IPA III Operation Identification Sheet

1. **Title of the Operation:**

“Enhancing Social Dialogue and Local Employment Partnerships”

1. **Managing Authority:**

Ministry of Labour and Social Policy (MLSP)

1. **Intermediate bodies responsible for the Implementation of the Operation:**

Ministry of Finance (MF), Central Financing and Contracting Department (CFCD) (Intermediate Body for Financial Management - IBFM)

1. **Compatibility and coherence with the Operational Programme**

**4.1 Title of the programme**

Operational Programme “Jobs and opportunities” Multiannual Operational Programme on sector human capital in favour of the Republic of North Macedonia for 2024-2027

**4.2 Title of the relevant Area of support**

#### Area of support 1: Employment and Labour Mobility.

1. **Description of the Operation**

**5.1 Contribution to the achievement of the Operational Programme:**

Social dialogue is crucial for promoting competitiveness, advancing equality, and enhancing economic prosperity. It is an essential element of the European Social Model and is included in the EU *acquis* under Chapter 19.

In the period 2010-2022, infrastructure was established for the national tripartite social dialogue through the Economic and Social Council, and its capacity was significantly enhanced. Previous IPA-funded projects implemented by the ILO laid the foundation for modernised organisations of workers and employers, which actively participate in the national tripartite and bipartite dialogue. Their contribution and influence over economic and social policies were pronounced during the COVID-19 pandemic and subsequent energy crisis and inflationary pressures, notably through the work of the Economic and Social Council (ESC). The ESC now plays a more prominent role in shaping economic and social policies, including the minimum wage, anti-crises relief packages, Youth Guarantee etc. However, the independent evaluation of the EU-funded and ILO-implemented social dialogue project recommended that continued support to the social dialogue is needed, in light of - utilize the ILO advantage to support the social partners; find modalities to support the functioning of the local Economic and Social Councils (LESCs); and promote LEP model to other LESCs.

Challenges persist in utilizing the ESC for systematic consultations on labour, economic and social matters, for which strong organisations of workers and employers, as well as strong political commitment at all levels are needed. Therefore, the operation will continue to support the analytical and policy formulation capacity of the members of the ESC and strengthen the influence of the social partners by employing evidence-based approach to their advocacy actions. Additionally, support will be provided to the Government and the social partners in increasing awareness about the added value of collective bargaining at the sectoral and enterprise levels. It will also promote the use of Local Economic and Social Councils as a tool for local economic development through local tailored-made actions supported by local social partners.

Bipartite social dialogue faces more serious challenges, and the government and the social partners need support to fully develop collective bargaining at all levels. Since the ratification of the ILO Convention No. 154 on Collective Bargaining in 2013, and the Direct Contact Mission undertaken by the ILO in 2023 regarding the application of Convention No. 98 on Right to Organize and Collective Bargaining, the Ministry of labour and social policy (MLSP) has the obligation to ensure their application in law and practice and hence promote collective bargaining. To this end, specific action to develop and encourage collective bargaining will be developed, including development and implementation of Action Plan on CB, training of negotiators, and developing of guidelines and tools. Collective agreements must better reflect workers’ and employers' interests and needs in certain sectors. The social partners should exploit the potential of collective agreements as a normative tool to introduce new and innovative content in employment relationships. Future agreements also need to include more substantial regulations of working conditions and terms of employment, including new forms of employment and gender aspects.

In addition to promoting social dialogue, the government established the system for amicable settlement of labour disputes (ASLD). However, the outreach of ASLD is still limited. There are some encouraging results concerning the settlement of collective disputes (3 prominent cases of disputes or strikes were resolved in 2022). Still, the system has never been used to solve individual disputes. Macedonian MLSP, social partners, conciliators/arbiters, with ILO facilitation, in 2023 used the new ILO tool for self-assessment of the amicable settlement of labour disputes mechanisms. They identified the strengths and weaknesses of the ASLD mechanism and based on the findings of the assessment developed a draft Action Plan for reform and advancement of amicable settlement of labour disputes. The Intervention will support the implementation of the Action Plan entailing support to the legal reform of the system of ASLD, development of bylaws, delivery of training of conciliators/arbiters, operationalisation of case management system for ASLD, and promotion of the advantages of using the mechanism for ASLD, etc.

A total of 16 LESCs have been established on the territory of N. Macedonia, out of which 13 LESCs have renewed membership. The LESCs serve as catalysts of economic development at the local levels, bringing together all the relevant stakeholders to deliver local solutions to local problems. The level of development and activity of the LESCs is significantly diverse, having cases of highly proactive councils that influence the local policy creation (Bitola, Strumica and Kumanovo). Linkages between the national ESC and the Local Economic and Social Councils (LESCs) are still weak. In support of the objectives of National Employment Strategy 2027 (NES 2027), the development of Local Employment Partnerships (LEPs), as a decentralised implementation of employment policy, catalysed by the local ESCs, has the potential to complement active labour market policies or other policy interventions such as the Youth Guarantee (YG). Transfer of know-how and ILO specific methodology for creating, selection, implementation and M&E of LEPs will be supported with the intervention. Team of trained MLSP staff, with support by the ILO project team, will be able to implement LEPs grant scheme in municipalities with Local Economic and Social Councils.

This Operation will be implemented through two activities: ‘Enhancing the Social Dialogue at National and Local Level’ and ‘Supporting Local Economic and Social Councils for Implementation of Local Employment Partnerships’ that will contribute towards accomplishment of IPA III OP Specific Objective Outcome for ‘*Enhanced employment and employability of the labour force focusing on youth, women, and vulnerable groups’.*

**5.2 Overall Objective of the Operation:**

To enhance employment and employability of the labour force focusing on youth, women and other vulnerable groups.

**5.3 Specific Objectives of the Operation:**

To enhance social dialogue and local employment partnerships through inclusive process of economic and employment policy creation and implementation.

**5.4 Outputs:**

*Activity 1 - Enhancing the Social Dialogue*

* Intensified regular and constructive social dialogue between the Government and the social partners on national and local level.
* Dynamic collective bargaining system in place and enhanced industrial relations in the country.
* Utilized mechanism for amicable settlement of labour relation disputes.

*Activity 2 - Supporting Local Economic and Social Councils in Developing and Implementing Local Employment Partnerships*

* Supported measures tailored to the needs identified through local employment partnerships for local economic development.

The above-enlisted outputs will contribute to achievement of relevant output 1.4 Promoted Social Dialogue and Local Employment Partnerships as defined in IPA III 2024-2027 Operational Programme “Jobs and opportunities”.

**5.5 Indicative activities:**

Non-exhaustive list of activities

*Activity 1 - Enhancing the Social Dialogue*

* Further developing workers and employers’ organizations analytical capacity and skills (e.g. policy assessment; policy proposal development; policy implementation monitoring);
* Developing ESC secretariat support services to ESC members and digitalisation of the ESC operations;
* Establishing internal research units within the Trade Unions and Employers Organisations;
* Building a systematic and structured approach to service development and delivery by the Trade Unions and Employers Organisation;
* Assisting the TUs and EOs in developing and implementing innovative communication and membership strategies;
* Developing guidelines and tools on collective bargaining, labour disputes resolution and industrial relations, as well as their piloting in certain sectors;
* Promoting gender mainstreaming in collective agreements;
* Enhancing negotiations skills and techniques, through training and practical application;
* Developing tools to implement the new labour legislation properly;
* Devising policy responses to the challenges in the labour market linked to digitalisation and just transition to green economy;
* Enhancing implementation of the mechanism for amicable settlement of labour relation disputes (ASLD), with reform of the legislation, licensing of new generation of conciliators/arbiters and exposing them to most advanced conciliation techniques and tools, promotion of ASLD among the workers and employers;
* Upgrading of the ASLD case management system;
* Technical support to MLSP and Local ESCs to establish and monitor functioning of the local employment partnerships.

*Activity 2 - Supporting Local Economic and Social Councils in Developing and Implementing Local Employment Partnerships*

Implementation of the grant scheme to support:

* Establishment and implementation of local employment partnerships involving local employment centres, municipalities, local businesses, local branches of trade unions, employers’ organisations, civil society organisations, etc.;
* Capacity building of the local economic and social councils to formulate and implement policies and measures for creating decent work in the local economy, as well supporting of measures tailored to the needs identified through local employment partnerships for local economic development.

**5.6 Indicators[[1]](#footnote-1):**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Indicator** | **Baseline (2022)** | **Target**  | **Source** |
| **Impact** | Employment rate (20-64) (%)[[2]](#footnote-2) | Total: 61,2%;Male: 71,2%;Female: 51,3% | Total: ≥64,5%;Male: ≥75,5%;Female: ≥52,5%(2032) | LFS |
| **Outcome** | Collective bargaining coverage rate | 49% (2022) | >55%(2028) | MLSP/LFS |
| **Outputs** | Number of meetings of the ESC per year | 0 | 10(2028) | MLSP/Project reports |
| Number of new collective agreements signed | 0 | 6 (2028) | Project reports/ MLSP database |
| Number of labour disputes referred to system for amicable settlement of labour dispute | 0 | 30(2028) | Project reports |
| Number of supported Local Employment Partnerships | 0 | 6 (2028) | Project reports |

**5.7 Indicative location(s):**

Republic of North Macedonia, City of Skopje and municipalities with established local ESCs.

**5.8 Duration:**

*Activity 1 - Enhancing the Social Dialogue at National and Local Level* - 36 months (3 years)

*Activity 2 - Supporting Local Economic and Social Councils in Developing and Implementing Local Employment Partnerships*

- 24 months (2 year)

**5.9 End recipients and target group(s):**

*End recipients*:

* Ministry of Labour and Social Policy (MLSP),
* Ministry of Economy (ME),
* Ministry of Finance (MF),
* Social partners (employers’ organisations and trade unions),
* Economic and Social Council,
* Local Economic and Social Councils,
* Employment Service Agency (ESA),
* Local self-government units (LSGUs),

*Target groups*:

* MLSP, its Department for Policies in the area of Labour Legislation and Employment Policies,
* Economic and Social Council,
* Local Economic and Social Councils,
* Social partners (employers’ organisations and trade unions).
1. **Implementation arrangements**

**6.1 Institutional framework:**

The MF/CFCD shall act as a Contracting Authority (CA) and shall be responsible for launching the award procedure, organising negotiations/evaluation, preparing/ signing the contract, payments, accounting, and shall have overall responsibility and supervision of contract’s implementation.

The EUD in Skopje shall execute ex-post control over the whole procedure and shall be kept fully informed on the progress by means of regular briefings during the course of intervention.

Project Steering Committee (PSC) shall be established. The role of the PSC shall entail provision of strategic, political and technical guidance to the project, monitoring progress and assistance where possible in overcoming any obstacles to progress in any aspect of the contract.

The SC members will involve relevant stakeholders (as deemed appropriate), such as:

* The MLSP and other relevant ministries;
* Secretary of the Economic and Social Council;
* Trade Unions;
* Employers’ Organizations and
* Other relevant bodies.

The MF/CFCD, NIPAC/SEA and EU Delegation will participate to the Project Steering Committee (PSC) as observers.

**6.2 Proposed monitoring structure and methodology:**

The day-to-day technical and financial monitoring of the implementation of the OP and hence of this operation will be a continuous process, and a responsibility of the Department for European Integration and International Cooperation, which will transform into Department for EU Programmes and Funds in MLSP as the Managing Authority for the OP “Jobs and Opportunities”. To this aim, this department in the MLSP shall establish a permanent internal, technical, and financial monitoring system.

Every report produced by the grant project(s) coordinator(s) shall provide an accurate account of implementation of the operation, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible, at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators. The progress reports shall be considered by the PSC and approved by the MA and CA.

The overall progress will be monitored through participation of various stakeholders, such as European Commission/ EU Delegation, NIPAC, NAO, Management structure, MA, IB, Final Beneficiaries, AA, and other institutions and civil society organisations.

1. **Maturity**
	1. **Required procedures and contracts for the implementation of the operation and their sequencing:**

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| --- | --- | --- | --- | --- | --- |
| **Activity** | **Type of contract** | **Type of procedure** | **Launch of the procedure**[[3]](#footnote-3) | **Contracted/Contract start** | **Duration of the contract**  |
| ***Activity 1 -*** *Enhancing the Social Dialogue at National and Local Level* | *Action grant* | *Direct award to international organisation* | N\* | N+1 | 36 months  |
| ***Activity 2 -*** *Supporting Local Economic and Social Councils in Developing and Implementing Local Employment Partnerships* | *Grant contracts* | *Restricted Grant Scheme* | N+1 | N+1 | 24 months  |

*\*Launch of grant award procedure with suspensive clause.*

*Justification for Activity 1 - Enhancing the Social Dialogue at National and Local Level*

*Type of procedure*: Award without competition to International Organisation (IO) by signing the Direct Award Contract with International Labour Organization (ILO) (1 Direct Award Contract).

This part of the operation will be implemented by way of “direct award” to the ILO, without calls for proposals per under Articles 110, 154, 158 and 198 of the Council Regulation (EC, Euratom) Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the Financial Regulation applicable to the general budget of the European Communities. on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012.

More specifically, under point 6.4.2 of the “Practical Guide to Contract Procedures for EU External Actions”, the Contracting Authority (CA) must prepare a report (negotiation report) explaining how the Grant Beneficiary was identified, the Grant amounts established and the grounds for the award decision. The report will be included in the Contract dossier. The Contracting Authority must follow the steps in the negotiation report template and ensure that all the basic grant principles are respected (including eligibility and exclusion along the whole management cycle). The procedures for awarding the grant shall be implemented in compliance with point 6.5.10 of the Practical Guide.

The activity on social dialogue and industrial relations will be implemented with the support of the ILO to take advantage of the global expertise of ILO in these areas. ILO is the only specialized organization with a mandate to carry out this work, being a custodian of the international standards on tripartite social dialogue and collective bargaining.

ILO’s fundamental conventions concerning freedom of association and the right to organize (C 87), the right to collective bargaining (C98 and C154), non-discrimination in the workplace (C100 and C111) and social dialogue (C144) have been ratified Europe-wide and constitute the foundation of fundamental rights at work as they are embedded in the European Union Treaty and European Social Model.

ILO has a unique in-house expertise and know-how regarding implementing effective and efficient tripartite and bipartite social dialogue at various levels (national, regional, sectoral and company levels) in both public and private sectors. ILO has developed a wide range of working tools on how best to conduct and manage social dialogue and collective bargaining, e.g., the ILO Guide on the national machinery of social dialogue, ILO Manual of Collective Bargaining and Dispute Resolution in the Public Service, ILO Practical Guide on collective bargaining; Labour Disputes Systems: guidelines for improved performance.

* 1. **Supporting documents**

*Intervention 1 - Enhancing the Social Dialogue at National and Local Level*

Direct Award Contract with International Labour Organization (ILO): The Invitation Letter to the Applicant to Submit a Proposal will be prepared in the third quarter of 2024.

*Intervention 2 - Supporting Local Economic and Social Councils in Developing and Implementing Local Employment Partnerships*

Grant scheme: The Call for Proposals (CoP) will be prepared in 2025.

1. **Risks and assumptions**

Risks encountered might be:

* Insufficient commitment by all relevant stakeholders to guarantee and maintain the project sustainability;
* Low interest for joint collaboration among all stakeholders;
* Change in policy and legal environment that negatively impact the development of the social dialogue;
* Insufficient commitment by the highest political level for legislative and policy changes in regards to social dialogue
* Lack of tradition of trust among the social partners.

Assumptions envisaged might be:

* All stakeholders available and committed to the implementation of interventions;
* All stakeholders demonstrate a real willingness and capacities to cooperation together;
* Consistent policy and strong commitment by the highest political level to maintain stable social dialogue;
* Full coordination and transparency in the work of all key counterparts involved;
* Tripartite Economic and social council serving as a functional platform to discuss and provide recommendations on the economic and employment policy in the country.
1. **Sustainability:**

Overall, the interventions will contribute through further support of tripartite consultation structures and deepening their work, as well the investment in bipartite social dialogue in the private sector for its improved functioning, to more sustainable effective social dialogue managed by relevant counterparts with their capacities enhanced in relevant technical areas to be active partners in the EU accession process and relevant national policy-making processes. Building the knowledge and skills of the Economic and Social Council (ESC) members and its secretariat will be core point for heightened social dialogue.

Thus, social partners will be more diligent to reinforce collective agreements and implement the new labour legislation properly as well as for devising policy responses to the formidable challenges in the labour market linked to digitalisation and transition to green economy.

Tackling the membership of the trade unions and employers’ organisations in many economic sectors will ensure their improved institutional ability to address working conditions and the needs of businesses through collective bargaining and other forms of social dialogue.

The upgraded system and its basic architecture for amicable settlement of labour relation disputes will ensure to be more widely known and used by workers and employers.

The capacities of local economic and social councils will be increased to formulate and implement policies and measures for creating decent work in the local economy by promotion of Local Employment Partnerships (LEPs) as a tool for improving the situation in local labour market.

1. **Gender equality and empowerment of women and girls, equal opportunity, Roma, minorities and vulnerable groups (where relevant):**

The projects will contribute to the promotion of gender equality and women’s empowerment through promotion of their active participation in social dialogue, as well increasing the female membership and leadership. The projects will be G1 gender sensitive.

The two interventions will put an attention on addressing the gender sensitive issues in social dialogue structures and processes, and thus, contributing to gender mainstreaming in societal flows.

The project will mainstream gender aspects in the collective barraging processes and agreements.

Relevant stakeholders (public and/or non-state actors) affected by the issues to be addressed by these interventions are enlisted under section 5.9 of this OIS. Their roles and mandates and any institutional, organisational and/or capacity issues to be covered by this action are defined with scope of legal provisions in Labour Relations Law in regard to rights of members and acting of organizations of employers and employees.

Specific attention, where feasible, will be paid to the most vulnerable groups, by applying the principle and avoiding the risks of “doing no harm”.

1. **Requested financing from the European Commission:**

The requested financing for the Operation from the European Commission will be 2 000 000 EUR (or 75% of total operation budget).

1. **Co-financing:**

The co-financing of the Operation will be ensured by the national public contribution and third-party contribution in amount of 820 000 EUR (or 25% of total operation budget).

1. **Budget breakdown:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Activity** | **Contract / Procurement procedure** | **Total budget** **in EUR** | **IPA contribution** **in EUR** | **National public contribution** **in EUR** | **Third-party contribution** **in EUR** |
| ***Activity 1*** *- Enhancing the Social Dialogue at National and Local Level* | Action Grant/Direct Award to international organisation | 2 100 000 | 1 400 000 | 300 000 | 400 000[[4]](#footnote-4) |
|  ***Activity 2*** *- Supporting Local Economic and Social Councils Develop and Implement Local Employment Partnerships* | Grant contracts/ Restricted Grant Scheme | 720 000 | 600 000 | 84 000 | 36 000[[5]](#footnote-5) |

1. *Indicators checked for the action from the IPA III Results Framework* [SWD\_2022\_445\_1\_EN\_document\_travail\_service\_part1\_v2.pdf (europa.eu)](https://neighbourhood-enlargement.ec.europa.eu/system/files/2022-12/SWD_2022_445_1_EN_document_travail_service_part1_v2.pdf) [↑](#footnote-ref-1)
2. *Since the second quarter of 2023, the State Statistical Office has started implementing the Labour Force Survey in line with the new Regulation (EU) no. 2019/1700 of the European Parliament and the Council for Social Statistics and the corresponding executive regulation of the Commission (EU) no. 2019/2240 for the area of the workforce, while the previous Regulation (EC) no. 577/98 has been repealed. The application of the new regulation caused changes in the survey, starting with changes in the design of the questionnaire, changes in the order of questions, changes and removal of existing and addition of new questions, changes in the scope and definition of employment and unemployment. The changes caused the interruption of the time series of data. A revised series of core employment and unemployment indicators are planned to be calculated for the period from the first quarter of 2009 to the fourth quarter of 2022 to allow comparability of data. Once those data become available, the MLSP will propose corresponding modification of the baseline values and targets of the impact and outcome indicator.* [↑](#footnote-ref-2)
3. ‘N’ refers to the year of signature of Financing Agreement. [↑](#footnote-ref-3)
4. Third-party contribution by IO (ILO). [↑](#footnote-ref-4)
5. Third-party contribution by Grant Contractors. [↑](#footnote-ref-5)