

## Western Balkan Peer Reviews on Employment Policies and Programmes

### Peer Review on on-the-job training (Hosted by Albania)

#### Review for the Republic of North Macedonia

This study is conducted in the framework of the *Employment and Social Affairs Platform* (ESAP), a regional project financed by the European Commission and jointly implemented by RCC and ILO in Albania, Bosnia and Herzegovina, Kosovo<sup>\*</sup>, Montenegro, Serbia and The Former Yugoslav Republic of Macedonia. The project, which began its implementation in 2016 and lasts for 3 years, aims to strengthen regional cooperation and institutional capacities of national administrations, employers' and workers' organisations, enabling them to develop and effectively implement labour market and social policy reforms in their EU enlargement process.

This review covers in depth stages of the design, implementation, monitoring and evaluation of the on-the-job training programme. The data for the review were collected through a questionnaire with the specialists of the PES of the Republic of North Macedonia.

#### 1. General information

In the Republic of North Macedonia, the initiation of the “On-the-job training programme with a known employer” was envisaged in 1997 by the Law on Employment and Unemployment Insurance, where a special chapter was dedicated to training, retraining or additional training. However, the implementation of the programme started only in 2008, when it became an integral part of the annual Operational Plans. The main objective of the programme is that the unemployed persons acquire skills to perform the tasks in accordance with the needs of the employer, thus better matching their skills with labour market requirements through on-the-job training. The target group of the programme are registered unemployed persons. The programme covers the entire territory of the Republic of North Macedonia and is implemented by 30 Employment Centres. The Employment Service Agency (ESA) of the Republic of North Macedonia manages a sub-account for active programmes and measures and is the only source of funds for the programme. The legal framework for on-the-job training in the Republic of North Macedonia is “The Law on Employment and Unemployment Insurance”, Chapter 3, which regulates the training, retraining or additional training. Table 1 provides the annual budget of the programme for the last five years.

Table 1. Annual budget of the “On-the-job training programme with a known employer”

2018	MKD 3,000,000 (48,776 Euro)
2017	MKD 2,833,900 (46,070 Euro)

<sup>\*</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.

2016	MKD 6,785,100
2015	MKD 22,617,00
2014	MKD 10,920,000

## 2. Programme design and promotion

**The design of the programme is carried out by the** Ministry of Labour and Social Policy (MLSP), and the ESA. Other relevant institutions also participate in the design of the programme. The design and development of the programmes is conducted in the framework of the preparation of annual Operational Plans for active programmes and measures for employment and labour market services. Other relevant institutions participate in the development of the programme. In the preparation of on-the-job training programme, some evidence from the regional and local labour market is taken into account, including some administrative data, produced by the ESA of the Republic of North Macedonia, the statistical data published by the State Statistics Office, as well as the results of the implementation of the measure in previous years. Prior to the final adoption of the annual Operational Plans for active programmes and measures for employment and labour market services, they are submitted for review and approval to the Economic and Social Council.

The ESA of the Republic of North Macedonia is the only institution implementing this ALPM. The programme offers financial support to unemployed persons who participate in the training, as well as to employers who train them during the work process.

The criteria for participation in this measure are the same for all interested unemployed persons, regardless of their status, whether they are disabled, Roma, or orphans. In general, the inclusion of unemployed persons in this programme is carried out through the search of records of unemployed persons. The selection is based on the individual employment plan, which has been previously developed for every unemployed registered person based on profiling and the level of their employability. All registered unemployed persons have access to employment measures. The right to participation is determined on the basis of the conditions and criteria defined for each ALMP, and as a general rule, efforts are made to achieve equal representation of men and women, as well as at least 30 percent participation of young people up to 29 years of age.

With regard to the selection of businesses, the rule is that the required number of unemployed persons for training by employers should not be higher than the number of the current employees in the company.

The main changes to the programme during its period of implementation relate to an increase of the financial support provided for both, the trainees and employers. From 2007 to 2018, the monthly amount of financial support for employers increased from 2000 to 3000 denars, while that of the unemployed persons increased from MKD 4000 to MKD 9000. Important changes have also been made aiming to secure the employment after the training period, but also to give employers the opportunity to employ the best trainees, and also to increase the range of beneficiary businesses in the field of training, which can employ better-skilled employees who have benefited from the programme. In 2007, the employers were obliged to employ all trained persons and keep them for a year. In the period 2008-2011, the employer's obligation was to employ 70 percent of the participants and keep them for a year. In the period from 2012 to 2018, the employer's obligation was to employ 50 percent of participants and keep them for 6 months.

During the implementation of the measure, the selection of unemployed persons must satisfy the needs of the employer, and priority is given to the persons who submitted applications to the regional or local Employment Centre, following the promotion/information campaign for ALMPs application carried out by the ESA. If no unemployed person apply for the required

profile of the employer, the Employment Centre is obliged to offer mediation services to satisfy the stated needs of the employers within 7 days. When the business needs for trainees are met and agreement between the respective ESA office and the business is reached, a legal contract is signed between the business and ESA for the implementation of the programme, valid for a period of three months.

### **3. Selection process (Recruitment/Admission)**

The potential candidates for participation in the on-the-job measure receive information through a public announcement for employers and unemployed persons. The public announcement is also published on the web-sites of ESA ([www.avrm.gov.mk](http://www.avrm.gov.mk)), MLSP ([www.mtsp.gov.mk](http://www.mtsp.gov.mk)), and notice boards in the Employment Centres. The registered unemployed individuals should have completed a minimum primary or secondary education in order to be eligible to participate in the programme.

In the process of selecting employers, attention is paid that the employers meet several criteria. For example, the total number of employees with the indefinite duration contract on the day of application should not be lower than the average number of employees with the same contract in the previous calendar year, unless the decrease in the average number of employees results from the termination of employment relationship by fault or will of the employee, the right to pension, death, incapacity for work, and not for business reasons. In addition, the employer should have at least one person continuously employed in the last 6 months prior to the date of filling the application (with the exception of civil organisations), so as not to have any unsettled liabilities (salaries and social security), without any reported financial loss in the previous year.

The application process is organised as follows. All interested employers and registered unemployed persons submit an application to the respective Employment Centre for participation in the programme. The Employment Centre employees fill out an online application form directly into the ALMP software of the Employment Agency. The software automatically generates a unique number for each application. The complete application form is printed in two copies, one for the employer and one for the competent Employment Centre. The selection process starts with the registration of employers and unemployed persons, then follows the verification of fulfilment of the set criteria in accordance with the data obtained from the Central Register of the Republic of North Macedonia and the Public Revenue Office and the final selection is carried out by the Selection Commission. The selection process takes 3 to 4 weeks.

The selection of businesses and unemployed persons was based on the criteria of the Operational Plan. Employment Centres match the approved employers and registered unemployed persons who meet the needs of the employers or fulfil the needs of the employers through mediation services. The coordinator of the measure submits a proposal to the Commission - a list of registered employers that meet the criteria for the selection of participants in active employment programmes and measures. The Commission is composed of representatives of the Employment Service Agency of the Republic of North Macedonia, the Ministry of Labour and Social Policy, the Ministry of Education and Science, UNDP, and the Agency for Promotion of Entrepreneurship of the Republic of North Macedonia. The Commission adopts a decision on approved employees.

According to the Operational Plan, all unemployed persons included in training receive a monthly remuneration in the amount of MKD 9,000.00, including insurance against accidents at work and occupational diseases and personal income tax. For the participants in training the payment is made on a monthly basis. On the other hand, one-time amount of MKD 3,000.00 per trained person is paid to selected employers upon completion of the training.

#### **4. Implementation and operationalization**

The activities in which on-the-job training is most often carried out are: manufacturing, wholesale and retail trade, construction, transport and warehousing, etc. The duration of the training is three months for all sectors/areas/businesses and the same is defined in the Operational Plan, while the training programme and the respective time frame are developed by the employer following the unified form prepared by the ESA.

In accordance with a contract concluded between the Employment Centre and the employer, the employer is required to designate a mentor for the trainees.

The ESA of the Republic of North Macedonia has clearly defined the rights and obligations of employers and trainees. The rights and obligations of the employers are as follows:

- The Employer is required to appoint a mentor for the trainees.
- For the normal implementation of employment training, the employer is obliged to provide conditions such as: mentors for the implementation of employment training, equipment for the implementation of training, manufacturing material, hygienic and-technical means and protective equipment.
- In the course of training, the employer is obliged to submit to the Employment Centre the candidates' registration lists (attendance list) on a monthly basis.
- If the employer terminates voluntarily the employment training before its completion, it is obliged to reimburse the Employment Centre of the funds being paid as financial assistance to the candidates participating in the employment training, as well as the funds for mentoring and material expenses within a period of 8 days.
- With at least 50% of candidates completing the training, the employer is obliged to establish an employment relationship for at least 6 months immediately, or at latest 3 days upon completion of the training
- If the employer fails to establish an employment relationship with at least 50% of participants who will complete the training or if their employment is terminated within the period of 6 months, except in case of death, retirement, incapacity for work, termination of employment by fault or will of the employee, the employer is obliged to return to the Employment Agency the funds paid for the candidates, as well as the funds for mentoring and material expenses within a period of 8 days.
- The employer is obliged to keep 50% of persons in employment for a period of 6 months, and not to reduce the total number of full-time employed persons with an indefinite duration employment contracts.
- If, within a period of 6 months from the date of employment, the number of full-time employees with indefinite duration employment contracts is reduced, except in the event of termination of employment due to retirement, death, incapacity for work, termination of employment by fault or will of the employee, the employer is obliged, within 8 days, to reimburse the Employment Centre of the funds being paid as financial assistance to the candidates participating in the employment training, as well as the funds for mentoring and material expenses.
- The employer may organise the employment training in shifts, taking into account that training cannot be carried out in the period between 10 p.m. and 6 a.m.

Whereas the rights and obligations of unemployed persons participating in the programme are to:

- Attend training regularly and perform the assigned tasks and activities;

- In the event of being prevented from being present at the workplace, inform the employer, within 24 hours, about the reason for the absence and present a document upon return to justify the absence (sick leave), otherwise they will be excluded from further the training with a known employer;
- Maintain the prescribed order and discipline at the place where the training with a known employer is carried out;
- Preserve the property of the employer at the place where the training is carried out, work equipment and materials, and conscientiously handle the assigned materials provided to them at their disposal;
- In the event of damage to the employer during training, caused by misconduct or gross negligence, they are obliged to compensate the damage to the employer in accordance with the provisions of the Law on Obligations.

The unemployed persons who successfully complete the training with employers receive a certificate of successful performance under the measure.

## **5. Monitoring and evaluation**

The Employment Centre performs unrestricted inspection of the implementation and realisation of the provisions of this contract, and also has access to the business premises where the training takes place in order to monitor its implementation.

The Employment Centre systemically monitors the number of registered employers and unemployed persons, the number of concluded contracts, the number of persons who have successfully completed the training, the number of employed persons after the completion of the training, the number of employed in the period of 6 months from the date of employment. Systemic monitoring is regularly performed on a daily basis by inspection of the electronic system of the Employment Service Agency of the Republic of North Macedonia, while the Employment Centres perform the inspection of the business premises of the employer at least once a month or as needed.

The indicators used to monitor the sustainability of the programme are:

- number of registered employers and unemployed persons,
- number of concluded contracts,
- number of persons who have successfully completed the training,
- number of employed persons after completing the training,
- number of employments in the period of 6 months from the day of employment.

## **6. Results**

The number of participants in On-the-job training programme in 2018 was 85 persons. During the period from 2014 to 2018, a total of 1,228 persons participated in the programme, out of which 749 are women, 274 have completed primary education, 744 secondary education, 8 have completed college, 193 have completed university education and 9 are specialists, masters and doctors of philosophy (PhD). 1.2 percent of the participants in the programme are Roma. The average training period is 3 months, as expected given the rules of the programme, and in 2018, on-the-job training cost on average MKD 30,000 per person.

Several barriers and challenges were identified that hinder PES to achieve better results at all stages, such as:

- Simultaneous implementation of the measure entitled Subsidised training with a known employer with subsidized salaries, for implementation of which much greater financial support is needed and also foreseen.

- Small amount of funds for employers and unemployed persons and the obligation of the employer not to reduce the total number of employed persons with the indefinite duration contract within a period of 6 months from the day of employment.
- Conduct an evaluation.