of the civil society to be a part of the decision-making process, as well as its capacity to contribute effectively in the networking and project management skills.

Rationale

The Law on Social Protection is essential and represents a system which functions on the basis of four mutually connected schemes: Social protection, (implemented by the CSW); alternative forms of social care services, (it is implemented in the day centres, refuges and other assisting forms); institutional care, (implemented in the institutions for social protection) and a financial assistance scheme, which should guarantee the necessary means (implemented by the CSS).

The Centres of Social Work are the main units for social welfare provision. They are functioning as the key public providers of professional services in social work (with individuals, groups and families) as well as administrators of social assistance payments. Currently, there are 27 Centres of Social Work, dispersed in all bigger cities in the country, with 660 employees (2005). In the capital Skopje, there are 6 sub-offices of the CSW, located in different territorial units, with 158 employees.

This wide geographical distribution is the positive aspect of the institutional set up of the social welfare provision which enables good and timely access. However, there are also many system challenges that comprise of poor targeting and more profoundly of lack of efficient and independent supervision and control. Therefore this priority will provide improvement of organizational skills of the staff and strengthening of their professional knowledge with regards to assistance to vulnerable groups to enter in labour market is essential.

It is important to state here that local units of self-government, under the Law on Local Self-Government (2002) have gained competencies related to social protection issues.

This in practice mainly involves establishment of children nurseries and homes for the elderly (ownership, financing, investments and maintenance), social care for the disabled (day care centres), as well as other types of non-residential care activities directed at vulnerable groups.

Still after two years of implementation there is a lack of real involvement of municipalities in this area and their participation in the activities within this priority will be significant.

This priority shall ensure that professionals and volunteers receive on-the-job training and that they acquire new improved skills in the field of social services delivery to be able to help beneficiaries (from different vulnerable groups) to get successful access to the labour market. The training will be designed to facilitate improved connection and cooperation between service providers in the field of social protection with service providers in other areas, in particular in the field of labour market.

Initiatives by NGOs and other organizations at local level which are active in the area of training and provision of social services with a view to employment will be encouraged and supported. Activities to strengthen the capacity of NGOs and to improve their capacities to implement appropriate projects intended for realization of the measure is anticipated. The correlation of NGOs at local level will intensify employment through appropriate and combined approaches to activities in various areas: Training, consultation and employment practice-based oriented training and consultation.

Integration into employment of the persons excluded from the labour market will be facilitated. The activities will focus on the most vulnerable persons including members of ethnic communities with particular focus on Roma's and Albanian women, young people lacking working skills (18 – 26); young people who have left school early; young offenders; self-supporting parents; women victims of family violence; older workers lacking qualification; persons with disabilities; drug and alcohol addicts; homeless as well as people living in remote areas.

Important parts of the priority is the promotion of proactive participation of persons affected by the exclusion from the labour market and preventing their loss of working ability through extending the possibility to recover the basic working skills and knowledge.

Creation of models for out-of-institutional forms of social services unhindered continuation of the professional and family life, interim assuring equal opportunities for women and men in the labour market will be enabled. Also, assistance in work integration of the most endangered vulnerable groups (persons with disabilities, homeless persons, drug and alcohol addicts, members of minority groups, and etc.) for which it is necessary to establish suitably created daily centres, shelters etc. will be facilitated in this way.

Targeting

This priority is targeted at unemployed persons particularly vulnerable as well as central level agencies and local offices, i.e.

- Young people lacking working skills (18 – 26) in a particular condition of disadvantage; (comment: young people in general addressed under priority 1) Young people who have left school early; young offenders;
- Self-supporting parents;
- Women victims of family violence;
- Persons with disabilities;
- Drug and alcohol addicts;
- People living in remote and rural areas;

- Members of ethnic communities;
- Centres for social work;
- NGOs;
- Social partners;
- Units of local self government.

Measures

The priority's measures are designed to provide appropriate assistance to the specific needs of each target group of the socially excluded persons. Measure details are given hereunder, including objectives, rationale and eligible activities. In summary, they are:

Measure 3.1: Fostering social inclusion of people and areas at disadvantage

This measure will facilitate integration of the persons at disadvantage in the labour market and introduce specific employment services through enabling training created in line with individual needs and conditions of the most vulnerable groups in the labour market. Through this measure will be enhanced improvement of quality, efficiency and effect of the social services with a view to provide better access in labour market.

Measure 3.2: Integration of ethnic communities and ethnic communities

This measure will facilitate integration in the labour market of the members of ethnic communities present in the former Yugoslav Republic of Macedonia with specific focus on Roma minority and to assistance to women within other ethnic groups, especially Albanian.

Measure 3.3: Empowering relevant actors

This measure is aimed to enhance empowerment of all stakeholders involved in social services delivering through strengthening the capacities of all experts, professionals and volunteers; working with vulnerable groups within governmental, local governmental as well as non-governmental organisations. Development of inter-ministerial and institutional cooperation will be pursued and training will be provided in all areas which will improve services provided and thus facilitate integration in labour market of the vulnerable groups.

Delivery of the Priority

The delivery of Priority 3 is closely interlinked with the delivery of Priority 1 and 2. Together the three priorities will lead to improved conditions for human resources development within the country. In order to achieve the best possible effect from the implementation of Priority 1, 2 and 3, the concrete implementation of activities to the benefit of the human resources will be coordinated to achieve the optimal possible effect.

Thus, priority 3 will implement new and improved approaches towards integration in labour market of the specifically vulnerable segments of the population affected by social inclusion (3.1; 3.2) and will improve professional capacities of governmental and nongovernmental stakeholders, (Centres for social work and relevant NGOs) by trainings on particular issues, (3.3).

Targets and indicators

The table below outlines the priority's Core Indicators.

Anticipated Total Spend (1,000 euro)		3,835
EU Support (1,000 euro)		3,260
Indicators	Baseline	Target
Results		
Increased efficiency of social services providers	To be determined on the basis of study	Study on beneficiaries (from final target groups) satisfaction
Improvement of social service delivery to beneficiaries	To be determined on the basis of study.	Study on beneficiaries (from final target groups) satisfaction
% of persons enhanced by gender and ethnicity	0	
Satisfactory evaluated training programmes	0	Satisfactory

Measure 3.1: Fostering social inclusion of people and areas at disadvantage

Specific objectives

- 1 To improve the efficiency of social services in respect of promoting social inclusion of vulnerable groups by training professionals and volunteers who work in the field of security and social services.
- 2 To improve the quality of care services promoting the reconciliation of work and family life
- 3 To increase the involvement and activation of persons at risk of social exclusion with the aim to recover and/or improve their key skills, education, qualification and retraining and to facilitate their access to the mainstream activities
- 4 To strengthen the cooperation between social service providers and employment agencies

Rationale

In spite of a wide geographical distribution and relatively satisfactory infrastructure in view of institutions providing traditional social protection (30 Centres for Social Works in the territory of the former Yugoslav Republic of Macedonia), a high number of people working with social protection 660, there is lack of efficient and knowledge based targeting and assistance to vulnerable groups to enter in labour market .

In addition, among the actors there is a lack of knowledge about the concrete activities carried out by the different bodies including NGOs and other civil actors in the area of vulnerable groups, i.e. the poor and socially excluded people of the former Yugoslav Republic of Macedonia.

Experience shows that no project can be successfully implemented without strengthening organisational capacities, and providing continuous professional and methodological assistance. Therefore, the measure supports training and skills development for employees within centres for

social work, as well as enhancing co-operation between organisations, and the adaptation and introduction of sector specific quality management systems.

Description

This measure shall ensure that professionals and volunteers receive on-the-job training and that they acquire new improved skills in the field of social and child protection to be able to help beneficiaries (from different vulnerable groups) to get successful access the labour market. Training to strengthen the professional and personal capacities of employees will focus on: Prevention of professional burning out, case studies, supervisions, mental health training; conflict resolving; mediation trainings; European practice trainings; computer skills and labour market knowledge. Training methodologies includes: Individual learning; group work as well as distant learning. In addition, the training will focus on building and improving the social services which assist both family maintenance and work obligation fulfilment (balance between family and work engagements).

Further, training of professionals will encompass flexible models of child care; coverage and networking connected with different types of services relating to child care and early education; development of new alternative approaches and improved and targeted services, promotion of good practices and support to exchange of experience between professionals.

This training approach will facilitate improved connection and cooperation between service providers in the field of social protection and child care with service providers in other areas, in particular in the field of labour market. In this way, a better and more efficient (re)integration of vulnerable groups in the labour market will be achieved; working groups on case studies will be organized and supported, a joint database will be created and networks will be established. Provision of training to participants will be a obligatory element of the program, giving priority to cooperation and establishing partnership with employment agencies.

A central element of the measure is cooperation and coordination of institutions in the field of social protection and in the area of labour market through introducing a single, integrated system of employment services with new administrative procedures and training of professionals included in the cooperation. The training component of this central programme includes skills training in cooperation and network development besides knowledge of information technology and labour market developments.

Additional specialized training will be given to professionals engaged in alternative, out-of-institutional forms of vulnerable groups care (daily centres, shelters, clubs, and counselling services) which will be established. Training in relation to care for persons with disabilities, drug and alcohol addicts, homeless and other specific vulnerable groups will be realized. Further, referring to the participation of women in the labour market, this measure will provide training of professionals working in the daily care centres for children and other family members who require permanent external assistance and care (persons with disabilities), contributing to quality service improvement and unhindered realization of both family and professional life.

Supporting the labour market integration of disadvantaged people requires an integrated approach in which important part should be given to strengthening the motivation to take part in education and employment programmes, to psychological and social support services, and personal development and training programmes adjusted to individual needs.

In this way, efficient services allowing for inclusion of work-inactive groups in the labour market will be facilitated. Hence, professionals employed in the field of social protection, with regard to realization of the priority will not only meet the primary needs of vulnerable target groups but will also have received necessary special training in facilitating their inclusion and participation in the labour market and training (focused to the clients – education).

Furthermore, another important part of the measure is the promotion of proactive participation of persons affected by the exclusion from the labour market and preventing their loss of working ability through extending the possibility to recover the basic working skills and knowledge.

Trainings will be carried out at both regional and local level to enable better adjustment and mutual focus of social protection within employment and education policies.

In regards to achieve improvements within the whole process of planning and implementation of the activities at local level, the participation of ZELS (an umbrella organisation of municipalities) will be fully involved.

New knowledge and skills will be directly connected to improved practical methods for providing assistance to alleviate the social situation of vulnerable groups and lower their risk for being socially excluded. In this way, social policy shall become an integrated fight against social exclusion, thus contributing to extend the scope of employment policies. Such approach shall also strengthen the cooperation and coordination between the different sectors, thus intensifying the efficiency of measures taken for social vulnerable groups to foster their inclusion in the labour market.

The activities will focus on two main groups according to the level of disadvantage and participation within the overall number of population of unemployed persons, i.e.

- 1 Young people lacking working skills (18 – 26) which will include: Those with status of a 1). Child without parents and parental care as a specific vulnerable group, in total 1,548; of which 1,111 at the age of 18; 437 at the age of 18 - 26. The number of employed young people from this group, of those that had completed certain education is small (25%). Also, the number of employers who are ready to offer employment to these young persons is small and limited. Some of the reasons to the difficulties faced by this group of young people in respect of getting employment include: Low degree of completed education (most often elementary or secondary); poor health condition of a certain number of the young people having special needs and require special education; no special qualifications; they remain in the institutions in Skopje for a long time, where they try to solve the problem of their employment and they refuse to return to their hometowns. 2). Young offenders at age of 14 - 18, (total 1,322 in 2005).
- 2 Persons with disabilities with focus on the subgroup of persons with intellectual disabilities. Although the system of care for children with disabilities has achieved significant improvement in recent years, adult disabled persons seems to be neglected especially in regards to improvement of their employability. According to the latest data the total number of unemployed persons with disabilities amount 2,223 whereas 749 are with intellectual disabilities (240 women) and 247 with combined disabilities (43 women). Another important characteristic of this group and also a justification for the group to be taken into consideration is the low level of obtained qualifications, (out of total of 2,223 unemployed persons with disabilities 1,116 are with low qualifications (390 women).
The activities within this measure will be the base of establishment of a structured system for future beneficiaries and thus will have a role in prevention of further exclusion.

Taking in consideration the limited recourses for this period of operational planning and with aim to fulfil principle of concentration, the activities directed to people within this measure will be organized as pilot projects that will enhance 3 regions.

Actions which may be funded are:

- 1 Training on enhancing professional knowledge and skills in order to facilitate adjustment to new methods and approaches
- 2 Training on psychosocial support, supervision, conflict resolution
- 3
- 4 Facilitating cooperation and coordination with other service providers in the area of employment and education
- 5 Creating training programmes, requirement assessment, programme analysis, methodology creation
- 6 Introduction of alternative approaches and work methods for the employment of people with disabilities
- 7 Purchase of special tools and equipment needed for the employment and training of people with disabilities
- 8 Creation of specific employment services for people at disadvantage (assessment and development of skills and abilities; assistance in finding employment and integration in the labour market; consultation, job-matching, work trial)
- 9 Identifying and transferring good practices which promote integration of vulnerable groups in the labour market through support provided by social services
- 10 Training to professionals from other areas connected to target groups from the area social, police, education, health care areas
- 11 Training to professionals working in institutions and organizations which provide care services and which promote professional and family life enhancement
- 12 Training concerning skills for use of information technologies
- 13 Creating shared database

Selection Criteria

Formal approval of the criteria for selecting operations to be financed under this measure will be subject to consideration by the Programme Monitoring Committee. Principles to underlay the criteria are:

- Quality and feasibility of the proposal;
- Comprehensive review of the connection between the project, the strategic goals of the OP and the aim of the priority axis and of the measure;
 - Economic and social benefit from the use of IPA fund assets;
 - Comprehensible review that the bidder fulfils the selection criteria;
 - Demonstration that the proposal promotes equal opportunities (by providing gender segregated information);
 - Quantification of the results and objectives to be achieved;
 - Draft budget including co-financing.

Final Beneficiaries

- 1 Institutions, organizations, NGOs

Final Target Group

1. Disadvantaged groups (young people lacking working skills and persons with disabilities)
2. Experts working with vulnerable groups (both governmental and NGO’s)

Indicators/objectives/monitoring definitions:

Spent (1,000 euros) total -1.534
 –EU funding (1,000 euros)- 1.304
 –Investment rate - 85%

See general comment above at priority level and comment to indicators for measure 1.1

Indicators	Baseline	Target	Definitions and presumptions	Source of data
<i>Outputs</i>				
No of trained professionals in relation to social and child care protection	0	120	There will be enhanced 2 main groups of trainees: 1. Professionals working in the social area 2. Professionals that are connected with social issues from other areas (police, health, education etc)	Project promoters Database
No of trained professionals from other sectors	0	90		
No of programs developed for facilitation cooperation, and identification of good practices	0	2	2 programs for two target groups of trainees with content comprehensive to their professional background	Project promoters Database
<i>Result</i>				
Increased efficiency of social services providers	To be determined on the basis of study	To be determined on the basis of study		Studies/evaluation
Improvement of social service delivery to beneficiaries	To be determined on the basis of study	To be determined on the basis of study		Study

Measure 3.2: Integration of ethnic communities

Specific objectives

- 1 Facilitating integration of the Roma representatives excluded from the labour market through enhancement and strengthening their employment potentials
- 2 Introducing specific employment services through enabling training created in line with individual needs and conditions (including language issue), of the Roma' and Albanians and Turk women
- 3 Training of professionals and volunteers that work with Roma population

Rationale

Roma population participate with 17,066 (7,054 women) unemployed among total of 370,447 and represents the most disadvantaged minority with regards to access to the labour market; level of education and are excluded from other mainstream resources also. Among youngsters who have left school early, most of them are spending their time on the streets - a total of 459 street children are recorded only in the territory of Skopje -an estimated number all over the republic is over 1,000, a major share are Roma's);

As can be seen from previous analyses, (Table 1.6), Romas are most affected by unemployment and their unemployment rate is more than twice as high as the national average. Unemployment rates for Albanians and Turks are also high ranging at 50%. Roma women have the highest unemployment rate of 72.8% closely followed by Albanian women (59.5%) and Turkish women (51.3%). Unemployment is lowest among ethnic Macedonians and Serbs with unemployment rate of around 10% below the national average. High unemployment rates among Roma, Albanians and Turks can be contributed to the low education level and to the cultural factors.

In addition, analyses shown that in the period 2000-2005, the female employment rates were significantly lower than those of men: In 2005 male employment rate was 41.2% while female employment rate only amounted to 26.6%, while participation rates by women of ethnic Albanian origin were only 9.7%.(Table 1.3). Also, sectors where women tend to work are usually underpaid, net of their educational, skills, and time requirements. In addition substantial inequalities in educational participation rates remain between ethnic groups, in particular for ethnic Roma, Albanians and Turks. This division is particularly pronounced among girls. Gross enrolment rate in rural areas amount to 62.36% and is significantly lower than in urban areas: 78.52%.

In general, existing, traditional forms and shapes of social services and approaches in the area of employment, are two independent systems which cannot reach the members of Roma and other minority groups, nor meet their specific needs. In this context, unemployed and mostly far beyond the labour market might only be efficiently reached through alternative employment services and possible training created in line with individual needs and circumstances.

Description

This measure will facilitate integration of the Roma representatives excluded from the labour market through enhancement and strengthening of their employment potentials as well as it will facilitate trainings in line with individual needs and conditions (including language issue), of the Roma, Albanian and Turk women

The activities will focus on three main interventions: 1. Sensibilisation and training of professionals and volunteers that work with Roma population, 2. Support of Romas who have not attended any school or left school earlier via the offer of employment paths including appropriate consultation, social services and alternative training forms, 3. Strengthening and enabling women from minority groups to improve their employment potentials via specialized trainings tailored according to their needs and potentials.

Eligible Actions

- Identification, involvement and motivation of the target groups,
- Entry or re-entry into training and development schemes and/or assistance in finding employment,
- Alternative training coupled with employment,
- On-the-job training, skills training, and catching-up training,
- Basic skills development, ICT skills development,
- Development and introduction of teaching materials and methodologies tailored to specific target groups,
- Training of employees in NGOs which realize programs, incentive and strengthening cooperation and their joint cooperation (more for measure 3.3)
- Alternative employment services (assessment and development of skills and abilities; assistance in finding employment and integration in the labour market; consultation, job-matching, work trial),
- Elaboration and implementation of personal development programs (including the improvement of physical and mental condition, reinforcement of motivation to learn and work, development of key competencies and basic knowledge)
- Collection of data and monitoring the situation with regard to achieved results concerning intensification of employment of these groups
- Anti-discrimination activities (awareness raising)

Selection Criteria

Formal approval of the criteria for selecting operations to be financed under this measure will be subject to consideration by the Programme Monitoring Committee. Principles to underlay the criteria are:

- Quality and feasibility of the proposal;
 - Comprehensive review of the connection between the project, the strategic goals of the OP and the aim of the priority axis and of the measure;
 - Economic and social benefit from the use of IPA fund assets;
 - Comprehensive review that the bidder fulfils the selection criteria;
 - Demonstration that the proposal promotes equal opportunities (by providing gender segregated information);
 - Quantification of the results and objectives to be achieved;
 - Draft budget including co-financing.

Final Beneficiaries

Centers for social work, NGOs and other providers of social services with particular expertise on specific groups

Final Target Group

- 1 Members from ethnic communities, Romas;
- 2 Women from ethnic communities, especially Albanian, Turk and Roma

Indicators/objectives/monitoring definitions:

Spent (1,000 euros) total – 1.726

EU funding (1,000 euros) – 1.467.

Investment rate – 85%

See general comment above at priority level and comment to indicators for measure 1.1

Indicators	Baseline	Target	Definitions and presumptions	Source of data
Outputs				
No of training programmes and projects	0	3	Development of programs that will enhance specifics of three main areas of intervention	Project promoters
No of trainees	0	30	People involved in trainings to work with Roma population	Project promoters
No of Albanian and Roma women assisted	0	120	Women involved within the projects in three regions	Project promoters
No of persons supported	0	300	Persons from Roma communities involved within the projects for support of employment	Project promoters
Result				
% of persons	0	50%	% of persons	Evaluation

enhanced by gender and ethnicity			participating in the programme	by project promoters
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Measure 3.3: Empowering relevant actors

Specific Objectives

1. Enhancing involvement and active participation of the civil society, including NGOs and social partners in the decision-making process and in the implementation of social inclusion policies, also by improving their networking and project management skills.
2. Increase the involvement and the capacity of local entities dealing with social inclusion programmes through specific trainings for social services delivering.

Rationale

The Centres of Social Work are the main units for social welfare provision. They are functioning as the key public providers of professional services in social work (with individuals, groups and families) as well as administrators of social assistance payments. Currently, there are 27 Centres of Social Work, dispersed in all bigger cities in the country, with 660 employees (2005). In the capital Skopje, there are 6 sub-offices of the CSW, located in different territorial units, with 158 employees.

This wide geographical distribution is the positive aspect of the institutional set up of the social welfare provision which enables good and timely access. However, there are also many system challenges that comprise of poor targeting and more profoundly of lack of efficient and independent supervision and control as well as tendency towards monopolizing of services within one institution: There is an evident trend of increase of authority and duties among the existing public social services (CSW), which prohibits their effective functioning in domains where they have already established a tradition and practice. Instead an increase of competencies to the CSW, a room should be given to other relevant actors in the field of social services delivery like NGOs which can provide these services in a more timely and innovative manner. A greater coordination is also needed between public and non-public bodies in order to avoid overlapping and reduce bureaucratization of the system.

Initiation of activation and involvement of the local units of self-government is another needed intervention under this measure since there is evident lack of their engagement in the area of social protection after gaining competencies related to social protection issues, (the Law on Local Self-Government (2002).

With regards to existing NGOs set up it is important to state here that there is significant number of Roma's NGOs all over the country but with low level of expertise, knowledge and skills to deal with social issues and assist members of Roma community in need for assistance, as well as existing Albanian Women NGO' with primary mission to improve Albanian women status in the society, but with not sufficient expertise and capacities.

Description

This measure will encourage and support initiatives by NGOs that provide social services to vulnerable groups at local level, which are active in the area of training and provision of social services. Activities to strengthen the capacity of NGOs and to improve their capacities to implement appropriate projects intended for realization of the measure is anticipated. The correlation of NGOs at local level will intensify employment through appropriate and combined approaches to activities in various areas: Training, consultation and employment practice-based oriented training

Eligible Actions

- Trainings for capacity building of NGOs active in the area provision of social services, particularly in three regions where OP is supposed to be performed
- Capacity building (project management, networking skills) of NGOs at central and local level
- Development and introduction of teaching materials and methodologies tailored to specific target groups, on languages speaking
- Capacity building of local authorities in preparation of action plans for social inclusion within municipalities where the pilot projects will be performed
- Building up networks of ethnic-mixed NGOs
- Establishment partnerships with governmental institutions with aim to provide better service delivery

Selection Criteria

- Quality and feasibility of the proposal;
- Comprehensive review of the connection between the project, the strategic goals of the OP and the aim of the priority axis and of the measure;
 - Economic and social benefit from the use of IPA fund assets;
 - Comprehensible review that the bidder fulfils the selection criteria;
 - Demonstration that the proposal promotes equal opportunities (by providing gender segregated information);
 - Quantification of the results and objectives to be achieved;
 - Draft budget including co-financing.

Final Beneficiaries

1. NGO's (in particular Roma' NGOs and Albanian NGOs dealing with gender issues).
2. Governmental institutions and units of self-government.

Final Target Groups

Professionals and voluntaries from government and non-government sector working on the field of social inclusion of most vulnerable groups (ethnic communities, women -Roma Turk and Albanian and people with disadvantages)

Indicators/objectives/monitoring definitions:

Spent (1,000 euros) total –575

EU funding (mil.euros) – 489

Investment rate – 85%

See general comment above at priority level and comment to indicators for measure 1.1

Indicators	Baseline	Target	Definitions and presumptions	Source of data
<i>Outputs</i>				
No of people trained in NGOs	0	60	Enhancement of 20 persons from NGOs in three regions	Database, Project promoters
No of trained people from local self governments	0	120	Persons from municipalities administration staff in three regions that will be trained to sufficiently assist citizens in their local self governments	Database, Project promoters
<i>Result</i>				
Satisfactory evaluated training programmes	0	Satisfactory		Questionnaire

TECHNICAL ASSISTANCE

Priority 4: Technical Assistance

Aim

To achieve efficient implementation, monitoring, evaluation, administration and information of the Operational Programme also with a view of the future management of the European Structural Fund (ESF).

Specific Objectives

To provide TA to the operating structure of OPHRD within the areas of preparatory, management, monitoring, evaluation, information and control activities for implementation of the OP.

Rationale

One core objective of IPA component IV is to prepare for effective ESF implementation and management: a key expected result is hence the acquisition of experience in this field, both by a learning by doing process (via the implementation of priority axis 1 to 3) and by specific technical assistance interventions (complementary to the ones funded within *component I*), so to strengthen the administrative capacity for preparation, management, implementation, monitoring, audit and control of ESF-type measures.

The OPHRD will be implemented through the decentralised management system and reliance will be put on the local capacities. In general, the management of an operational programme as well as single projects includes a long list of activities such as preparation, managing, monitoring, and evaluation, information and control activities to safeguard the implementation of the operational programme in due course. All activities must be in compliance with the relevant Community and national rules.

Technical assistance will provide support for the structures then and authorities involved in the implementation of the OPHRD to duly carry out the required activities.

Description

The sound management and implementation of OPHRD requires particular contents for technical assistance measures in order to answer to the main needs of support for programme coordination and to strengthen the capacity building of administrative structures involved in its implementation.

Activities foreseen include:

- Preparatory, management and monitoring activities for the implementation of the OP
- Information, evaluation and control activities
- Publicity and promotion of the operational programme

Targeting

This priority is targeted at central level agencies, local offices and final beneficiaries, i.e.

This priority is targeted at central level agencies, local offices and final beneficiaries, i.e.

- The Unit for IPA Coordination and Implementation, MLSP and IPA Unit, MES
- Labour Department, Social Inclusion Unit and other relevant departments in MLSP
- CFCU (in relation to the tasks it accomplishes as the operating structure of the OP)
- ESA with the employment centres
- Social Work Centers
- Units of local self government

Measures

The priority’s measure is designed to provide appropriate assistance to the specific needs of the implementing bodies of the OPHRD and final beneficiaries. Measure details are given hereunder, including objectives, rationale and eligible activities.

Measure 4.1: Support the implementation of the OPHRD.

This measure will support effective management and implementation of OPHRD and high absorption of pre-accession assistance.

Delivery

The activities to be funded under this priority includes training of operating structures staff, operational guidelines, application guidelines, analysing and appraisal of proposals, monitoring and reporting, information and control activities.

Since TA under Priority 4 will contribute to the capacity of the Country to prepare for the absorption of Cohesion assistance *post* accession, which goes beyond the scope of Components IV, special care needs to be taken that TA do not overlap with what is being financed under Component I, but rather complement them.

The TA operations will be covered by an annual plan to be approved by the Sectoral Monitoring Committee.

Targets and indicators

The table below outlines the priority's Core Indicators.

Anticipated Total Spend (1,000 euro): 1,534

EU Support (1,000 euro): 1,304

Indicators	Baseline	Target	Definitions and presumptions	Source of data
<i>Outputs</i>				
No of people trained by institutions	0	60		Project reports
<i>Result</i>				
% of funding consumption	0	70%		Database

Measure 4.1: Support to the Implementation of OPHRD

Specific objectives

To strengthen the capacity of the operating structure for OP HRD within the areas of preparatory, management, monitoring, evaluation, information and control activities for the OP implementation.

Rationale

The effective realization of the OPHRD requires the existence of specific capacity for project preparation and implementation (incl. management) in the sector of human resources development.

This measure will support the strengthening of the newly established structures involved in the general management system of the OP.

All activities related to the effective administration of the OP have to be in compliance with the Council Regulation laying down general provisions on IPA and with the IPA Implementing Regulation..

Description:

The aim of this priority is to increase administrative capacity and quality that is needed for implementation of the OPHRD.

In order to ensure an effective management and administration of the programme, activities under this priority will include capacity building and facilitation, network development, operations of the Monitoring Committee, monitoring progress, the preparation of annual reports, evaluation, research, studies and provision of advice and guidance, promotion and publicity and the dissemination of best practice.

Technical assistance activities will include the ongoing and final evaluations as well as the preparation of studies and analysis related to the preparation for the programming period 2007 to 2013.

Eligible actions:

Actions which may be funded are:

- Preparation of Programmes for training on the management of IPA component IV activities of CFCU, UCI, MLSP and UCI, MESM;
- Preparation, organization and carrying out of trainings and study tours for strengthening the capacity of CFCU, UCI, MLSP and UCI, MES in managing IPA component IV activities;
- Support for projects preparations;
- Preparing application guidelines and informing potential beneficiaries;
- Developing procedures for analysing and selection of proposals;
- Assessment of submitted proposals;
- Developing an implementation reporting and monitoring system;
- Collecting and analysing monitoring data;
- Financing operations of the Sectoral Monitoring Committee (secretarial services, preparation of documents, training of Sectoral Monitoring Committee members, other relevant expenditures for efficient functioning of the Sectoral Monitoring Committee;
- Evaluations of the OP HRD;
- Development of communication action plan;
- Preparation and delivery of publicity and information strategy;
- Development of communication action plan
- Assistance in the revision and update of the OP;

- Studies, considered by the Sectoral Monitoring Committee as necessary for the successful implementation of priorities and measures;
- Research and studies necessary for the best execution of the programme;
- Development of comprehensive strategy for management information system;
- Development of business processes and user requirements (SRS – software requirements specifications).

Selection criteria:

Formal approval of the criteria for selecting operations to be financed under this measure will be subject to consideration by the Sectoral Monitoring Committee. Principles to underlay the criteria are:

- Quality and feasibility of the proposal
- Comprehensive review of the connection between the project, the strategic goals of the OP and the aim of the priority axis and of the measure;
- Economic and social benefit from the use of IPA fund assets;
- Comprehensive review that the bidder fulfils the selection criteria;
- Quantification of the results and objectives to be achieved;
- Draft budget including co-financing.

Final Beneficiaries:

- The Unit for IPA Coordination and Implementation, MLSP and IPA Unit, MES
- Labour Department, Social Inclusion Unit and other relevant departments in MLSP
- CFCU (in relation to the tasks it accomplishes as the operating structure of the OP)
- ESA with the employment centres
- Social Work Centres
- Units of local self government
- Service and trainings providers.

Indicators/objectives/monitoring definitions

Spent (1,000 euros) total – 1,534

EU funding (mil.euros) – 1,304

Investment rate - 85%

Indicators	Baseline	Target	Definitions and presumptions	Source of data
<i>Outputs</i>				
No of people trained by institutions	0	60		Project reports
<i>Result</i>				
% of funding consumption	0	70%		National Fund Database

3.3 HORIZONTAL ISSUES

OP IV has been designed in a way that allows for both a geographic and a thematic concentration to provide for increased impact. As such, the pilot projects deriving from the three measures will to the extent possible be implemented in a smaller number of selected municipalities. The activities of all non-TA measures are interlinked and complementary for the development of human resources. In respect of thematic concentration, target groups are further being synchronized, again to achieve maximum results.

The major cross cutting issues to be tackled in the country and which will be dealt with in an appropriate manner are:

- Civil Society
- Equal opportunities and non-discrimination in addition to minority and vulnerable groups concerns
- Environmental considerations
- Good governance, with particular attention to fight against corruption,

Civil Society

The involvement of civil society is forming an important and integrated part of OP IV, especially in the course of implementing measure 3 on social inclusion but also when it comes to implementing pilot projects of Priority 1 and 2.

Measure 3.2 is dedicated to strengthen civil society actors and enhance their involvement in tackling social exclusion. NGOs and civic initiatives will be strengthened through capacity building for developing, implementing and monitoring projects. In addition, partnerships for community development among NGOs, public institutions, local authorities and the private sector will be encouraged.

In respect of involvement of the civil society in programming, relevant NGOs and organisations have been consulted during the planned “hearing process” which followed immediately after finalizing the draft OP IV and their views and considerations have been duly incorporated in this final document.

Equal Opportunities

In May 2006, the country adopted a Law on Equal Opportunities of Women and Men with the purpose of “the promotion of the principle for establishing equal opportunities between women and men in the political, economical, social, educational field, as well as in other fields of social life.” It is seen as an obligation of the entire society to establish equal opportunities and to prevent and clear obstacles for their establishment in addition to clearing of unequal treatment of women and men.

Of particular relevance to OP IV is the prohibition of discrimination based on gender in the fields of employment and labour, education and social security. Special measures for establishing equal opportunities are adopted in the field of education, employment, professional life, as well as public and political activity. The MLSP plays a special role in promoting equal opportunities and has among its activities the obligation of preparing the National Action Plan for Equal Opportunities of Women and Men. The Units of Local Self-Government are on their part obliged to form a Commission for Equal Opportunities and participate in the preparation of the National Action Plan in addition to promote equal opportunities within the framework of their authority.

As far as possible, the programming of OP IV is based on segregated data referring to gender and minority groups. In addition, measure 1.3 has women’s involvement in the labour market among its distinctive objectives. Priority 3 is dedicated to social inclusion of ethnic communities and vulnerable groups and the aim of measure 2.1 is to provide quality education to minority groups, e.g. Roma and Albanians.

Mainstreaming equal opportunities is a horizontal principle of Structural Funds interventions and the implementation of this principle will be considered and monitored in the process of implementation and evaluation of the OP IV. This will require adequate monitoring indicators, data collection, implementation procedures and guidelines which will be able to draw on support from the technical assistance priority. To ensure that the principle of equal opportunities is taken into account at all levels of implementation, the following procedures will be adopted:

- The requirement to ensure and demonstrate gender equality in the operation of IPA projects will be included in both **information and publicity campaigns**, and materials provided during calls for proposals / tender processes;
- **Applicants** for IPA assistance will be expected to demonstrate how their project promotes equal opportunities or otherwise takes account of potential gender bias (e.g. by providing gender segregated information on the local labour market, and the efforts of the project to overcome any barriers to equality);
- Gender implications will be taken into account through the **project appraisal process and selection criteria**;
- The requirement to observe equality of opportunity during project implementation will be built into **agreements** with beneficiaries, and will be checked, as part of the **internal controls and independent audit** process;
- The outputs and results **indicators** for projects will be broken down by gender where appropriate for the purposes of project and programme **monitoring**;
- Commentary will be prepared on operations linked to equal opportunities in the **annual implementation reports** of the OP;
- The impact of the OP on gender equality will be considered as part of its **evaluation**, where relevant.

Environmental Considerations

The environmental issue will be taken into account in the implementation of all measures of the OP, where relevant. Furthermore, all activities carried out in the framework of this programme should be carried out in compliance with EU environmental legislation.

Good Governance

Good governance and fight against corruption is a horizontal theme of OP IV and necessary provisions will be taken when selecting projects and when preparing audit controls.

3.4 COMPLEMENTARITIES AND SYNERGIES WITH OTHER FORMS OF ASSISTANCE

As the Guidelines point out, in pursuing economic development, two complementary sets of conditions need to be satisfied. The first is the existence of a suitable endowment of both basic infrastructure and a labour force with appropriate levels of skills and training. The second is that research and innovation should be accorded high priority and that information and communication technologies should be widely accessible. The volume of funds available under IPA for components III and IV is not sufficient to have by itself a significant, direct, macro-economic impact on national development indicators. It is essential therefore to ensure a strong concentration and synergies with other funding, in order to achieve some impact in the areas of intervention. However, even with a high degree of focus, the direct impact of the programme will be limited.

All activities need to be closely coordinated in order to avoid overlapping; this holds especially true for measures related to decentralised management of EU funds or Institution Building in areas such as employment, education, transport or environment. Measures should rather be complementary, not only in relation to each of the components but also in relation to other donors’ activities. It is important to take into account funding from other donors in order to maximise the synergies among the various forms of assistance. With this in mind, close coordination among all actors, internally (Commission services) as well as externally (other donors and the beneficiary), has already been established through regular meetings and consultation.

3.4.1 COMPLEMENTARITIES WITH OTHER IPA COMPONENTS

Although IPA is envisaged to provide targeted pre-accession assistance in different areas through 5 different components with different priorities and objectives, still close coordination and coherence between all five components is needed in order overlapping between measures to be avoided.

Complementarities with Component I

The major task of Component I is to provide for the Institution Building needed for supporting the efforts of the country to comply with the Copenhagen Criteria. While the activities financed under Component I will address general preparation to EU fund management, the TA activities under Component IV will focus on support for ESF-type intervention

– One of the key objectives of IPA assistance is supporting the beneficiary countries in developing accountable administrations and institutions with appropriate capacity for carrying out the whole process of EU integration, as well as for coping with the obligations that will arise once they become member states of the EU. The institution building assistance will be of particular importance and relevance for the implementation and enforcement of European acquis, national policies and strategies, as well as for the establishment, upgrading and proper functioning of the national, decentralised system for implementation and management of EU funds. In this sense it is envisaged that all capacity building measures, in different sectors will be covered by the first IPA component, i.e. this component will also have to provide for Institution Building aspects of sectors covered by other components in order to complement activities within those components.

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– The resources under components III and IV will be utilised, first and foremost, to introduce into the national framework for economic and employment development the strategic planning and management principles guiding the implementation of EU structural instruments, also via a learning by doing process. Support to improve capacity of regional actors and to improve business

environment will be available also under component I. The principle of coherence with interventions under components III and IV will be taken into consideration, both at strategic level (also in the context of the strategic coherence framework) and at the level of implementation of the two components.

In this respect, within the component 1, for the programming year 2007, under the priority axes Good Governance and Rule of Law, horizontal support for the Public Administration Reform will be provided aiming at addressing a number of key challenges within the present administration, especially those related to the Human Resource Development and Management, equitable representation as well as transparency (both in terms of public availability of information and the actual work-processes the government applies), including anti-corruption efforts.

Furthermore, the priority axes **Capacity Building for the Management of EU funds** and the measures that will be undertaken within it, under the component 1, will be of great importance for the development of the necessary structures and mechanisms for the future management and implementation of the assistance provided under the Regional and Human Resources Development components. This means that with financial assistance provided from the institution building components, decentralised management structures/agencies will be established in the Ministry of Environment and Physical Planning, Ministry of Transport and Communication, and the Ministry of Labour and Social Welfare, as key institutions responsible for the programming and implementation of assistance under the third and the fourth IPA component. It is foreseen that more substantial support should be provided under IPA component one, in order maturity of the various structures to be ensured, as well as finalisation of the accreditation to be assisted, and the units, when starting to implement their responsibilities to be supported.

Under IPA, the different ministries and decentralised government units will have increasing responsibilities in preparing and implementing projects using the various contracting tools available under EU funding. Having in mind the lack of capacities of the national authorities in programming and implementing pre-accessional assistance, IPA component 1, in the first programming year will provide assistance for establishment of an IPA training facility which will provide training in preparation and implementation of projects foreseen to be implemented under IPA. In cooperation with bilateral donors and under the leadership of the Secretariat for European Affairs an IPA training facility will be established.

Economic development and social cohesion will be one of the priority axes of the IPA component 1, but the activities envisaged under components III, IV and-V have also a direct impact on economic and social cohesion. In this respect the measures that will be implemented through the different components must be complementary and coherent. Component one will support enhanced development and cohesion by capacity-building in the field of regional policy, which will facilitate the implementation of national and regional development plans; by introducing European standards into national legislation and thus upgrading the framework for the functioning of the market economy. On the other hand the assistance under the third, fourth and fifth component will contribute to economic and social development and raising the regional competitiveness of the country by reducing its regional disparities, by the means of improving the transport, environment, social and rural infrastructure.

Under the priority axes Economic and Social Cohesion, project/measure for Local Infrastructure for Economic and Social Development will be supported in order to assist municipalities with the essential infrastructure necessary for fostering both social and economic development. Providing training to municipal officers in project preparation and supervision, the programme significantly will

contribute to the development of decentralised capacities, especially for management and implementation of infrastructure projects and maintenance of the outputs and results delivered with those projects.

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As regards **social policy, employment and education**, component I will be targeted to strengthening the capacities in central and local state institutions, especially to the labour inspectorates, and to the development of a national strategy on social inclusion, to actions related to the Joint Inclusion Memorandum (JIM), Joint Assessment Paper (JAP) and to the implementation of the national Roma strategy. The objective of component IV of preparing for the management of structural funds will be pursued by a learning-by-doing process across the three pillars and by specific technical assistance interventions (complementary to the ones funded within component I), so to strengthen the administrative capacity for preparation, management, implementation, monitoring, audit and control of ESF-type measures at both national and regional levels.

Component IV will support measures/pilot projects that will contribute to the full implementation of these strategies and to attracting and retaining more people in employment, to investing in human capital through better education and skills and to promoting an inclusive labour market.

IPA component I will also provide **support to the programming process**, i.e. for ensuring smooth programming and the maintenance of high quality in delivering IPA funds. This type of assistance will allow project preparation to proceed in a quick and effective manner by support the preparation and early implementation of activities under the five IPA components. Actions to be supported are likely to include: (i) recruitment of short-term technical assistance (local and international) for activities typically including feasibility studies, inputs to terms of reference and specifications, and tender evaluations; (ii) audits, monitoring, thematic programme, project evaluations; and (iii) project preparatory and start-up actions. In this respect, assistance under this component can be used for preparation of projects and development of technical documentation for the projects to be financed under components III and IV.

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– With regard to **environmental protection**, component I will give particular attention to the strengthening of administrative capacities and to the incorporation of environmental protection requirements into other sectoral policies. In the area of **transport and energy**, support will be given to reorganising and strengthening the public administration and institutions in the transport and energy sectors and to implementing the requirements of the Energy Community Treaty and the European Common Aviation Area Agreement.

Complementarities with Component II

The country's priorities under Component IV is complementary with those under Component II which aims towards balanced regional development through a local focus and in a cross border context as well as through the support of smaller local project.

Complementarities between Component III and IV

The volume of funds available under IPA for components III and IV might not be sufficient to have by itself a large, direct, macro-economic impact on national development indicators. All activities need to be closely coordinated in order to avoid overlapping; this holds especially true for measures related to decentralised management of EU funds or Institution Building in areas such as transport, environment, employment or education. Moreover, it is essential to ensure strong concentration and synergies within IPA and with other funding, in order to maximize the

impact on the areas of intervention. For this reason it is very important that measures are complementary, not only in relation to each of the components but also in relation to other donors’ activities. It is significant to take into account funding from other donors in order to maximise the synergies among the various forms of assistance. Close coordination among all actors, internally (Commission services) as well as externally (other donors and the beneficiary), has already been established through regular meetings and consultation. Thus, the principle of coherence between interventions under components III and IV will be taken into consideration, both at strategic level (also in the context of the strategic coherence framework) and at the level of implementation of the two components.

Component III is complementary and synergic with component IV related to economic development, employment growth, education and training. Together the two components contribute to increasing the competitiveness of the economy and at the same time addresses the social aspects of development. The support to innovative activities and investment in the regional competitiveness sector under the future Regional Competitiveness OP is supplemented by investment in human capital through Human Resource Development and higher quality of education which is an indispensable condition for transition to a knowledge economy. Investments in infrastructures (transport and environment) will increase living standards and social development intensifying the business links and sustainable development. In addition infrastructure construction and management will contribute to increase employment directly and indirectly.

Being landlocked, the development of the transport sector is important for the integration of the country and trade development with neighbouring countries. Furthermore the foreseen direct and indirect impact of the projects related to the Trans-European Transport Network, i.e. decreasing transportation costs, increasing accessibility, job creation etc. are crucial for future economic and social development. Component III and IV will together contribute significantly to mobilizing the local growth factors through improving the possibilities for employment generation and the quality of life in urban centres, connections centre - periphery and between centres themselves. Furthermore, they will stimulate inter-municipal co-operation in the process of realization of investment projects in local infrastructure.

The resources under operational components III and IV will be utilised, first and foremost, to introduce into the national framework for economic and employment development the strategic planning and management principles guiding the implementation of EU structural instruments, also via a “learning by doing” process.. The principle of coherence and complementarity between interventions under components III and IV will be taken into consideration, both at strategic level and at the level of implementation of the two components.

Complementarities with Component V

The measures, which are proposed to be supported by IPARD, are aimed to improve market efficiency, quality and health standards and creating new employment opportunities in the rural areas. Agriculture plays an important role in terms of employment and economic output. According to the State Statistical Office of the country the gross value added of agriculture, including forestry and hunting, accounted for 11.3% of total GDP in 2004. In 2005, 19.5% of the population was employed by activities related to agriculture, hunting and forestry. The actual figures might be even higher, as almost half of the population live in rural areas. The country's competitive advantages in agriculture lie in labour-intensive sectors and the most performing sectors are tobacco, lamb, beverages (wine, mineral water and spirits), vegetables and fruits. Key objectives of the assistance under component V

are to improve market efficiency and the implementation of Community standards regarding public health, environmental protection, animal welfare and occupational safety; to support preparatory actions for implementation of agri-environmental measures and the "Leader-approach" in order to contribute to the sustainable development and to the development of public-private partnerships in rural areas and to contribute to the development of the rural economy. Investments in agricultural production will support the restructuring and upgrading the sector to Community standards and thus will increase the competitiveness. Increased added value and competitiveness of agricultural and fishery products through compliance with EU quality, health, food safety and environmental standards, will add value to the general regional competitiveness of the country. This component will also provide for Investments for developing and diversifying economic activities in rural areas, and thus help rural population to build up economic activities, creating additional income sources and employment opportunities in rural areas.

Development in rural areas is constrained by lack of basic infrastructures and services. Rural areas suffer from poverty, high unemployment and lack of alternative living sources to agriculture. Agricultural sector is also challenged by such environmental issues as agricultural land management and land preservation, treatment of agricultural and animal waste, water management, lack of proper irrigation systems and lack of training for farmers on environmental issues.

The objective of attracting and maintaining more people in employment is a major one, since the Country is generally facing high unemployment and inactivity rates for various categories of people. In this respect, intense efforts in the area of adaptability and entrepreneurship are needed. New forms of work organisation, more flexibility and security on the labour market, ensuring health and safety at work shall be addressed under IPA IV. The support for increased participation rates on the labour market shall be directed towards strengthening the Public Employment Service as well as towards promoting active employment measures for the unemployed (i.e. youths, elderly and women) and the inactive, including in rural areas, in what concerns tackling people active in subsistence agriculture. Moreover, the objective of increasing the participation in education and on the labour market shall stay behind the interventions promoted under IPA Component IV, aiming at supporting the people belonging to vulnerable groups to have access to support services that would allow them to play an active role in economy and society.

In respect of above mentioned strong coherence and coordination between the measures that will be supported under first, third, fourth and fifth IPA components will be needed and seriously taken into account.

Complementarities with other national programmes supported by international financial institutions (IFIs) or other relevant external assistance

IFI and bilateral financial assistance to the country is substantial. All major IFIs are present in the field, such as the World Bank as the country's largest creditor and the IMF with its multi-annual Stand-By Arrangement. In addition, EU member states as well as other bilateral and multilateral donors also provide significant financial and technical support. Clearly, IFIs and other donors' assistance has not only decisively contributed to stabilise and improve the political, economic and social situation in the country but has also complemented the EU association agenda, which is recognised by all members of the donor community.

With IFI and other donors assistance being channelled into all possible areas (partly covered also by past EU assistance and the present MIPD) the biggest challenges to the programming of EU financial assistance was and is to avoid overlaps and to ensure that different but related activities are aligned. In

the past it proved to be rather difficult to obtain a clear and comprehensive picture of all donors' activities in the country, despite close cooperation with the donor community. Nonetheless, coordination has improved with initiatives taken by the beneficiary and the large stakeholders, including the Commission and the EAR, to enhance the exchange of information. The past EU programmes were developed in close cooperation with the national authorities and other international agencies to ensure that the activities closely corresponded to the needs of the country. Together with the Secretariat for European Affairs, the Commission and the EAR have actively sought to streamline EU support through an intensive dialogue also with the EU member states and other multilateral and bilateral donors. Furthermore, the European Commission together with the World Bank have set up a Joint Office for South East Europe to support their role as joint coordinators of international assistance for the reconstruction and development of the country. In the framework of established National Aid Coordination System of the former Yugoslav Republic of Macedonia, the efforts were streamlined toward increasing the effectiveness of foreign aid thus respecting the five principles of ownership, alignment, harmonization, managing for results and mutual accountability comprised in the Paris Declaration on Aid Effectiveness. As a result, with improved coordination a greater synergy could have been achieved.

Cooperation and coordination with the international financial institutions is aimed at complementary financing to address the different labour market issues drawing from many sources of funds. Each single project will have a single source of funding, i.e. IPA Component IV projects will be co-financed by IPA and national contribution; coherence and complementarities aim at enabling joint intervention in the same field, not in the same specific project, and at avoiding overlapping.

Within **employment and labour market developments**, EU is assisting the former Yugoslav Republic of Macedonia through the CARDS II Project: “Technical assistance for institutional development as support for employment policies”, 2005 – 07, involving two components. Component 1 provides for ongoing capacity development for creation and implementation of employment policies involving preparation of employment strategy up till 2010 and the preparation and implementation of National Action Plan for employment 2006-2008. Component 2 provides for ongoing capacity development of the EARM and its branch offices, i.e. skills improvement of the employees in the EARM (centrally, regionally and on the local level), analyzes of the skills needs and information system assessment and assessment of equipment needs.

Measure 1.1 will build on the achievements of the CARDS II Project, by further improving the quality and quantity of the services of the EARM.

The Government of the former Yugoslav Republic of Macedonia has adopted an Operational plan for active employment measures for 2007, anticipated in the Government's work program 2006-2010. The program outlines the following measures: Active employment policies (local infrastructure, helping out) public work in LSG, support for self-employment (family business) and support for first employment of young unemployed up till 27 years of age, engagement of unemployed persons from the most underdeveloped regions in construction works, ecology projects, subventions for employment for single parents, handicapped children and children without parents care and training and advisory services for unemployed for prequalification, contacts with employers, enhancement of their skills and qualifications, training for computer literacy etc. The plan establishes target groups to whom the measures are intended, the scope of persons per measure, the necessary assets for their implementation and the ways of their implementation.

Measure 1.3 is focussing on implementing the Operational Plan for active employment measures, specifically focussing on the integration of young people in the labour market, reducing and preventing long-term unemployment and increasing women’s employment rate.

Ongoing is the process for development of Terms of Reference for the EU financed CARDS III Project. The project will be concerned with technical assistance to MoLSP to enhance its capacity to further develop and in particular implement employment-related policies, e.g. the Integrated Guidelines for Growth and Jobs for 2007 and 2008. In addition the project will assessed with preparation of NAPE 2009-2010. The project will also work with the ESA and its 30 Employment Service Centres all over the country. It will aim to strengthen their capacity to implement and monitor active labour market measures with a targeted approach, focusing on the young unemployed, long-term unemployed and groups at risk of social exclusion.

Cooperation with UNDP on employment creation is ongoing and continuous in 2007. The UNDP Job Creation Programme for the former Yugoslav Republic of Macedonia is focusing on a targeted range of active labour market measures building on activities in relation to reaching of the Millennium Development Goals. The overall objective of the programme is to reduce the level of unemployment, particularly in the vulnerable groups, while the specific objective is to increase the level of entrepreneurship, employability and adaptability of the labour force and particularly in the vulnerable groups. All *country's* municipalities are invited to submit proposals according the Programmes requirements and objectives. The strategy proposes interventions that will provide the long-term unemployed and other vulnerable groups with work experience and a path to reintegration into the labour market.

Within **education and training**, the current CARDS VET IV, financed by EU, is focusing on teacher training on the use of new equipment, and capacity building for the VET Centre staff. VET equipment was delivered by the CARDS programmes.

Measure 2.1 aimed at supporting the modernization of the two and three year vocational education is building on the achievements of the EU financed CARDS III.

Under the EU financed CARDS 2006 is on-going the tendering procedure for Lifelong learning project. The objectives of the project are policy development for adult education, modernization of adult training system and awareness rising through the national public campaign.

Measure 2.3 is complementary to the above project by supporting the development of adult education and lifelong learning by *inter alia* supporting the establishment of a coordinative body for adult education activities.

The SOROS Foundation has supported the Government in designing a ‘National Programme for the Development of Education 2005-2015.

The ‘Education Modernization’ project funded with a loan from the World Bank is the biggest single intervention in education. It is coupled with a Dutch Government grant of USD 10 million and will last until 2009. A project funded by the Dutch Government supports a total of 13 municipalities to enhance their capacities on managing education in a decentralised setting.

Regarding assistance from EU, several projects have been implemented in respect of **social inclusion** with support of PHARE and CARDS programs, and the measures under Priority 3 will build on their achievements.

Technical cooperation with Germany is provided for sustainable economic development. As part of the Project for Support of Regional Economy and Economy in Weakly Structured Areas in the Eastern Part of the former Yugoslav Republic of Macedonia, Germany (GTZ) supports the regional economy and employment according to EU criteria for selected regions. In the area of social inclusion GTZ provides support for the children with psychic and physical constraints in their development in order to strengthen the concepts and care services for this category of vulnerable groups.

The Ministry for Labour and Social Policy has developed cooperation with the office of the UNDP in Skopje in the groundwork for the process of preparation of the Joined Inclusion Memorandum. This cooperation has concentrated on providing consultancy and additional information on the experiences of the countries that have passed the experience of the JIM preparation process. The cooperation with the UNDP will continue on technical level for the same purposes (groundwork for the process of preparation) of the JAP on Employment as well, in coordination. All the above mentioned activities are carried through in coordination and with the knowledge of the responsible in Directorate General for Employment and Social Affairs and Equal Opportunities.

As part of the Country Programme Document’s objectives covering the period 2005-2009, UNDP provides assistance for Promoting and Enabling Environment for Poverty Reduction and for Sustainable Development, Environmental Protection and Management of Natural Resources. UNDP intervenes in increasing the current low level of capital utilization and the large pool of unemployed. Through introduction of volunteering practice, the project Employment Mediation for Highly Educated Young Unemployed assists in generation of sustainable employment and income generation for highly educated young unemployed at local levels.

Other active donors in the area of human resources development, transport and environment are Norway, Italy, Austria the Netherlands, Greece, Sweden and Switzerland. Through its Programme for reconstruction of schools, Norway provides support for modernization of the education. Italian funded Programme for education and culture on local level will provide Support for the establishment of the College of Bio-technology & Nutrition within the University of Tetovo and Creation of a Multimedia Centre at the University of “Ss Cyril and Methodius” in Skopje. Italy also, supports improvement of the Roma communities living conditions and their integration in the society. Austria is active supporter of higher education, while through its Green pack education project it aims to increase environmental awareness among school children, teachers and educators and broader understanding of the concept of sustainable development. A part of the co-financing grant to the ongoing World Bank Education modernization project for supporting structural reforms in the education, Netherlands also supports equitable access to higher education and enhanced co-operation between institutions of higher learning in the Country. Sweden and Switzerland are providing assistance in order to support sustainable development, environment, strengthening social cohesion and developing infrastructure for social services.

3. FINANCIAL TABLES¹⁵

Table 4.1: Costs by Priorities and Years

	€	IPA	National	Total	% in total budget
2007	Priority 1	1299000	229238	1528238	41%
	Priority 2	960000	169413	1129413	30%
	Priority 3	640000	112943	752943	20%
	TA	301000	53118	354118	9%
	Total	3200000	564712	3764712	100%
2008	Priority 1	2697500	476035	3173535	45%
	Priority 2	1800000	317649	2117649	30%
	Priority 3	1200000	211767	1411767	20%
	TA	302500	53383	355883	5%
	Total	6000000	1058834	7058834	100%
2009	Priority 1	2849500	502857	3352357	40%
	Priority 2	2130000	375884	2505884	30%
	Priority 3	1420000	250591	1670591	20%
	TA	700500	123619	824119	10%
	Total	7100000	1252951	8352951	100%
2007-2009	Priority 1	6846000	1208130	8054130	42%
	Priority 2	4890000	862946	5752946	30%
	Priority 3	3260000	575301	3835301	20%
	TA	1304000	230120	1534120	8%
	Total	16300000	2876497	19176497	100%

¹⁵ Ceiling of the TA priority: TA operations are implemented under **one dedicated priority, capped at 6% of the OP allocation**. In "duly justified cases" the IR allows for expanding this ceiling to 10%. Justified cases could be specific needs that demand more emphasis on complex sector studies, or that a steep increase of funding in the latter years of the 2007-13 period demands front-loading of preparatory work, or that the small volume of funds available under the OP may not allow non compressive expenditure to fall within the 6% cap. The latter is relevant for this OP.

Table 4.2: Costs by Measures in 2007

YEAR 2007	Total Cost (x+y+z)	Total Public Eligible Cost (x+y)	EU IPA x	CC National Public y	Private (indicat.) z	IPA co-financing rate x/(x+y)	For information IFI
Priority Axis 1	1,528,238	1,528,238	1,299,000	229,238	0	0.84999849500	-
Measure 1.1	205,883	205,883	175,000	30,883	0	0.84999732858	-
Measure 1.2	110,589	110,589	94,000	16,589	0	0.84999412238	-
Measure 1.3	1,200,001	1,200,001	1,020,000	180,001	0	0.8499929167	-
Measure 1.4	11,765	11,765	10,000	1,765	0	0.84997875053	-
Priority Axis 2	1,129,413	1,129,413	960,000	169,413	0	0.84999907031	-
Measure 2.1	564,706	564,706	480,000	84,706	0	0.84999982292	-
Measure 2.2	223,530	223,530	190,000	33,530	0	0.84999776316	-
Measure 2.3	341,177	341,177	290,000	51,177	0	0.84999868104	-
Priority Axis 3	752,943	752,943	640,000	112,943	0	0.84999794141	-
Measure 3.1	301,177	301,177	256,000	45,177	0	0.84999850586	-
Measure 3.2	338,824	338,824	288,000	50,824	0	0.84999881945	-
Measure 3.3	112,942	112,942	96,000	16,942	0	0.84999380213	-
Technical Assistance	354,118	354,118	301,000	53,118	0	0.84999915282	-
Measure 4.1	354,118	354,118	301,000	53,118	0	0.84999915282	-
TOTAL YEAR 2007	3,764,712	3,764,712	3,200,000	564,712	0	0.84999861875	-

Table 4.3: Costs by Measures in 2008

YEAR 2008	Total Cost (x+y+z)	Total Public Eligible Cost (x+y)	EU IPA x	CC National Public y	Private (indicat.) z	IPA co-financing rate x/(x+y)	For information IFI
Priority Axis 1	3,173,535	3,173,535	2,697,500	476,035	0	0.84999850325	-
Measure 1.1	417,649	417,649	355,000	62,649	0	0.84999604931	-
Measure 1.2	883,531	883,531	751,000	132,531	0	0.84999847204	-
Measure 1.3	1,590,001	1,590,001	1,351,500	238,501	0	0.84999946541	-
Measure 1.4	282,354	282,354	240,000	42,354	0	0.84999681251	-
Priority Axis 2	2,117,649	2,117,649	1,800,000	317,649	0	0.84999922083	-
Measure 2.1	1,058,824	1,058,824	900,000	158,824	0	0.84999962222	-
Measure 2.2	423,530	423,530	360,000	63,530	0	0.84999881945	-
Measure 2.3	635,295	635,295	540,000	95,295	0	0.84999881945	-
Priority Axis 3	1,411,767	1,411,767	1,200,000	211,767	0	0.84999861875	-

Measure 3.1	564,706	564,706	480,000	84,706	0	0.84999982292	-
Measure 3.2	635,296	635,296	540,000	95,296	0	0.84999748149	-
Measure 3.3	211,765	211,765	180,000	31,765	0	0.84999881945	-
Technical Assistance	355,883	355,883	302,500	53,383	0	0.84999845455	-
Measure 4.1	355,883	355,883	302,500	53,383	0	0.84999845455	-
TOTAL YEAR 2008	7,058,834	7,058,834	6,000,000	1,058,834	0	0.84999873917	-

Table 4.4: Costs by Measures in 2009

YEAR 2009	Total Cost (x+y+z)	Total Public Eligible Cost (x+y)	CC			IPA co-financing rate x/(x+y)	For information IFI
			EU IPA x	National Public y	Private (indicat.) z		
Priority Axis 1	3,352,357	3,352,357	2,849,500	502,857	0	0.84999897087	-
Measure 1.1	382,355	382,355	325,000	57,355	0	0.84999542310	-
Measure 1.2	55,295	55,295	47,000	8,295	0	0.84998643639	-
Measure 1.3	2,550,000	2,550,000	2,167,500	382,500	0	0.85000000000	-
Measure 1.4	364,707	364,707	310,000	54,707	0	0.84999739517	-
Priority Axis 2	2,505,884	2,505,884	2,130,000	375,884	0	0.84999944131	-
Measure 2.1	1,252,942	1,252,942	1,065,000	187,942	0	0.84999944131	-
Measure 2.2	501,177	501,177	426,000	75,177	0	0.84999910211	-
Measure 2.3	751,765	751,765	639,000	112,765	0	0.84999966745	-
Priority Axis 3	1,670,591	1,670,591	1,420,000	250,591	0	0.84999859331	-
Measure 3.1	668,236	668,236	568,000	100,236	0	0.84999910211	-
Measure 3.2	751,766	751,766	639,000	112,766	0	0.84999853678	-
Measure 3.3	250,589	250,589	213,000	37,589	0	0.84999740611	-
Technical Assistance	824,119	824,119	700,500	123,619	0	0.84999860457	-
Measure 4.1	824,119	824,119	700,500	123,619	0	0.84999860457	-
TOTAL YEAR 2009	8,352,951	8,352,951	7,100,000	1,252,951	0	0.84999900035	-

5. IMPLEMENTATION PROVISIONS

5.1. MANAGEMENT AND CONTROL STRUCTURES

5.1.1. BODIES AND AUTHORITIES

In the implementation of assistance under the IPA regulations, the European Commission has authorised the management of certain actions on the beneficiary country, while retaining overall final responsibility for general budget execution. This decentralised management encompasses tendering, contracting and payments for Regional Development and Human Resources Development Components of the IPA.

In order to meet the conditions for conferral of the management powers by the Commission, relating to a component, a programme or a measure, the former Yugoslav Republic of Macedonia has established management and control systems, and has launched the process of accreditation of the National Authorising Officer (NAO), National Fund and of the operating structure.

To fulfil its obligations under this arrangement, the Government of the former Yugoslav Republic of Macedonia on its session held on 11.02.2007 adopted Decision for designation of the following bodies and authorities¹⁶:

- National IPA Co-ordinator,
- Strategic Co-ordinator for components III and IV,
- Competent Accrediting Officer,
- National Authorising Officer,
- National Fund,
- Operating Structure by IPA component or programme,
- Audit Authority.

With the exception of the Operating Structure, these bodies essentially perform tasks that are generally applicable to all IPA components; their functions are specified in the relevant articles of the IPA Implementing Regulation and in Annex A of the Framework Agreement to be concluded between the Commission and the former Yugoslav Republic of Macedonia.

Within this framework, only the functions of the Operating Structure responsible for management and implementation of the HRD OP will be described in this chapter."

Operating Structure (OS)

Functions

¹⁶ As soon as any change arise regarding appointments of the key authorities in DIS until finalisation of OP, CFCD shall implement them in the text.

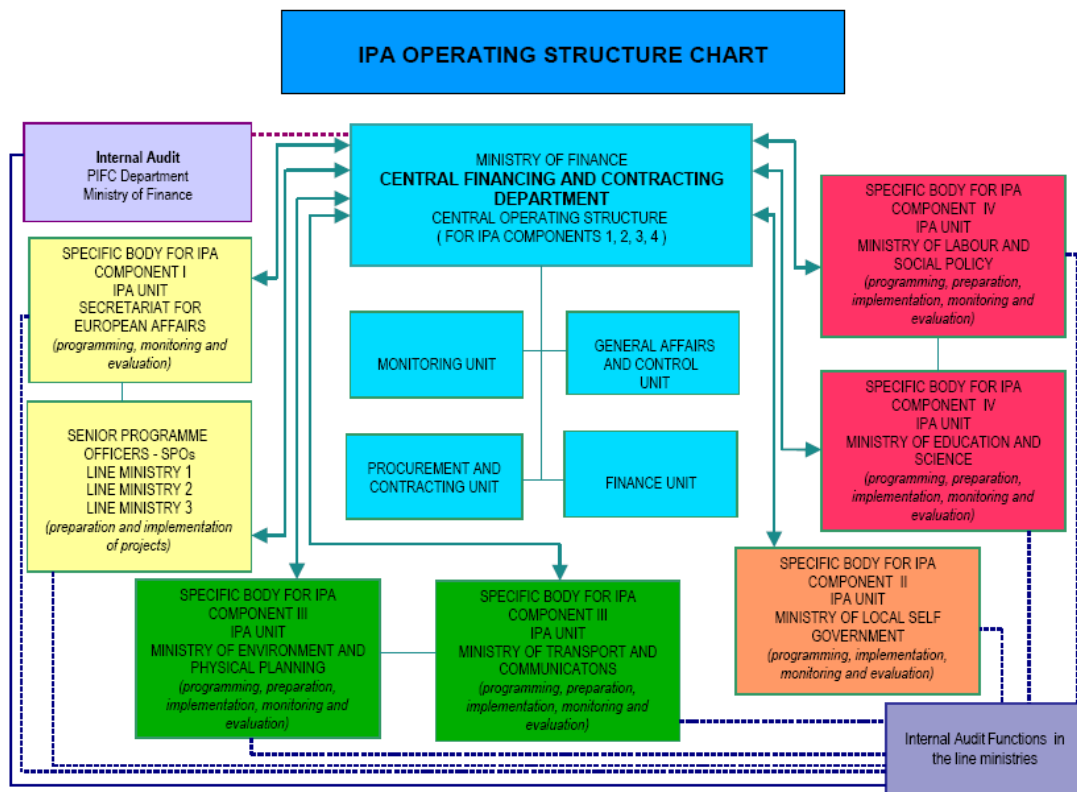
The Operational Programme for Human Resources Development component of IPA will be managed and implemented by the Operating Structure, which in compliance with Article 28 of the IPA Implementing Regulation will be responsible for the following functions:

- a. drafting the annual or multi-annual programmes;
- b. programme monitoring and guiding the work of the sectoral monitoring committee as defined in Article 59, notably by providing the documents necessary for monitoring the quality of implementation of the programmes;
- c. drawing up the sectoral annual and final implementation reports defined in Article 61(1) and, after their examination by the sectoral monitoring committee, submitting them to the Commission, to the national IPA co-ordinator and to the national authorising officer;
- d. ensuring that operations are selected for funding and approved in accordance with the criteria and mechanisms applicable to the programmes, and that they comply with the relevant Community and national rules;
- e. setting up procedures to ensure the retention of all documents required to ensure an adequate audit trail, in accordance with Article 20;
- f. arranging for tendering procedures, grant award procedures, the ensuing contracting, and making payments to, and recovery from, the final beneficiary;
- g. ensuring that all bodies involved in the implementation of operations maintain a separate accounting system or a separate accounting codification;
- h. ensuring that the national fund and the national authorising officer receive all necessary information on the procedures and verifications carried out in relation to expenditure;
- i. setting up, maintaining and updating the reporting and information system;
- j. carrying out verifications to ensure that the expenditure declared has actually been incurred in accordance with applicable rules, the products or services have been delivered in accordance with the approval decision, and the payment requests by the final beneficiary are correct. These verifications shall cover administrative, financial, technical and physical aspects of operations, as appropriate;
- k. ensuring internal audit of its different constituting bodies;
- l. ensuring irregularity reporting;
- m. ensuring compliance with the information and publicity requirements.

Composition

For the time being and taking into account the capacities in line ministries, only few of the functions to be taken up by the Operating Structure will be delegated to the IPA Units within the line ministries. Therefore, in the beginning the operating structures will be composed by the following bodies:

- Central Finance and Contracting Department as a central Operating Structure
- Ministry of Labour and Social Policy and Ministry of Education and Science, acting as a specific bodies for the functions of (drafting the annual or multi-annual programmes, monitoring programme implementation and guiding the work of the sectoral monitoring committee and drawing up the sectoral annual and final implementation reports):



The heads of the bodies are the following:

- **Tatjana Arsova, Head of CFCD – Central Operating Structure, Ministry of Finance, Dame Gruev str. No.14, Skopje, the former Yugoslav Republic of Macedonia.**
- **Aleksandra Slavkovska, Head of IPA Unit, Ministry of Labour and Social Policy, Dame Gruev str. No.14, Skopje, the former Yugoslav Republic of Macedonia**
- **Aleksandar Kolekevski, Head of IPA Unit, Ministry of Education and Science Dimitrije Cupovski str. No.9, Skopje, the former Yugoslav Republic of Macedonia**

Distribution of functions

Within the Ministry of Finance, the Central Finance and Contracting Department (CFCD) has been established as an implementing body for the first four components of IPA, and is the authority

responsible for sound financial management of projects under these components. For the Human Resources Development Component of IPA, for the beginning, until capacities of line ministries are building up on a qualitative level, CFCD shall act as a Central Operating Structure with the possibility of delegating some functions to the Heads of the IPA Units within the Ministry of Labour and Social Policy / Ministry of Education and Sciences and to the Employment Service Agency.

The CFCD has been established, staffed, equipped and functioning, although the official accreditation as the responsible body has yet to be concluded at national level by the NAO and by the EC and this is not expected to be completed until by mid 2008. Since the CFCD may start with the implementation of EU funded projects only when national accreditation and the conferral of management process by the EC are completed, at the moment CFCD is in phase of building its capacities to properly implement the EU funded projects.

CFCD consists of four separate units responsible for General Affairs and Control, Monitoring, Procurement and Contracting and Financial Management. It has the sole responsibility over the overall budgeting, tendering, contracting, payments, accounting and financial reporting aspects of the procurement of services, supplies and grants in the context of the EU funded programmes in the former Yugoslav Republic of Macedonia, in the field of the development of the human resources, as well as submission of documents to be endorsed by the Delegation of the European Commission.

As previously explained, for the beginning the CFCD will be the Operating Structure for the HRD Component of IPA, and due to this, the functions stated in Article 28 of the IPA Implementing Regulation are under the responsibility of CFCD, with a possibility of delegating some of them to the respective line ministry/ESA, but retaining the overall responsibility at CFCD.

IPA Units within line ministries as initially stated will perform only functions, delegated by CFCD. But once the Ministry of Labour and Social Policy and the Ministry of Education and Science build their own capacities, to be fully staffed and prepared, they will take over the full responsibility of the programming and implementation of the Human Resources Development component, i.e. they will act as a operating structure for the fourth component of IPA. This is expected to take place after 2010.

The Central Finance and Contracting Department, as a Central Operating Structure, will execute the following functions:

- ensuring that operations are selected for funding and approved in accordance with the criteria and mechanisms applicable to the programmes, and that they comply with the relevant Community and national rules;
- setting up procedures to ensure the retention of all documents required to ensure an adequate audit trail;
- arranging for tendering procedures, grant award procedures, the ensuing contracting, and making payments to, and recovery from, the final beneficiary;
- ensuring that all bodies involved in the implementation of operations maintain a separate accounting system or a separate accounting codification;
- ensuring that the national fund and the national authorising officer receive all necessary information on the procedures and verifications carried out in relation to expenditure;
- setting up, maintaining and updating the reporting and information system;

- carrying out verifications to ensure that the expenditure declared has actually been incurred in accordance with applicable rules, the products or services have been delivered in accordance with the approval decision, and the payment requests by the final beneficiary are correct. These verifications shall cover administrative, financial, technical and physical aspects of operations, as appropriate;

- ensuring internal audit of its different constituting bodies;
- ensuring irregularity reporting;
- ensuring compliance with the information and publicity requirements.

Within the Ministry of Labour and Social Policy / Ministry of Education and Science separate IPA Units have been established in order to support the activities for programming and actual implementation of the projects under the HRD Component. Also, with a Governmental decision, officials from the line ministries have been appointed as Heads of the operating teams for programming, responsible for driving the process of programming the EU assistance granted under IPA, within their ministries.

The IPA Unit within the **Ministry of Labour and Social Policy** with relation to the:

- **OP Priority Axis 1 - Employment – Attracting and Retaining more People in Employment, Measures: 1.1: Further development of the Employment agency and enhancement of the employment condition, 1.2: Support to the implementation of the Employment Strategy and JAP, 1.3: Combating the situation in the labour market of young people, women and long-term unemployed and 1.4: From informal to formal**
- **OP Priority Axis 3 - Social Inclusion – Promoting an Inclusive Labour Market, Measures: 3.1: Fostering social inclusion of people and areas at disadvantage, 3.2: Integration of ethnic communities and minorities and 3.3: Empowering relevant actors,**

and

The IPA Unit within the **Ministry of Education and Science** with relation to the **OP Priority Axis 2 - Education and Training – Investing in Human Capital through better Education and Skills, Measures: 2.1: Modernising the educational and training system, 2.2: Enabling access to quality education for ethnic communities and 2.3: Developing adult education and lifelong learning,**

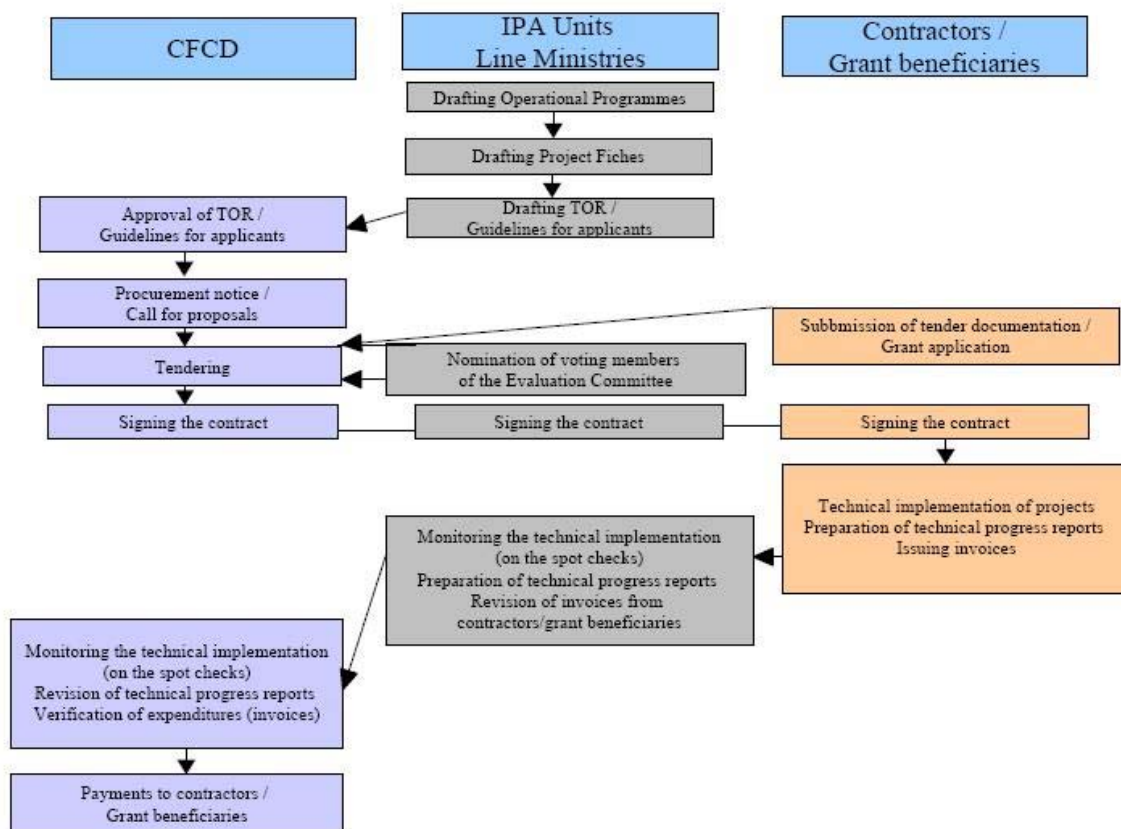
will execute the following delegated functions, although the overall responsibility remains at the CFCD:

- drafting the annual or multi-annual programmes;
- monitoring programme implementation and guiding the work of the sectoral monitoring committee as defined in Article 59, notably by providing the documents necessary for monitoring the quality of implementation of the programmes;
- drawing up the sectoral annual and final implementation reports defined in Article 61(1) and, after their examination by the sectoral monitoring committee, submitting them to the Commission, to the NIPAC and to the NAO.

CFCD is responsible for financial and administrative side of the procurement of services, supplies and grants of the programmes/projects under the HRD Component and timely implementation and execution of EU funded programmes. It shall also ensure that the EU rules, regulations and procedures pertaining to the procurement of services, supplies and grants are adhered to, and that a proper reporting system is functioning. The Head of the CFCD will advise the IPA units within the line ministries, on their request, on EU external aid implementation procedures (e.g. procurement and contracting procedures).

As one of the functions that have been delegated to the line ministries is programming the IPA, the Ministry of Labour and Social Policy and the Ministry of Education and Science are responsible for drafting the Operational Programme for HRD. After the approval, the implementation of the Programme for HRD starts and the Ministry of Labour and Social Policy and the Ministry of Education and Science (Employment Service Agency for measure 1.3 if delegated by CFCD) will prepare project proposals and Terms of references/ Guidelines for applicants for the projects foreseen. Drafted ToRs/ Guidelines for applicants are sent to the CFCD for its approval. After their administrative verification, CFCD prepares tender documentation and procurement notices/call for proposals notice and send them together with the ToR/ Guidelines for applicants to the ECD for approval. When ECD issues approval note, CFCD will conduct the tendering and contracting. For the purpose of proper tender evaluation, the Head of the CFCD will request the line ministries to nominate voting members of the Evaluation Committee. After tender evaluation, the Head of the CFCD (on behalf of the contracting authority) and the appointed official (on behalf of the final beneficiary), will sign the Contract with the most successful tendered. Then, the technical implementation of the project takes place under the responsibility of the line ministry (Employment Service Agency for measure 1.3 if delegated by CFCD) delegated by the CFCD. IPA units in the Ministry of Labour and Social Policy/ Ministry of Education and Science execute, under the responsibility of the CFCD, the implementation's monitoring of the programme and guiding the work of the sectoral monitoring committee by providing the documents necessary for monitoring the quality of implementation of the programmes. The contractor/ grant beneficiary is responsible for drafting the technical progress reports for the implementation of the project and sending them together with the invoices to the line ministry. The IPA unit in the line ministry (Employment Service Agency for measure 1.3 if delegated by CFCD) will revise these documents, conduct “on the spot” checks and checks the expenditures incurred, and send the invoices together with the progress reports to the CFCD. The CFCD will carry out verifications to ensure that the expenditure declared has actually been incurred in accordance with applicable rules, the services have been delivered in accordance with the approval decision and the payment requests by the final beneficiary are correct and execute the payments to the contractor/ grant beneficiary. The IPA Units in the line ministries also have responsibility to draw up the sectoral annual and final implementation reports and submit them to the CFCD. The CFCD will review these reports - together with the reports generated by the IPA Units projects implementation's monitoring- and, after their examination by the sectoral monitoring committee, will send them to the Commission, to the NIPAC and to the NAO.

DELEGATION OF RESPONSIBILITIES



5.1.2. SEPARATION OF FUNCTIONS

In accordance with the Article 21.2 of the IPA Implementing Regulation and with the Operational Agreements signed between the Head of the Operating Structure and the Head of the IPA Units within the Ministry of Labour and Social Policy / Ministry of Education and Science (to be signed in September 2007), the appropriate segregation of duties will be ensured between and within the designated bodies.

Separation of functions between the bodies

The separation of functions results from a division of tasks as described above.

This includes the following principles:

- there shall be a clear separation between verifications, controls, and evaluations to be carried out by the Operating Structures and by the National Fund;

- there shall be clear separation between the audits carried out by the Audit Authority and the implementation and payment procedures.

Clear division of tasks has been ensured among the designated IPA bodies. The CFCD as Operating Structure guarantees that management (programming, monitoring, evaluation, publicity & information, technical implementation), tendering, contracting and payment; and audit function are dedicated to different bodies.

Different divisions of the Operating Structure in CFCD will perform verifications, controls, and evaluations, while the National Fund shall be particularly in charge of organising the bank accounts, requesting funds from the Commission, authorising the transfer of funds received from the Commission to the CFCD, and the financial reporting to the Commission.

Moreover, a clear separation between the audits carried out by the Audit Authority and the implementation and payment procedures is guaranteed through the differentiation of the bodies responsible for executing these tasks. System level audits will be carried out by the State Audit Office, which acts as Audit Authority, internal audit units will perform audits on the implementation of the OP HRD. While audit functions will be carried out by these bodies, implementation and payment procedures will be performed by the CFCD and the IPA Management Uni.

Separation of functions within the bodies

The organizational structure of the bodies and their internal management and control procedures [*will*] take into account an adequate separation of functions. This includes the following principles:

- before an operation is authorized, the operational and financial aspects shall be verified by members of staff other than the one responsible for initiation or implementation of the operation;
- certificates of statement of expenditure shall be drawn up by the National Fund that is functionally independent from any services that approve claims;
- the initiation, the ex-ante, and the ex-post controls are separate functions, to be carried out by different persons, functionally independent from each other.

MONITORING AND EVALUATION

5.1.3. MONITORING ARRANGEMENTS

Monitoring Committees

In order to ensure coherence and coordination in the implementation of the IPA components, programmes and operations as well as to follow the progress in the implementation of IPA assistance, the following monitoring committees will be established:

1. IPA Monitoring Committee
2. Sectoral Monitoring Committees attached to components or programmes

IPA Monitoring Committee

The former Yugoslav Republic of Macedonia will establish an IPA Monitoring Committee to ensure coherence and coordination in the implementation of all five Components of IPA.

Sectoral Monitoring Committee

Strategic Co-ordinator for components III and IV, will establish a Sectoral Monitoring Committee for the Human Resources Development Programme 6 months after the entry into force of the IPA Implementing Regulation.

The Sectoral Monitoring Committee will be co-chaired by Mr Zoran Stavrevski, Strategic Co-ordinator for components III and IV and a representative of the Commission. Its member will include:

- The National IPA Coordinator or his/her representative;
- A representative of the Commission;
- A representative of the Strategic Coordinator for Components III and IV;
- Representatives of each body of the operating structure for the programme: *representatives of the Monitoring Unit within the CFCD, Ministry of Education and Science, Ministry of Labour and Social Policy, Secretariat for European Affairs;*
- The Sectoral Monitoring Committee includes representatives from the civil society and socio-economic partners, regional or national organizations with an interest in and contribution to make to the effective implementation of the programme. These are: Economic Chambers of Commerce, Craft Chamber of Commerce, Trade Union, Employers' Federations, Centre for Roma Education, The Roma Association, Adult educational and training institutions, Various civil society organisations, NGOs engaged in social and child protection (eg. ZG "Otvorete gi prozorcite", Association ESE, State Centre for Support of Mentally Disabled People - Poraka)
- The National Authorising Officer;
- A representative of the National Fund;

The composition of the Sectoral Monitoring Committee can be reviewed and extended by the Head of the Operating Structure in agreement with the Commission in order to guarantee sufficient representation and membership.

The Sectoral Monitoring Committee will be assisted by two permanent secretariats, the IPA Units within the Labour and Social Policy and the Ministry of Education and Science, as specific bodies within the operating structure, for the preparation of papers for discussion by the committee or for clearance by written procedure.

For the Priority Axis 1 - Employment – Attracting and Retaining more People in Employment and Priority Axis 3 - Social Inclusion – Promoting an Inclusive Labour Market, in the Ministry of Labour and Social Policy, within the Department for European Integration, an IPA Unit has been established. This Unit will perform the function of the Secretariat of the Sectoral Monitoring Committee for the HRD Component, for the OP Priority Axis 1 and 3, and it will assist its work by providing data for projects' realization and by preparing the sectoral annual and final reports on implementation.

For the Priority Axis 2 - Education and Training – Investing in Human Capital through better Education and Skills, in the Ministry of Education and Science, within the Department for European Integration, an IPA Unit has been established. This Unit will perform the function of the Secretariat of the Sectoral Monitoring Committee for the HRD Component, for the OP Priority Axis 2 and it will assist its work by providing data for projects' realization and by preparing the sectoral annual and final reports on implementation.

The Sectoral Monitoring Committee will report to the IPA Monitoring Committee. Its tasks will include to :

- (a) consider and approve the general criteria for selecting the operations and approve any revision of those criteria in accordance with programming needs;
- (b) review at each meeting progress towards achieving the specific targets of the operational programme on the basis of documents submitted by the operating structure;
- (c) examine at each meeting the results of implementation, particularly the achievement of the targets set for each priority axis and measures and interim evaluations, it shall carry out this monitoring by reference to the indicators agreed;
- (d) examine the sectoral annual and final reports on implementation, including OP summary tables (Annex IV);
- (e) be informed of the annual audit activity report or of the part of the report referring to the operational programme;
- (f) examine any proposal to amend the financing agreement of the programme and propose to the operating structure any revision or examination of the programme likely to make possible the attainment of the programme's objectives or to improve its management, including its financial management, as well as to oversee the cross cutting themes and publicity measures.

The Sectoral Monitoring Committee shall confirm or make proposals to the Head of the Operating Structure, to the Commission, the Strategic Co-ordinator and the National IPA Co-ordinator to revise the programme following where relevant an evaluation, including the results, output and financial indicators to be used to monitor the assistance.

The Sectoral Monitoring Committee will set up its rules of procedure in agreement with the Operating Structure and the IPA Monitoring Committee. It will meet at least twice a year and upon request by the Commission. Intermediate meetings may also be convened as required.

As a principle the Sectoral Monitoring Committee will aim to take decisions by reaching consensus.

5.1.4. MANAGEMENT INFORMATION SYSTEM

The Head of the Central Operating Structure is responsible for the efficiency and correctness of management and implementation and in particular for setting up, maintaining and updating regularly a reporting and information system to gather reliable financial and statistical information on implementation, for the monitoring indicators and for evaluation and for forwarding this data in accordance with arrangements agreed between the NIPAC and the Commission.

This system will be developed into one or several computerized system(s), in a form chosen by the Operating Structure, which will enable to:

3. monitor and manage the implementation of operations and projects, from the moment of tendering and call for proposal to the closure of the OP, in particular results whenever feasible and outputs;
4. carry out and monitor financial transactions;
5. ensure the reporting requirements on the implementation of the OP.

The Operating Structure and all other bodies involved in the implementation of the OP shall if possible have access to this system.

There is no outlined set up of the system yet. There is a plan of purchasing the Management Information System in 2008. This subject will be on the Agenda of the first meeting of the Sectoral Monitoring Committee

5.1.5. MONITORING SYSTEM AND INDICATORS

The quantitative and qualitative progress made in implementing the programme as well as its efficiency and effectiveness in relation to its objectives will be measured by the use of evaluation and monitoring indicators related to the results and outputs of the individual measures.

In identifying appropriate monitoring and evaluation indicators, account has been taken of the methodologies, guidelines and lists of examples of indicators issued by the Commission, in particular the "Indicative guidelines on evaluation methods: Monitoring and evaluation indicators" (August 2006, working document No. 2 for the programming period 2007-2013).

The Heads of the IPA Units within the Ministry of Labour and Social Policy and the Ministry of Education and Science will be responsible for programme monitoring. In this context, these Units will collect performance data (outputs, results and expenditure) from operations and projects. They will establish, maintain and update the reporting and information system by taking this project-level data and aggregate it to measure, priority axis and whole OP levels. Data on individuals who are the ultimate beneficiaries must be collected for each project and used for aggregation at measure and priority level. On this basis the IPA Units within the Ministry of Labour and Social Policy and the Ministry of Education and Science will assess the progress of the OP at each level against objectives and targets, prepare reports to the Sectoral Monitoring Committee, draft the sectoral annual and final reports on implementation and to launch interim evaluations if required.

In the context of monitoring and for the purpose of using indicators, the role of the the IPA Units within the Ministry of Labour and Social Policy and the Ministry of Education and Science will also be to ensure that:

- a) monitoring requirements are built into the calls for tender and proposals documents (application forms and guidelines for applicants);
- b) project applications (when appraised and selected) include proposed outputs and results, as well as data on individuals, that are consistent with the OP indicators for the appropriate measure;
- c) provision of data is built into the contract with beneficiaries as an obligation, and that performance data is provided systematically and in a timely manner by beneficiaries alongside the project reimbursement claim;

The sectoral annual and final reports on implementation will provide information on the use of expenditure according to the above categories.

5.1.6. SELECTION OF OPERATIONS

All service, supply and grant contracts shall be awarded and implemented in accordance with the rules for external aid contained in the Financial Regulation and in accordance with the "Practical Guide to contract procedures for EC external actions" (Practical Guide) as published on the EuropeAid website at the date of the initiation of the procurement or grant award procedure. The standard templates and models provided for in the Practical Guide shall be used in order to facilitate the application of the applicable rules.

All operations which are not major projects and which are implemented by final beneficiaries other than national public bodies shall be selected through calls for proposals.

The Operating Structure will set up a selection committee for each call for proposals launched for the selection of operations financed under a specific measure. The selection committee will appraise project applications in compliance with the selection criteria and methodologies agreed by the Sectoral Monitoring Committees and published in the call for proposals documents. The applications will first be screened for their compliance with eligibility and administrative criteria meeting the relevant eligibility requirements set out in the relevant measures (completeness, accuracy, etc) and thereafter will be evaluated according to their quality. The selection committee will then make recommendations to the operating structure, in compliance with Article 158 of the IPA Implementing Regulation. Members of the Selection Committee should be the most appropriate officials and experts with technical competence to undertake a qualitative appraisal of project applications.

Procurement (including the award of major projects) shall also follow the above mentioned contract award procedures. Tender selection committees will be established for the evaluation of service and supply tenders.

Upon request of the CFCD, the respective ministry will propose voting members of the tender selection committees for each tender evaluation. The procurement officers from CFCD will act as a

non-voting Chairperson, Secretary or Observer. Also the Head of the Operating Structure (CFCD) can participate as Chairperson in the selection committees. The respective ministry will propose voting members with relevant experience and education in order to properly perform technical and financial evaluations. The CFCD officers will provide advise and administrative support in carrying out the tender selection and ensure conformity with PRAG requirements.

5.1.7. SECTORAL ANNUAL AND FINAL REPORTS ON IMPLEMENTATION

Sectoral annual and final reports on implementation will be prepared by the the IPA Units within the Ministry of Labour and Social Policy and the Ministry of Education and Science in accordance with article 169 of the IPA Implementing Regulation. These reports will assess the implementation progress covering the attainment of set objectives, the problems encountered in managing the programme and the measures taken, the financial execution as well as monitoring and evaluation activities carried out. For the Human Resources Development Component programmes they will include an up to date OP summary table. They will be discussed at least at the second Sectoral Monitoring Committee meeting of each year.

5.1.8. EVALUATION ARRANGEMENTS

Evaluations are a tool for assessing the relevance, efficiency and effectiveness of the financial assistance as well as the impact and sustainability of the expected results. As a minimum, an ex ante evaluation and an interim evaluations will be carried out under the responsibility of the Heads of the IPA Units within the Ministry of Labour and Social Policy and the Ministry of Education and Science in accordance with the principles laid down in the IPA Implementing Regulation and guidance provided by the Commission.

The evaluation arrangements and activities of each programme will fully respect the principle of proportionality.

Types of evaluations

1. Ex ante evaluation

Under the responsibility of the European Agency for Reconstruction in Skopje, an ex ante evaluation of the Operational Programme for Human Resources Development has been carried out by Mr *Colin Ackerley / Consultant Agency IDC* and is annexed to the programme. A summary of the results of the ex-ante evaluation and the way the evaluation was conducted is set out in section 1.5.

2. Interim evaluation

During the implementation of the programme, interim evaluations complementing the monitoring of the Operational Programme for Human Resources Development will be carried out, in particular

where this monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of the programme. At any rate, evaluations should be planned to provide data on indicators agreed upon in the OP that cannot be obtained through the monitoring system. In addition, strategic evaluations or thematic evaluations can be carried out under the responsibility of the operating structure. The results will be sent to the ad-hoc committee on evaluations, to the Sectoral Monitoring Committee and to the Commission.

Evaluation function

The Heads of the IPA Units within the Ministry of Labour and Social Policy and the Ministry of Education and Science are responsible for ensuring that adequate evaluations of the operational programme are carried out. *Inside these units, adequate qualified staff members, in charge of commissioning, managing and communicating the evaluation contracts and their results will be designated.* The evaluations will be carried out by experts or bodies, internal or external, functionally independent from the management and control system

Since the Operating Structure is in the process of building its capacity, for the beginning, at least for the first three years, the evaluation will be performed by outsourced experts. Having in mind the importance of developing “in house” evaluation capacity, the operating structure will work on building its capacities throughout trainings and TA, in order to ensure a proper managing of IPA assistance.

Regarding the evaluation system, at the moment one can not be foreseen, since this activity will be outsourced. The system will be developed by the evaluators engaged, having in mind that the methodology of performing evaluation or the evaluation system proposed will be a main criteria when selecting the evaluators to be engaged.

Evaluation committee

The Sectoral Monitoring Committee should designate an ad-hoc committee to assist the operating structure in its evaluation activities. The committee members should be experts in evaluation, and, for the component IV programmes, in employment /social inclusion policies. The assistance should take place at all stages of the evaluation (guidance, planning, implementation, communication of results...). Relevant stakeholders should be able to contribute as well.

To facilitate the various evaluations, the Operating structure will organise all the necessary evaluation activities (studies, surveys) for providing indicators.

Evaluation activities and timing

According to the IPA Implementing Regulation there are two specific cases in which evaluation will be carried out:

- where the monitoring of the Operational Programme for the RD Component reveals a significant departure from the goals initially set (Article 166(2))
- when revision of the OP is proposed in the following cases: following significant socio-economic changes; in order to take greater or different account of Community or national priorities; following the annual revision of the MIPD and following implementation difficulties (Article 156 (1)).

5.2. INFORMATION AND PUBLICITY

5.2.1. INTRODUCTION

Information and publicity are important aspects of pre-accession assistance and in particular to the successful design and delivery of the operational programmes, given the partnership basis on which they are undertaken. Communicating for a successful management and implementation of the operational programmes can be broken down into a series of information and publicity activities.

Accordingly, article 62 of the IPA Implementing Regulation sets out certain requirements regarding the information to be provided and publicity of programmes and operations financed by the Community, addressed to citizens and beneficiaries with the aim of highlighting the role of Community funding and ensuring transparency.

The information to be provided by the operating structures should include inter alia the publication of the list of final beneficiaries, the names of the operations and the amount of Community funding allocated to operations. The Commission must also ensure the publication of the relevant information on tenders and contracts in the official Journal of the European Union and other relevant media and websites.

Article 63 of the IPA Implementing Regulation provides further that the Commission and the relevant authorities of the beneficiary country shall agree on a coherent set of activities, to be funded from the TA priority of the operational programme, to make available and publicise information about IPA assistance.

In accordance with the above provisions the Ministry of Finance, Central Contracting and Finance Department shall be responsible for the information and publicity activities under the programme. The information shall be addressed to the citizens of the former Yugoslav Republic of Macedonia and to European citizens in general, and to the (potential) beneficiaries. It shall aim to highlight the role of the Community and ensure that IPA assistance is transparent.

5.2.2. REQUIREMENTS

In compliance with Article 63 of the IPA Implementing Regulation the CFCD in the Ministry of Finance, as a Central Operating Structure, within its organizational structure has foreseen an Information and Publicity Officer (to be recruited), who shall prepare a communication action plan (CP) to provide a strategic coherence to the set of activities to publicise information about IPA assistance. This communication action plan shall cover the entire period 2007-2013. The Information and Publicity Officer will submit a draft of the communication action plan to the Commission within four months of the date of signature of the Financing Agreement covering the operational programme. As a minimum the communication action plan shall include the following points:

- The aims and target groups
- The strategy and content
- The indicative budget
- The administrative departments
- The criteria used for evaluation

5.2.3. ACTIVITIES

The Information and Publicity Officer, shall ensure that the information and publicity measures are implemented in accordance with the communication action plan aiming at the broadest possible media coverage using all suitable forms and methods of communication at the appropriate territorial level. The Information and Publicity Officer will be responsible for organising at least the following information and publicity measures:

- a major information activity publicizing the launch of an operational programme, even in the absence of the final version of the communication action plan;
- at least one major information activity a year, as set out in the communication action plan, presenting the achievements of the operational programme including major projects;
- the publication (electronically or otherwise) of the list of beneficiaries, the names of the operations and the amount of Community and national funding allocated to the operations

The Information and Publicity Officer shall provide potential beneficiaries with clear and detailed information on at least the following:

- the possibility of financing opportunities offered jointly by the Community and the beneficiary country through the OP;
- the conditions of eligibility to be met in order to qualify for financing under the operational programme;
- a description of the procedures for examining applications for funding and of the time periods involved;
- the criteria for selecting the operations to be financed;
- the contacts at national, regional or local level that can provide information on the operational programmes.

5.2.4. INDICATIVE BUDGET

The indicative budget for the communication action plan for the period 2007-2009 will be allocated from the TA budget, to cover the costs for the publicity and information measures. The budget allocation per years as well as the indicative amounts necessary for the period 2010-2013 will be presented in the communication action plan.

5.2.5. MANAGEMENT AND IMPLEMENTATION

Within the Ministry of Finance, in the Central Contracting and Finance Department , Information and Communications will be assigned to the Information and Publicity Officer (Assistant Head of Department). The tasks of the Information and Publicity Officer will involve supporting the head of the operating structure in the performance of the following functions and responsibilities:

- discuss the communication action plan with the Commission;
- coordinating with the information and publicity activities under other IPA funded programmes;
- communication with the media;
- elaboration, implementation and assessment of the programmes communication action plan;
- represent the programme in the relevant national and Commission information networks;
- handling enquiries from beneficiaries;
- monitoring and control on the fulfilment of the P&I requirements from the beneficiaries;
- development, production and distribution of information materials; preparation and implementation of public events;
- development and maintaining the contents of programme website;
- liaison with the IT regarding technical maintenance;
- management of out-sourced services;
- elaboration and monitoring Annual communication action plans and coordination of internal events and trainings.

Some of the information and publicity measures will almost certainly require out-sourcing for professional services (such as design and pre-print, web page, printing, advertising, photography and opinion pools). It will be the responsibility of the information and publicity team to manage such services and ensure they are contracted in accordance with public procurement rules.

5.2.6. MONITORING, EVALUATION AND REPORTING

Monitoring, evaluation and reporting are compulsory requirement for the implementation of the publicity measures included into the communication action plan of the programme.

The progress made in the implementation of the communication action plan shall be reported during the meetings of the Sectoral Monitoring Committee. The head of the Operating Structure shall inform the Sectoral Monitoring Committee of the information and communication measures carried out and the means of communication used. The Head of the Operating Structure shall provide the Sectoral Monitoring Committee with examples of communication measures carried out.

The annual and final reports on implementation of the Operational Programme shall include the following information:

- Examples of information and communication measures for the operational programme undertaken in implementation of the communication action plan;
- The arrangements for the information and publicity measures concerning the publication electronically or otherwise of the list of beneficiaries, the names of the operations and the amount of public funding allocated to the operations;
- The content of major amendments to the communication action plan.

A set of indicators for evaluation of the publicity measures will be included in the communication action plan and represent the essential part of the plan with regard to the assessment of the efficiency and effectiveness of the implemented publicity activities.

The yearly results of the qualitative and quantitative analysis will be used for the elaboration of the Annual communication action plans and if there is a need for the modification of the communication action plan.

5.2.7. PARTNERSHIP AND NETWORKING

Bodies that can act as relays for the programme and disseminate the information concerning the general public are the following:

- Professional and trade associations and organizations;
- economic and social partners;
- non-governmental organisations;
- educational institutions;
- organisations representing business;
- operators;
- information centres on Europe and Commission representations in the former Yugoslav Republic of Macedonia;

- other main stakeholders of each priority.

The operating Structure will work in close cooperation with the above-mentioned bodies for the dissemination of information regarding the programme and IPA pre-accession assistance strategy.

5.2.8. INTERNET

The CFCD website will provide data on the HRD Programme, as well as data of the other programmes and links to the IPA, ECD, DG ELARG, DG EMPL and DG REGIO websites. It will be created according to the following principles:

- **Accessibility to as many users as possible** – ensuring the site has a simple address; registering it on main search engines so it can be found easily; designing it to be viewable with low specification screens and software; ensuring it is quick to download.
- **Prioritizing fast access to rich information** – the site should be clearly organized so users can find what they are looking for quickly and easily; the information should be available as downloadable pdf documents, where possible.
- **Visual appeal** – strong visual identity through logos, use of colors etc. without limiting the clarity, speed and simplicity
- **Developing as an ongoing resource**

Interactive content, exploiting the unique strengths of websites

ANNEX 1

Below are lists of consulted stakeholders who have supported in the programming process.

List of consulted stakeholders

1. Municipality of Skopje, Tetovo and Prilep
2. Concerned service providers
3. Inspection service
4. Economic Chambers of Commerce
5. Craft Chamber of Commerce
6. Trade Union
7. Employers’ Federations
8. Centre for Roma Education
9. The Roma Association
10. Adult educational and training institutions
11. Various civil society organisations
12. Institutions and organizations active in alternative forms of social services
13. NGOs engaged in social and child protection

Supportive institutions for the programming

- 1 MLSP Departments(Dept. for Coordination and Technical Assistance to the Minister, Dept. for Social Protection, MLSP-Dept. for Child Protection)
- 2 State Statistical Office
- 3 Secretariat for European Affairs (SEA)
- 4 CFCU, Ministry of Finance (MF)
- 5 Employment Service Agency (ESA)
- 6 Ministry of Economy
- 7 Civil Servant Agency
- 8 Institute for Social Activities (ISA)
- 9 Skopje Social Work Centre
- 10 General Secretariat of the Government of the former Yugoslav Republic of Macedonia

ANNEX 2

Table 1a: Initial results of the census published on 01.12.2003

National belonging	1948	1953	1961	1971	1981	1991	1994	2002
Ethnic Macedonians	65.8%	66.0%	71.2%	69.3%	67.0%	65.3%	66.6%	64.2%
Albanians	17.1%	12.5%	13.0%	17.0%	19.8%	21.7%	22.7%	25.2%
Turks	8.3%	15.6%	9.4%	6.6%	4.5%	3.8%	4.0%	3.9%
Roma	1.7%	1.6%	1.5%	1.5%	2.3%	2.6%	2.2%	2.6%
Vlach	0.8%	0.7%	0.6%	0.4%	0.3%	0.4%	0.4%	0.5%
Serbs	2.6%	2.7%	3.0%	2.8%	2.3%	2.1%	2.1%	1.8%
Bosniacs	-	-	-	-	-	-	-	0.8%
Other	1.0%	1.0%	1.4%	2.3%	3.8%	4.1%	2.0%	1.0%

Source: State Statistical Office

Table 1b: Basic data on NUTS 3 regions in the former Yugoslav Republic of Macedonia

Territorial units	Population (2002 census)		Density (per km ²)	Area (in km ²) ¹⁷		Settlements	
	Number	%		Number	%	Number	%
The former Yugoslav Republic of Macedonia	2,022,547	100.0	78.6	25,713	100.0	1,767	100
Pelagonia region	238,136	11.8	50.5	4,717	18.3	343	19.4
Vardar region	133,180	6.6	39.3	3,392	13.0	171	9.7
North-east region	172,787	8.5	74.8	2,310	8.9	192	10.8
South-west region	221,546	10.9	66.3	3,340	12.7	286	16.2
Skopje region	578,144	28.6	318.9	1,813	7.0	142	8.0
South-east region	171,416	8.5	62.6	2,739	10.6	188	10.6
Polog region	304,125	15.0	125.9	2,416	9.6	184	10.4
East region	203,213	10.0	48.3	4,186	16.3	261	14.8

Source: State Authority for Geodetic Works of the former Yugoslav Republic of Macedonia

¹⁷ Data refer to the land surface.

Table 2: Key employment indicators (2000-2005)

	2000	2001	2002	2003	2004	2005
All						
Total population	1534256	1554420	1566954	1579450	1594557	1607997
Population aged (15-64)	1346921	1369327	1359203	1388640	1404606	1416745
Total employment	549846	599308	561341	545108	522995	545253
Employment rate (15-80)	35,8%	38,6%	35,8%	34,5%	32,8%	33,9%
Employment rate (15-24)	15,1%	17,5%	14,8%	12,1%	11,5%	0,123
Employment rate (25-54)	53,2%	55,4%	53,9%	50,7%	49,0%	0,499
Employment rate (55-64)	26,2%	27,7%	25,8%	28,40%	24,5%	0,262
Employment rate with no education	/ ¹⁸	13,4%	9,3%	10,6%	7,1%	6,7%
Employment rate with primary education not completed	/	25,6%	21,8%	19,4%	14,6%	19,2%
Employment rate with primary education	/	28,7%	24,5%	22,3%	20,4%	21,5%
Employment rate with 3 years secondary education	/	48,3%	47,1%	41,9%	38,9%	40,7%
Employment rate with 4y.secondary education	/	47,1%	45,8%	44,6%	42,3%	42,3%
Employment rate with upper education	/	58,3%	63,2%	59,5%	59,0%	58,6%
Employment rate with university education	/	69,3%	64,9%	65,4%	68,2%	66,5%
Employment rate - urban	/	36,90%	35,80%	35,00%	34,50%	35,10%
Employment rate - rural	/	41,30%	35,90%	33,70%	30,00%	32,10%
Self-employed (% in total employment)	10,5%	9,2%	10,3%	8,2%	10,2%	12,0%
Employers (% in total employment)	4,3%	6,4%	6,8%	7,6%	5,9%	5,7%
Unpaid family workers (% in total employment)	10,9%	14,4%	12,2%	11,4%	8,5%	10,4%
Part-time employment (% in total employment)	7,2%	7,0%	8,5%	6,2%	5,3%	5,0%
Employment in private sector (% in total employment)	43,9%	50,9%	52,4%	54,4%	56,7%	62,4%
Fixed-term employment (% in total employment)	10,3%	23,9%	18,1%	22,1%	/	/
Employment in services	44,2%	39,9%	42,9%	44,1%	50,4%	48,2%
Employment in agriculture	22,3%	24,9%	23,9%	22,0%	16,9%	19,6%
Employment in industry	33,5%	35,2%	33,2%	33,9%	32,7%	32,3%
Activity rate (15-80), total	52,9%	55,5%	52,6%	54,5%	52,2%	54,1%
Activity rate (15-24)	37,6	39,9%	35,6%	35,3%	32,7%	32,9%
Activity rate (25-54)	74,5%	76,6%	76,2%	76,5%	74,1%	76,2%
Activity rate (55-64)	31,3%	31,9%	31,1%	35,8%	33,7%	37,0%
Economically rate active with no education	/	20,3%	15,4%	16,6%	33,8%	33,7%
Economically rate active with primary education not completed	/	31,8%	28,7%	29,2%	42,1%	44,4%
Economically rate active with primary education	/	45,5%	42,1%	42,8%	53,6%	54,6%
Economically rate active with 3 years secondary education	/	71,4%	71,8%	71,1%	73,1%	77,6%
Economically rate active with 4y.secondary education	/	68,6%	66,5%	67,9%	70,9%	71,4%
Economically rate active with upper education	/	72,5%	75,6%	74,5%	69,6%	71,6%
Economically rate active with university education	/	83,1%	77,2%	80,7%	82,1%	79,9%

¹⁸ Data not available for the given year

Activity rate - urban	/	55,6%	53,0%	55,1%	55,6%	57,3%
Activity rate -rural	/	55,30%	52,00%	53,50%	46,80%	49,30%
Total unemployment	261711	263196	263483	315900	309286	323934
Unemployment rate (% labour force)	32,20%	30,5%	31,9%	36,7	37,2%	37,3%
Youth unemployment rate (% labour force 15-24)	59,9	56,1%	58,4%	65,7	64,8%	62,6%
Youth unemployment ratio (% population aged 15-24)	22,5%	22,4%	20,8%	23,2	21,2%	20,6%
Unemployment rate (% population aged 24-54)	28,6%	27,6%	29,2%	33,7	33,9	34,6%
Unemployment rate (% population aged 55-64)	16,3%	13,2%	17,1%	20,5%	27,3%	29,1%
Unemployment rates with no education	/	34,1%	39,3%	36,5%	50,1%	53,4%
Unemployment rates with primary education not completed	/	19,2%	24,0%	33,6%	40,2%	30,2%
Unemployment rates with primary education	/	37,0%	41,8%	48,0%	47,1%	45,8%
Unemployment rates with 3 years secondary education	/	32,3%	34,3%	41,1%	43,3%	45,6%
Unemployment rates with 4y.secondary education	/	31,4%	31,1%	34,3%	35,9%	36,6%
Unemployment rates with upper education	/	19,6%	16,3%	20,1%	17,4%	20,5%
Unemployment rates with university education	/	16,6%	15,9%	19,0%	18,6%	20,5%
Unemployment rate - urban	/	33,60%	32,60%	36,50%	37,90%	38,70%
Unemployment rate - rural	/	25,40%	30,90%	37,00%	35,80%	34,80%

	2000	2001	2002	2003	2004	2005
Male						
Total population	758922	772058	788189	791678	798134	806621
Population aged (15-64)	674176	688800	688917	705044	711808	719506
Total employment	339550	357266	342779	327283	320640	332179
Employment rate (15-80)	44,7%	46,3%	43,5%	41,3%	40,2%	41,2%
Employment rate (15-24)	18,3%	19,0%	17,7%	40,5%	13,6%	14,1%
Employment rate (25-54)	64,2%	65,0%	63,9%	58,9%	57,9%	58,9%
Employment rate (55-64)	39,4%	40,3%	37,4%	39,5%	35,6%	36,0%
Employment rate with no education	/	24,4%	17,9%	19,2%	19,8%	15,8%
Employment rate with primary education not completed	/	36,5%	33,6%	29,9%	25,4%	30,0%
Employment rate with primary education	/	36,7%	32,5%	29,7%	29,5%	30,5%
Employment rate with 3 years secondary education	/	52,1%	51,4%	46,1%	42,4%	44,3%
Employment rate with 4y.secondary education	/	51,9%	50,2%	48,2%	46,1%	46,3%
Employment rate with upper education	/	59,9%	61,5%	60,3%	55,3%	56,7%
Employment rate with university education	/	70,2%	63,2%	63,9%	67,9%	65,0%
Employment rate – urban	/	43,3%	42,1%	40,6%	39,4%	40,1%
Employment rate – rural	/	51,0%	45,7%	42,6%	41,5%	42,8%
Self-employed (% in total employment)	13,3%	12,2%	13,5%	11,2%	14,0%	16,8%
Employers (% in total employment)	5,8%	8,2%	8,6%	10,0%	7,4%	7,6%
Unpaid family workers (% in total employment)	7,4%	9,4%	7,8%	7,0%	6,4%	6,4%
Part-time employment (% in total employment)	6,5%	6,4%	7,2%	5,6%	4,6%	4,3%
Employment in private sector (% in total employment)	43,4%	48,8%	51,6%	53,0%	56,3%	61,7%
Fixed-term employment (% in total employment)	/	/	/	/	/	/
Activity rate (15-80), total	64,4%	65,6%	63,7%	65,6%	63,5%	64,9%
Activity rate (15-24)	43,7%	44,6%	42,1%	40,5%	38,6%	38,2%
Activity rate (25-54)	87,7%	88,1%	89,6%	89,3%	86,8%	88,3%
Activity rate (55-64)	48,0%	47,4%	46,7%	51,9%	51,0%	53,5%

Economically rate active with no education	/	38,6%	28,6%	31,2%	33,8%	33,7%
Economically rate active with primary education not completed	/	45,5%	45,1%	47,2%	42,1%	44,4%
Economically rate active with primary education	/	58,0%	56,3%	58,6%	53,6%	54,6%
Economically rate active with 3 years secondary education	/	75,5%	75,7%	75,2%	73,1%	77,6%
Economically rate active with 4y.secondary education	/	73,3%	71,3%	71,8%	70,9%	71,4%
Economically rate active with upper education	/	71,1%	73,7%	75,6%	69,6%	71,6%
Economically rate active with university education	/	80,7%	74,3%	76,6%	82,1%	79,9%
Activity rate – urban	/	64,0%	61,7%	63,2%	63,6%	65,1%
Activity rate –rural	/	68,2%	66,8%	69,5%	63,4%	64,5%
Total unemployment	148994	149372	159144	191850	186223	191096
Unemployment rate (% labour force)	30,5%	29,5%	31,7%	37,0%	36,7%	36,5%
Youth unemployment rate (% labour force 15-24)	58,1%	57,4%	58,1%	65,3%	64,8%	62,9
Youth unemployment ratio (% population aged 15-24)	25,4%	25,6%	24,5%	26,4%	25,0%	24
Unemployment rate (% population aged 24-54)	26,9%	26,2%	28,7%	34,1%	33,3%	33,3%
Unemployment rate (% population aged 55-64)	17,9%	15,0%	19,8%	24,0%	30,2%	32,8%
Unemployment rate with no education	/	36,8%	37,3%	38,5%	41,3%	53,0%
Unemployment rate with primary education not completed	/	19,9%	25,5%	36,7%	39,7%	32,4%
Unemployment rate with primary education	/	36,7%	42,4%	49,4%	45,0%	44,1%
Unemployment rates with 3 years secondary education	/	31,1%	32,2%	38,7%	42,0%	42,9%
Unemployment rates with 4y.secondary education	/	29,2%	29,5%	32,8%	34,9%	35,1%
Unemployment rates with upper education	/	15,7%	16,6%	20,2%	20,5%	20,8%
Unemployment rates with university education	/	13,0%	14,8%	16,6%	17,3%	18,6%
Unemployment rate – urban	/	32,3%	31,8%	35,7%	38,1%	38,5%
Unemployment rate – rural	/	25,2%	31,5%	38,7%	34,6%	33,7%

	2000	2001	2002	2003	2004	2005
Female						
Total population	775334	782363	778765	787772	796423	801376
Population aged (15-64)	672745	680528	670286	683593	692798	697238
Total employment	210297	242042	218562	217825	202355	213074
Employment rate (15-80)	27,1%	30,9%	28,1%	27,7%	25,4%	26,6%
Employment rate (15-24)	11,8	15,9%	11,6%	10,0%	9,4%	10,3
Employment rate (25-54)	42,1	45,7%	43,9%	42,2%	39,7%	40,4%
Employment rate (55-64)	14,0%	16,2%	14,7%	18,2%	14,1%	17,0%
Employment rate with no education	/	8,9%	5,8%	7,3%	3,0%	4,2%
Employment rate with primary education not completed	/	19,1%	14,7%	13,1%	8,4%	13,1%
Employment rate with primary education	/	21,3%	17,1%	15,5%	11,9%	13,2%
Employment rate with 3 years secondary education	/	41,7%	38,9%	33,7%	32,3%	33,6%
Employment rate with 4y.secondary education	/	41,5%	40,6%	40,5%	37,8%	37,6%
Employment rate with upper education	/	56,6%	65,3%	58,6%	63,5%	61,2%
Employment rate with university education	/	68,2%	67,0%	67,1%	68,6%	68,1%
Employment rate – urban	/	30,9%	29,5%	29,5%	29,7%	30,2%
Employment rate – rural	/	31,0%	25,6%	24,4%	18,2%	21,2%
Self-employed (% in total employment)	5,9%	4,8%	5,3%	3,8%	4,1%	4,6%
Employers (% in total employment)	1,8%	3,7%	4,0%	4,0%	3,4%	2,9%
Unpaid family workers (% in total employment)	16,5%	21,8%	19,2%	18,1%	12,0%	16,7%
Part-time employment (% in total employment)	8,3%	8,0%	10,4%	7,1%	6,4%	6,1%
Employment in private sector (% in total employment)	44,8%	54,0%	53,6%	56,3%	57,4%	63,5%
Fixed-term employment (% in total employment)	/	/	/	/	/	/
Activity rate (15-80), total	41,7%	45,5%	41,5%	43,4%	46,7%	49,1%
Activity rate (15-24)	31,3%	35,0%	28,3%	29,8%	26,6	27,3
Activity rate (25-54)	61,3%	64,8%	62,5%	63,1%	61,0	63,7

Activity rate (55-64)	15,8%	17,7%	16,4%	20,7%	17,5%	21,5%
Economically rate active with no education	/	12,9%	9,9%	11,1%	7,9%	9,0%
Economically rate active with primary education not completed	/	23,5%	18,8%	18,4%	14,2%	18,0%
Economically rate active with primary education	/	34,0%	28,9%	28,3%	24,5%	25,9%
Economically rate active with 3 years secondary education	/	63,9%	64,1%	63,2%	60,1%	69,4%
Economically rate active with 4y.secondary education	/	63,1%	60,8%	63,5%	60,2%	61,2%
Economically rate active with upper education	/	74,8%	77,8%	73,3%	73,9%	76,6%
Economically rate active with university education	/	86,0%	80,9%	85,7%	85,8%	87,8%
Activity rate – urban	/	47,6%	44,4%	47,3%	47,7%	49,5%
Activity rate –rural	/	41,7%	36,4%	36,6%	29,6%	33,6%
Total unemployment	112717	113825	104339	124018	123063	132838
Unemployment rate (% labour force)	34,9%	32,0%	32,3%	36,3%	37,8%	38,4%
Youth unemployment rate (% labour force 15-24)	62,4%	54,5%	58,8%	66,3%	64,7%	62,2%
Youth unemployment ratio (% population aged 15-24)	19,5%	19,1%	16,7%	20,9%	17,2%	17,0%
Unemployment rate (% population aged 24-54)	31,2%	29,6%	29,8%	33,2%	35,0%	36,5%
Unemployment rate (% population aged 55-64)	/	8,6	10,1	12,3	19,4	20,7
Unemployment rate with no education	/	31,0	41,8	34,3	62,6	53,7
Unemployment rate with primary education not completed	/	18,5	21,8	28,9	41,0	27,1
Unemployment rate with primary education	/	37,4	40,8	45,2	51,4	49,1
Unemployment rate with 3 years secondary education	/	34,8	39,4	46,7	46,1	51,6
Unemployment rate with 4y.secondary education	/	34,3	33,3	36,2	37,2	38,6
Unemployment rate with upper education	/	23,5	16,0	20,1	13,8	20,0
Unemployment rate with university education	/	20,6	17,2	21,7	20,1	22,4
Unemployment rate – urban	/	35,1%	33,6%	37,5%	37,6%	39,0%
Unemployment rate – rural	/	25,7%	29,6%	33,4%	38,4%	37,0%

Table 3: Key employment indicators by ethnic communities 2002

	Activity rate			Employment rate			Unemployment rate			Inactivity rate		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Ethnic												
Macedonians	53,5%	61,7%	45,5%	36,4%	43,2%	29,7%	32,0%	29,9%	34,7%	46,5%	38,3%	54,5%
Albanians	29,3%	48,5%	10,6%	11,4%	20,1%	2,9%	61,2%	58,6%	72,9%	70,7%	51,5%	89,4%
Turks	38,1%	57,0%	19,2%	15,9%	26,0%	5,8%	58,2%	54,3%	69,7%	61,9%	43,0%	80,8%
Romas	47,6%	60,3%	34,7%	10,2%	14,9%	5,5%	78,5%	75,2%	84,1%	52,4%	39,7%	65,3%
Vlachs	48,3%	54,0%	41,8%	36,1%	40,0%	31,6%	25,3%	25,9%	24,4%	51,7%	46,0%	58,2%
Serbs	47,3%	57,7%	36,3%	32,7%	40,9%	24,1%	30,9%	29,2%	33,7%	52,7%	42,3%	63,7%
Bosniacs	43,4%	57,2%	29,6%	17,2%	24,5%	9,9%	60,3%	57,2%	66,4%	56,6%	42,8%	70,4%
Others	43,4%	55,7%	33,1%	25,7%	33,8%	18,9%	40,8%	39,3%	42,9%	56,6%	44,3%	66,9%
Total	47,2%	58,4%	36,1%	29,2%	36,6%	22,0%	38,1%	37,4%	39,1%	52,8%	41,6%	63,9%

Source: Population Census 2002, own calculations

Table 4: Unemployment by duration

	Total	Percentage	Men	Percentage	Women	Percentage
To 1 month	6,490	2.00%	4,155	2.20%	2,336	1.80%
2-5 months	16,613	5.10%	10,044	5.30%	6,569	4.90%
6-11 months	19,843	6.10%	10,995	5.80%	8,848	6.70%
12-17 months	19,476	6.00%	12,215	6.40%	7,261	5.50%
18-23 months	16,017	4.90%	9,780	5.10%	6,237	4.70%

2 years	2,960	0.90%	2,071	1.10%	0,889	0.70%
3 years	30,710	9.50%	19,600	10.30%	11,109	8.40%
4 years	211,825	65.40%	122,237	64.00%	89,588	67.40%
Total	323,934	100%	191,096	100%	132,838	100%

Source: State Statistical Office, Census of population, 2002

Table 5: Key employment indicators by region 2002

	Participation rate	Employment rate	Unemployment rate
Pelagonia	53.30%	32.10%	39.90%
Vardar	52.50%	29.4%	43.90%
North-East	45.20%	23.2%	48.60%
South-West	41.90%	24.00%	42.40%
Skopje	48.50%	33.80%	30.4%
South-East	56.50%	37.10%	34.40%
Polog	32.60%	16.4%	49.90%
East	51.00%	33.40%	49.00%
National average	47.20%	29.20%	38.10%

Table 6: Students at different educational levels by ethnic affiliation and gender

School year	Ethnic Macedonians		Albanians		Turks		Roma	
	<i>Total</i>	<i>Proportion of girls</i>	<i>Total</i>	<i>Proportion of girls</i>	<i>Total</i>	<i>Proportion of girls</i>	<i>Total</i>	<i>Proportion of girls</i>
Regular primary and lower secondary school								
1999/2000	146558	48.6%	77442	48.1%	10760	47.5%	7757	46.3%
2000/2001	142116	48.6%	76225	48.3%	10453	47.1%	7970	48.1%
2001/2002	139267	48.7%	76891	48.7%	10220	47.1%	7868	47.5%
Regular upper secondary school								
1999/2000	69844	51.0%	14823	41.1%	1545	36.8%	447	39.8%
2000/2001	69991	50.8%	15718	42.1%	1665	38.0%	499	43.3%
2001/2002	69783	50.7%	16691	43.8%	1785	42.3%	569	37.4%

Source: Country Review of the employment policy in the former Yugoslav Republic of Macedonia, ILO, 2006

Table 7: Vertical Progress of one Generation 1991/92

	<i>1991/92</i>	<i>1995/96</i>	<i>1998/99</i>	<i>1999/2000</i>	<i>2002/2003</i>
	Enrolled in first grade	Enrolled in fifth grade	Finished prim. education	Enrolled in first year of second. Education	Finished second. education
Number	34,406	32,866	30,389	26,614	23,851
%	100%	95.52%	88.32%	77.35%	69.03%

Source: State Statistical Office

Table 8: Rate of enrolment in secondary education (from those who have finished primary education)

1999/2000	2000/01	2001/02	2002/03	2003/04
87.58%	86.05%	84.87%	86.88%	88.09%

Source: The State Statistical Office

Table 9: Rate of Finishing Secondary Education (from those enrolled in first year before four years)

1999/2000	2000/01	2001/02	2002/03	2003/04
87.41%	90.61%	89.11%	91.26%	93.53%

Source: State Statistical Office

Table 10: Number of students by ethnic groups who finish primary education

	1997/98			2002/2003		
	Total	Girls	Girls %	Total	Girls	Girls %
Total	30,741	14,861	48.34%	30,095	14,527	48.27%
Ethnic Macedonians	20,308	9,956	49.07%	18,380	8,996	48.94%
Albanians	7,908	3,878	49.04%	8,869	4,229	47.68%
Turks	1,011	386	38.18%	1,147	511	44.55%
Roma	385	144	37.40%	627	313	49.92%
Serbs	372	148	39.78%	348	150	43.10%
Vlachs	60	23	38.33%	63	25	39.68%
Others	697	316	45.34%	661	303	45.84%

Source: Statistical Office

Table 11 Number of students by ethnic groups who finish secondary education

	1997/98			2002/2003		
	Total	Girls	Girls %	Total	Girls	Girls%
Total	19,790	9,587	48.44%	23,851	11,590	48.59%
Ethnic Macedonians	16,427	8,377	51.00%	18,261	9,344	51.17%
Albanians	2,321	835	35.98%	4,222	1,724	40.83%
Turks	316	90	35.98%	396	166	41.92%
Roman	72	33	45.53%	140	48	34.29%
Serbs	316	133	42.09%	339	131	38.64%
Vlachs	72	33	45.83%	70	32	45.71%
Others	266	86	32.33%	423	145	34.28%

Source: State Statistical Office

Table 12 Number of students who finish graduate studies by ethnic groups

	1997/98			2002/2003		
	Total	Girls	Girls %	Total	Girls	Girls%
Total	3,043	1,632	53.6%	3,603	2,231	61.9%
Ethnic Macedonians	2,784	1,527	54.8%	3,245	2,050	63.2%

Albanians	100	40	40.0%	172	82	47.7%
Turks	18	7	38.9%	30	15	50.0%
Roma	3	1	33.3%	8	2	25.0%
Serbs	70	29	41.4%	58	32	55.2%
Vlachs	24	10	41.7%	37	22	59.5%
Others	44	18	40.9%	53	28	50.9%

Source: State Statistical Office

Table 13: Relative Poverty in the former Yugoslav Republic of Macedonia by Regions (1997-2000)

	Head count index (Poverty Rate)			
	1997	1998	1999	2000
Skopje	12.5%	13.9%	22.3%	22%
Urban	20.3%	21.5%	18%	18.8%
Rural	23.3%	25.7%	23.4%	27.2%
Total	19%	20.7%	21%	22.3%

Source: State Statistics Bureau, Statistical release No. 4, 1, 1, 51

Table 14: Relative Poverty in the former Yugoslav Republic of Macedonia by Regions and Education (1997)

Education	Skopje	Urban	Rural	Total
Total	12.5%	20.3%	23.4%	19.0%
Without education	46.7%	20.0%	34.2%	34.9%
Uncompleted primary education	27.3%	32.4%	24.6%	26.6%
Primary education	21.3%	36.8%	23.5%	28.0%
Secondary education	7.9%	13.4%	12.7%	11.2%
Higher education	-	8.8%	4.0%	8.2%
University education	-	2.6%	-	1.3%

Source: State Statistics Bureau

Table 15: Relative Poverty in the former Yugoslav Republic of Macedonia by Regions and Education (2000)

Education	Head count index (Poverty Rate)			
	Skopje	Urban	Rural	Total
Total	22.0%	18.8%	27.2%	22.3%
Without education	64.3%	62.5%	41.9%	52.5%
Uncompleted primary Education	39.1%	38.3%	32.7%	35.3%
Primary education	39.1%	22.3%	35.1%	31.9%
Secondary education	16.4%	9.4%	9.1%	12.1%
Higher education	-	5.7%	4.3%	62.0%
University education	2.0%	2.9%	2.0%	3.4%

Source: State Statistics Bureau

Table 16: Recorded Street Children

Total number of registered street children		459
Total number of children who visit the Daily Centre		290
Gender	Male	148
	Female	142
Age	4 – 9	143
	10 – 14	147
Family status:		
- with both parents		203
- with single parent		63
- with relative		10
- with guardian		5
- with institution		9
Family social status:		
- 1 parent employed		6 households
- SW beneficiaries		37 households
- not SW beneficiaries		57 households
- PFS users, child allowance, custody support		6
- pension beneficiaries		1
Children’s educational status		
- primary education completed		7
- primary education not-completed		27
- included in the educational system		27
- not included in the educational system/kinder gardens		229
Children’s personal documents		
- registered in the birth certificate book record/citizenship		93
- health security card		53
Street children’s most common behavior		
- beggary		168
- old paper/iron collection		63
- car screen wiping		35
- tiny objects resale		8
- other		16

Table 17: Annual Report on Family Violence 2006

New recorded cases:	762	
Work with old cases:	33	
Resolved cases:	50	
Withdrawn cases:	8	
Nationality		
Ethnic Macedonians	389	
Albanians	65	
Roma	56	
Others	34	
Not declared	219	
Age / gender structure		
Adults	Women	682
	Men	33
Minors		37
- S.O.S.		65

- submission in CSW	441	
- criminal charge by MI	151	
- submission by healthcare organization	151	
- submission by public institution or person	28	
Interventions:		
- psycho-social intervention	768	
- legal advice	218	
- referring to appropriate institution	35	
- police intervention	19	
- cases brought to court	49	
- imposed measures	25	
- social welfare	2	
- single financial support	67	
- accomplished right to health Protection	2	
- other interventions	35	
Accommodation in shelter	Women	60
	Children	55
	Total	115

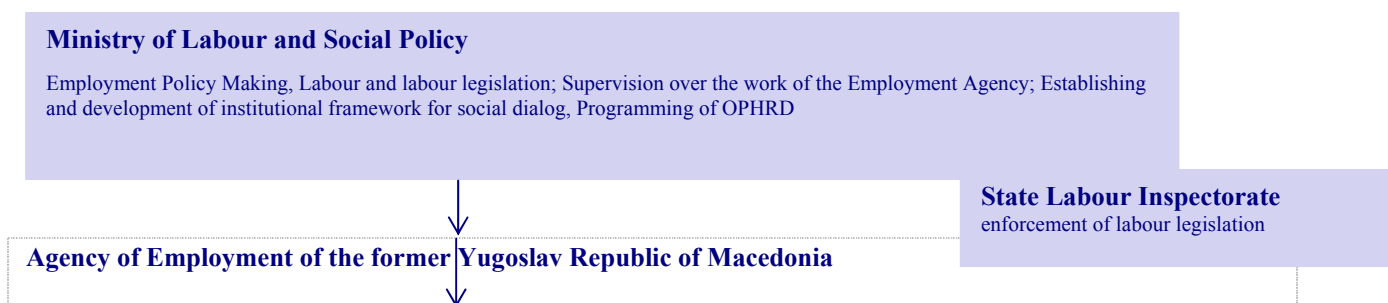
Table 18: Annual Report for Drug-users 2006

New recorded cases:	170	
Work with old cases:	191	
Nationality		
- Ethnic Macedonians	75	
- Albanians	13	
- Roma	9	
- others	7	
- not declared	66	
Age / gender structure		
Adults	Women	6
	Men	32
Minors		9
Unknown age/gender structure		123
Accomplished right to social protection		
- Social welfare	39	
- Single financial support	31	
- Right to permanent financial support	21	
Submission:		
- self-initiative	42	
- submission by other person	12	
- criminal charge by the MI	34	
- submission by Healthcare Service	13	
- submission by other institution	1	
Activities:		
- Individual work with the user	111	
- Group work	88	
- Work with family	123	
- Contact with the MI	85	
- Contact with Healthcare Service	79	

- Contact with schools	10
- Contact with NGO	58
- Contact with other institutions	45

ANNEX III

1.a. Institutional Setting/structure of the Employment System in the former Yugoslav Republic of Macedonia



Central Office of the Agency of Employment of the former Yugoslav Republic of Macedonia

- Research, monitoring and analyzing occurrences and movements in the labour market, skill mismatch analysis
- Recording of the employers and their requirements for employment of workers
- Recording of unemployed persons in proportion to their qualifications, knowledge and experience
- Providing special employment services to unemployed disabled persons
- Providing mobility of the labour force



Employment centres (30)

- Registration of unemployed;
- Job exchange, advising, profession orientation;
- Payment of unemployment benefit

Stakeholders (other state bodies, LSU, social partners, NGOs, Training centres, Service providers)

1.b. The main tasks or functions of the Employment Agency are as follows:

- Research, monitoring and analyzing occurrences and movements in the labour market
- Providing information to the employer and to the unemployed persons concerning labour market.
- Establishing and maintaining good relations and cooperation between the Employment Agency and employers and decision makers deciding on the employment selection.
- Providing specious and professional mobility of the labour force due to reconciliation of the balance between the offer and demand of the labour force in the former Yugoslav Republic of Macedonia.
- Recording of the employers and their requirements for employment of workers.
- Receipt of offers concerning vacant job positions from employers
- Identification of employers’ requirements in line with the indicated needs for workers.
- Assistance to employers in employing unemployed persons under favorable conditions.
- Recording of unemployed persons in proportion to their qualifications, knowledge and experience.
- Assessment of the employer’s requirements in relation with unemployed persons’ qualification, knowledge and experience.
- Designation of unemployed persons to training, re-training and advanced training for employment.
- Professional orientation to unemployed and other persons for the purpose of vocation or employment selection through testing and interview.
- Providing special employment services to unemployed disabled persons.
- Monitoring unrealized requirements with employers indicated by workers.
- Providing rights in view of insurance in case of unemployment.

ANNEX IV

Priority 1: Employment – Attracting and Retaining more People in Employment

- Further strengthening of the capacities of the EARM which should contribute towards efficient implementation of the NAPE.
- Implementation of active employment measures to facilitate the integration in the labour market of unemployed persons, specifically the following groups: young, elderly (55 and over), women, long-term unemployed and minorities.
- Activities and measures to support the transfer from the informal into formal *employment*

Measure 1.1: Further development of the Employment agency and enhancement of the employment conditions

Specific objectives	Results indicators		Main types of operations	Output indicators	
<ul style="list-style-type: none"> • To improve the quality, efficiency and effect of the services provided by the Employment Agency with a view of reducing unemployment and preventing that people in employment get unemployed. 	% of employees fully supported by up to date IT system	Target 80%	<ul style="list-style-type: none"> • Developing software for the EARM (web based application for EARM) and networking of all employment centres; • Procurement of hardware for local employment centres within the limits set by the IPA implementing regulation; • Providing training of the employees in the local employment centres upgrading their skills and knowledge in the area of provision of labour market services; • Strengthening the capacity of the employees within the ESA for monitoring and evaluation of the effects from the implementation of the labour market services; • Development of a sustainable system for monitoring and evaluation of the effects from implementation of the active employment measures. 	Development of integrated software	Target 1
	% of employees who successfully passed the training	90%		No of trained employees in the Employment Centres dealing with active labour markets measures	460

Priority 1: Employment – Attracting and Retaining more People in Employment					
Measure 1.2: Support to the implementation of the Employment Strategy and JAP					
Specific objectives	Results indicators		Main types of operations	Output indicators	
		Target			Target
<ul style="list-style-type: none"> Strengthening the capacity of bodies, institutions and social partners in the area of creating and managing policies for employment in addition to implementing and monitoring the Employment Strategy. Development and enhancement of a social dialogue between the labour market parties. 	Strengthened and enhanced capacities for implementation, monitoring and evaluation of the employment policies	80%	<ul style="list-style-type: none"> Development of local action plans for employment (pilot projects for three municipalities); Introduction of longer term forecasting of the labour market development to improve the matching of the educational system and the labour market; Capacity building of structures, bodies and social partners for implementation, evaluation and monitoring of National Employment Strategy and National employment plan; Strengthening the capacity of the bodies and institutions competent for implementation of the National Employment Strategy and National Action Plan for Employment (policy and programmes development, monitoring and evaluation, reporting); Strengthening and enhancing the capacities for realization of a social dialogue on bi- and tripartite level; Strengthening and enhancing the process of collective negotiation on the three levels of collective agreement (on employer, branch and national level); Organizing workshops for the persons 	Deployed pilot projects for development of local action plans for employment	3
	Strengthened and enhanced capacities in relation to social dialogue	80%		Number of trained persons in relation to employment policies	300
				Trained persons in relation to social dialogue	150

Multi-annual Operational Programme “Human Resource Development” 2007-13, IPA Component IV

			involved in the social dialog on national and local level including foreign experts and exchange of experiences and practices with EU member states;		
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Priority 1: Employment – Attracting and Retaining more People in Employment					
Measure 1.3: Combating the situation in the labour market of young people, women and long-term unemployed					
Specific objectives	Results indicators		Main types of operations	Output indicators	
		Target			Target
<ul style="list-style-type: none"> Integrating young people in the labour market. Reducing and preventing long-term unemployed (over 4 years). Increasing women's employment rate. 	Total number of employed young persons up to 27 years of age in employment 30 months after the completion of the first employment support programme activity, 60% women; 30% minorities	800	<ul style="list-style-type: none"> Support to the first employment of young persons up to the age of 27; Incentive of practice of young unemployed persons with completed secondary and university education lacking working experience for the purpose of enhancing their skills and preparedness for employment; Support to self-employment (family business) to long-term unemployed persons and unemployed women; Provide trainings for long-term unemployed adults (men and women) in skills which are highly demanded in the labour market but there is an insufficient supply; 	Number of young persons involved in the programmes “First employment support for young people up to 27 years of age”, of which: 60% women; 30% minorities	2200
	Successfully running businesses two years after the activity	30%		Young persons with completed high and university education included in the Programmes for improvement of skills and employability, 60% of the total number of beneficiaries should be women; 30% minorities	2400
	Employed people after completion of trainings, 60% women;	30%		Persons who use the incentives for self-employment, 60% of the total number of beneficiaries should be women	450
				Long-term unemployed involved in the Training programmes for re-entry in the labour market, Of the total number of participants 60% will be women; 20% elderly persons (55 years of age and over)	1000

Priority 1: Employment – Attracting and Retaining more People in Employment					
Measure 1.4: From Informal to Formal					
Specific objectives	Results indicators		Main types of operations	Output indicators	
To decrease the number of persons engaged in the grey economy and thus contribute to increase the level of formal employment and the overall economic development of the former Yugoslav Republic of Macedonia.	LI networked and fully operational	Target	<ul style="list-style-type: none"> Public campaign “Stop to informal economy”; Counselling services for registration of businesses and on-going temporary administrative support; Involvement of social partners; Survey on undeclared work; Strengthening the capacity of inspection services; 	Setting up an IT system in Labour Inspectorate	Target
		80%		1	
	Percentage of successfully running businesses 1 years after completion of the temporary administrative support	50%		Percentage of identified unregistered business who become registered	30%

Priority 2: Education and Training – Investing in Human Capital through better Education and Skill

- Linking VET schools with business partners and modernise the two and three years vocational education.
- Support the integration of ethnic communities in the educational system, e.g. the Roma population and Albanians.
- To create a national coordinative body for adult education activities and pilot the development of programmes for adult education, literacy and fulfilment of elementary education for excluded.

Measure 2.1: Modernising the Educational and Training System

Specific objectives	Results indicators	Main types of operations	Output indicators
<ul style="list-style-type: none"> • To support modernization of the educational system and training in three year vocational education. • To support modernization of the educational and training system in two year vocational education. • To assist the process of linking the vocational education and training schools with business partners. 	3 and 2 years VET schools introducing modern curricula according to the labour market needs Continuing cooperation of the VET schools with the business community	<ul style="list-style-type: none"> • Support to the social partners for cooperation with the vocational education schools; • Preparation of standards for vocational qualification; • Reform of the curricula in accordance to the labour market needs; • Linking the two year vocational education with the continuing of education, i.e. supplementing it to the lifelong learning; • Training of the teachers of vocational training; • Training of participants (lecturers) in the education system from the social partners; • Purchase and update of the teaching equipment for vocational training; • Training / information activities for the social partners (comment: I think the suggested new 	Total number of trained trainers from 3 and 2 years VET Schools and trained participants (lecturers) from the business partners
			Target 13 schools
	50		Number of adopted reformed curricula according to the labour market needs in the 3 and 2 years VET Schools.
			Number of Working groups established for reform of the curricula
			Number of adopted standards for vocational qualifications
			Number of cooperation agreements signed between VET schools and business partners
			Target 12 12 25 108

			wording could fit better the type of envisaged actions).		
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Priority 2: Education and Training – Investing in Human Capital through better Education and Skills

Measure 2.2: Enabling access to Quality Education for Ethnic Communities

Specific objectives	Results indicators		Main types of operations	Output indicators	
<ul style="list-style-type: none"> To support integration of Roma population in educational system To support integration of other ethnic communities, including Albanians 	Multi-ethnic schools introducing reformed curricula adaptable for multi-ethnic environment	Target	<ul style="list-style-type: none"> Training of the teachers and directors of schools; Training of the parents of the Roma and other communities children; Updating the curricula with elements for inter-cultural education; Introduction of innovative programmes for education and training; Financial support to the parents of the Roma and other communities children; Supplying the Roma pupils with necessary books and literature; Implementation of programmes for inclusion of the Roma children and other ethnic communities in the educational system; Public awareness conferences; 	Total number of trained teachers, directors of schools	Target
	Percentage of children attending the next year of school from the assisted Roma families	10		Number of Roma families assisted	50
	Continuing cooperation with the parents of the Roma children	50%		Adopted reformed curricula with inter-cultural education and innovative programme	10
		50			

Priority 2: Education and Training – Investing in Human Capital through better Education and Skills					
Measure 2.3: Developing adult education and lifelong learning					
Specific objectives	Results indicators		Main types of operations	Output indicators	
		Target			Target
<ul style="list-style-type: none"> To achieve a systemic approach to adult education and the coordination of activities at national level through the creation of a coordinative body for adult education activities. Development of adult education. Fostering of a programme for literacy and the fulfilment of elementary education for excluded persons. 	Coordinative body for Adult Education set up and functioning	1	<ul style="list-style-type: none"> Establishment of a Coordinative Body for Adult Education Activities; Functioning of a Coordinative Body for Adult Education Activities; Development of Programme for Adult Education; Development of Programme for literacy and fulfilment of elementary education for excluded persons; 	Training carried out for new members of a Coordinative body for Adult Education activities	10
	Number of developed programmes successfully tested	6		Number of developed and tested programmes for adult education	6
	Number of pilot programmes for literacy and fulfilment of elementary education developed and tested in 3 municipalities.	6		Number of developed and tested programmes for literacy and fulfilment of elementary education	6

Priority 3: Social Inclusion – Promoting an Inclusive Labour Market

- To facilitate integration of people at disadvantage in employment through strengthening their employment potentials or through subsidised employment;
- To provide appropriate (hands-on) training to the experts working with vulnerable groups, on central and local level;
- To enhance active participation of the civil society, including NGOs, (Non-for-Profit-Type) and social partners in the implementation of social inclusion policies; and to develop the capacity of the civil society to be a part of the decision-making process, as well as its capacity to contribute effectively in the networking and project management skills.

Measure 3.1: Fostering social inclusion of people and areas at disadvantage

Specific objectives	Results indicators	Main types of operations	Output indicators
<ul style="list-style-type: none"> • To improve the efficiency of social services in respect of promoting social inclusion of vulnerable groups by training professionals and volunteers who work in the field of security and social services. • To improve the quality of the services provided by care institutions which are engaged in promoting qualitative balances between home and work. • To strengthen the cooperation between social service providers and employment agencies • To increase the involvement and activation of persons at risk of social exclusion with the aim to 	<ul style="list-style-type: none"> Increased efficiency of social services providers Improvement of social service delivery to beneficiaries 	<ul style="list-style-type: none"> • Training on enhancing professional knowledge and skills in order to facilitate adjustment to new methods and approaches; • Training on psychosocial support, supervision, conflict resolution; • Facilitating cooperation and coordination with other service providers in the area of employment and education; • Creating training programmes, requirement assessment, programme analysis, methodology creation • Identifying and transferring good practices which promote integration of vulnerable groups in the labour market through support provided by social services • Training to professionals from other areas connected to target groups from the area social, police, education, health care areas; • Training to professionals working in institutions and organizations which provide care services and which promote professional and family life enhancement; 	<p>No of trained professionals in relation to social and child care protection</p> <p>No of programs developed for facilitation cooperation, and identification of good practices</p>
			<p>Target</p> <p>To be determined on the basis of study</p>

recover and/or improve their key skills, education, qualification and retraining and to facilitate their access to the mainstream activities			<ul style="list-style-type: none">• Training concerning skills for use of information technologies;○ Creating shared database;		
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Priority 3: Social Inclusion – Promoting an Inclusive Labour Market					
Measure 3.2 Integration of minorities					
Specific objectives	Results indicators		Main types of operations	Output indicators	
		Target			Target
<ul style="list-style-type: none"> Facilitating integration of the Roma representatives excluded from the labour market through enhancement and strengthening their employment potentials. Introducing specific employment services through enabling training created in line with individual needs and conditions (including language issue), of the Roma and Albanians and Turk women Training of professionals and volunteers that work with Roma population. 	% of persons enhanced by ethnic and gender	50% persons participating in the programme	<ul style="list-style-type: none"> Identification, involvement and motivation of the target groups; Entry or re-entry into training and development schemes and/or assistance in finding employment; Alternative training coupled with employment; On-the-job training, skills training, and catching-up training; Basic skills development, ICT skills development; Development and introduction of teaching materials and methodologies tailored to specific target groups; Training of employees in NGOs which realize programs, incentive and strengthening cooperation and their joint cooperation; Alternative employment services (assessment and development of skills and abilities; assistance in finding employment and integration in the labor market; consultation, job-matching, work trial); Elaboration and implementation of personal development programs (including the 	No of training programmes and projects	3
				No of trainees	30
				No of Albanian and Roma women assisted	120
				No of persons supported	300

			<p>improvement of physical and mental condition, reinforcement of motivation to learn and work, development of key competencies and basic knowledge);</p> <ul style="list-style-type: none">• Collection of data and monitoring the situation with regard to achieved results concerning intensification of employment of these groups;• Anti-discrimination activities (awareness raising)		
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Priority 3: Social Inclusion – Promoting an Inclusive Labour Market					
Measure 3.3: Empowering relevant actors					
Specific objectives	Results indicators		Main types of operations	Output indicators	
<ul style="list-style-type: none"> Enhancing involvement and active participation of the civil society, including NGOs and social partners in the decision-making process and in the implementation of social inclusion policies, also by improving their networking and project management skills. Increase the involvement and the capacity of local entities dealing with social inclusion programmes through specific trainings for social services delivering. 	Satisfactory evaluated training programmes	Target	<ul style="list-style-type: none"> Trainings for capacity building of NGOs active in the area provision of social services, particularly in three regions where OP is supposed to be performed; Capacity building of 3 Roma' NGOs in three regions where OP is supposed to be performed; Capacity building of Albanians women associations on topics (issues) regarding assisting Albanian women to get involved in labour market; Development and introduction of teaching materials and methodologies tailored to specific target groups, on languages speaking in 3 regions; Capacity building of local authorities in preparation of action plans for social inclusion within municipalities in 3 regions where the pilot projects will be performed; Building up networks of ethnic-mixed NGOs; Establishment partnerships with governmental institutions with aim to provide better service delivery; 	No of people trained in NGOs No of trained people from local self governments	Target
		Satisfactory			60

Priority 4: Technical Assistance

- To provide TA to the operating structure of OPHRD within the areas of preparatory, management, monitoring, evaluation, information and control activities for implementation of the OP.

Measure 4.1: Support to the Implementation of OPHRD

Specific objectives	Results indicators	Main types of operations	Output indicators
<ul style="list-style-type: none"> • To strengthen the capacity of the operating structure for OP HRD within the areas of preparatory, management, monitoring, evaluation, information and 	% funding consumption	<ul style="list-style-type: none"> • Preparation of Programmes for training on the management of IPA component IV activities of CFCU, UCI, MLSP and UCI, MESM; 	No of people trained by institutions

<p>control activities for the OP implementation.</p>			<ul style="list-style-type: none"> • Preparation, organization and carrying out of trainings and study tours for strengthening the capacity of CFCU, UCI, MLSP and UCI, MES in managing IPA component IV activities; • Support for projects preparations; • Preparing application guidelines and informing potential beneficiaries; • Developing procedures for analysing and selection of proposals; • Assessment of submitted proposals; • Developing an implementation reporting and monitoring system; • Collecting and analysing monitoring data; • Financing operations of the Sectoral Monitoring Committee (secretarial services, preparation of documents, training of Sectoral Monitoring Committee members, other relevant expenditures for efficient functioning of the Sectoral Monitoring Committee; • Evaluations of the OP HRD; • Development of communication action plan; • Preparation and delivery of publicity and information strategy; • Development of communication action plan; 		
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			<ul style="list-style-type: none">• Assistance in the revision and update of the OP;• Studies, considered by the Sectoral Monitoring Committee as necessary for the successful implementation of priorities and measures;• Research and studies necessary for the best execution of the programme;• Development of comprehensive strategy for management information system;• Development of business processes and user requirements (SRS – software requirements specifications).		
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ANNEX A

(taken from the draft Framework Agreement)

Allocation of functions and common responsibilities to the structures, authorities and bodies in accordance with Article 10 of the Framework Agreement between the Commission and the Beneficiary of (date)

Preliminary remark:

This list shows the main functions and common responsibilities of the structures, authorities and bodies concerned. It is not to be considered exhaustive. It supplements the core part of this Framework Agreement.

1) The Competent Accrediting Officer (CAO):

- a) The CAO shall be appointed by the Beneficiary. He shall be a high-ranking official in the government or the state administration of (*country*).
- b) The CAO shall be responsible for issuing, monitoring and suspending or withdrawing the accreditation of the national authorising officer (NAO) both
 - as the head of the national fund bearing overall responsibility for the financial management of EU funds in (*country*) and being responsible for the legality and regularity of the underlying transactions;
 - with regard to the NAO's capacity to fulfill the responsibilities for the effective functioning of management and control systems under IPA.

The accreditation of the NAO shall also cover the national fund (NF).

The CAO shall notify the Commission of the accreditation of the NAO and shall inform the Commission of any changes regarding the accreditation of the NAO. This includes the provision of all relevant supporting information required by the Commission.

- c) Prior to accrediting the NAO, the CAO shall satisfy himself that the applicable requirements set out in Article 11 of the IPA Implementing Rules are fulfilled. This includes the verification of the compliance of the management and control system set up by the Beneficiary for effective controls in at least the areas set out in the Annex to the IPA Implementing Regulation (accreditation criteria). This annex provides for the following overall requirements:
 - Control environment (establishment and management of the organisation and the staff) comprising ethics and integrity policies, irregularity management and reporting, staff planning, recruitment, training and appraisal including sensitive post management, sensitive functions and conflicts of interest, establishment of legal bases for bodies and individuals, formal establishment of accountability, responsibility, delegated responsibility and any necessary related authority for all tasks and positions throughout the organisation);
 - Planning and risk management comprising risk identification, assessment and management, objective setting and allocation of resources against objectives, planning of the implementation process;
 - Control activities (implementation of interventions) comprising verification procedures, procedures for supervision by accountable management of tasks delegated to subordinates, including annual statements of assurance from subordinate actors, rules for each type of procurement and calls for proposals, procedures including checklists for each step of procurement and calls for proposals, rules and procedures on publicity, payment

procedures, procedures for monitoring the delivery of co-financing, budgetary procedures to ensure the availability of funds, procedures for continuity of operations, accounting procedures, reconciliation procedures, reporting of exceptions, amongst others exceptions to normal procedures approved at appropriate level, unapproved exceptions and control failures whenever identified, security procedures, archiving procedures, segregation of duties and reporting of internal control weaknesses;

- Monitoring activities (supervision of interventions), comprising internal audit with handling of audit reports and recommendations, evaluations;
- Communication (ensuring all actors receive information necessary to fulfil their role) comprising the regular coordination meetings between different bodies to exchange information on all aspects of planning and implementation and the regular reporting at all appropriate levels on efficiency and effectiveness of internal control.

2) The National IPA Coordinator (NIPAC):

- a) The NIPAC shall be appointed by the Beneficiary. He shall be a high-ranking official in the government or the state administration of the Beneficiary.
- b) He shall ensure the overall coordination of assistance under IPA.
- c) The NIPAC shall ensure partnership between the Commission and the Beneficiary and close link between the general accession process and the use of pre-accession assistance under IPA. He shall bear the overall responsibility for
 - the coherence and coordination of the programmes provided under IPA;
 - the annual programming for the Transition Assistance and Institution Building Component at national level;
 - the co-ordination of the participation of the Beneficiary in the relevant cross-border programmes both with Member States and with other Beneficiary countries, as well as the transnational, interregional or sea basins programmes under other Community instruments. The NIPAC may delegate the tasks relating to this co-ordination to a cross-border co-operation co-ordinator.
- d) The NIPAC shall draw up and, after examination by the IPA monitoring committee, submit to the Commission the IPA annual and final reports on implementation as defined in Article 40 of this Framework Agreement and in Article 61(3) of the IPA Implementing Regulation. He shall send a copy of these reports to the NAO.

3) The Strategic Co-ordinator:

- a) A strategic co-ordinator shall be appointed by the Beneficiary to ensure the co-ordination of the Regional Development Component and Human Resources Development Component under the responsibility of the national IPA co-ordinator. The strategic co-ordinator shall be an entity within the state administration of the Beneficiary with no direct involvement in the implementation of components concerned. (Article 23(1) IPA IR)
- b) The strategic co-ordinator shall in particular:
 - co-ordinate assistance granted under the Regional Development Component and the Human Resources Development Component;

- draft the strategic coherence framework as defined in Article 154 of the IPA Implementing Regulation;
- ensure co-ordination between sectoral strategies and programmes.

4) The National Authorising Officer (NAO):

The NAO shall be appointed by the Beneficiary. He shall be a high-ranking official in the government or the state administration of the Beneficiary.

The NAO shall fulfil the following functions and assume the following responsibilities:

- a) As the head of the national fund, bearing overall responsibility for the financial management of EU funds in (*country*) and being responsible for the legality and regularity of the underlying transactions. The NAO shall in particular fulfil the following tasks as regards these responsibilities:
 - providing assurance about the regularity and legality of underlying transactions;
 - drawing up and submitting to the Commission certified statements of expenditure and payment applications; he shall bear overall responsibility for the accuracy of the payment application and for the transfer of funds to the operating structures and/or final beneficiaries;
 - verifying the existence and correctness of the co-financing elements;
 - ensuring the identification and immediate communication of any irregularity;
 - making the financial adjustments required in connection with irregularities detected, in accordance with Article 50 of the IPA Implementing Regulation;
 - being the contact point for financial information sent between the Commission and the Beneficiary.
- b) being responsible for the effective functioning of management and control systems under IPA. The NAO shall in particular fulfil the following tasks as regards these responsibilities:
 - being responsible for issuing, monitoring and suspending or withdrawing the accreditation of the operating structures;
 - ensuring the existence and effective functioning of systems of management of assistance under IPA;
 - ensuring that the system of internal control concerning the management of funds is effective and efficient;
 - reporting on the management and control system;
 - ensuring that a proper reporting and information system is functioning;
 - following-up the findings of audit reports from the audit authority, in accordance with Article 19 of this Framework Agreement and Article 30(1) of the IPA Implementing Regulation;
 - immediately notifying the Commission, with a copy of the notification to the CAO, any significant change concerning the management and control systems.

As corollary to the responsibilities under a) and b) above, the NAO shall establish an Annual Statement of Assurance as defined in Article 17 of this Framework Agreement and following **ANNEX B** to this Agreement, which shall include:

- a) a confirmation of the effective functioning of the management and control systems;

- b) a confirmation regarding the legality and regularity of the underlying transactions;
- c) information concerning any changes in systems and controls, and elements of supporting accounting information.

If the confirmations regarding the effective functioning of the management and control systems and the legality and regularity of underlying transactions (a) and b) above) are not available, the NAO shall inform the Commission, copy to the CAO, of the reasons and potential consequences as well as of the actions being taken to remedy the situation and to protect the interests of the Community.

5) The National Fund (NF):

- a) The NF shall be a body located in a State level Ministry of the Beneficiary and shall have central budgetary competence and act as central treasury entity.
- b) The NF shall be in charge of tasks of financial management of assistance under IPA, under the responsibility of the NAO.
- c) The NF shall in particular be in charge of organising the bank accounts, requesting funds from the Commission, authorising the transfer of funds from the Commission to the operating structures or to the final beneficiaries and the financial reporting to the Commission.

6) The Operating Structures:

- a) An operating structure shall be established for each IPA component or programme to deal with the management and implementation of assistance under IPA. The operating structure shall be a body or a collection of bodies within the administration of the Beneficiary.
- b) The operating structure shall be responsible for managing and implementing the IPA programme or programmes concerned in accordance with the principle of sound financial management. For those purposes, the operating structure shall carry a number of functions that include:
 - drafting the annual or multi-annual programmes;
 - monitoring programme implementation (Article 28(2)(b) IPA IR) and guiding the work of the sectoral monitoring committee as defined in Article 36(2) of this Framework Agreement and in Article 59 of the IPA Implementing Regulation, notably by providing the documents necessary for monitoring the quality of implementation of the programmes;
 - drawing up the sectoral annual and final implementation reports defined in Article 38(1) and (2) of this Framework Agreement and in Article 61(1) of the IPA Implementing Regulation and, after their examination by the sectoral monitoring committee, submitting them to the Commission the NIPAC and the NAO;
 - ensuring that operations are selected for funding and approved in accordance with the criteria and mechanisms applicable to the programmes, and that they comply with the relevant Community and national rules;
 - setting up procedures to ensure the retention of all documents regarding expenditure and audits required to ensure an adequate audit trail;
 - arranging for tendering procedures, grant award procedures, the ensuing contracting, and making payments to, and recovery from, the final Beneficiary;
 - ensuring that all bodies involved in the implementation of operations maintain a separate accounting system or a separate accounting codification;

- ensuring that the NF and the NAO receive all necessary information on the procedures and verifications carried out in relation to expenditure;
 - setting up, maintaining and updating the reporting and information system;
 - carrying out verifications to ensure that the expenditure declared has actually been incurred in accordance with the applicable rules, the products or services have been delivered in accordance with the approval decision, and the payment requests by the final Beneficiary are correct: These verifications shall cover administrative, financial, technical and physical aspects of operations, as appropriate;
 - ensuring internal audit of its different constituting bodies;
 - ensuring irregularity reporting;
 - ensuring compliance with the information and publicity requirements.
- c) The heads of the bodies constituting the operating structure shall be clearly designated and shall be responsible for the tasks assigned to their respective bodies, in accordance with Article 8(3) of this Framework Agreement and with Article 11(3) of the IPA Implementing Regulation.

7) **The Audit Authority:**

- a) The audit authority shall be designated by the Beneficiary and shall be functionally independent from all actors in the management and control system and comply with internationally accepted audit standards.
- b) The audit authority shall be responsible for the verification of the effective and sound functioning of the management and control systems.
- c) The audit authority, under the responsibility of its head, shall in particular fulfil the following functions and assume the following responsibilities:
 - During the course of each year, establishing and fulfilling an **annual audit work plan** which encompasses audits aimed at verifying:
 - the effective functioning of the management and control systems;
 - the reliability of accounting information provided to the Commission.The audit work shall include audits of an appropriate sample of operations or transactions, and an examination of procedures.
The annual audit work plan shall be submitted to the NAO and the Commission before the start of the year in question.
 - submitting reports and opinions as follows:
 - an **annual audit activity report** following the model in **ANNEX C** to this Framework Agreement and setting out the resources used by the audit authority, and a summary of any weaknesses found in the management and control system or in transaction findings from the audits carried out in accordance with the annual audit work plan during the previous 12 month period, ending on 30 September of the year concerned. The annual audit activity report shall be addressed to the Commission, the NAO and the CAO by 31 December each year. The first such report shall cover the period 1 January 2007 - 30 November 2007.

- an **annual audit opinion** following the model set out in **ANNEX D** to this Framework Agreement as to whether the management and control systems function effectively and conform to the requirements of this Framework Agreement and the IPA Implementing Regulation and/or any other agreements between the Commission and the Beneficiary. This opinion shall be addressed to the Commission, the NAO and the CAO. It shall cover the same period and have the same deadline as the annual audit activity report.
- an **opinion on any final statement of expenditure** submitted to the Commission by the NAO, for the closure of any programme or of any part thereof. Where appropriate, the final statement of expenditure may include payment applications in the form of accounts submitted annually. This opinion shall address the validity of the final payment application, the accuracy of the financial information, and, where appropriate, be supported by a final audit activity report. It shall follow the model provided in **ANNEX E** to this Framework Agreement. It shall be sent to the Commission and to the CAO at the same time as the relevant final statement of expenditure submitted by the NAO, or at least within three months of the submission of that final statement of expenditure.
- Further specific requirements for the annual audit work plan and/or the reports and opinions mentioned under the previous bullet point may be set out in the Sectoral Agreements or Financing Agreements.

With regard to the methodology for the audit work, reports and audit opinions, the audit authority must comply with international standards on auditing in particular as regards the areas of risk assessment, audit materiality and sampling. That methodology may be complemented by any further guidance and definitions from the Commission, notably in relation to an appropriate general approach to sampling, confidence levels and materiality.