IPA III – Model of Operation Identification Sheet

1. **Title of the Operation:**

“Enhancing Employment and Employability of Youth”

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:**

North Macedonia committed to taking steps to further enhance the implementation of the national Youth Guarantee (YG) and align its delivery to the principles set forth in the Council Recommendation on A Bridge to Jobs - Reinforcing the Youth Guarantee (2020). The commitment to promote youth employment and reduce labour market detachment reflects the policy priorities that have been pursued by North Macedonia since 2018, when the Youth Guarantee – modelled on the European Union one - was piloted in the country and then rolled out nation-wide the following years. In the period 2018-2021, more than 70,000 young (out of which 50% women) NEETs registered in the YG and 38% (26,775 youth, out of which more than 54 % were young women) received an offer of employment, continued education or training, or a traineeship. Follow-up monitoring indicators show that around 40% of those who received an offer were in a positive situation 18 months after leaving the YG service delivery system. Youth Guarantee contributed to the decline of youth unemployment (from 17.5% to 13.4% in the NEET count), while the drop of inactivity was more subdued (from 12.3% to 11.8% in the NEET count).

More specifically, in terms of delivery of offers, the 2018 figures of the North Macedonian YG are mostly in line with the average found in EU countries, as approximately 41.9 per cent of the over 5,200 young persons registered in the YG pilot phase received an offer within four months. Over 36 per cent received an employment offer, while 3.1 per cent received a traineeship and 2.2 per cent a continuous education and training offer. Over 34 per cent of young beneficiaries remained in the YG service delivery system beyond the four-month threshold.Based on these promising results, the YG scheme was extended to the whole country in 2019, when approximately 20 thousand young persons registered to receive support. As the numbers scaled up, however, performance started to decline, with just 36.8 per cent of young people registered in the YG receiving an offer within the four-mouth timeframe and 45.8 per cent remaining in the YG service delivery system beyond four months in 2019. Furthermore, the monitoring data show that in 2020 nearly 25,000 young people registered in the YG, of whom 34.2 per cent received an offer within four months. In 2021 the number of young people registering in the Youth Guarantee declined substantially (just over 18,200 young beneficiaries registered, equal to a drop of 27 per cent compared to 2020), while the share of those who received an offer within four months increased to 43.5 per cent – thus confirming the negative relation between higher number of young people registering in the YG and capacity of ESA to deliver offers within the four-month threshold.

Annual data on the YG service delivery system points to additional considerations. As the number of young NEETs entering the YG system increases, the capacity of the Employment Service Agency (ESA) to provide positive and timely offers declines. This is in large part due to limited allocation of funds to labour market integration programmes (for subsidized offers), but also due to the lack of human resources to manage the additional workflow in ESA local offices. Finally, the North Macedonia YG was able to sustain the brunt of the economic shock caused by the Covid19 pandemic, as well as the additional workload due to the protection measures for workers and unemployed deployed by the Government, relatively well (2020). Even though positive and timely offers declined, their medium-term sustainability remained unchanged.

The Reinforced Youth Guarantee in North Macedonia will continue to be implemented based on the lessons learnt since 2018, with more focus on outreach, quality offers, better partnerships, and stronger service delivery system. The Youth Guarantee Implementation Plan (YGIP 2023-2026) is structured along the *YG phases (mapping, outreach, preparation, quality offers)* and cross-cutting enablers envisaged in the reinforced Youth Guarantee and summarizes the policy options in terms of reforms and initiatives that were agreed upon by key stakeholders.

Тhe proposed operation builds on the efforts and results achieved under the Sector Budget Support – the Sector Reform Performance Contract (SRPC) “EU for Youth”. Furthermore, proposed operation is in line with the recommendations of the Enlargement Package and will meet the Copenhagen criteria by addressing the weaknesses identified in the Economic Reform Programme in the areas of employment, education, and social inclusion. Operation will also contribute to the alignment with the EU *acquis,* mainly in chapter 19 Social Policy and Employment. This is with consideration not only to employment policy, but also to equality and equal opportunities at work, labour market integration and quality of offers under the YG, which shall reflect adequate EU and ILO standards with respect to working conditions and social protection.

Thus, presented activities for ‘Enhancing Employment and Employability of Youth’ will contribute towards accomplishment of 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.

**5.3 Specific Objectives of the Operation:**

То improve employment outcomes of young people (15 -29) through the implementation of reinforced YG.

**5.4 Outputs:**

The operation will be implemented through the interlinked activities presented below that will result with following Outputs:

* Strengthened mapping system of the NEETs and early intervention;
* Strengthened delivery of outreach activities;
* Strengthened delivery of employment services and short employability courses under YG preparation phase;
* Implemented quality offers under YG, ensuring young people receive a good quality offer of employment, continued education, or a traineeship in line with established quality frameworks[[1]](#footnote-1).
* Strengthened YG monitoring system of ESA to fully comply with the EMCO indicator framework and methodology, by introduction of new toоls and adjusting/ upgrading of ICT platforms.
* Built capacities of ESA and YG implementing partners.

**5.5 Indicative activities:**

This operation will support the implementation of the YGIP of North Macedonia that is structured along the phases and cross-cutting enablers envisaged in the reinforced YG. The activities below are structured according the policy options of reforms and initiatives foreseen in each of the YG:

**Mapping and early interventions**:

* Develop a report on Mapping of the NEETs:
* Implement the provision of carrier guidance in primary and secondary schools:

**Outreach**:

* Develop an outreach methodology by engaging civil society, local actors and the unemployed themselves in the design of outreach measures;
* Establish a common framework for monitoring of outreach activities;
* Engage youth organizations for Implementing outreach activities with coordination and support from MLSP and ESA;

**Preparation:**

* Implement services as line of support for labour market inclusion (e.g., counselling and guidance, short employability courses such as basic IT literacy, languages, business development etc.);
* Develop statistical profiling system that will helps the ESA in segmentation clients according to their distance from the labour market by estimating the probability of employment within 4 month timeframe. Jobseekers at high risk of long-term unemployment will be referred to additional in-depth counselling and provision of subsidized offers;
* Upgrade of the methodology and introduction new tools for early warning systems, skills forecasting and skills matching;

**Offer:**

* Implement and expand subsidized offers in order to provide more opportunities to young NEETs to increase their skills and employment opportunities (e.g. Self-employment programs, wage subsidy; traineeship, second chance programs various alternative trainings that are demanded on the labour market, with special focus on trainings for green and digitals skills);

**Strengthening monitoring system**:

* Improve data sharing between YG implementing partners;

Currently ESA has established data exchange with several institutions, however still there is no connection with EMIS (education management information system). This interoperability will allow ESA to improve reporting on the follow-up indicators in line with the EMCO indicator framework;

* Upgrade of ESA web site with new tools for free online employability skills and new online services for the (young) clients;
* Develop online pre-registration system as new entry point in the YG;
* Upgrade and modernize ESA ICT system (hardware and software);
* Develop and implement ESCO qualification of MoEs, ESA, MLSP and other partner institutions.

**Capacity building:**

This component includes a number of capacity building activities that will strengthen the mechanism for delivery of the YGIP, which includes ESA and the relevant partner organisations, such as:

* Capacity building of ESA and MoES, to deliver career guidance to pupils in elementary schools;
* Capacity building of ESA to use new tools developed for statistical profiling;
* Capacity building of ESA, youth organization and other relevant partners for use of the new pre-registration web site;
* Capacity building of partner organizations (NGOs) to train their youth workers to carry out outreach activities, identify, contact, engage detached youth, etc.;
* Capacity building of YG implementing partner for implementation of reinforced YG;
* Capacity building of ESA to analyse and report on YG as well as on the service delivery system specifically; etc.

The above-listed indicative activities for achievement of relevant output 1.1 Enhanced employment of young people (15 -29) through the implementation of reinforced YG and improved capacities of ESA, are in compliance with defined activities in OP “Jobs and Opportunities”:

**5.6 Indicators[[2]](#footnote-2):**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Indicator** | **Baseline**  **(2022)** | **Target** | **Source** |
| **Impact** | Youth Unemployment rate (15-29) | 25.7% | ≤22%  (2032) | LFS |
| NEET rate (15-29) | 24.2% | <20%  (2032) | LFS |
| **Outcome** | Young people employed (%) 6, 12 and 18 months after exiting the YG preparatory phase | Employment 42% | Employment 50%  (2029) | ESA administrative data |
| Young people 6, 12 and 18 months after taking up and offer (%) | Employment 10134  Education 13  Appr. 2  Train. 39 | Empl. 15000  Educ. 50  Appr. 10  Train. 100  (2029) | ESA administrative data |
| **Output** | Number of young persons between 15 and 29 years of age who received an offer, i.e. were treated with ALMPMSs under the OP by type of programme, measure and service (by sex, by disability) | 0 | 20000  (2029) | ESA |
| Proportion of young people in the YG preparatory phase beyond the four-month target | 76% | 60%  (2029) | ESA administrative data |
| Number of young people exiting the YG preparatory phase with a positive known outcome within 4 months | 37% | 45%  (2029) | ESA administrative data |
| Number of young people who receive support (shorth employability courses) in Preparatory phase | 0 | 10000  (2029) | ESA administrative data |
| Number of ESA and YG partners who participated in the trainings | 0 | > 1000  (2029) | ESA annual report |

**5.7 Indicative location(s):**

Republic of North Macedonia.

**5.8 Duration:**

*Activity - Support in Reinforcing the Youth Guarantee* - 60 months (5 years)

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

*End recipients:*

* Employment Service Agency (ESA);
* Youth Guarantee implementing partners - Youth Organizations, MLSP, Centres for social work, MoES, CAE, VET Centre, schools and training providers, State Statistical Office.

*Target groups:*

* Young people under the age of 29 (NEET; first-time registered within ESA; low skilled; registered at ESA as active job seekers);
* Employers that will accept unemployed young people in training programs/ traineeship and employ job seekers people within the project;
* Employment Service Agency staff;
* Youth workers.

1. **Implementation arrangements**

**6.1 Institutional framework:**

This operation shall be implemented through a Direct Award Contract.

The Central Financing and Contracting Department (CFCD) within the Ministry of Finance (MF) shall act as a Contracting Authority (CA) and shall be responsible for launching the award procedure, organising negotiations, preparing/signing the grant contract, payments, accounting, and shall have overall responsibility and supervision of contract implementation, including approving the interim reports and final report. The EUD in North Macedonia shall execute either ex-ante or ex-post control over the whole procedure and shall be kept fully informed on the progress by means of regular briefings during the intervention. The Department for Policies in the Area of Labour Legislation and Employment Policies in the MLSP shall be consulted in the preparation of the direct grant project and shall monitor its progress by reviewing the reports and in particular the achievement of the operation indicators.

The implementation of the Direct Award Contract, according to the IPA rules, shall be the responsibility of ESA. Administrative issues related to project implementation shall be dealt by a Project Management Officers selected and paid under the project. The total number of project management officers is planned to be tentatively 15-20[[3]](#footnote-3), part of them will be sitting in the local employment centres across the country. The members of the project team will be employed with employment contracts within ESA, according to the Law on Labour Relations. The project management unit members will work closely with other ESA’s employees in Central Office of ESA in Skopje and its local employment centres throughout the country on daily basis.

A Steering Committee will be established for the Direct Award Contract with a mandate for this operation. The role of the Steering Committee 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 Steering Committee members will involve relevant stakeholders (as deemed appropriate), such as: MLSP and other relevant ministries, Youth Organizations, Ministry of Education and Science (MoES), Adult Education Centre (AEC), Employers’ Organizations and other relevant bodies. The MF/CFCD, NIPAC/SEA and EU Delegation will participate to the Project Steering Committee (PSC) as observers. The project management unit will be the Secretariat of the Steering Committee.

The ESA shall be responsible for launching the tender / award procedure, organising evaluation procedure, preparing/ signing the supply/service contracts, payments, accounting, and shall have overall responsibility and supervision of contract’s implementation.

**6.2 Proposed monitoring structure and methodology:**

The day-to-day technical and financial monitoring of the implementation of this OP and hence of this operation will be a continuous process, and part of the responsibilities 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 MLSP, as the Managing Authority for the OP shall establish a permanent internal, technical, and financial monitoring system for the programme.

Every report produced by the contractors 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 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.

The European Commission (EC) may undertake additional monitoring visits both through its own staff and through independent consultants recruited directly by the EC for independent monitoring reviews (or recruited by the responsible agent contracted by the EC for implementing such reviews).

Additionally, since this operation will support the implementation of the Reinforced Youth Guarantee, theMLSP as the YG Coordinator, is responsible to monitor implementation of the reforms and specific interventions of Youth Guarantee implementation plan using the EMCO monitoring framework.

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Activity** | **Type of contract** | **Type of procedure** | **Launch of the procedure[[4]](#footnote-4)** | **Contracted/Contract start** | **Duration of the contract** |
| *Support in Reinforcing the Youth Guarantee* | Grant contract | *Direct award to national public body* | N\* | N+1 | 60 months |

*The Grant award procedure shall be launched with suspension clause*

*Justification: Activity - Support in Reinforcing the Youth Guarantee*

*Type of procedure*: “Direct award” to national public body (Employment Service Agency – ESA)

The intervention will be implemented by way of “Direct Award” to the ESA, as national public body, 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 section 6.4.2. Grants awarded without calls for proposals (‘Direct award’), the “Practical Guide to Contract Procedures for EU External Actions” stipulates that:

*“The Contracting Authority may implement an operation without calls for proposals where the grant is awarded to a body with a de jure or de facto monopoly, duly substantiated in the award decision.* *‘De facto’ or ‘de jure’ monopoly means that the grant beneficiary has exclusive competence in the field of activity and/or geographical area to which the grant relates pursuant to any applicable law.”*

The Employment Service Agency (ESA), which has been established by the Law on Employment and Insurance against Unemployment, is *"de jure"* the only national public professional service operating on the whole territory of the country in the area of employment and insurance in case of unemployment.

Moreover, the Employment Service Agency is the public institution responsible for implementation of the operational plans for active employment programmes and measures and has the leading role in the service delivery of the Youth Guarantee and Active Labour Market Programmes. The direct grant will co-finance national active employment measures, as well as other activities that are defined in the Youth Guarantee Implementation Plan (2023-2026).

In accordance with the “Practical Guide to Contract Procedures for EU External Actions”, the Contracting Authority (CA) must prepare a report (negotiation report) explaining the manner in which 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 (CA) must follow the steps shown in the negotiation report template and ensure that all the basic principles for grants are respected (including eligibility and exclusion along the whole management cycle). The procedures for awarding the grant shall be implemented in compliance with the Practical Guide.

* 1. **Supporting documents**

Invitation Letter to the Applicant to Submit a Proposal will be prepared in 2024.

1. **Risks and assumptions**

Risks:

* Fluctuation of staff within ESA and youth workers during the implementation of the direct award contact;
* Potential delays in secondary procurements conducted by the grant beneficiary;
* Training providers lack capacities to develop and/or implement training programmes for skills demanded on the labour market;
* Difficulties in cooperation among relevant national institutions and stakeholders.
* Non-interest of target groups to participate in the programmes offered by ESA.
* Non-interest of young people to enter labour market.

Assumptions:

* Enabled data entering in the IT systems of ESA for the outreach activities (online pre-registration of participants);
* Establishing and maintaining good cooperation between ESA staff and Youth Organizations, as well as other service providers through an open line of communication and collaboration;
* Support on political level and acceptance from public and media;
* Sufficient number of employers interested in participation in the project;
* Sufficient number of training/ service providers with capacity to participate in the project and serve the target groups;
* Efficient implementation of the procurement procedures and the contracts;
* Full coordination and cooperation in the work of all key stakeholders involved in the project on all levels;
* Readiness to adjust or upgrade the rules for implementation of active labour market measures and services to suit the needs of NEETs and unemployed;
* Good coordination with programmes funded in parallel from other sources;
* Sufficient number of unemployed interested to participate in the project;
* Minimum of counterpart staff in ESA working on monitoring, procurement, controlling and accountancy.

Conditions:

Some conditions for the start of the activities have been met. The Government approved the YG Implementation Plan 2023-2026 as a key document in April 2023. Reforms include the revision of the legal framework governing employment promotion as well as the adjustments to the functional organisation and staffing levels of the Agency. ESA shall gradually increase its resources dealing with the management of ALMPMSs during the implementation period of this programme. A detailed plan will be presented along with the grant application. ESA will report on its execution throughout the implementation.

1. **Sustainability:**

Implementation of this Operation will demonstrate positive impact at different levels.

The comprehensive reforms to be undertaken to implement YG are expected to bring long-term impact and benefit to 1) unemployed and inactive youth; and 2) 3) the overall system’s efficiency due to changes, adjustments and cooperation mechanism established.

*Impact at the level of end-beneficiaries (unemployed and inactive youth):* It is expected that this Action contributes to easier labour market integration of unemployed and disengaged young women and men and improvement of key labour market indicators for NEETs.

Improvements done under the Reinforced YG will also have positive impact on delivery of services to other unemployed job seekers-ESA clients. Introduction of statistical profiling, online delivery of basic ESA services, greater availability of labour market integration programmes and services will facilitate access to services and will improve efficiency in service provision.

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

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1.

This implies that gender aspects need to be given particular attention as a key leverage for achieving the expected results for the NEET population in the North Macedonia. Data from the NEET statistical profiles throughout the region indicate that gender is a key determinant of inactivity (family responsibilities being a disproportionally significant reason for young women and discouragement affecting more young men). The implementation of the action will enable the design and introduction in the portfolio of activation strategies and specific measures for the activation of women with care responsibilities and for young NEETs living in households receiving social assistance.

Though the Operation special attention will be given to them through the development and implementation of tailor-made active labour market programmes and measures and employment services to ensure their advanced employability and sustainable employment. Within the implementation of interventions planned in this Operation the following basic principles that ensure the protection and promotion of human rights will be respected:

* The principle of diversity and inclusiveness for all social categories following the principles of fair and adequate representation of ethnic, gender, religious, racial or any other vulnerable category of citizens, per the standards and practices of the United Nations.
* Encouraging balanced regional development by the data from the Regional Development Bureau and the degree of development of the planning regions in North Macedonia while also considering different needs and possibilities for the persons in different regions.

**11) Requested financing from the European Commission:** 11 964 000 EUR (or 77.96% of total operation budget).

**12) Co-financing:** 3 306 000 EUR (or 22.04% of total operation budget) ensured by the national public contribution and ESARNM.

**13) Budget breakdown:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Activity** | **Contract / Procurement procedure** | **Total budget**  **in EUR** | **IPA contribution**  **in EUR** | **National public contribution**  **in EUR** | **Third-party contribution**  **in EUR** |
| *Support in Reinforcing the Youth Guarantee* | Grant contract/ Direct Award | 15 000 000 | 11 964 000 | 2 250 000 | 786 000 |

1. Common Principles for Quality Assurance in Education and Training; European Quality Assurance Reference Framework for Vocational Education and Training; Council Recommendation on a Quality Framework for Traineeships (2014); [European Framework for Quality and Effective Apprenticeships](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018H0502%2801%29); International Labour organization (ILO) - practical guidance on the quality dimensions of youth employment offers [↑](#footnote-ref-1)
2. *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-2)
3. The number of project management officers shall be defined based on WLA foreseen to be prepared to support preparation of grant application by ESARM to smoothly plan the human resources for grant implementation. [↑](#footnote-ref-3)
4. ‘N’ refers to the year of signature of Financing Agreement. [↑](#footnote-ref-4)