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Original scientific paper

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## **HUMAN CAPITAL DEVELOPMENT IN MACEDONIA: THE ROLE AND EFFICIENT USAGE OF IPA FUNDS**

### **Abstract**

The purpose of this research paper is to strengthen and broaden research on the Instrument for Pre-Accession Assistance in Macedonia, particularly to identify and address the key issues and major areas of intervention under the IPA Human Resource Development Component (IPA IV) and their role in the achievement of the programme's four Priority outcomes. The evaluation aims to explain IPA efficiency and investment in human capital from a country perspective and to gather relevant information for the national priorities in the area of human resources development. It also attempts to identify areas for concern in the implementation of the overall programme and to provide policy recommendations on how the HRD programme can improve the achievement of its main outcomes.

Despite the IPA support for the human resource development and labour market improvements (2007-2013), high unemployment still points to an underutilisation of human capital in Macedonia, with a little progress made in the area of social policy and employment and the measures supported under the IPA IV component, taken to improve access to the labour market for vulnerable groups, including persons with disabilities, remain insufficient. Generally accepted, IPA rules and procedures are complex and difficult to apply. The insufficiency of information affects all parties in both the central and local government circles, as well as in the civil sector. We assume that the low participation in the IPA programme, particularly within the HRD component, the low level of transparency and inefficient usage of the funds, is a result of the lack of multi-partnership platform for cooperation among the stakeholders, private entities and CSO's, active at this domain.

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**JEL classification:** O15, O19, E22.

### **1. Implementation of IPA human resources development component (IPA IV) in Macedonia**

The overall objective of EU financial assistance to the former Yugoslav Republic of Macedonia, the Instrument for Pre-Accession (IPA), is to support the country to implement reforms needed to fulfil EU requirements and progress in the Stabilisation and Association Process and to reach its objective of fulfilling the Copenhagen criteria. These comprise the political and economic criteria as well as the ability of the country to assume the obligations of the EU integration.

The overall strategic objective of IPA Human Resource Development Component is to to prepare candidate countries for management, implementation and monitoring of resources from the European Social Fund (ESF) in accordance with the European Employment Strategy; particularly to foster development of human capital, by improving the quantity and quality of human resources, attracting and retaining more people in employment, promoting an inclusive labour market and Investing in human capital through better education and training. The implementation of the HRD Component in Macedonia, started with the European Commission decision for conferral of management, adopted on 16 of October 2009.<sup>1</sup> There are two multi-annual programming documents in the area of human resource development: Strategic Coherence Framework and the Multi-annual Operational Programme Human Resources Development (OP HRD)<sup>2</sup>, both covering the three separate filed of intervention over the period 2007-2013: Employment, Education and training and Social inclusion. IPA funds under the IV Component will be implemented through the OP HRD officially adopted by the European Commission<sup>3</sup> on 07 December 2007.

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<sup>1</sup> Decision C(2009)7962 as of 16.10.2009

<sup>2</sup> Human Resources Development Operational Programme (HRDOP) for 2007-2013

<sup>3</sup> CCI n. 2007 MK 051 PO 001

The OP HRD (2007-2013) is a document for implementation of the national and European strategic priorities prepared in line with the IPA established by Council Regulation (EC) 1085/2006 of 17 July 2006. OP HRD has been prepared by the Ministry of Labour and Social Policy (MLSP) and Ministry of Education and Science (MoES) in close collaboration with all relevant national stakeholders and acts as a funds delivery framework during the programming period 2007 – 2013. In accordance with the National Development Plan 2007-2009 and the Strategic Coherence Framework (SCF), the OP HRD supports four main priorities (Table 1):

- Priority axis 1: Employment - Attracting and retaining more people in employment;
- Priority axis 2: Education and training - Investing in human capital through better education and skills;
- Priority axis 3: Social inclusion - Promoting an inclusive labour market;
- Priority axis 4: Technical assistance.

Each of the four priorities supports specific measures, which will be fulfilled through the process of preparation and implementation of system actions and projects in the areas of employment, education and social inclusion.

**Table 1: Human Resource Development Component**

<b>HUMAN RECOURCE DEVELOPMENT COMPONENT (IPA IV)</b>				
<b>Priority Axis</b>	<b>Measure 1</b>	<b>Measure 2</b>	<b>Measure 3</b>	<b>Measure 4</b>
<b>Priority axis 1 Employment</b>	<i>1.1 Further development of the Employment agency and enhancement of the employment conditions</i>	<i>1.2 Support to the implementation of the Employment Strategy And JAP</i>	<i>1.3 Tackling the situation in the labour market of young people, women and long-term unemployed</i>	<i>1.4 From Informal to Formal</i>
<b>Priority axis 2 Education And Training</b>	<i>2.1 Modernizing the educational and training system</i>	<i>2.2 Enabling access to Quality education for ethnic communities</i>	<i>2.3 Developing adult education and lifelong learning</i>	
<b>Priority axis 3 Social Inclusion</b>	<i>3.1 Fostering social inclusion of people and areas at disadvantage</i>	<i>3.2 Integration of Ethnic communities</i>	<i>3.3 Empowering relevant actors</i>	
<b>Priority axis 4 Technical assistance</b>	<i>4.1 Support to the implementation of OP HRD</i>			

### **1.1. Employment - Attracting and Retaining More People in Employment as Part of IPA IV**

The main aim of this priority is to address unemployment, to support job creation and retain more people in employment, through modernisation, improvement and further development of the Employment Service Agency (ESA) and through development and implementation of new active labour policies and improved Employment Conditions. Activities funded under this priority may include: investment in information and communication technology, training for employment service staff and social partners, education for the unemployed, public relations campaigns, and advice on self-employment.<sup>4</sup> Furthermore, IPA Component IV provides funding to help people transition from informal to formal employment. It also supports the introduction of active employment measures, aimed at enhancing inclusion in the labour force.

<sup>4</sup> European Commission, European Social Fund, the Former Yugoslav Republic of Macedonia <http://ec.europa.eu/esf/main.jsp?catId=390&langId=en>

**Priority 1** comprises of four measures, which are designed to provide appropriate assistance to the specific needs of each target group of the unemployed sections of the country.

*Measure 1.1: Further development of the Employment agency and enhancement of the employment conditions.* This measure aims to improve the quality and efficiency of the services provided by the Employment Agency, in order to reduce unemployment and to provide an efficient framework for labour market policies.

*Measure 1.2: Support to the implementation of the Employment Strategy and the Joint Assessment Paper (JAP).* This measure aims to strengthen the capacity of institutions and social partners in the area of development and managing social policies for employment, in order to be better qualified for implementation and monitoring of the Employment Strategy.

*Measure 1.3: Tackling the situation in the labour market of young people, women and long-term unemployed.* This measure aims to provide integration into the labour market of young unemployed, women and long-term unemployed, through specific programmes and projects for implementation of active labour measures. One of the specific objectives of this measure is to increase female employment rates in order to improve the competitive position of women in the labour market.

*Measure 1.4: From informal to formal.* This measure aims to decrease the number of persons engaged in the grey economy, to help people transition from informal to formal employment, to support interventions for reinforcement of the labour inspectorates, to increase the level of formal employment and to contribute for the overall labour market development in the country. The following table summarises the choices made in the OP-HRD under Priority Axis.

**Table 2: Choices made in the OP-HRD under Priority Axis 1**

<b>Employment &amp; labour market</b>	
<b>Potential scope</b>	<b>Focus within OPHRD</b>
Active and preventive labour market measures to raise the employability and adaptability of the workforce, combat unemployment and increase LM participation; capacity building of labour market institutions to improve efficiency of labour markets.	Strengthening employment policy at local level; active labour measures for difficult-to-employ people, improved access of people with disabilities to employment, capacity-building of labour inspectorates and promotion of flexible forms of work.

## **1.2. Rules and Principles for Effective Usage of IPA IV Component Funds**

### **1.2.1. Legal and Institutional Framework**

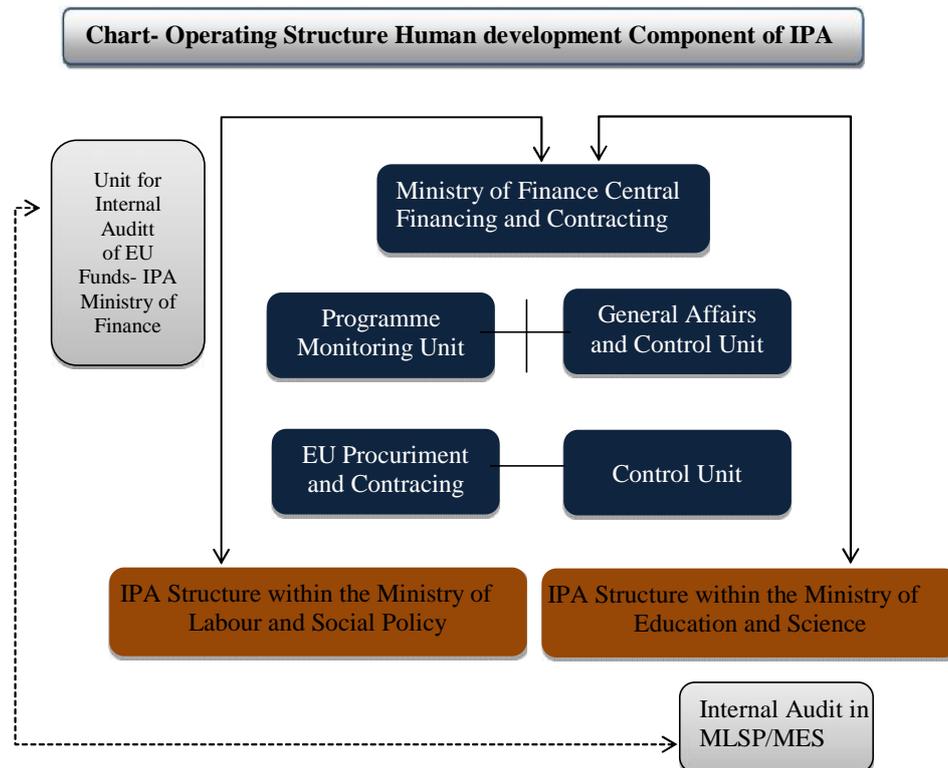
This Operational Programme will be implemented through decentralized management and coordinated by the Central Financing and Contracting Department (CFCD), set up within the Ministry of Finance. Headed by the Head of the Operating Structure (HOS), CFCD acts as a Lead Body of the Operating Structure for IPA Human Resources Development Component (see chart 1) and is responsible for monitoring the implementation of the overall HRD Programme/ projects. Part of the tasks of OS, for the programming and technical implementation of the programme, are delegated to the Ministry of Labour and Social Policy (MLSP) and the Ministry of Education and Science (MoES), where, the MLSP is responsible for technical implementation of Priority Axis 1 (Employment) and Priority Axis 3 (Social Inclusion), and the MoES is responsible for Priority Axis 2 (Education). The Priority Axis 4 - Technical Assistance will be implemented through joint cooperation of the Operating Structure for the Human Resource Development.

Looking to the future, the IPA Implementing Regulation stipulates two levels of Monitoring Committee, in order to provide

coherence and coordination in the implementation of IPA and engage all relevant actors:

- IPA Monitoring Committee (IPA MC);
- Sectoral Monitoring Committees (SMCs) for each OP.

**Chart 1: Operating Structure Human Development Component of IPA**



### 1.2.2. Financial Indicators

According to the Multi-annual Indicative Financial Framework for IPA for the years 2011-2013, the former Yugoslav Republic of Macedonia will receive an indicative allocation of €320,311,407 of pre-accession funds. The planned allocation for IPA IV component and the Financial Framework of the IPA Component IV, Priority axis 1 (Employment), are presented below respectively in table 3, 4 and 5.

**Table 3: IPA Component IV- Priority axis 1 Financial Framework (2007-2013)**

IPA IV Component Priority axis 1:	2007-2013	
	IPA (€)	national co- financing (€)
Measure 1.1	1,280,000.00	225,887.00
Measure 1.2	1,657,002.75	292,409.25
Measure 1.3	1,105,000.00	195,000.00
Measure 1.4	850,000.00	150,000.00

**Table 4: IPA IV Component TOTAL value (2007-2013)**

Year	IPA IV Component TOTAL (2007-2013)						
	2007	2008	2009	2010	2011	2012	2013
Total€	3.200,000	6.000,000	7.100,000	8.400,000	8.800,000	10.380,000	11.200,000

**Table 5: IPA IV Component by priority, years and measures (2007-2009)**

Year	IPA IV Component by priority, years and measures (2007-2013)					
	IPA IV Component Total (€)	Priority axis 1	Measure 1.1	Measure 1.2	Measure 1.3	Measure 1.4
2007	3.200,000	1.299,000	175,000	94,000	1,020,000	10,000
2008	6.000,000	2.697,500	355,000	751,000	1,351,500	240,000
2009	7.100,000	2.849,500	325,000	47,000	2,167,500	310,000

Source: OP HRD (2007-2013)

## **2. Employment and human capital development in Macedonia**

### **2.1. Labour Market Developments - Activity, Employment and Unemployment Rate in Macedonia (2007-2011)**

The labour market performance in Macedonia had two main trends: a (mild) increase of the employment over the years, along with a low employment rate and maintenance of a high unemployment rate. The activity rate, as a percentage of the labour force in the population aged 15 + in Macedonia, is low and below the average level of the employment in the European member countries. As shown in table 6, in the period 2007-2011 the activity rate amounted to somewhat over one half, reaching in 2010/IV the highest level (to 57.8 percent). The Labour Market in Macedonia is characterised as highly segregated, both, occupational and sectoral, with a continuous employment gap between the genders. The employment rate for women is dramatically lower compared to men and over the years a negative trend can be observed: this disparity was increased from 15.7 percentage points in 2007 to 22.2 in 2011/IV (See Table 6). When observing the whole period (2007-2010) there is only a modest change on the overall employment rate from 36.2% in 2007 to 39.9% 2010, which may points to a significant failure of using the human resources to their full potential.

**Table 6: Labour force and activity rates**

Year	Activity rate			Employment rate			Unemployment rate		
	total	Females	Males	total	Females	Males	total	Females	Males
2007	55,7	44,1	67,3	36,2	28,4	44,1	34,9	35,5	34,5
2008	56,3	43,8	67,3	37,3	28,8	45,7	33,8	34,2	33,5
2009	56,7	43,7	68,8	38,4	29,4	47,5	32,2	32,8	31,8
2010/IV	57,8	44	69,8	39,9	32,7	52,7	30,9	32,2	31,9
2011/IV	56,5	39,2	60,8	38,5	38,9	61,1	31,8	39,8	31,4

*Source: State Statistical Office, LFS (2007-2011)*

According to the Labour Force Survey, The unemployment rate (15-64) is slightly decreased from 34.9% in 2007 to 31.8% in 2011, but still it is higher than the priority, as indicated in the National Employment Strategy. Whereas the participation and employment rates of women are much lower than men's, their unemployment rate in the selected years is just one percentage points higher compared to men, what shows that unemployment rates are almost equally shared between the sexes. This may reflect the willingness of women to take up low paid, but secure public sector jobs, or jobs in newly created small firms, since traditionally they are second-income family earners.(Mojsoska-Blazevski, 2011) The unemployment is also spread through all age groups (see Table 7). The highest unemployment rate in 2011 characterizes the youth (as much as 59.4 for the population 15-24 years old, where significant increase of unemployment is registered over 2007-2011/IV, increasing from 57.7% in 2007 to 59.4% in the fourth quarter in 2011), then it decreases to 29.5 for the age group 25-49, but still remains a high 25.2 percent in the age group (50-64). This means that more than half of the young people in Macedonia who are looking for a full-time job have problems finding it. It seems that the transition has distorted the regular unemployment distribution i.e. unemployment has affected even older generations, who in terms of their knowledge, experience or higher rank, should be fully employed. Also, youth have a low employment rate (13.6 percent in the last quarter of 2011) and although their employment increased somewhat in 2010, a negative trend can be observed in 2011. This can be explained mainly due to high level of young unemployment, then from their engagement in the informal work and attendance at school which also can be seen in their low labour market activity rate. The employment rate of the age group of persons aged 50-64 is 43.4% while the highest employment rate is among the age group 25-49, i.e. 55.8% (Table 7).

**Table 7: Activity rates by age group**

Year	Activity rate				Employment rate				Unemployment rate			
	15-24	25-49	50-64	65 >	15-24	25-49	50-64	65 >	15-24	25-49	50-64	65 >
2007	35,9	79	52,9	4	15,2	53	37,8	3,9	57,7	32,9	28,5	3,2
2008	35,9	79,4	54,9	3,9	15,7	54,3	39,5	3,6	56,4	31,6	28	8,8
2009	35	79,5	57,2	3,9	15,7	55,4	42,4	3,4	55,1	30,3	25,9	12,3
2010	32,6	82	58,4	4,1	16,1	57,2	44	3,8	50,5	30,3	24,7	5,5
2011	33,6	79,2	58	3,2	13,6	55,8	43,4	2,7	59,4	29,5	25,2	16,1

Source: State Statistical Office, LFS (working population of 15-64 years old)

According to their economic status, in 2010 72% of the working population are wage employed, 13% are self-employed; 10% are unpaid family workers and 5% are employers. Comparison with the data from the previous years (2007-2010), the structure of employment remains the same, with a modest increase of the self-employment rate for 1%, from 12% in 2007 to 13% in 2010.

Among the employed, a trend of continuous decline of the share of people with higher education is manifested, as well as stagnation of the share of people with secondary education and share of people with primary education, while the share of people without schooling and people with university degree is increasing. In the breakdown of the unemployed by education (2008-2010), a decrease in the share of people without schooling and those with completed primary education and higher education is observed, the share of people with secondary education is stagnating, while the share of people with university degree education is increasing (see table 8). The overall employment rate (for the population aged 15–74) increases with education level: from 24.7 % for workers with primary education, to around 47.2 % for workers with secondary education, to 66.2 % for university educated individuals. It can be realized that education is the main determinant of the transition from unemployment into employment.

**Table 8: Activity rates by education and attainment**

Level of education	Employment rate%			Unemployment rate%		
	2008	2009	2010	2008	2009	2010
No education	8,0	7,0	9,1	53,2	46,3	45,0
Primary	24,8	25,1	24,7	41,8	40,0	40,1
3 year high education	47,7	46,0	47,4	35,6	36,1	34,5
4 year high education	47,2	47,8	47,2	32,3	31,2	31,4
higher education	56,9	54,7	54,5	20,2	17,3	17,3
university degree	65,5	66,7	66,2	21,7	22,1	22,7

Source: State Statistical Office, LFS (working population of 15-64 years old)

Although the employment rate of women in 2010 is lower than men's by about 20 percentage points (shown in table 6), the difference in employment rates between the sexes decreases with educational attainment (see table 9). University-educated women have only marginally lower employment rates compared to men, suggesting that educational attainment is a stronger determinant of employment probability than gender.

**Table 9: Labour market indicators by gender and education attainment in (2008-2010)**

Level of education	Employment rate%			Unemployment rate%		
	2008	2009	2010	2008	2009	2010
No education	8,0	7,0	9,1	53,2	46,3	45,0
Primary	24,8	25,1	24,7	41,8	40,0	40,1
3 year high education	47,7	46,0	47,4	35,6	36,1	34,5
4 year high education	47,2	47,8	47,2	32,3	31,2	31,4
higher education	56,9	54,7	54,5	20,2	17,3	17,3
university degree	65,5	66,7	66,2	21,7	22,1	22,7

Source: State Statistical Office, LFS (working population of 15-64 years old)

Overall, the Labour Force Survey data from 2007 to 2011/IV has indicated stagnation in the labour market development and further unfavourable development of labour market indicators. To recapitulate, the Macedonian labour market is characterized by low employment and activity rates, particularly for women and young people, accompanied by high level of unemployment. As a result, the activity rate has remained particularly low, especially among women. The employment rate has basically stagnated at an extremely low level, around 37%, varying according to the education level. Therefore, in the forthcoming period, special attention should be paid to improving the labour market position of specific categories, such as youth, elderly and women. Unemployment is especially widespread among young people, whose employment rate is also extremely low, and among people with low education.

The deterioration in the youth job market seems to have contributed to particularly large increases in enrolment rates in higher education, since studying is the most acceptable alternative for the young people compared to the years they will have to wait for their first job. The other trend which is currently in high progress is the "brain-drain" process of the young high qualified and educated persons, thus reducing the quality of the human capital in Macedonia. Thus, despite the IPA support for the Human resource development, the data available indicates that the Human resources are not fully used in accordance with the labour market demand. The restructuring of the economy led to an overall decline in labour demand, as the low growth dynamics and the poor business environment failed to create a sufficient number of job opportunities.

## **2.2. National Employment Policy Framework**

OP HRD<sup>5</sup> has been prepared in conjunction with the National Development Plan 2007 – 09 and the Strategic Coherence Framework (SCF) which will cover the period 2007 – 2013. OP HRD aims were defined in line with the following national strategic documents:

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

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<sup>5</sup> FYR Macedonia, Multi-annual Operational Programme for Human Resource Development 2007-2012  
[http://ec.europa.eu/enlargement/pdf/the\\_former\\_yugoslav\\_republic\\_of\\_macedonia/ipa/mk\\_comp\\_4\\_programme\\_9\\_11\\_2007\\_en.pdf](http://ec.europa.eu/enlargement/pdf/the_former_yugoslav_republic_of_macedonia/ipa/mk_comp_4_programme_9_11_2007_en.pdf)

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

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

One of the major priorities of the Government of the country is to provide sustainable economic growth and competition, higher employment rate, increasing living standard and quality of life. Towards achieving these goals, the Government has prepared a National Employment Strategy (NES) 2015, which is in line with the revised European Union Lisbon Strategy by setting targets for the employment rates following the European Union example. NES 2015 contains the medium-term employment policy up to 2015 and defines national targets and specific employment policies that will ensure achievement of those targets. The Strategy addresses the main labour market challenges, including measures for tackling youth unemployment, long-term unemployment, female unemployment and vulnerable groups; developing a skilled workforce which meets the needs of the labor market; promoting social inclusion and fight against poverty and informal economy.

As an implementation tool of the NES, the National Action Plan for Employment 2011-2013 (NAPE) was prepared and adopted by the Government with specific programmes, projects and measures for the period 2011-2013. Each year the Government also prepares and adopts

Operational Plan for Active Employment Programs and Measures. The OP encompasses both measures for increasing the quantity and quality of labour supply and measures for increasing labour demand. The OP target disadvantaged people in the labour market and in particular young people, women and long-term unemployed. Operational plan for active employment programmes and measures for 2012-2013 aims to encompass 6,000 jobless people in 2012 for which nearly 500 million MKdenars have been provided.

Another document is the Decent Work Country Programme (DWCP), which is currently put in place (2010-2013). The DWCP is closely linked with national policy priorities as set out in documents such as the National Development Plan, the National Employment strategy, the Operational programme for human resources development, the Multi-annual indicative planning document 2009-2011 (MIPD), the National Action Plan for Gender Equality (2007-2012), and with commitments from international and regional development agendas.

Main responsible institutions concerning labour market policies in the country, as well as for implementing projects under the IPA IV component, Priority axis1, are the Ministry for Labour and Social Policy and the Employment Service Agency. MLSP is responsible for policy on employment and unemployment, and for job placement services. Regarding the HRD Component, **IPA units in the MLSP are** responsible for technical implementation of Priority Axis 1 (Employment) and Priority Axis 3 (Social Inclusion). The Employment State Agency accomplishes its activity in the framework of the employment policy established in the NES 2010, 2015, NAPE 2011-2013, the Operational Plan for Active Employment Policies and other projects and programmes. Under, IPA Component IV, the first direct grant to the ESA for an amount of EUR 1.300.000, was signed in November 2010, representing an important milestone for the implementation of the Operational Programme.

### **3. Projects under IPA IV in Macedonia**

In our attempts to apply a qualitative approach in our study, by conducting an interview with the main coordinators, for IPA IV component in the responsible state institutions- MLSP and ESA, we've been faced with a negative or no response from this governmental bodies.

Thus in preceding with our study, based on seconded data, our monitoring found a very low level of availability and accessibility of information. Overall, the level of proactive publication of information about aid activities and funding is far below the level needed for full monitoring. Much information regarding the IPA HRD Funds was either missing or presented with a minimum of detail. Similarly, information about contracts and grants, where it is made available, is not linked to budget figures, so there is no transparency about how budgets were actually spent.

Areas where information was particularly established included limited information on budgets and contracts regarding passed and current projects. This meant that even when information had been published and was on the websites it failed on the overall indicators. Particularly concerning for our study is that we weren't in a position to make any connection between current budgets on the one hand and ongoing activities on the other hand, as well as connection with the final beneficiaries. In order to Increase the transparency of the IPA funding, state agencies should provide documents readily available to the public, to ensure that their Report gives enough information about their particular project activities and achievements or provide good cross-references to where the extra detail can be found. In the absence of government regulation regarding the public disclosure of the IPA spending, current reporting quality falls far below the average level of transparency.

In the table below we present a shorts description and allocation of the IPA HRD funds, for past and current projects within the MLSP and ESA, no additional public data was available from the responsible institutions.

**Table 10. Projects of the MLSP and ESA under IPA IV Component**

Project purpose	Target groups	indicators	Time Frame	Finance	Responsible institutions
Combating unemployment of young, women and long time Unemployed	-young -women -long time unemployed	-number of interns -number of trained persons according the labour market demands	2010-2012	<b>IPA IV 1.105.000 €</b> National Budget Total 195.000 € 12.090.088 MKD	ESA
Combating Unemployment of young people, women and long time unemployed (Second grant)	-young -women -long time unemployed	-number of interns -number of trained people according the labour market demands	2012-2013	<b>IPA IV 1.954.002 €</b> National Budget 344.824 €	ESA
Improvements of the employment potentials- women Employability	-women -NGO	-number of trained -persons	2011-2012	<b>IPA IV 1.343.000 €</b> National Budget 237.000 €	MLSP
Supporting Social inclusion and Inclusive Labour Market	-ESA -CSW -MoES	-number of trained, -persons	2011-2013	<b>IPA IV 1.304.000 €</b> National Budget 230.118 €	MLSP
Further modernization of ESA	-employees in ESA	-Number of trained employees in ESA	2011-2013	<b>IPA IV 1.280.000€</b> National Budget 225.887	ESA
Supporting National Policy for Employment	-MLSP - MoES - MF - ESA - NBRM - social partners	-number of trained persons for monitoring and evaluation. - Improvement of the institutional capacities for evaluation of the social policies.	2010-2013	<b>IPA IV 1.657.000 €</b> National Budget 292.412 €	MTSP
Strengthening the measures against informal Work	Inspectors from The SLI	-research for informal work -number of trained inspectors	2011-2013	<b>IPA 850.000 €</b> National Budget 150.000 €	MTSP SLI
Strengthening the Capacities for labour market integration, with a particular focus on women and ethnic minorities.		Number of persons trained for inclusion of women in the labour market -number of developed programmes	2012-2013	<b>IPA 447.000 €</b> National Budget 78.882 €	MTSP

Source: MLSP, *National Action Plan for Employment of the Republic of Macedonia 2010-2013*<sup>6</sup>

<sup>6</sup> [http://www.mtsp.gov.mk/WBStorage/Files/ap\\_vrabotuvanje.pdf](http://www.mtsp.gov.mk/WBStorage/Files/ap_vrabotuvanje.pdf)

## **Conclusion**

As indicated in the NES 2015 and OP HRD (2007-2013) one of the main government priorities is to stimulate job creation, reduce rigidities and administrative barriers in the labour market, and improve efficiency of the main labour market institutions.

Despite the IPA support for the human resource development and labour market improvements (2007-2013), high unemployment still points to an underutilisation of human capital in Macedonia, with a little progress made in the area of social policy and employment and the measures supported under the IPA IV component, taken to improve access to the labour market for vulnerable groups, including persons with disabilities, remain insufficient.

Due to the lack of transparency and available information in general we were unable to assess the real current capacity of the fund management under the IPA IV component in the country. There is no available data/information on the budget allocated under the IPA, nor precise details about all past and current IPA project activities within the Human Resources Development Component, thus on the basis on the data available, we were not able to fully address the obstacles barring Macedonia from fully benefitting from IPA programs.

Generally accepted, IPA rules and procedures are complex and difficult to apply. The insufficiency of information affects all parties in both the central and local government circles, as well as in the civil sector. We assume that the low participation in the IPA programme, particularly within the HRD component, the low level of transparency and inefficient usage of the funds, is a result of the lack of multi-partnership platform for cooperation among the stakeholders, private entities and CSO's, active at this domain. Currently Macedonian CSO's are hardly participating in any segment of the IPA IV component project cycle, those which are actively involved, belong to a limited and small network of CSO's, which are often not transparent, thus the degree of possible involvement of CSOs in IPA IV projects cannot be measured at this stage.

Next, we assume that another obstacle for low participation in IPA programme, both for CSO's and local governments is the co-financing obligations of the IPA, according which beneficiary institutions are supposed to fulfil the obligation using their own, public money. Experience shows that CSO's and small municipalities with small

budgets have difficulty securing the 10%-20% of the co-financing rate, considering also that the current governmental strategies of cooperation with them do not include any kind of financial support. The weak public institutions and administrative capacity as well as gaps in the level of human resources development, also hinders the ability of the country to develop strong pipelines of well prepared projects, and to ensure sufficient ownership for the programmes supported by the EU and coherence with national policies and strategies.

An effective and representative social dialogue is still lacking. The measures taken to improve access to the labour market for vulnerable groups, including persons with disabilities, remain insufficient. Consultation with relevant stakeholders on social policies needs to be reinforced. The administrative capacity has slowly been strengthened, but remains insufficient to implement properly the legislation and policies adopted. Thus, this research has shown that Macedonia is already facing significant problems with in the early stages of IPA IV component use. The Macedonian government must therefore show clear political support for the creation of necessary structures for management of EU funds in the country in order to avoid delays in preparation and secure efficient and transparent use of financial resources from the IPA components IV.

In order to develop a pipeline of potential projects since primary responsibility for employment policy rests with the MLSP and implementation is done mainly via the ESA, these institutions must be very proactive in cooperation with relevant stakeholders at local, regional and national level and improve inter-sector cooperation with other line ministries during the programming and implementation of IPA IV funded projects. Therefore, national administration has an obligation to enhance their capacities so they can be included adequately in the country's IPA funds management.

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