

Employment and Social Affairs Platform 2

Performance of Western Balkan economies regarding the European Pillar of Social Rights

2022 REVIEW ON NORTH MACEDONIA



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Table of contents

Abbreviations	5
I. Executive summary	6
II. Introduction	9
III. The North Macedonia's performance in the 20 principles of the European Pillar of Social Rights (Pillar) and Action Plan	12
A. Equal opportunities and access to the labour market	13
B. Fair working conditions	23
C. Social protection and inclusion	34
IV. Conclusions	47
Bibliography	50
Annex Fiche on Social Entrepreneurship	55
Further references	58

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Abbreviations

AROPE	At-risk-of-poverty and social exclusion
ATM	Automated Teller Machine
CPI	Consumption Price Index
EC	European Commission
EBDR	European Bank for Development and Reconstruction
ESRP	Employment and Social Reform Programme
ESA	Employment Service Agency
ETF	European Training Foundation
EUR	Euro
EU-SILC	European Union Statistics on Income and Living Conditions
GCA	General Collective Agreement
GDI	Gender Development Index
GII	Gender Inequality Index
GMA	Guaranteed Minimum Allowance
GP	General Practitioner
HALE	Healthy Life Expectancy
HDI	Human Development Index
ILO	International Labour Organisation
IPA	Instrument for Pre-accession Assistance
LESC	Local Economic and Social Council
LFS	Labour Force Survey
MKD	North Macedonian Denar
MLSP	Ministry of Labour and Social Policy
MOSHA	Macedonian Occupational Safety and Health Association
MP	Material protection
NEET	Not in Education, Employment, or Training
OP	Operational Plan
RCC	Regional Cooperation Council
SLI	State Labour Inspectorate
SSO	State Statistical Office
UB	Unemployment Benefit
UNDP	United Nations Development Program
VET	Vocational Education and Training

I. Executive summary



The conduction of reforms of the social security system and of employment policies in North Macedonia continue to be among the top priorities on the economy's policy agenda, particularly in the context of the ongoing EU accession process. The post-pandemic reconciliation process coupled with respective reductions in social security spending requires improvement of their efficiency and effectiveness. The 'Revised Employment and Social Reform Programme 2022' defined the reforms and policies that will be implemented in the forthcoming period in the three priority areas: labour market and employment, human capital and skills, and social inclusion and social protection.

Overall, the share of the working-age population (aged 15-64) attending formal education has been on the decline, with no apparent gender differences. With respect to attendance of learning activities outside the regular educational system, participation in informal education is still very low. In this context, there is a need for investment in skills of employees in order to improve their productivity and the economy's competitiveness. The implementation of the 'Youth Guarantee' scheme, run by the Ministry of Labour and Social Policy, the Ministry of Education and Science, the Employment Service Agency and social partners, resulted in gaining positive experience that should be shared with other economies in the region. Regarding gender inequality, women permanently demonstrate lower activity and employment rates compared to men, while the difference in unemployment rates are negligible. The labour market in North Macedonia is traditionally segregated in terms of the occupation of workers, which means that women and men tend to be concentrated in particular sectors. Female employees in low productivity sectors are particularly disadvantaged.

As in other Western Balkan economies, the Roma population in North Macedonia underperforms with respect to all labour market indicators and thus, it is considered as a vulnerable segment. Although there has been evident progress in the integration of Roma within the society, there is still

a need for further improvements in this segment and for the continuation of positive trends. Although existing active labour market measures are quite heterogeneous and target various disadvantaged segments, the spending on active support to employment is around 0.2% of the GDP, which is significantly lower compared to the EU average. The reforms of active labour market policies must consider the specific socio-economic context after the COVID-19 pandemic, as well as the capacities of the Employment Service Agency (ESA).

The employment conditions in North Macedonia have gradually improved during the last decade, although some stagnation is noted due to the negative impact of both the pandemic and energy crises. The National Employment Strategy 2021-2027 was adopted together with the Employment Action Plan 2021-2023. Employment in the informal sector has been permanently high, while the share of self-employment has slightly reduced. The standard types of employment (full-time, permanent) dominate over the non-standard types (part-time, temporary). The non-standard employment arrangements are more likely to exist among youth and less experienced workers. Wages, as the most important part of the household disposable income, mark continuous increase, even though in real terms this growth is much lower due to the rising inflation. The statutory minimum wage has been increased, which exerted an upward pressure on wages throughout the wage distribution.

The preparation of the new Labour Relations Law included a wide range of stakeholders such as representatives of trade unions, representatives of the employers' organisations and other social partners. The new Labour Relations Law as of 1 January 2022 encompasses new forms of employment contracts with the aim of covering online work and work from home, which have emerged as work arrangements that encompassed a substantial portion of the population during the COVID-19 pandemic. According to the legal framework and evidence in all activities within the

private and public sector, workers are able to establish or join organisations to protect and promote their economic and social interests. During the COVID-19 pandemic, collective bargaining processes were reduced to a minimum both in the private and in the public sector. The functioning of the tripartite social dialogue at the level of the whole economy and local level is advancing, while on the bipartite level it is still lagging behind. As defined by the latest approved amendments to the Labour Relations Law, Sundays are a non-working days for 92% of all employees. The main purpose of these changes is to establish a balance between professional and private life as a prerequisite for increasing motivation and enabling higher efficiency in the workplace. The figures of workplace injuries are low compared to the EU average, which might be attributed to the underreporting of work accidents. Most of the fatal accidents occurred in the construction and manufacturing sectors.

According to the EU-SILC data, North Macedonia belongs to the group of the poorest economies in Europe, which calls for the implementation of an appropriate system for social security. Despite the increase in numbers of beneficiaries of various social allowances during the COVID-19 pandemic based on eased eligibility criteria, coverage of social allowances started to diminish in 2022. The growth of wages and employment in 2021 resulted in increasing income from pensions and disability insurance contributions. Therefore, the need to finance the pension deficit from the central budget has been marking a decreasing tendency. The trend of gradual recovery of the COVID-19 pandemic has been accompanied by continuous increase in the number of general practitioners per 1,000 insured people.

Specific measures to increase the employment of people with disabilities are stipulated in the Law on Employment of Disabled Persons. The day care centres have played and fulfilled an important role in the deinstitutionalisation process up to the present moment and they will continue having an important role in the future. There are in total five

public institutions for the provision of long-term care for the elderly, which do not satisfy the current demand. The permanently increasing demand for long-term care is partly satisfied by around 40 private institutions providing this type of care. As compared to the total number of social service users, there is a relatively small but substantial number of homeless people living under the care of public institutions. At the same time, the resettlement of adults from institutional care to foster families or community-based housing has continued. A fair number of new community services (group homes, day centres) were developed and generally function well, although they are unevenly distributed across the economy.

Access to drinking water and electric power is available for over 90% of the population, but access to sanitation only reaches around three quarters of the population. After the collapse of public transport services in 2020 due to the COVID-19 pandemic, there have been signs of stabilisation in 2021. Skopje and several other major towns have organised local public transport, while other localities are planning to introduce these systems in the near future. With respect to financial services, there is an obvious shift towards an increased usage of digitalised services, which was partly induced by the COVID-19 pandemic. Furthermore, the increasing trend in the share of population with Internet access and usage of e-commerce has continued in 2022.

II. Introduction



Similar to other economies in the Western Balkans, North Macedonia has one of the highest rates of population at-risk-of-poverty and social exclusion in Europe. Social exclusion represents a great burden for the society as it generates direct costs for the social protection system as well as indirect costs related to coping with socio-economic pathologies, which are characteristic for vulnerable social segments. Notwithstanding this situation of expressive social exclusion, spending on social protection, employment support to the unemployed, education, and healthcare is relatively low compared to the EU average. Therefore, reforms of the social security system and employment policies remain among the top priorities of the policy agenda, particularly in the context of the ongoing EU accession process.

The functioning of the labour market in North Macedonia was disrupted due to the COVID-19 pandemic. The negative impact of the crisis was manifested as structural distortions among several industries and professions which continue to exert long lasting economic and social consequences. In this context, the most affected were vulnerable population segments such as women, older people, immigrants, and workers with lower levels of education. Moreover, these segments are less likely to benefit from the mitigation and job retention measures that were adopted as a response to the COVID-19 pandemic. The majority of jobs that suffered the most from the economic downturn were sectors categorised as precarious, such as those characterised by low wages, non-standard working arrangements, and non-formal employment contracts. Due to support from the government, the majority of workers in the most affected sectors were furloughed or faced a reduction of working hours and salaries, rather than dismissals, consisting of mitigation measures which further increased the burden of the pandemic on the economy.

Further challenges in the social policy arena in North Macedonia include the adoption of the new Labour Relations Law. In addition to the Ministry

of Labour and Social Policy, different relevant social partners have participated in the preparatory phase of this law, including representatives of workers and employers, the International Labour Organization, and experts. This process of multis-takeholder coordination enabled the law to be designed in accordance with international standards, while simultaneously emphasising the importance of social dialogue. One of the main priorities to be addressed by the new Labour Relations Law is to provide better protection for workers and foster improvements of their rights through a transparent coordination framework that satisfies the needs of all social partners.

Bearing in mind the low average productivity in North Macedonia, reforms in the education system and initiatives aimed at improving the skills of the labour force are of great importance. In this context, the role of lifelong learning should be strengthened, and the quality of formal and non-formal education provision must be assured. Education and training of workers is the most widely used supply-side strategy for improving their skills and competences in hopes of enabling better positioning in the labour market. The reforms in the education system must consider the needs of employers and address the already identified skill mismatches. Namely, the skills mismatches are likely to generate lower job satisfaction for employees and employers associated with increased stress from work and possibly lower wages. Since increasing the productivity of low-paid employees is crucial to their wages, policy considerations can be dedicated to investing in the development of the human capital. In general, higher levels of skills acquired through education and training reduces the risk of low pay. The attractiveness of the labour supply might be improved through continuous investment in formal education and training as well as in other learning activities outside regular education.

The social security system in North Macedonia has faced significant challenges during the COVID-19 pandemic. The processes of post-pandemic rec-

conciliation, along with the respective reduction in the spending on social security measures, require improvement in their efficiency and effectiveness. The reform of the social security system which was started before the pandemic contributed to a substantial consolidation in the provision of social benefits. Although the delivery of social services in North Macedonia is centralised, legal and institutional opportunities have been created to decentralise service delivery at the local level and with private service providers. The social protection system still faces several shortcomings such as insufficient capacity for providing care for adult persons with disabilities and elderly people, the social inclusion of the Roma population, the establishment of processes of deinstitutionalisation, and addressing the sustainability of the pension system. To face these issues, the development of social services should be particularly directed towards creating efficient, effective, and context-specific

services tailored to the specific needs of the beneficiaries, in addition to ensuring that the delivery of services is available at the place of residence of the beneficiaries. The aim is to prevent unnecessary institutionalisation and enable continued residence in a home environment. Furthermore, one of the challenges in this field is the practical implementation of the integrated case-work system, which presupposes effective cooperation between social work centres and the employment offices.

Throughout this report, the performance of North Macedonia in relation to the European Pillar of Social Rights will be discussed, covering three main thematic pillars: equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion. The period under consideration is 2021 and the first three quarters of 2022.

III. The North Macedonia's performance in the 20 principles of the European Pillar of Social Rights (Pillar) and Action Plan



A. Equal opportunities and access to the labour market

I. Education, training, and life-long learning

According to the National Employment Strategy 2021-2027, the education system in North Macedonia has achieved high literacy rate and nearly universal gross primary education enrolment. The average educational attainment of the working age population (15-64 years old) has increased over the last decade, but it is still below the EU average. Furthermore, the share of young people aged 30-34 with completed tertiary education decreased from 39.7% in 2020 to 36.9% in 2021, which is still close to the EU average of 40%. In contrast, North Macedonia showed progress with respect to early school leavers. Namely, the percentage of early school leavers decreased from 5.7% in 2020 to 4.6% in 2021, which is below the EU average of 9.7%.

Despite achievements in the educational sector, the economy is still underperforming with regards to lifelong learning. The adult participation in learning decreased from 2.6% in 2020 to 2.5% in 2021, while the EU average of adult participation in learning is 10.8%. According to the Revised Employment and Social Reform Programme (ESRP), a Strategy for Adult Education 2019-2023 has been developed with the aim of postulating activities, policies, operations, and expected results that need to be implemented to promote adult education in North Macedonia. The Centre for Adult Education, in cooperation with the European Training Foundation (ETF), has developed the 'Concept Paper for Non-Formal Adult Education and Informal Learning' as well as a 'Concept Paper for Primary Education for Adults'.

In 2021, youth (15-29 years of age) employment rates in North Macedonia indicated that 33.4% of young people were employed

and 12.9% were unemployed, while the remaining were inactive, mainly because of school or university attendance. The rate of youth not in education, employment, or training (NEET) was 24.2%, which is nearly twice the average NEET rate recorded in the EU. In addition to the segment of young people who were inactive due to participation in formal education, the levels of young people who are inactive for reasons associated with the involvement in care work or due to family issues are equally high, predominantly among young women in the 25-29 age group. Young people living with an illness or disability require attention in all regions across the economy, but especially in the Southwest, where rehabilitation services may not be easily available (ILO, 2022).

After the conduction of the pilot programme in 2018, the number of participants in the Youth Guarantee Programme has remained relatively stable, counting with an almost equal share of male and female participants. The programme was implemented for the first time in 2018 as a pilot project in three municipalities: Gostivar, Strumica and Skopje. After being evaluated as a positive experience, the Youth Guarantee Programme was continued and continues to operate at the present time. In 2022, roughly 82.7% of the registered unemployed youth (15-29 years of age) were included in the 'Youth Guarantee'. The status of the implementation of the programme in North Macedonia during the period 2018-2022 is presented in Table I.

Table 1. The status of implementation of Youth Guarantee in North Macedonia

Year	Total number of included NEET	Number of employed within 4 months	Number of participants in active measures	Outcome of Youth Guarantee (Rate of success)
2018	5,266	1,925	282	42%
2019	20,348	6,427	1,171	37%
2020	25,502	7,684	1,257	35%
2021	19,322	7,135	929	41%
2022	17,976	6,320	1,114	41%

Source: Employment Service Agency of North Macedonia, 2022

The ‘Youth Guarantee’ encompasses measures for the activation of young people registered for the first time as unemployed persons as well as for those who are active job seekers. After being registered, they are immediately referred for their first interview with employees from the Employment Service Agency, who profile the employability of beneficiaries through a screening questionnaire and subsequently prepare customised individual employment plans for young people participating in the programme. These plans define the activities that could enable young unemployed persons, in a period of 4 months, to become re-involved in the educational process (not in regular education) or to be involved in any of the available active employment measures or services. This process enables unemployed young people to increase their employment opportunities or to be offered a suitable employment that matches their education and skills. Activities undertaken by beneficiaries include group and individual counselling, access to job search assistance services, motivational trainings, and involvement in any of the available measures targeting labour market integration (employment, education, and training measures).

The implementation of the Youth Guarantee in North Macedonia is carried out by a coordinating body composed of representatives from all relevant institutions. The goal of the coordination body is to provide

better coordination and management for the realisation of planned activities. The implementation of the programme is deemed successful if at least 30% of the participating NEET youth successfully becomes employed or acquires the necessary skills for employment. According to the Ministry of Labour and Social Policy (MLSP) the main success factors for the fruitful implementation of the Youth Guarantee initiative in North Macedonia pertain to the establishment of a partnership with an umbrella NGO which provides a cadre of well-trained activists for the conduction of fieldwork and the active role of the Employment Service Agency in preparing individual employment plans and offering good quality activation measures. On the other hand, the programme is also characterised by different weaknesses, including the lack of interest among youth to participate in additional education programmes; the lack of up-to-date validation mechanisms for informal education, and finally, the fact that VET schools currently lack study programs for requalification (short-term courses, re-skilling, up-skilling). Nevertheless, the experience from the implementation of the Youth Guarantee in North Macedonia is considered as mainly positive and can potentially be transferred to other Western Balkan economies as a successful model for the activation of the youth population.

Overall, the share of the working-age population (aged 15-64) attending formal education has been on the decline, with no

apparent gender differences. Attendance of learning activities outside the regular educational system (informal education) is still very low. As a demonstration of this declining trend, data indicates that the number of people who attended learning activities outside the regular educational system shrunk from 11,945 in 2020 to 6,675 in 2021. Most individuals participating in informal education are inactive (56.4%), followed by the employed (34.2%) and the unemployed (9.5%). When enquired about the reasons for participating in informal education, 50.6% of the respondents stated personal reasons, while 46.2% stated job-related reasons.

In January 2023, the ESA announced the possibility for registered unemployed persons who have not completed secondary education to apply for the pilot measure entitled ‘Second chance’. This measure is part of the Instrument for Pre-Accession Assistance (IPA) implemented under ESA’s ‘Labour Market Activation of Vulnerable Groups’ project and provides possibilities to all interested candidates from the target groups (youth, Roma, women, people with disabilities and long-term unemployed) to acquire a diploma for a completed VET programme.

2. Gender equality

Although there is some progress regarding gender equality, North Macedonia still has a long road ahead to achieve a gender-equal society in accordance with the standards of developed countries. In 2022, the new Strategy on Gender Equality 2022-2027 was adopted, which includes clearly stated general and specific goals, expected results, and indicators for the monitoring and evaluation of initiatives aiming to mitigate gender disparity. Gender equality in terms of access to the labour market is legally provided, being enshrined on the Labour Relations Law (Article 24), which prescribes gender equality when announcing vacancies. Under this law it is established that employers are not allowed to announce vacancies targeting strictly

men or women, except in the cases where being of a specific gender consists of a necessary condition for performing the job. In addition, the announcement of vacancies must not suggest that employer prioritises the employment of a particular gender.

Regarding labour market position, a large gender gap between men and women still exists, particularly with respect to activity and employment rates. According to the Labour Force Survey (LFS), in the Q3 of 2022, the activity rate of men was 65.9%, while the activity rate of women was 44.8%. Similarly, the employment rate of men stood at 55.2%, while that of women at 39.6%. On the other hand, the unemployment rate for men on the period was of 16.2%, while the same rate for women amounted to 11.5%. These observed gender gaps in labour market indicators become narrower as higher levels of educational attainment are reached. For instance, the gender gap in activity rates among workers with primary education is of 33 percentage points, and among workers with secondary education it stands at 17 percentage points, while among workers with tertiary education it is almost non-existent. Similarly, the gender gap in employment rates among workers with primary education is of 23.6 percentage points, among workers with secondary education it consists of 15.2 percentage points, while it does not exist among workers with tertiary education.

The labour market in North Macedonia is traditionally segregated in terms of occupation, as traditionally women and men tend to be concentrated in particular sectors. Women workers are predominant in the financial, educational, and health sectors, while men are more present in the sectors of mining, construction, and transport. Women are predominantly responsible for acting as unpaid family workers, while men are less likely to take on these roles. For instance, two thirds of the unpaid family workers in 2021 were women, while one third were men. Although informal employ-



ment (as a share in total employment) has been on decline for both genders, men have been consistently more active in the informal economy, as witnessed by a distance of 5 percentage points between workers of both genders acting in this sector.

In North Macedonia, employment patterns are very different between urban and rural areas, and these inequalities also reflect a gender dimension. Overall, women living in rural areas have the lowest employment rates, as compared to rural men and to the general urban population. Employment rates for men are very similar across urban and rural areas. Rural women are especially disadvantaged regarding employment as a consequence of factors related to the gendered division of labour in households and the lack of social services, most specifically childcare services, that would allow them to engage with the labour market. Differences between rural and urban areas also affect access to education for children, as illustrated by the fact that in rural areas significantly fewer children aged 36-59

months attend early education services (19.9%) when compared to the attendance rates of 46.6% in urban areas. The large share of rural women acting as unpaid family workers is an indicator of the significant role they play in farming. On individual agricultural holdings, women represent 42% of all household farm workers and 39% of all seasonal farm workers. Yet, despite the agricultural labour they provide, women represent only 10% of registered holders of all farms in North Macedonia.

Although some positive trends have been noted up to the present days, North Macedonia still struggles with profound gender differences in the labour market. These gender gaps are mainly attributed to the traditional role of the women in society and the responsibilities in the household traditionally assigned to them, in addition to expectations associated with providing care for the family, children, the elderly, etc. These cultural demands are more distinctively observable in some ethnic communities, and among rural women and those with lower edu-

cational attainment. In addition to these obstacles associated with traditional gender values, there is a lack of targeted active labour market measures which could assist in improving the position of women in the labour market. Namely, according to the Employment Service Agency operational plan, only 2 out of 14 active labour market measures explicitly target women. Moreover, women are particularly underserved in measures that could directly enable their employment, such as grants for self-employment and wage subsidies.

There is no clear gender pattern regarding the shares of individuals not in employment, education, or training (NEET) aged 15-19. In 2021, the gender gap in NEET rates was of 3.7 percentage points, being mainly caused by the predominance of women in the ranks of the inactive labour force due to the previously mentioned family and care responsibilities traditionally attributed to women (ILO, 2022). Nevertheless, with respect to participation in the Youth Guarantee scheme, as presented in Table 2, an increased participation of women in the programme can be observed, as witnessed by the difference of 2.2 percentage points between men and women as of 2022.

Table 2. Participation in Youth Guarantee by gender

Year	No. of participants		Rates of participation	
	Men	Women	Men	Women
2018	2,572	2,694	48.8%	51.2%
2019	9,824	10,524	48.3%	51.7%
2020	12,639	12,863	49.6%	50.4%
2021	9,659	9,663	50.0%	50.0%
2022	8,790	9,186	48.9%	51.1%

Source: Employment Service Agency of North Macedonia, 2022

As a consequence of the labour market segregation, a noticeable gender pay gap can be observed in the economy, given that on average women receive lower wages. The gap is a result of the fact that women are mostly concentrated in low-paying sectors and positions. The average net wage for men in 2021 was 2.6% higher than the average net wage, while the average net wage for women was 3.9% lower than the average net wage¹. The available information about net wages indicates that women earn less than men across all wage categories. Notwithstanding, women's remuneration has been steadily improving over time.

The Gender Development Index (GDI) calculated by UNDP serves as a reliable indicator for the status of equal opportunities between men and women in the economy. The aim of this measure is to add a gender-sensitive dimension to the Human Development Index. In 2020, the value of the HDI for females in North Macedonia was of 0.746, in contrast with 0.789 for males, consisting of a gender gap of -0.043. An additional indicator which can be useful to analyse the reality of equal opportunities between genders is the Gender Inequality Index (GII), which measures gender inequalities in three important aspects of human development: reproductive health, empowerment, and economic status. North Mace-

¹ This calculation is based on aggregated data from the Labour Force Survey (classified in groups). Alternatively, the calculation of the gender pay gap can be based on micro data.

donia has a GII value of 0.143, ranking 37 out of the 162 societies analysed in the 2019 index. Further indicators illustrating the gender disparity present in North Macedonia can be found on data that demonstrate that only 39.2% of parliamentary seats are held by women, and on the fact that only 41.8% of adult women have reached at least a secondary level of education, as opposed to 57.7% of their male counterparts. In terms of women's health, for every 100,000 live births, 7 women die from pregnancy related causes, while the adolescent birth rate (ages 15-19) is of 15.7 births per every 1,000 women. Additional gender gaps can be found on rates regarding labour market participation: in 2021 female participation in the labour market stood at 43%, in contrast with the participation rates of 67.3% for men.

3. Equal opportunities

Ensuring equal opportunities for all citizens provides the precondition for inclusiveness which allows for a balanced economic development. A comprehensive legislative framework regarding non-discrimination in employment and social policy is in place in North Macedonia. In 2022, the new National Strategy for Equality and Non-discrimination 2022-2026 was adopted. According to this strategy, North Macedonia is clearly determined to promote the prevention and elimination of stereotypes and prejudices and is set on establishing equal opportunities for all people in all spheres of the public and private life. Despite these efforts, unequal opportunities continue to exist along various dividing lines in society, such as inequalities between men and women, older and newer generations, etc., leading to a disadvantaged position of certain population segments.

According to the Revised Employment and Social Reform Programme, the Roma population is potentially the most disadvantaged ethnic group in North Macedonia in terms of labour market participation. The employment rate of Roma people stood at around 23% of the segment, which consists of rates that

are almost two times lower than the average employment, while the employment rate for Roma women amounts to a meagre figure of 8%. Furthermore, the unemployment rate for Roma is as high as 67%. However, the Roma community is facing a high rate of informal employment, which is estimated to reach around 25% of the segment. The most common informal work for the Roma male population lies in trade, taxi services, construction, and agricultural work, while Roma women mostly occupy informal positions in trade and cleaning services. Involvement in seasonal work is a very important source of income for Roma families, as many of them rely on this work dynamic during the summer period in harvest seasons. In terms of socioeconomic status, around 18% of the Roma report their economic situation as moderately poor, while 26% perceive that their situation is good, and 55% of them report that their situation is quite good. These estimates are further illustrated by the fact that roughly 36% of the Roma households' income range below MKD 12,000 (approx. EUR 200) per month, while around 48% of Roma families are recipients of social welfare assistance. Additionally, roughly 23% of the Roma individuals are not registered with the Employment Service Agency due to a perception that there are no benefits for registering.

On average, only around 17% of the Roma children at pre-school age attend kindergartens. Moreover, 75% of Roma children at age 6-18 years are enrolled in schools, which is a devastating fact bearing in mind the compulsory character of primary and secondary education in North Macedonia. The lack of insufficient financial means was reported as the primary reason for not attending kindergarten, primary and secondary school. The second most common reason as reported by the parents are the long distances from the school to their settlement, often located in remote areas. In addition to these challenges, around 8% of the Roma families have reported cases of discrimination against their children in the education system.

Roma communities have a poorer health status than the general population.

According to basic health indicators, life expectancy of Roma people is 10 years shorter than the average. Infant mortality among Roma children stands at 13.1‰, while the same ratio for the general population is of 10.3‰. Differences also exist concerning various health indicators, such as the age in which chronic non-communicable diseases first emerge, in immunisation coverage, the regular conduction of health exams, especially among women during the reproductive period, as well as in access to information on health. The distance from hospitals or health units is one of the determinants for the lacking access to public hospitals or health services. The health situation of this population is further hindered by the dramatically high lack of access to health insurance that in some municipalities is as high as 30% (UNICEF, 2016). There might be various reasons for these statements, however, they reflect the lack of the access of Roma population to information regarding healthcare, as in North Macedonia all citizens have the right to free primary health care.

Although there has been an evident progress in the socioeconomic integration of the Roma population in the economy, there is still a need for further improvements in the inclusion of the segment in society to enable the continuation of positive trends.

Following the policy course established mainly by the EU institutions, North Macedonia has demonstrated readiness in preparing a targeted strategic document that will promote the principle of active protection of the rights of Roma communities, as evidenced by the adoption of the Strategy for Inclusion of Roma people 2022-2030 in 2022. The Strategy aims to understand and meet the specific requirements this ethnical community faces in the economy, in hopes of addressing the many problems experienced by the Roma population in North Macedonia.

Up to the present day, certain positive results and trends regarding the improve-

ment of the situation of the Roma in North Macedonia have been noted.

This includes progress in the areas of education and political engagement at the central and local level, in the processes of strengthening the non-governmental sector, reducing discrimination and stereotypes, and in improving access to institutions and services. Nevertheless, there is an evident need for improvement in all domains of life for Roma communities. Many Roma families live in poverty, in addition to largely composing the ranks of the unemployed and of persons without identity documents. Likewise, there is a significant number of Roma asylum seekers within the EU Member States. In addition to these challenges, which require further efficient and effective measures to be properly addressed, discrimination still remains as a major issue experienced by Roma communities. To face these shortcomings, some strategic priorities that require further attention in the forthcoming period include improving the conditions and opportunities for employment and consequently reducing unemployment within the Roma community, leading to the better integration within society; raising the level of education within the Roma community; decreasing the gap in the quality of housing between the Roma and non-Roma communities; establishing initiatives aimed at the continuous improvement of the health status of the Roma; and promoting and safeguarding Roma culture, language and tradition.

The main measure addressing youth unemployment, including youth from the Roma population, continues to be the Youth Guarantee scheme.

In 2021, 969 Roma people were included in the programme, out of which 148 were employed after the established period of 4 months. The employment of members of Roma communities, the long-term and low-skilled unemployed, and persons with disabilities is supported by the Guaranteed Minimum Allowance (GMA) scheme, introduced by the Law on Social Protection. For instance, the share of Roma in the total number of GMA beneficiaries in November 2022 was 19.7%, while their share in the total number of

child allowance beneficiaries was 17.8% (Ministry of Labour and Social Policy, 2022).

Despite progress achieved in terms of economic development, young people, especially young women, experience high rates of unemployment and inactivity. Positions occupied by youth are more likely to consist of temporary or atypical jobs or engaging with in the informal economy. The main reason for high unemployment among young workers is a lack of skills and work experience, which makes them less competitive on the labour market when compared to prime-age and more mature workers. The general perception is that despite decreasing trend of unemployment in North Macedonia, young people are still disproportionately affected by unemployment. The lack of employment is a stressing situation which may lead to other health problems for youth who have higher education, actively search for job and are long-term unemployed. Young people who are unemployed in rural areas are particularly discouraged with respect to the future labour market prospects, often suffering from long-term unemployment and low levels of income.

In 2021, the new Commission for the Prevention and Protection against Discrimination worked on 167 complaints. The Commission confirmed instances of discrimination in 40 cases, whereas 65% of the cases referred to employment and labour relations. The Ombudsman worked on 43 complaints for discrimination, out of which 22 of the cases referred to injustices experienced in terms of employment and labour relations. There is no available data on incidents of sexual harassment in the workplace, and a system to investigate such cases is not available. The Law on the Protection against Workplace Harassment is yet to be adopted, and activities for the ratification of the 2019 Violence and Harassment Convention of International Labour Organisation no. 190 are ongoing.

4. Active support to employment

The efforts to increase employment and reduce social exclusion in North Macedonia continue to be high priority, especially among vulnerable groups. In this context, the process of planning, designing, and implementing active support to employment has been continually performed since 2007. Among the implemented initiatives, there are measures provided on a regular basis, while others are provided sporadically. Regularly occurring measures include subsidies for employment, trainings for known employers, trainings for advanced IT skills, and trainings for jobs on demand. The non-regular measures are quite heterogeneous and have sometimes only been provided for short periods of time, such as trainings for specific fields or the delivery of specific support for firms offering new job openings.

The planned active labour market measures in North Macedonia are systematised in the Operational Plan (OP) of the Employment Service Agency (ESA), which is prepared on a yearly basis. The OP is an official document that contains detailed explanations of each active measure, disclosing all relevant information such as the eligibility criteria, the number of beneficiaries, the selection procedures, etc. Different institutions are involved in the realisation of the OP, including the ESA, the Ministry of Labour and Social Policy, and educational organisations. Furthermore, the OP encompasses the financial framework for labour market measures, displaying indicated costs and the allocated financial resources for each active measure. Several concerns are taken into consideration when defining the active measures included in the OP, such as the availability of financial and human resources, the specific needs of unemployed workers, the feedback resulting from the monitoring and evaluation of measures, etc. According to the OP, the guiding principles in the conception and conduction of active measures is enabling a gender balance in the labour market and ensuring the representation of youth (aged under 29) for at least 30% of the conducted initiatives.

The active labour market programs and measures are designed based on the results acquired from the survey on skill needs regularly carried out by the ESA.

The objective of this survey is to provide short-term indicators about employers' expectations for new employees and their respective skill needs for the following 6 to 12 months. The main strength of the survey is the provision of direct information from employers' demands. However, it also suffers from some constraints, namely due to the fact that employers often do not have detailed information on skill needs, while supervisors who may have this information are difficult to reach in a survey. Hence, since the ability of employers to provide detailed information on skills in high demand for future workers, employment and hiring is limited.

The COVID-19 pandemic had considerable impact on the organisation and provision of services of the ESA.

Since March 2020, the regular monthly check-in appointments made available to registered unemployed persons was halted. However, newly unemployed individuals were of-

fered the opportunity to enter the agency's registry, enabling them to benefit from the governmental measures against the pandemic. Nevertheless, the provision of active measures was completely discontinued until the end of 2020. To attend to the new circumstances brought forth by the pandemic, the ESA resumed its operations in early 2021, by applying the COVID-19 protection measures prescribed by the Government of North Macedonia. In this context, workers who lost their jobs due to the pandemic were specifically targeted for the active labour market measures set in place by the state, which included the provision of employment subsidies, grants for the self-employment, and some specific trainings. In some cases, the special needs of the unemployed workers in less developed municipalities were addressed by designing ad-hoc measures, such as trainings for the requalification of textile workers in the Eastern region or trainings for plaster fitters designed to tend for the Roma population in the Polog region.

The implemented active labour market measures in North Macedonia are charac-



terised by a high level of transparency and accountability, being monitored on a regular basis to assess their appropriateness. However, the evaluations of these measures through the employment of rigorous scientific methods are only performed sporadically. These instances of conducting more thorough evaluations have been carried out by external experts due to the lack of expertise within the ESA. To our knowledge, there are two published impact evaluations performed for selected number of active labour market programs the first of which was concerned with the period between 2008-2012, being financed by the ILO, and second being dedicated to the analysis of the period from 2018-2019, financed by the Regional Cooperation Council (Nikoloski, 2021b).

To improve the effectiveness of the employment services, particularly for disadvantaged categories, individual employment plans are prepared. The delivery of these services involves placing the unemployed in different groups according to their needs, as beneficiaries are usually very heterogeneous in their skills and demands. The individual employment plans contain a summary of the ways in which their labour market disadvantage is expressed, their current occupation and employment goal, the specific service/programme to be provided, the dates for each programme they will be involved in and their

expected duration, the criteria and indicators to be used to determine progress toward achieving the established employment goal, the terms and conditions under which the programme will be provided, and the individual rights and responsibilities of beneficiaries during the programme.

Generally, spending on active labour market measures in North Macedonia during the last decade has been rather modest.

As illustrated in Figure 1, an increase in spending to a maximum of 0.28% of the GDP was experienced in 2020 as a result of the additional measures implemented to mitigate the impact of the COVID-19 pandemic. In 2021, spending on active labour market measures has dropped to 0.21% of GDP. The Operational Plan in 2022 counted with a myriad of active labour measures, including support to self-employment, wage subsidies, financial support to legal entities, employment support for people with disabilities, training for known employers, training for in-demand occupations, training for advanced IT skills, apprenticeship programmes, and public works. The total number of participants in all types of active measures in 2021 was 11,297. According to the OP for 2022, the number of participants in all types of active measures was expected to increase to a total of 13,076 people.

Figure 1. Spending on ALMPs as a percentage of GDP



Source: Employment Service Agency, 2022

B. Fair working conditions

5. Secure and adaptable employment

The employment conditions in North Macedonia have gradually improved during the last decade, although some stagnation is noted due to the negative impact of the combined pandemic and energy crises. The

economy's labour legislation defines a retirement age limit of 64 years and 15 years of service as cumulative conditions for the termination of employment based on the age of the employee. The Law on the Minimum Wage and Labour Relations Law were amended with alterations to the criteria and methodology for payment, resulting in an increase of minimum wage as of April 2022. The capacities to implement labour policies and legislation have improved, although they remain insufficient, as do the capacities of the State Labour Inspectorate (SLI), whose overall performance remains lacking. The SLI improved its capacities by employing twenty-five additional inspectors and implementing a series of trainings. However, further improvements are needed in the field of occupational safety. The SLI in 2022 performed 9,530 inspections (6,308 in the field of labour relations and 3,222 in the field of occupational safety and health).

During 2021, the government adopted additional packages of temporary socio-economic measures aiming to support the economy and employment rates on an effort to tackle the effects of the prolonged COVID-19 pandemic. The National Employment Strategy 2021-2027 was adopted alongside the Employment Action Plan 2021-2023. The implementation of measures to address the issue of undeclared work previously established under the 2018-2022 Strategy for the Formalisation of the Informal Economy were continued. The long-term labour market forecasting model (HERMAC), which employs the system of econometric models and data from the analysis of Labour Force Sur-

vey (LFS), was extended to cover 20 sectors and the occupational outlook expanded to include 74 occupations in its scope. This endeavour aimed to improve predictions for the labour market and better inform strategic decisions in the areas of education, employment, and social policy.

The unemployment rate in 2021 was 15.7%, while in the Q3 of 2022 it stood at 14.3%, which was its lowest level recorded. The tendencies of increased labour market dynamics were present during the last decade, in contrast with the initial phase of the economy's transition, characterised by persisting high unemployment rates and particularly high long-term unemployment rates. The falling unemployment rate was caused by the higher outflow rates from unemployment to employment and the lower inflow rates from employment to unemployment. Regardless, the economy still faces challenges in establishing a sustainable labour market dynamic, as seen on the youth unemployment rate (15-24 years old) which remains at high levels, currently standing at a rate of 32.6%.

The number of registered unemployed workers increased from 102,667 in 2019 to 141,876 in 2021, which is close to the estimated number of the unemployed publicised by the LFS. With the purpose of establishing better targeting strategies, the ESA distinguishes the registered unemployed from other persons who do not actively search for jobs. This opposite trend when compared to estimates of the total number of the unemployed displayed on the LFS is partly caused by the increased number of persons, particularly those employed in the informal sector, who registered with the ESA during the COVID-19 pandemic to benefit from the mitigation measures established by the Government.

Although North Macedonia has made outstanding progress in reducing unemployment during the last decade, most jobs have been created in low-productivity sectors or in the public sector. On the other hand, a decreasing trend in the unemployment rate may be associated with the transition of workers to the informal sector due to limited job opportunities in the formal sector. The long-term unemployed are more vulnerable to labour market limitations since they are forced to take up jobs in the informal sector for subsistence. Out of the total number of the unemployed, the share of long-term unemployment in 2021 was 79.5%, while very-long-term² unemployment represented 50.5% of total unemployment. Long-term unemployment has significantly contributed to an erosion of skills and motivation of unemployed workers, making them less employable over time.

According to the LFS, the share of informal employment in 2021 was 12.1%, which is a relatively conservative estimation considering the self-reporting character of this survey. However, by applying the residual methodology we can adjust this estimation by simply subtracting the number of employees found in the administrative records of the public revenue office as a proxy for the total formal employment rates from the total labour force. Accordingly, the estimated informal employment calculated as the sum of the number of the employed in the informal sector and the number of unpaid family workers represents 30.3% of total employment. Having in mind that the informal economy in North Macedonia represents between 24% and 47% of the official GDP, estimates support the hypothesis that productivity in the informal sector is lower compared to the productivity in the formal sector. Even though the informal economy provides various opportunities, particularly to households that face risks of poverty and social exclusion, it is associated with low social recognition, precarious working conditions, and low productivity. Therefore, the informal economy is often considered as

a strategy of 'last resort', particularly during the transient periods toward more stable formal employment.

Full-time employment represents the majority of labour relations in North Macedonia, bearing in mind that 96.5% of workers in 2021 were employed full-time (State Statistical Office, LFS 2021). In this context, the inability to find full-time employment and the lack of full-time jobs have been stated as most frequent reasons for working part-time. Field studies show that apart from the standard permanent contract, most common types of non-standard employment are contracts limited by time constraints (fixed term) and a broader category of service contracts (freelance), which includes temporary or casual work, civil contracts, and author/copyright contracts.

In 2021, 82.2% of employed workers in North Macedonia had permanent contract, while the remaining 17.8% had temporary contract (State Statistical Office, LFS 2021). Empirical studies show that non-standard employment is less likely to occur among older workers, more experienced workers, and in large firms, with no specific difference in terms of gender (Blazhevski et al., 2021). On the other hand, the incidence of temporary employment among youth (15-29 years old) is higher than the one for the general population, amounting to 28.8% of total youth employment.

Although most types of non-standard employment exclude workers from employment-related rights, they find alternative ways to access social security, as the system offers different points of entry. There is evidence that some workers in non-standard employment (mainly the category of genuine freelancers, which include online digital platform workers) are demanding new forms of employment relationships which will allow them to formalize their work arrangements to be able to

² Unemployed persons who have looked for jobs for over 4 years are considered as very-long-term unemployed.

enjoy certain rights and benefits of conventional employment relationships, in addition to bringing tax revenues to the social security system. While the world of work has changed in North Macedonia, as elsewhere, the existing labour legislation and collective bargaining processes did not adjust to this new environment. This shortcoming in adapting has many implications, from low social security of workers to lost tax revenues. According to the LFS, roughly 2.8% of employed workers in 2021 looked for another job. Around half of this category stated that the major reason for looking for another job is to find better employment conditions (remuneration, transport, etc.).

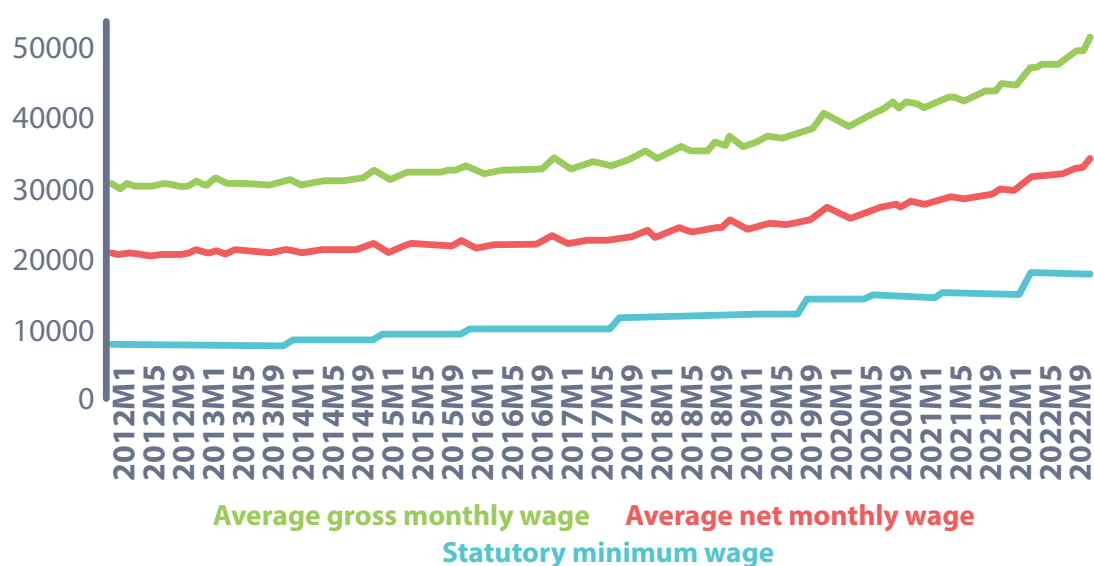
The share of self-employed workers has significantly decreased from 13.3% in 2018 to 9.2% in 2021, while the share of unpaid family workers decreased from 6.1% to 3.9% in the same period. The share of employees over the same period increased from 76.3% to 82.6%, while the share of employers remained almost unchanged. Keeping in mind the increase of standard employment at the expense of decreasing levels of self-employment and unpaid family workers, it is

possible to conclude that employment security in North Macedonia is gradually improving.

6. Wages

Consisting of the most important part of household's disposable income, wages marked a continuous increase during the last decade. As displayed on Figure 2, an increasing trend with relatively stable difference of both the average gross and net monthly wages can be noticed, which represents the amount of social security contributions and personal income taxes. The average monthly gross wage paid per employee in September 2022 was MKD 48,744 (EUR 792), while the average monthly net wage was MKD 32,553 (EUR 530). The highest average wage was registered in the industries of information and communication; financial and insurance activities; and electricity, gas, steam, and air conditioning supply. On the other hand, the lowest average wage is observed in the sectors of accommodation and food service activities; agriculture, forestry and fishing; and administrative and support service activities.

Figure 2. Dynamics of the average gross, net and minimum wage



Source: State Statistical Office, 2022



As an effort to mitigate the consequences of COVID-19 and save jobs, the government introduced a set of measures aiming to safeguard workers and the labour market. This included subsidizing wages and social contributions, the deferral of profit tax pre-payments, offering loans at favourable terms (with zero or subsidised interest) and loan guarantees, and some sector-specific support. Two key job-retention measures conducted during the period of April-June 2020 should be highlighted: the establishment of a minimum wage subsidy for companies experiencing more than a 30% decline in revenues compared to the average of their revenues for the year of 2019, and the creation of a subsidy covering 50% of social contributions up to the level of the average wage in the hardest hit sectors (tourism, hospitality and transport). It was estimated that roughly 60,000 jobs that were facing the immediate risk of being lost were retained due to these employment retention measures. The measures have been re-imposed, albeit with narrower eligibility criteria, in the wake of the sub-

sequent waves of the pandemic in the autumn of 2020 and of the spring of 2021.

The statutory minimum wage in North Macedonia has continually increased in the past decade, departing from MKD 8,050 (EUR 130) in 2012 to MKD 18,000 (EUR 293) in 2022. In nominal terms, this corresponds to a growth index of 223.6. To better account for the changes in the costs of living during the period, the dynamics of the Consumption Price Index (CPI) can be employed. Over the past decade, the CPI has increased from 104 to 136.8, which means that the living standard of the least paid workers has increased in relation to that of workers with higher wages. The driving force behind the increases in the minimum wage is the goal of reducing poverty, while simultaneously improving the quality of life and the morale of workers. The increase of the statutory minimum wage is expected to exert an upward pressure on wages throughout the wage distribution, extending benefits to workers earning more than the newly established mini-

minimum wage. Advocates for higher statutory minimum wage claim that this measure strengthens labour standards and improves the living condition of the least paid employees. Other benefits include improving the mental and physical health of low-income families, increasing consumption, and

decreasing government spending for low-income families. To illustrate this dynamic, Table 3 presents the growth index of the net minimum wage in North Macedonia compared to the Consumer price index.

Table 3. Dynamics of the statutory minimum wage in North Macedonia

Period	Net minimum wage	Growth index (nominal)	Consumer price index (2010=100)	Growth index (real)
2012	8,050	100.0	104.0	94.9
2013	8,050	100.0	109.4	91.4
2014	8,800	109.3	110.4	99.0
2015	9,590	119.1	109.1	109.2
2016 - VIII 2017	10,080	125.2	109.3	114.5
IX 2017 - VI 2018	12,000	149.1	111.3	134.0
VII 2018 - III 2019	12,165	151.1	112.7	134.1
IV 2019 - XI 2019	12,507	155.4	114.0	136.3
XII 2019 - VI 2020	14,500	180.1	113.3	159.0
VII 2020 - III 2021	14,934	185.5	115.0	161.3
IV 2021 – III 2022	15,194	188.7	117.0	161.3
IV 2022 – IX 2022	18,000	223.6	136.8	163.5

Source: Ministry of Labour and Social Policy, 2022

The rising statutory minimum wage has most probably not exerted an adverse effect on employment since employment rates over this period have increased, including those referring to the least skilled workers with elementary education. Furthermore, the latest increase of the statutory minimum wage, which stands above the standard two thirds of the median threshold, would potentially contribute to reduction of the incidence of low paying work, in addition to addressing the gender pay gap as women are mainly employed in lower productivity sectors (Nikoloski, 2022a). According to the EU-SILC data, the Gini index of equivalised disposable income for North Macedonia in 2020 was 31.4, which is close to the EU average

(Eurostat, 2020). Little evidence exists indicating that the increased wage compression due to increased minimum wage may have initiated some transition to informality. In fact, contrary to the initial expectations, informal employment declined after the minimum wage increase, which may signal that it was not a large burden for employers.

7. Employment conditions and protection in case of dismissals

The reasons for the termination of an employment contract by an employer are largely regulated by the Labour Relations Law, which establishes the following motives: personal reasons, misconduct, and

business reasons. In practice, personal reasons for dismissal are the least applied grounds for termination. This is due to an imprecise regulation of the cases that fall under generic grounds for dismissal, a lack of objective criteria and measures for the monitoring and evaluation of an employee's capabilities and performance and so forth. Another issue is the regulation of dismissal cases by an employer without a notice period due to an employee's misconduct. Finally, collective agreements are also essential to regulating the procedures for terminating employment contracts due to business reasons, including collective redundancies. The importance of collective agreements in these cases is reflected in the setting of criteria and standards for the selection of workers who will have priority in keeping their jobs.

In case of dismissal, the employer is obliged to notify employees who are to be laid off one month in advance. Longer advance notice might be agreed upon the establishment of the employment contract or collective agreement but may not exceed 3 months. In the case of dismissals of more than 150 employees or 5% of the total number of employees, the established advance notice period is of two months. In the case of dismissal of a seasonal worker, the advance notice period stands at 7 working days. Alternatively, the employer and the employee may agree on a monetary compensation instead of advance notice period. The employer is obliged to pay this compensation on the day in which the employment relationship is terminated.

After an employment relationship is concluded, the employer must provide severance pay to the employee. The value of the severance pay varies between one and six net wages depending on the period in which the employee has been employed in the company. The calculation of the severance pay is based on the average wage of the terminated employee during the previous six months, and it must not be 50% lower than the average wage in the economy in the last month before the dismissal has occurred.

To provide better protection and to promote the improvement of workers' rights, there are ongoing efforts and discussions to establish the new Labour Relations Law (Ministry of Labour and Social Policy, 2022). A wide range of stakeholders are included in this process, including representatives of trade unions, representatives of the employers' organisations and other social partners. The new Labour Relations Law will encompass new forms of employment contracts to cover online work and work from home that emerged as during the COVID-19 pandemic. To properly address this changing reality, alignments are necessary in other legislations, such as the Law on occupational safety and health.

In addition to these updates, changes are envisaged in the domain of temporary work contracts. According to the current legislation there is a possibility for extension of a temporary work contract for up to 5 years. As this consists of a long period, it allows for employers to abuse workers, particularly young women who cannot establish a permanent work contract before giving births to their children. Due to this possibility, in September 2022, around 59.2% of all registered job applications with the ESA were temporary or seasonal, while the remaining 40.8% were permanent. Temporary and seasonal work arrangements play a significant role in the labour market of North Macedonia since 81.8% of registered job applications with the ESA involved workers who were not included the ESA registry. Most of these registered job applications are related to temporary work contracts that have been prolonged or transformed into permanent work contracts.

8. Social dialogue and involvement of workers

Social dialogue is an important and indispensable mechanism as a means of reaching consensus on diverse issues within the scope of the economic and social policy. The appropriate functioning of social dialogue requires a suitable legal framework and independent and

strong organisations of employers and workers with developed resources and capacities. Other prerequisites for functional social dialogue are the existence of political will, the establishment and continuous monitoring of the freedom of association of workers and employers, and processes of collective bargaining, cooperation, tolerance, and respect for the interests of the social partners in the development of policies across all levels. Social dialogue can be further reinforced through the strengthening of the capacities of all involved stakeholders and target groups, thus enabling them to engage more efficiently and effectively in social dialogue, the promotion of collective bargaining on all three levels, as well as the establishment of a functioning system for the peaceful settlement of labour disputes.

According to the existing legal framework and information and data available from all activities within the private and public sector, workers are able to establish or join organisations to protect and promote their economic and social interests. The trade union density rate at the central level is 17.29%. The General Collective Agreement (GCA) for the private sector applies to all workers with the status of 'employees', which represented 76.8% of total employment in the private sector in 2021. On the other hand, the GCA for the public sector applies to the entirety of the employed personnel in the sector.

During the COVID-19 pandemic, collective bargaining was reduced to a minimum both in the private and in the public sector. Apart from the Collective agreement for higher education, which was concluded in May 2021, since March 2020 until the time of writing, not a single new collective agreement has been concluded, nor have any changes been made to existing agreements. Both trade unions and the employer associations' activities during the health and economic crisis were primarily directed at tripartite social dialogue within the Economic and Social Council.

According to the European Commission Report 2022, the functioning of the tripartite social dialogue at the central and local level is advancing, while further developments on the bipartite level are still lagging. The adoption and enforcement of collective agreements in the private sector is lacking. Consultations with social partners took place during all changes in labour relations including in the processes of preparation of the new labour act. Workers' confidence in trade unions' capacity to function independently has not improved. The implementation of the Law on the peaceful settlement of labour disputes is not yet implemented, while the social partner's capacities still need to be strengthened. Provisions in the law on primary education and the law on secondary education, allowing for the replacement of striking workers, remain unchanged. Procedures for the registration of trade unions and employers' associations in relevant registries remain with the MLSP. The bipartite social dialogue in the public sector resulted in the conclusion and restored respect of collective agreements, which is not the case in the private sector.

The Revised Employment and Social Reform Programme sets 5 indicators for measuring the strength of social dialogue at the tripartite and bipartite level and the improvement of collective bargaining, both at central and local levels. Furthermore, the targets set for 2020 were only partially achieved, particularly in terms of unionisation, which recorded a slight decrease. Additionally, stagnation was recorded in the rates of coverage by collective bargaining at the branch level, and the rate of successfully resolved labour disputes using the mechanism for peaceful settlement of labour disputes. On the other hand, the mechanism responsible for following the recommendations created by the Economic and Social Council (ESC) and for the regular monitoring of the number of opinions/recommendations issued to the Government was established and remains functional. The specific goals under this overall objective include strength-

ening the capacities of social partners and social dialogue mechanisms.

During the reference period (2017-2018), efforts were made to strengthen human and institutional capacities to improve the quality and effectiveness of social dialogue.

Several trainings and workshops were organised on topics relating to the functioning of the social dialogue at different levels. Activities were also conducted to discuss the improvement of collective bargaining at the sector level for trade unions and employers in the sectors of transportation and communications, construction, trade, tourism and hospitality, textile industries, and agriculture. The activities included the development of strategic plans and statutes for the governance of organisations of employers, as well as five analyses/documents on the improvement of the business climate, in addition to exercises aiming to inform the development and implementation of communication and marketing strategies to improve the visibility and the image of the social partners, as well as for further promotion of the rights at work through the development and implementation of a webpage and a subsequent promotional campaign.

The key stakeholders (Organisation of Employers of North Macedonia, Business Confederation of North Macedonia, Confederation of Free Trade Unions of North Macedonia, and the Federation of Trade Unions of North Macedonia) reported increases of their memberships following such activities. A specific system designed to follow up on the implementation of the recommendations issued by the Economic and Social Council was developed, being supported by an appropriate software application. Additional measures were taken to improve the visibility of the Council, and six new local Economic and Social Councils (LESCs) were established. The implementation of policies and measures will continue in the forthcoming period, providing support in strengthening the capacities of public institutions,

enabling employees' and employers' organisations to engage effectively in social dialogue, supporting the functioning of the Economic and Social Council, as well as to the Local Economic and Social Councils, strengthening collective bargaining, and enhancing the functioning of existing processes and mechanisms for peaceful resolution of labour disputes.

9. Work-life balance

The COVID-19 pandemic has largely imposed the need for work from home.

However, the existing legal framework for regulating work outside an employer's working premises in North Macedonia does not regulate such alternative working arrangements. The Labour Relations Law covers only the 'traditional' form of work in a separate workplace. The sole legal basis for work from home is the conclusion of an employment contract for performing remote work. As with the labour legislation, the General Collective Agreements for the private and public sector in North Macedonia does not address the issue of work from home at all, and the same goes for the Specific Collective Agreements.

At the beginning of the COVID-19 pandemic, the only legal acts that implicitly recommended public and private sector employers to apply modalities of remote work were the by-laws adopted in early March 2020. However, the existing provisions of the Labour Relations Law that regulate work from home and the by-laws that recommend work from home do not offer a solution to important issues around remote work that have emerged in the past, such as the possibility of introducing work from home at a later stage of employment or the establishment of a hybrid work arrangement combining remote work and work at the employer's premises.

As of January 2022, the latest approved amendments to the Labour Relations Law established that Sunday is non-working day



for 92% of all employees. Additionally, these amendments provided legal ground for awarding compensations for employees who work on that day. As such, in sectors where operations cannot be halted, employees who are required to work on Sundays must receive a daily wage that is at least 50% higher than the standard compensation for other working days and an additional rest day during the following week. The main purpose of these changes is to establish a balance between the professional and private life as a prerequisite to ensure workers to stay motivated and to maintain motivation and higher efficiency in the workplace. The employer is obliged to inform the State Labour Inspectorate before requesting his employees to work on Sundays. Furthermore, shopping malls that are allowed to work on Sunday are obliged to pay employees a 100% higher daily wage for work conducted on that day and donate 2% of revenues generated on Sundays and public holidays for the construction of new kindergartens.

According to the existing labour legislation, female employees are generally entitled to 9 months of paid maternity leave, while fathers may take up to 7 days of paid leave if the mother does not take her maternity leave. Female employees who are on maternity leave may return to work even before the expiration of the leave, but not sooner than 45 days following the date of the childbirth. When the maternity leave period is exhausted, female employees who are breastfeeding are entitled to a paid break during working hours with a duration of one and a half hours per day, which also includes the daily break. Working mothers can exercise this right until the child reaches one year of age. Updates to the new Labour Relations Law will also further regulate paid parental leave.

In addition to the arrangements made explicit on the Labour Relations Law, work-life balance is regulated by the collective agreements to same extent. For instance,

the duration of annual leave is a sensitive issue that causes disputes in collective bargaining processes and results in an unequal normative approach to the matter. Although that the Labour Relations Law sets the lowest and highest limit for the duration of annual leave, collective agreements more closely regulate the criteria used to determine the exact number of days off workers are entitled to. Collective agreements also regulate the grounds for exercising the right to unpaid leave. According to the GCA, such cases include caretaking of a family member, property construction or repair, cultural and sports events, activities surrounding professional development, private medical treatment, and so forth. In addition, some specific collective agreements also allow for the granting of leaves for urgent personal affairs, overseas travel, bar exam preparation, working on a thesis or doctoral research, etc.

10. Healthy, safe, and well-adapted work environment and data protection

The Occupational Safety and Health Council is an expert and counselling body founded by the Government in accordance with articles 43 and 44 of the Law on Occupational Safety and Health. The Council is composed of 15 members who act as representatives of the main stakeholders. The Occupational Safety and Health Council provides recommendations concerning its attributed domain, including on the development of strategic and operational documents and policies preventing the workplace injuries, on discussions regarding professional illnesses and other illnesses related to work, as well as in the potential usage of documents prepared by international organisations.

The preparation of a new Law on Occupational Safety and Health took into account the impact of the COVID-19 pandemic. The main challenge moving forward with this new law continues to be the inadequate application of the existing provisions contained in the Labour

Relations Law and the Law on Occupational Safety and Health. The knowledge of employers and employees of their respective rights and obligations is limited. The State Labour Inspectorate faced an increased number of requests due to the COVID-19 pandemic, including inspections related to working conditions. COVID-19 remains recognised as occupational disease only for workers in the health sector, who were entitled to receive payment of full salary compensation if infected with the COVID-19 at the workplace. Workers from other sectors were not included in these provisions.

The government adopted a Strategy for Occupational Safety and Health 2021-2025 and an Action Plan for the period 2021-2023 in December 2021. The guiding principles in the preparation of the Strategy are based on the EU Strategic Framework on Health and Safety at Work 2021-2027, while also taking into consideration the specific circumstances and priorities of North Macedonia. The priorities of the Strategy are the following:

- Enhancing and improving the legal framework for occupational safety and health.
- Enhancing and improving organisational capacities and human resources.
- Enhancing and improving the response capabilities of the occupational safety and health systems to existing and new risks.

The Macedonian Occupational Safety and Health Association (MOSHA) is a professional non-governmental organisation whose main goal is to establish human and safe approach to the work as a part of the working environment. Its main goal is to create safe human-friendly jobs by creating a preventive culture. The main goals of MOSHA are ensuring the psychophysical integrity of workers, conducting evaluations of workers' rights, and enabling the implementation and full application of the legislation in the field of occupational safety and health, among other goals. Furthermore,



MOSHA is the ILO/CIS Collaborating Centre for North Macedonia and a Focal Point of the European Agency for Safety and Health at Work, which is not financed by budget funds. At the central level, the organisation is involved in all debates regarding the occupational safety and health legislation, and since its establishment in 2009, it has been participating in the work of the Occupational Safety and Health Council as a representative of the professional organisations in the field.

According to the MOSHA annual report, in 2021 there were 135 workplace injuries, out of which 30 had fatal outcome. The incidence of injuries per 100,000 employed persons in 2021 was 16.97, whereas the incidence of fatal accidents was 3.77. These figures are quite low compared to the EU average, which might be attributed to the underreporting of work accidents. By considering the 1,508 workplace injuries registered by the State Labour Inspectorate, the calculated incidence is 190 injuries per 100,000 employed. Most of the fatal accidents occurred in the construction and manufacturing sectors.

C. Social protection and inclusion

II. Childcare and support to children

The childcare system of North Macedonia is led by the Ministry of Labour and Social Policy, being composed of several types of policies providing support to children.

These support measures include child allowance, education allowance, single monetary allowance, special child allowance, and parental allowance for a third child. The total amount spent on childcare measures in North Macedonia in 2021 represented 0.56% of the GDP. Nonetheless, the incidence of poverty and social exclusion among children (aged 0-17) in North Macedonia in 2020 was 46.3, which is almost twice higher than the EU average³.

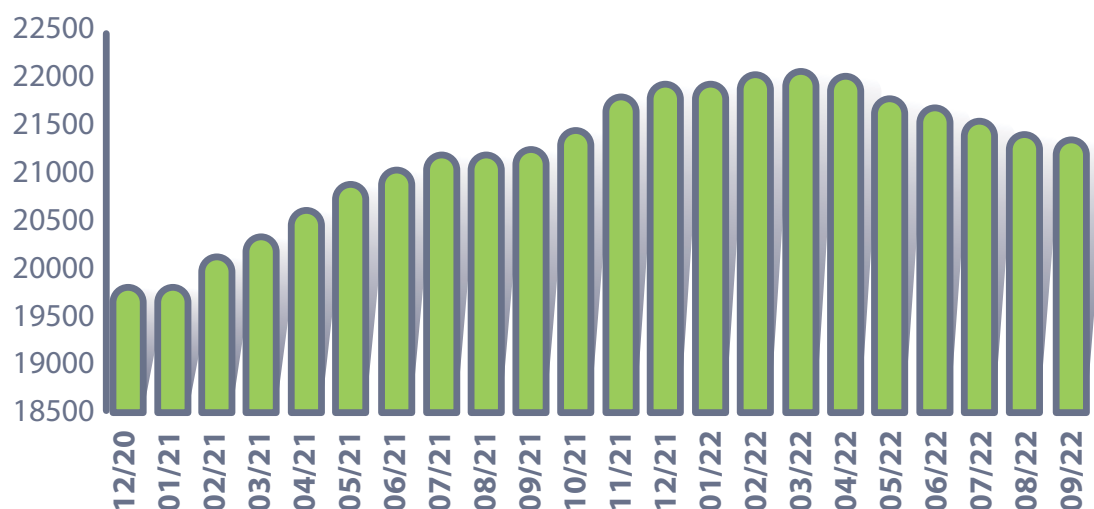
There are two types of institutions for childcare and education (kindergartens) in North Macedonia: public and private. In 2021, a total 70 public kindergartens were in operation, counting with the enrolment of 29,947 children, and a total of 26 private kindergartens with 1,092 children enrolled in their establishments. Besides these two types of kindergartens, there are four kindergartens within private schools, two public centres for early childhood development, one private centre for early childhood development, and one publicly owned kindergarten within a legal entity to address the parental needs of employees. The total number of children in all types of childcare institutions in 2021 was 31,293, which represents a 17.7% increase in enrolment when compared to 2020. According to the State Statistical Office, in 2021 12.5% of children aged 0-2 were enrolled in formal childcare. In addition, 36.5% of children aged 3-5 were attending formal childcare, while the overall average child/staff ratio was 6.

In accordance with the Law of social protection and Law on child protection, child allowance is provided as a monetary com-

pensation for covering a part of costs for raising a child up to age of 18 years, granted depending on the material conditions of households and being also provided for GMA beneficiaries. In September 2022, a total of 21,370 households were beneficiaries of the child allowance programme, which is an increase of 7.6% compared to December 2020. Beneficiaries received an average amount of MKD 1,614 (EUR 26) (Ministry of Labour and Social Policy, 2022). The number of child allowance beneficiaries increased throughout 2021 and the Q1 2022. However, as the COVID-19 pandemic showed signs of being contained, the number of child allowance beneficiaries started to decrease since April 2022 (Figure 3).

Besides the child allowance, several other allowances are provided to disadvantaged households for improving the wellbeing of children. The single monetary allowance for a new-born child is provided to households for the first and second child, consisting of grants in the value of MKD 5,000 (EUR 81) for the first child, while for the second child households are entitled to receive MKD 20,000 (EUR 325). In September 2022 a total of 1,104 households were beneficiaries of this programme. The parental allowance for a third child is provided monthly for a period of 10 years. The amount of the parental allowance for a third child in 2022 was MKD 8,362 (EUR 136). In September 2022 a total of 22,930 households benefited from this allowance. In addition to the single monetary allowance, a special child allowance is provided as a monetary compensation for a child with disability up to age of 26 years. In September 2022 a total of 6,316 households were beneficiaries of a special child allowance, while its average amount was of MKD 6,102 (EUR 100). Depending on the material conditions of a household, the education allowance is provided for covering a part

³ The results from the 2021 SILC are expected to be published at the end of Q1 2023.

Figure 3. Number of child allowance beneficiaries 2020-2021

Source: Ministry of Labour and Social Policy, 2022

of household costs related to child education, being also provided for GMA beneficiaries, in accordance with the Law of social protection and Law on child protection. In June 2022 a total of 35,064 households were beneficiaries of education allowance, which is an increase of 14% with respect to June 2021, while its average amount was MKD 3,500 (EUR 57).

12. Social protection

According to the EU-SILC data, the at-risk-of-poverty rate in North Macedonia was 21.8% in 2020. The proportion of the population at risk of poverty before the social security transfers was 42.1%, while after taking the pensions into consideration it stood at 25.7%. The great discrepancy between the at-risk-of poverty rate before and after transfers means that social protection plays significant role in improving the living standard, particularly among the most vulnerable population segments. On the same period, the severe material deprivation rate was 28.6%, while the share of persons living in households with a very low work intensity was 15.1%. By taking into account the overlaps between these three categories, the combined AROPE indicator for North Macedonia in 2020 was 39.8%⁴.

The social protection system in North Macedonia is composed of several types of support that are organised under the scope of the Ministry of Labour and Social Policy (MLSP). As a part of the Sector for social protection of the MLSP, the economy counts with the existence of a total of 30 Centres for social work across the economy, which operate as professional institutions with public authorisation for providing social protection services. Among other obligations, these centres are responsible for the detection, monitoring and analysis of social problems, the application of appropriate forms of social protection, developing prevention work and non-institutional forms of social protection, and providing support and coordination for civil organisations carrying out social protection.

According to the EC Progress report, some progress was made in the field of social inclusion and protection in 2022. The implementation of the reforms deriving from the new Law on Social Protection has progressed, as witnessed by the establishment of a system of electronic exchange of information between employment services and social protection services. Moreover, the 2022-2032 National Programme for the Development of Social Protection was

⁴ The results from the 2021 SILC are expected to be published at the end of Q1 2023.

prepared. Nevertheless, the fully established monitoring and evaluation system for social services and the proper application of a centralised IT system to follow social assistance schemes is deficient, while the decentralisation of social assistance remains moderate.

The Revised ESRP sets a total of 4 indicators to measure the efficiency of the social assistance system. The outcome indicators related to the performance of the social assistance system include: percentage of households covered by all types of social protection financial benefits, percentage of absolute poverty, number of children covered by child protection programmes (child allowance and education allowance), and the number of recipients of benefits under social security of the elderly. Considering that the main objective of the social assistance system in the forthcoming period is to improve targeting and, consequently, to enhance the impact on poverty alleviation, the indicators establish the goals of doubling the coverage of households by social assistance and reducing the absolute poverty rate to under 1% of the population by 2022. Existing programmes are also expected to provide appropriate coverage for children and persons aged 65 and above, whose number is expected to grow gradually.

13. Unemployment benefits

The issues related to the unemployment benefit system in North Macedonia are regulated by the current Law for Employment and Insurance in the Case of Unemployment. According to this law, an unemployed person who has been continually employed for at least 9 months or 12 months with interruptions during the previous 18 months has a right to receive unemployment benefits. Additionally, the right to receive unemployment benefits can be acquired due to bankruptcy, termination of seasonal work, or technological surplus. The maximum benefit is set at 50% of the previous average monthly wage calculated for the previous 24 months for the unemployed who are eligible to re-

ceive unemployment benefits for up to 12 months, while those who are eligible to receive it for more than 12 months are entitled to a maximum benefit of 40% of the value received on their previous average monthly wage.

The duration of unemployment benefits is variable and depends on the length of the previous unemployment insurance. The duration of unemployment benefits has been shortened several times and it currently lasts from 1 to 12 months. A person who had at least 15 years of contribution for unemployment insurance and who was less than 18 months away from obtaining an old age pension is entitled to continue to receive unemployment benefit until their hiring or retirement. In October 2022, 38.6% of UB recipients belonged to this category, while the remaining received benefits for a period of 12 months or less (Employment Service Agency, 2022).

In 2022, the coverage of unemployed workers receiving unemployment benefits varied between 3.9% and 4.6% of the registered unemployed. If only the short-term registered unemployed are considered, then the coverage of unemployment benefits rises to 15.9% (as calculated for November 2022). The coverage considerably increases if the material protection of workers who became unemployed due to the privatisation of companies with dominant public ownership is considered. In addition to the unemployment benefits, unemployed persons who meet the criteria defined by the Law for Material Protection of Unemployed due to Privatisation of Companies with Dominant Public Ownership are also entitled to monetary compensation. This type of material protection (MP) is set at 34% of the average monthly net wage in the economy during the previous year. The numbers of unemployment benefit recipients and material protection recipients, as well as their respective coverage during 2022 are presented in Table 4.

Table 4. Number of unemployment benefit recipients and material protection recipients

Month	UB recipients	MP recipients	Registered unemployed	Coverage of UB	Coverage with MP included
Jan 2022	5,913	6,761	127,753	4.6%	9.9%
Feb 2022	5,732	6,633	127,037	4.5%	9.7%
Mar 2022	5,428	6,411	125,907	4.3%	9.4%
Apr 2022	5,017	6,222	122,454	4.1%	9.2%
May 2022	4,911	6,072	120,174	4.1%	9.1%
June 2022	4,607	5,953	117,801	3.9%	9.0%
July 2022	4,645	5,812	117,049	4.0%	8.9%
Aug 2022	4,810	5,714	114,934	4.2%	9.2%
Sep 2022	5,062	5,555	112,464	4.5%	9.4%
Oct 2022	4,826	5,397	113,893	4.2%	9.0%
Nov 2022	4,845	5,238	113,574	4.3%	8.9%

Source: Employment Service Agency, 2022

14. Minimum income

The guaranteed minimum allowance (GMA) is the most prominent support for households that are materially deprived and do not have their own properties as a source of income⁵. A household is considered materially deprived if the total income of all household members during the previous three months is lower than the amount of the guaranteed minimal income, as ascertained by the Law on Social Protection. The value of the GMA is calculated as a baseline for one household member (the breadwinner) and augmented with coefficients on an equivalent scale for up to a maximum of five other household members. The base value of the GMA is MKD 4,000 (EUR 65) and for other adult household members is augmented according to the equivalent scale as follows:

- For the second household member with coefficient of 0.5;
- For the third household member with coefficient of 0.4;

- For the fourth household member with coefficient of 0.4; and
- For the fifth household member with coefficient of 0.2.

The value of the GMA assigned for each deprived household is determined according to the difference between the ascertained GMA and the total average monthly income of the household during the previous three months. The amount of GMA is adjusted according to the increase of the costs of living in the previous year published by the State Statistical Office in January of the ongoing year. In addition to this amount, households who are GMA beneficiaries receive MKD 1,000 (EUR 16) per month for energy allowance during the heating season (October-March). Moreover, Centres for social work and the ESA are supposed to closely cooperate to enable employable household members covered by the GMA to be included in labour activation programmes.

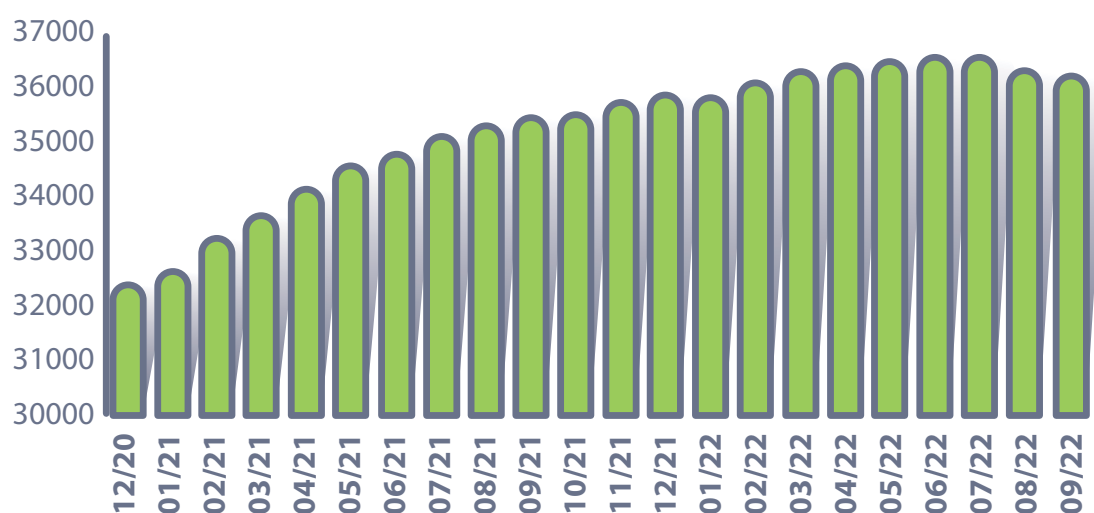
⁵ The guaranteed minimum allowance was introduced by the changes in the Law for Social Protection, *Official Gazette of the Republic of North Macedonia*, 146/2019.

During the period of 2020-2021, the Government devised measures to alleviate socio-economic consequences of the COVID-19 pandemic in six subsequent economic packages. This included a set of measures directed toward sustaining the living standard of the most vulnerable citizens through increasing their access to services and through the relaxation of the eligibility criteria for the GMA. This increased flexibility in the eligibility criteria concerned expanding the eligibility criteria to include households which hold the ownership of a real estate where they reside, and those who possess a car older than 5 years and a construction land parcel smaller than 500 m², all of which made applicants ineligible before. In addition, the income criterion was updated to assess the previous month's receipts, rather than those of the previous three months, thus allowing for the quick entrance of households in the GMA system whose income shrunk due to COVID-19. This was a particularly important measure to facilitate the fast expansion of safety nets, particularly for informal workers. As a result of this measure, almost

24,000 people have been rescued from extreme poverty. The relaxed criteria for entering the GMA system continued to apply throughout 2021. Within the second set, the government deployed two one-off financial aids to low-paid workers, the unemployed, and inactive citizens in the range from MKD 3,000 (EUR 49) to MKD 9,000 (EUR 146) in July and December 2020.

In September 2022, a total of 36,165 households were beneficiaries of the GMA, while the average allowance was of MKD 6,501 (EUR 106). According to the EC Progress Report 2022, there was a 45% increase in the coverage of the beneficiaries of the GMA, which was caused by the development of an additional 3,300 individual activation plans prepared for users of the GMA. The number of GMA beneficiaries was increasing throughout 2021 and the first half of 2022, which is mainly due to the eased eligibility criteria during the COVID-19 pandemic. However, since mid-2022, as the pandemic showed signs of ending, the number of GMA beneficiaries started to decrease, as demonstrated in Figure 4.

Figure 4. Number of GMA beneficiaries 2020-2022



Source: Ministry of Labour and Social Policy, 2022

15. Old age income and pensions

The pension and disability insurance system are implemented by the Pension and Disability Insurance Fund of North Macedonia and regulated by the Law on Pension and Disability Insurance. Administrative, financial, professional, and other matters in the implementation of pension and disability insurance in the territory of North Macedonia are implemented by the Professional Service Fund, comprised of a Central Office and regional units. The Pension and Disability Insurance Fund ensures the realisation of the policies and conducts monitoring of the situation, taking appropriate measures for the promotion and development of the pension and disability insurance system. The Fund is also responsible for the rational use of the resources necessary for securing the rights to pension and disability insurance, the rights to exercise old age, disability and family pensions, the right to transfer to another adequate work place, the right to adequate employment, the right to retraining or additional training and the right to adequate financial benefits, the right to injury-based benefit, the right to lowest pension amount as well as pension disbursement, and all other rights relating to pension and disability insurance.

The pension and disability insurance system consist of three pillars: mandatory pension and disability insurance based on intergenerational solidarity, mandatory fully funded pension insurance, and voluntary fully funded pension insurance. All three pillars are regulated in separate laws: the Law for Pension and Disability Insurance, the Law for Mandatory Fully Funded Pension Insurance, and the Law for Voluntary Fully Funded Pension Insurance. The procedure for the exercise of the right to pension and disability insurance can be initiated in specific circumstances, including instances initiated at the request of the insured person for exercise of the right to old age pension; at the request of a family member of the deceased insured person or

pension beneficiary for exercise of the right to family pension or at the request of the insured person; on a proposal from a medical doctor treating the insured person; or by a medical commission for exercise of the right to disability pension or the right to injury-based financial benefits.

According to data made available by the Pension and Disability Insurance Fund in September 2022, the system consisted of a total 333,322 pension recipients out of which 75,900 received family pensions, 28,850 received disability pensions, while 228,572 received old-age pensions. The average value of a pension in North Macedonia in September 2022 was MKD 17,515 (EUR 285). The average replacement rate of pensions was 53.8%, while the replacement rate of old age pensions was 58.1%⁶.

The growth in wages and employment in 2021 resulted in increasing financial resources from pension and disability insurance contributions. However, the demand for payment of pensions is also increasing, which imposes the need to finance the pension deficit from the central budget. This brought about a significant change in the revenue structure of the Pension and Disability Insurance Fund. Namely, the original revenues from contributions decreased considerably, while the revenues from the shares of contributions from the central budget increased from 18% in 2000 to a maximum of 43.6% in 2017. Thereafter we can observe a decreasing trend in the share of revenues from the central budget, which in 2021 amounted to 37.5%. The transfer of funds from the central budget intended to cover the budget deficit in the Pension and Disability Insurance Fund. These allocations from the central budget decreased from EUR 521 million in 2021 to EUR 501 million in 2022, while the planned transfer for 2023 is of EUR 508.3 million. In relative terms, the amount of transfers as a share of the central budget decreased from 14.1% in 2021 to 12.6% in 2022 and is expected to further decrease to roughly 11.3% in 2023.

⁶ The replacement rate is calculated as a ratio of the average pension and the average net wage.

16. Health care

During the past years, the healthcare system in North Macedonia has been continuously and intensively reformed in the direction of providing higher-quality health care services aiming to improve, promote, and maintain citizens' health. Many reforms have been realised in the sector to enable an improvement of services, including the procurement of new medical equipment; renovation, reconstruction and construction of healthcare institutions throughout the economy; and the establishment of a system for electronic record keeping in healthcare. These efforts are complemented with comprehensive activities for investing in human resources meant to build up the expertise and skillfulness of the healthcare workers.

Despite these advances, according to the EC Progress Report 2022, the health sector in North Macedonia still struggles with losses of medical staff (nurses and specialists), who either move to the private sector

or immigrate to work abroad. This contributes to issues in accessing specialists and in facing high out-of-pocket healthcare costs. Additionally, there are still issues of healthcare workers lacking professional training for using some advanced health equipment. The 2021-2030 Health Strategy and its action plan was designed to address some of these issues and provide higher quality, efficient and effective health care, including community-based health care.

North Macedonia is gradually recovering from the COVID-19 pandemic, and the number of positive cases, hospitalised patients, and fatalities continues to constantly decrease. In addition, most preventive measures have been abolished. The authorities report that 75% of the population has recovered from COVID-19 and consider that they gained natural immunity, 47% of people received two COVID-19 vaccine doses, and 7% received a third dose. North Macedonia became a member of the EU Joint Procurement Agreement on medical countermeasures, and an observer in the EU Health Security



Committee. It provides information to the Commission's COVID-19 data collection system, and it nominated a correspondent to the European Centre for Disease Prevention and Control. Following an upsurge in expenditure in 2020 due to the COVID-19 pandemic, which reached MKD 47.4 billion (EUR 717 million), public expenditures on health slightly decreased in 2022 to MKD 42.6 billion (EUR 693 million).

The number of general practitioners (GP) in primary healthcare during the period 2019-2021 has been continually increasing (Table 5). However, the number of GPs per 1,000 insured people is still low compared to the EU average.

Table 5. Number of general practitioners per 1,000 insured people

Year	Number of GP	Number of insured people	Number of GP per 1000 insured people
2019	1,445	1,869,509	0.78
2020	1,484	1,859,835	0.82
2021	1,533	1,860,100	0.84

Source: Health Insurance Fund of North Macedonia, 2021

Average life expectancy in North Macedonia is of 73.6 years for men and 77.9 years for women. Even though both men and women are living almost three years longer than they were decades ago, women consistently are expected to live longer than men by roughly four years. The healthy life expectancy (HALE) at age 60 in North Macedonia in 2019 was 13.1 years for men and 14.9 years for women (World Health Organisation, 2019). To address the deepening health inequities in the economy brought by the pandemic, the focus in the upcoming period will be on developing strategic documents that include interventions and setting up systems for monitoring the effects of the implemented actions on reducing inequities. This will be carried out through meaningful participation of relevant stakeholders and the creation of a multidisciplinary primary healthcare network organised in primary healthcare sectors or zones.

17. Inclusion of people with disabilities

Persons with disabilities are identified as a specific target group in various strategic documents, and the improvement of their socioeconomic situation through the pro-

motion of employment opportunities and social inclusion is always one of the priorities of the relevant policies and programmes. People with disabilities in North Macedonia are considered a vulnerable category due to the type and the complexity of the challenges they face in relation to the opportunities and conditions for their effective integration in the labour market. As a result, this category of citizens requires special attention, both in terms of the design and practical implementation of the measures that would help them overcome the identified obstacles and challenges, thus enabling a more effective integration into the labour market. The continuing efforts to promote the employment of people with disabilities in the open economy instead of in special protective (sheltered) enterprises through various support measures and programs are of particular importance for their productive inclusion in society. However, in addition to stigmatisation, people with disabilities also face very material challenges, as illustrated by the fact that only 2.5% of buildings in North Macedonia have access to people with disabilities (Census of the Population, Households, and Dwellings, 2021).

Special measures to increase the employment of people with disabilities are stipulated in the Law on Employment of Disabled Persons. Among such measures is the possibility for the establishment of companies focused on the employment of people with disabilities (protective companies), as well as potential financial and other types of support for the employment of persons with disabilities. In this context, a company is considered protective if it has a minimum of 10 employees, of which at least 40% are persons with disabilities. Protective companies are exempted from paying corporate tax, while their employees are exempted from paying personal income tax and social security contributions.

As of December 2022, the total number of registered unemployed people with disabilities amounted to 1,339 individuals. The situation for this category of the unemployed is particularly unfavourable since 62.6% either do not possess elementary education or only completed educational level and an additional 16% have not completed secondary education, while the remaining 18.5% have completed secondary education (Employment Service Agency, 2022).

People with disabilities can receive a disability allowance which is intended to assist on their processes of social inclusion and enable equal opportunities. A disabled person aged from 26 to 65 is entitled to receive a disability allowance. In September 2022, this allowance covered a total of 9,769 beneficiaries, while the average allowance was of MKD 6,450 (EUR 105). The value of the disability allowance is annually adjusted to compensate the increase of living costs in the previous year as published by the State Statistical Office every January.

As defined by the Law on Social Protection, persons with disabilities are entitled to the right to access a day care centres. A Rulebook for day care centre services defines what these institutions consist of, who can access

them, and the scope of activities and programmes that beneficiaries can enjoy in these centres. Day care centres can be held in houses or apartments, and provide different learning activities for people with disabilities, in addition to serving as a space for socialisation. In these centres, disabled people can get individual support and participate in group activities, which include reading on their own or with support, practice mobility skills, talk to others, learn letters and words, play games, sing and listen to music, draw, solve puzzles or exercises, learn to use a computer, and receive help on how to use a cell phone.

The day care centres have fulfilled an important role in process of deinstitutionalisation and are expected to continue playing an important role in the future.

In conjunction with foster care and sometimes group homes, they have provided, in many instances, a possibility for resettlement and have been a necessary support system for many of its users, thusly preventing their institutionalisation. There are in total 30 day care centres in different towns across the economy. The number of beneficiaries roughly amounts to 470 disabled persons, while the total staff employed is 133. Accordingly, the average overall beneficiary/staff ratio is of 3.5. After the period of restricted work during the COVID-19 pandemic, most of the day care centres have resumed their usual operation.

18. Long-term care

The long-term care services for the elderly in North Macedonia are provided by public and private institutions. There are in total 5 public institutions for the long-term care of the elderly in Skopje, Kumanovo, Bitola, Prilep and Berovo. The total capacity of the public institutions is of 638 users, which does not satisfy the current needs. In addition, there are 40 private institutions providing long-term care for elderly across the economy with a total capacity of 1,593 users (Ministry of Labour and Social Policy, 2022).

The right to use home care and assistance is defined with the Law on Social Protection. There is a Rulebook for home care and assistance which indicates that the service is employed to assist a person to gain, regain, or maintain their ability to care of themselves with the final goal of enabling them to live independently. These services are intended for persons with the most severe disabilities, persons with the highest degree of combined disabilities, persons with total visual impairments, persons who are not able to function independently, persons who are 65 years or older, and all other persons who do not belong in the above categories, but who cannot function independently. Home care and assistance can be assigned to anyone who belongs to one of the categories listed above, for those who live alone, or together with one or more persons who cannot provide appropriate care due to disease, age or work, and those who have not signed a Lifetime support contract.

The amount of the cash supplement for the provision of assistance and care by another person is determined according to the needs of the beneficiaries. This support can be substituted with service provided by an authorised provider. In September 2022, a total of 48,570 persons were beneficiaries of a cash supplement for assistance and care by another person, while the average value for the cash supplement was MKD 4,798 (EUR 78). In addition to the abovementioned measures, the social protection scheme in North Macedonia counts with a programme that provides a permanent cash assistance to caregivers who have cared for a family member for at least 15 years and for single parents who have cared for a child with disability. The monthly value of the permanent cash assistance is MKD 8,000 (EUR 130), being annually adjusted to compensate the increase of living costs in the previous year as published by the State Statistical Office every January.

According to the Law on Social Security of the Elderly, a person aged 65 or more who is not property owner, has not received income in the last 3 months and has been domiciled for at least 15 years has the right to so-called ‘social’ pension. The amount of the social pension is MKD 6,000 (EUR 98) and it is annually adjusted to compensate for the increase of living costs in the previous year as published by the State Statistical Office every January. In addition to this amount, social pension beneficiaries receive MKD 1,000 (EUR 16) per month for energy allowance during the heating season (October-March). In September 2022, a total of 10,872 persons were benefitted from a social pension, while its average value was MKD 6,517 (EUR 106) (Ministry of Labour and Social Policy, 2022).

19. Housing and assistance for the homeless

In September 2018, the Government of North Macedonia adopted the National Strategy for Deinstitutionalisation 2018-2020 entitled ‘Timjanik’⁷. The Action Plan 2019-2027 for the implementation of the National Deinstitutionalisation Strategy was adopted in May 2019. The Strategy contributes to building a system of social service delivery based on a human rights approach that promotes the rights, inclusion, and dignity of users. Its starting point is recognition of the individual beneficiaries’ needs, life priorities and desires, and the overarching principle guiding the strategy is to empower and support beneficiaries to exercise their will and to have control over their life including the services they receive. The Strategy and Action Plan are based on four main priorities that cover complementary aspects of deinstitutionalisation: the transformation and closure of institutions, resettlement of residents into community, development of community services, and prevention of institutionalisation.

⁷ The name is given in honour of the citizens of the village of Timjanik who supported the establishment of a small Group home for children with intellectual disability in their community during the finalisation of the document (Summer, 2018).

According to the EC Progress Report 2022, the implementation of the National Strategy for Deinstitutionalisation 2018-2027 has progressed.

Processes of resettlement of adults from institutional care to foster families or community-based housing continued. The Government adopted the new Action plan for the implementation of the Deinstitutionalisation Strategy 2002-2024. Delivery of services such as home care, personal assistance, supported living and respite care were established. The methodology for the licensing and determination of social service costs was adopted and non-public social service providers were licensed. Citizens' associations and private entities have been licensed as social services providers. The resettlement of the beneficiaries from the Special Institute Demir Kapija has continued with the opening of 15 new residential units in the municipalities of Negotino, Veles, Demir Kapija and Skopje, some of which are managed by private licensed service providers.

There is a relatively small but substantial number of residents living in institutions as compared to the total number of social service users.

According to the census, in 2021 there were in total 2,794 people that were accommodated in several types of public institutions. In addition to the 5 public institutions for elderly people mentioned in Section 3.8, there are currently 3 adult institutions (Demir Kapija, Banja BANSKO and Topaansko Pole); 4 children's institutions (Bitola, '11 Oktomvri', '25 Maj' and Ranka Milanovic); and 3 social care institutions for people with mental health disorder (Bardovci, Demir Kapija and Negorci).

The system of social protection in North Macedonia includes a right to housing allowance which is granted to persons who are deprived of decent housing.

This includes people who are GMA beneficiaries and young people after leaving residential care, i.e. persons who at age of 18 had a status of child without parents or parental care, up until the age of 26. In

September 2022, a total of 21 households were beneficiaries of the housing allowance, while the average allowance amounted to MKD 6,222 (EUR 101) (Ministry of Labour and Social Policy, 2022).

A fair number of new community services establishments, including group homes and day care centres were developed and generally function well,

although they are unevenly distributed across the economy. Some have developed too high of a threshold or have demanded entry level requirements (i.e. providing services only for higher level capacity individuals) and were marred by insufficient skills and resources to support people with intense, high level support needs.

Group homes were established to facilitate the process of resettling residents from institutions.

These establishments are primarily used to accommodate former residents from institutions, but also to provide lodging for a few people who seek accommodation in these spaces directly rather than being admitted to an institution. Group homes are the most effective tool for resettlement, since they provide the possibility for fast action and are not difficult to organise. In terms of their responsibilities and organisation patterns, these institutions are not all that different to institutional care. The provider is the mainly responsible organisation for the well-being and safety of residents and the structure of costs is similar. In a way, they represent a move from the operations provided by institutions towards a community-based approach, enabling beneficiaries to enjoy a more pleasant environment and a more home-like atmosphere which allows for more personalisation and choice. In terms of work methods and management, group home experiences in North Macedonia have demonstrated positive outcomes in comparison with similar facilities in other economies. However, the resources provided to group homes have not been sufficient to resettle people with intensive needs for high-level support.



The total number of homeless people in North Macedonia is unknown, but according to the estimations of the Red Cross organisation, it is estimated that roughly 500 people in Skopje are unhoused. Since January 2008 the Red Cross has established a help desk/point for homeless people in Skopje called 'Momin potok'. It is regularly open two times in a week to provide basic services to the homeless. Because of the limited capacity of the shelter, several other establishments for permanent accommodation of homeless people in Skopje are used. In addition to 'Momin potok', there are three regional centres for the homeless operated by the Red Cross in Bitola, Strumica and Struga, which are mainly used during the winter period (Red Cross, North Macedonia, 2022).

20. Access to essential services

Access to essential services determines the quality of life of households to a great extent. According to the census, in 2021 access to drinking water through the public water supply system reached 91.4% of all households, and access to electric power covered 92.8% of households, while 75.5% have access to the public sanitation network. Although most of the population has access to essential services such as access to drinking water, sanitation and electric power, there are still challenges for improving the access for some vulnerable segments such as the Roma people, rural populations, and transiting migrants. As stated in Section 3.4 and Section 3.8, households who are benefited by the GMA or are social pension beneficiaries receive MKD 1,000 (EUR 16) per month for energy allowance during the heating season (October-March). This amount is annually adjusted to compensate for the increase of living costs in the previous year as published by the State Statistical Office every January.

Besides Skopje, several major towns in North Macedonia such as Bitola, Prilep, and Tetovo have organised local public transport systems, while other cities such as Štip and Strumica are planning to introduce these systems in the near future.

After the collapse of public transport services in 2020 due to the COVID-19 pandemic, there have been signs of stabilisation in 2021. For instance, the number of bus lines increased from 465 in 2020 to 468 in 2021, while the number of vehicles increased from 1,066 in 2020 to 1,101 in 2021. There are good bus and railway networks in place for traveling between major cities and towns. Similar trends experience in local public transport systems are noted regarding the system of bus transportation between cities and towns. For instance, the number of busses increased from 716 in 2020 to 961 in 2021, although the number of passengers slightly decreased from 2,935 in 2020 to 2,704 in 2021 (State Statistical Office, 2021).

With respect to the usage of financial services, there is an obvious shift toward increased employment of digitalised services, which was partly induced by the COVID-19 pandemic. According to data from the National Bank of North Macedonia, of the total number of

transactions, those made with payment cards increased by 1.1 percentage points in 2021. The total number of payment cards by the end of 2021 was 2.1 million, which marked an annual increase of 0.6%. At the same time, the number of shops that accept payment cards increased by 1.8%. In addition to these advances, citizens and companies can physically access commercial banks through their 401 local branches and 981 automated teller machines (ATM) across the economy (NBRM, 2022).

According to data from the State Statistical Office, in Q1 2022, around 86.6% of the population had Internet access at home, which is an increase of almost 3 percentage points relative to 2021. Most of the Internet users reported the following purposes for using Internet: telephoning and video calls (96%), exchanging messages (88.3%), social networking (85.6%), information about goods and services (69.4%), online news (59.9%) and sending/receiving e-mails (56.7%). In addition, around 49.5% of the population ordered/bought goods or services for private consumption via Internet during the last 12 months prior to the survey, which represented an increase of around 3 percentage points relative to 2021.

IV. Conclusions

North Macedonia shows mixed results with respect to educational indicators. Namely, the rate of early school leavers continued to decrease, while the rate of tertiary education attainment remained stable. However, the education system still underperforms in providing good quality life-long learning. Education and training of workers is the most widely used supply-side strategy for improving their skills and competences as a precondition for better positioning in the labour market. Since increasing the productivity of employees is crucial to their wages, policy considerations should be given to increasing their human capital. The improvement of training possibilities for low-paid workers could increase their skill endowment and possibly assist them in moving from a low-paid to a higher paid contingent.

The efforts to increase employment and reduce social exclusion in North Macedonia continue to be high priority due to the need to reduce unemployment, especially among vulnerable groups. In this context, the process of planning, designing and implementing active labour market measures has been continually conducted since 2007. However, spending on active labour measures is still considerably low compared to the EU average. Moving forward, activation policies have a challenging task to focus not only on the long-term unemployed but to also include a range of retention and advancement strategies for those cycling between low-pay jobs and unemployment. The implementation of the Youth Guarantee Scheme was deemed as a positive experience and can be transferred to other Western Balkan economies as a successful model for the activation and employment of the youth population.

North Macedonia has made outstanding progress in reducing unemployment to the lowest recorded rate of 14.3% in Q3 2022, although most of the jobs

have been created in the low-productivity sectors or in the public sector. In addition, a large gender gap still exists, particularly with respect to activity and employment rates between men and women. Namely, the labour market in North Macedonia is traditionally segregated regarding the occupation of workers, which means that women and men tend to be concentrated in particular sectors. The gender gap is mainly attributed to the traditional role of women in society and their responsibilities in the household and in providing care for the family, children, the elderly, etc. Such conditions are more prominent for some ethnic communities, rural women, and women with lower educational attainment.

Although the unemployment rate manifests a decreasing trend, it can drive workers to the informal sector as job opportunities in the formal sector are still limited. In this context, the long-term unemployed are more vulnerable since they are forced to take up jobs in the informal sector for subsistence. In addition, the unemployment insurance system does not provide sufficient means for many of the unemployed, thus creating substantial incentives for workers to join the informal sector rather than seek formal employment. Informal employment arrangements are manifested in various forms and affect different population segments, such as the youth, less educated workers, the older population, and some ethnic minorities. The informal economy is often considered as a strategy of 'last resort', particularly during transient periods towards more stable formal employment. The identification of the vulnerable segments is important in order to provide employment opportunities and suitable welfare support in addressing their needs.

The functioning of the labour market in North Macedonia was disrupted due to the COVID-19

pandemic. The negative impact of this crisis was manifested as structural distortions among several industries and professions, thus having long lasting economic consequences. Therefore, it is expected that the period of recovery from COVID-19 will last longer than expected and will require more substantial restructuring of the economy. In this context, vulnerable population segments are the most affected, including women, older people and workers with lower levels of education. Moreover, these groups were less likely to be reached by the mitigation and job retention measures that have been adopted in response to the COVID-19 pandemic.

Besides its effect on the reduction of unemployment, the shrinking labour force caused by diminishing birth and fertility rates and growing emigration will certainly have an effect on wages. In North Macedonia, emigration has been considered as a feasible alternative to unemployment, particularly amongst the youth. A stabilisation in the labour force trend is expected in the long run as the economy progresses toward EU integration

and the living standard converges to the EU average. Assuming a full integration within EU by 2030, it is expected that the labour market in North Macedonia will enter in a new state of equilibrium characterised by a reduced labour force and relatively lower unemployment, which will cause an upward pressure on wages. Therefore, wages are expected to increase in the near future for some occupations due to deficits of skilled workers. However, the rising trend of wages will vary among different occupations and will mainly depend on the bargaining power of workers.

The improvement of working conditions can be achieved by providing more stable work arrangements. In this context, the new Labour Relations Law must provide better protection of workers and improvement of their rights through an open process of coordination that satisfies the needs of all social partners. An alternative strategy for improving working conditions is to increase the role of social dialogue and its impact on wage levels, even though the trade union membership and union density have been on continuous decline. A



significant improvement of the work-life balance has been achieved by amendments made to the Labour Relations Law, according to which Sunday was established as a non-working day for the majority of employees.

With respect to the AROPE indicators, North Macedonia is among the economies that face the highest risk of poverty or social exclusion. Hence, dealing with social stratification represents a challenging task for policy makers. In this context, most of the existing social allowances such as the GMA and Child Allowance which manifested growth in the numbers of beneficiaries due to the COVID-19 pandemic, have recently showed diminishing trends. Therefore, the reduction in spending on social security measures as a result of the post-pandemic reconciliation process requires improvements in their efficiency and effectiveness. In addition, the public expenditure on health and old-age pensions have been reduced in 2022, which appeals for greater sustainability of the Health Insurance Fund and the Pension and Disability Insurance Fund.

One of the biggest challenges in the domain of the social policy reforms is the process of deinstitutionalisation. In this context, a fair number of new community services such as group homes and day

centres were developed and generally function well. In contrast, existing public institutions for the long-term care of the elderly do not satisfy the current demand, which is partly compensated by private institutions providing this type of care. As compared to the total number of social service users, there is a relatively small but substantial number of homeless people living in institutions. At the same time, resettlement of adults from institutional care to foster families or community-based housing continued.

Although access to essential services has been marking a continuous increase, around one quarter of the population still lacks access to proper sanitation conditions. The public transport services in 2022 have been substantially stabilised after the downturn due to the COVID-19 pandemic. Skopje and several other major towns have a well organised local public transport systems, while other towns are planning to introduce public transport in the near future. With respect to the financial services, there is an evident shift towards the increased usage of digitalised services, which was partly induced by the COVID-19 pandemic. In addition, the increasing trend in the share of population with Internet access and usage of e-commerce has continued in 2022.

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Annex Fiche on Social Entrepreneurship

The existing legislation in North Macedonia does not regulate the social enterprises and social entrepreneurship. Namely, the Law for social entrepreneurship has still not been adopted, even though its draft version dates from 2015. Generally, social entrepreneurship in North Macedonia is in an initial phase of development and there is a lack of theoretical taxonomy as well as data for its detailed analysis. Hence, developing appropriate legal framework and domestic policies would considerably improve the climate for development of social entrepreneurship.

In September 2021 the National Strategy for Development of Social Enterprises in North Macedonia 2021-2027 has been adopted. According to the Strategy, the most relevant dimensions of the ecosystem for a given social enterprise are a culture of social entrepreneurship and recognition of social enterprises; mutual support, learning and building capacities for social enterprises and key stakeholders; access to external finance; and access and development of markets for social enterprises. The Action plan for the realisation of the Strategy proposes several measures around the main strategic priorities that are stated as follows:

Strategic priority 1: Establishing legal framework for social entrepreneurship.

- Preparation and adoption of a Law for social entrepreneurship;
- Reconciliation of the legal framework and adjustment of the existing laws and by-law acts for the support and development of social enterprises;
- Creating mechanisms for systematic data collection for social enterprises;
- Improving the fiscal treatment of social enterprises.

Strategic priority 2: Developing culture of social entrepreneurship and recognition of social enterprises.

- Integration of support systems for social enterprises in the sectoral policies and strategies on central and local level;
- Increasing the awareness and promotion of social entrepreneurship in the community of social enterprises;
- Integration of the matter of social enterprise in study programmes of the formal education system (primary, secondary and tertiary);
- Generation, consolidation and sharing knowledge for social enterprises and their ecosystem through research, analysis, statistical data, etc.;
- Support of social enterprises for measuring and reporting of their social impact;
- Harmonisation of the priority measures with the corresponding EU policies and programs.

Strategic priority 3: Enabling mutual support, learning, and building capacities for social enterprises and key stakeholders of the field.

- Establishing resource centres for the development of social enterprises on central/local level;
- Improving the number and quality of supporting services for the stakeholders in the field;
- Capacity building for social enterprises.

Strategic priority 4: Providing access and development of markets for social enterprises.

- Development of a market for public goods and services for social enterprises;
- Increasing the visibility and identification of social enterprises.

Strategic priority 5: Facilitating access to external finance.

- Piloting financial instruments for social enterprises;
- Activation of public finance through the instruments of social financing;
- Motivating companies to use corporate social responsibility for financing investment in social enterprises;
- Establishing programme for civil organisations for creation of incubators for creation and development of social enterprises.

The Social Enterprises Centre was opened on 19 November 2021 within the project ‘Support for Social Enterprises’ funded by the EU. It is designed to function as an incubator to support existing and new social enterprises and civil society organisations that have economic activities. The aim of the Social Enterprise Centre is to create favourable conditions for the development and support of social entrepreneurship as a way to strengthen local communities. Together with the eight Regional Centres for Support of Social Enterprises in all planning regions across the economy, the National Centre in Skopje is part of the network of mutual support for the development of social entrepreneurship. This network facilitates opportunities for the establishment of cooperation with municipalities, companies, civil society, and citizens, to encourage and develop a future community of development initiatives. The enterprises, organisations, initiatives, and citizens in the Centre have at their disposal a wide range of services and activities, such as workshops for the exchange of experience and knowledge, direct support for capacity building, formal and non-formal education and training, business training, mentoring, organisation of events, and other services. The rental of the training rooms in the Centre is currently free of charge for social enterprises and civil society organisations (Social Enterprises Centre, 2022).

The Employment Service Agency (ESA) provides a Programme for self-employment targeting the unemployed from disadvantaged groups with the aim of enabling them to start their own businesses. Within this programme successful applicants receive EUR 5,000 for an individual applicant or EUR 10,000 in the case of two applicants who wish to open a joint legal entity. The financial support is used for providing equipment as well as other services, such as business mentoring for a period of up to 12 months. The target groups of this active labour market programme are the unemployed youth (aged up to 29), unemployed persons with disabilities, women who are victims of gender-based or domestic violence, the unemployed who would like to formalise their businesses, unemployed Roma people, and the unemployed due to the COVID-19 pandemic. The participants of the programme for self-employment are chosen according to the approved business plan and have the possibility to follow an online training for entrepreneurship and the development of entrepreneurial skills (Employment Agency Service, n/d).

The Fund for Innovation and Technological Development offers various programmes supporting entrepreneurship, including social entrepreneurship. In October 2021, the Fund promoted the programme for developing social entrepreneurship by supporting innovative solutions and social innovations for the current social needs which provide conditions for the sustainable and inclusive development of the economy. Within the scope of the programme, social enterprises that are focused on at

least one UN Sustainable Development Goal are co-financed. This includes tackling the poverty problem, improving the nutrition, promoting sustainable agriculture, providing inclusive and good quality education, promoting the opportunities for lifelong learning, as well as projects that promote gender equality and inclusive and sustainable development ensuring decent work for all. The eligible applicants for this programme are companies that exist for no more than 6 years, and civil associations and teams composed from 2 to 5 persons. The successful applicant, who is a civil association, or a team composed of physical persons, is obliged to create legal entity whereby at least 51% of the founders are members of the team within 30 days from the reception of the notification. For each successful project proposal, the Fund covers up to 90% of the total budget, while the applicants are responsible for covering the remaining part. The main criteria for evaluation of the project proposals are the level of innovativeness, team capacity, project quality, potential for implementation/market potential and impact. The period for the realisation of the projects is a maximum of 12 months, with an extension possibility of 6 months. The activities that are approved for financing are testing, research and development; design and development of a prototype; activities for systematic measurement of social impact, etc. In addition, some of the costs that are covered by the Fund encompass gross wages, the provision or renting of equipment, materials for research and development, engaging experts/counsellors for research and development, etc. (Fund for Innovation and Technological Development, n/d).

The Entrepreneurship Support Agency of North Macedonia implemented a programme for business support by issuing subsidies for business counselling and training for preparing a business plan. This model of business support provides opportunities for the realisation of the business ideas by choosing authorised counsellors according to the methodology approved by the Agency. The unemployed participants in this programme are fully subsidised while small and medium enterprises receive grants that cover 50% of the total costs. In addition to these initiatives, in 2021 the Entrepreneurship Support Agency of North Macedonia realised two trainings aiming to raise awareness for the undertaking of socially responsible practices and the expression of interest for promoting the social entrepreneurship. The target groups of these trainings were the participants in the Social Impact Award and young entrepreneurs who were potential future social entrepreneurs. The two separate events in Veles and Kumanovo counted with the participation of 47 attendees from different social backgrounds. The training program encompassed different topics, including recognising social entrepreneurship practices, characteristics of the social entrepreneurship, social innovations and their application, as well as the forms of social entrepreneurship (Entrepreneurship Support Agency of North Macedonia, n/d).

Since 2015, the Social Impact Award has been carried out in North Macedonia on an annual basis. This is a form of competition and educational programme for the provision of support of entrepreneurial ideas among youth that have potential to be developed and implemented as innovative solutions to global problems. The mission of the Social Impact Award is to increase the interest for social entrepreneurship among youth as a way for exploring the opportunities for future career development. This project consists of three parts: education, competition, and award, as well as the incubation of the awarded ideas to be developed as sustainable businesses. The total fund for the awards in North Macedonia was EUR 6,000 (Social Impact Award, 2022).

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