

DECENT WORK AND ECONOMIC GROWTH



FOSTERING SUSTAINABLE ECONOMIC GROWTH THROUGH YOUTH EMPLOYMENT, EDUCATION AND TRAINING: THE CASE OF THE REPUBLIC OF NORTH MACEDONIA

Katerina Shapkova Kocevska, PhD¹

¹ Associate professor at the University Ss. Cyril and Methodius - Skopje, Iustinianus Primus Faculty of Law - Skopje

1. INTRODUCTION

One of the key objectives outlined in the 2030 Agenda for Sustainable Development is the promotion of long-term, inclusive, and sustainable economic growth, as well as the attainment of full and productive employment, along with decent work opportunities for all individuals, commonly known as the eight Sustainable development growth (SDG8). The aim of this essay is to evaluate the progress achieved by the Republic of North Macedonia in its endeavors to attain this goal. Our focus is in monitoring the advancements made by countries in achieving the target of "substantially reducing the proportion of youth who are not engaged in employment, education, or training" (SDG target 8.6). The specificity of this target is in ways that differ from the other activities outlined in the SDGs, which are projected to be accomplished by 2030. In contrast, the objective of significantly decreasing the percentage of young individuals who are neither employed, nor enrolled in school or training (NEET youth) was set to be reached by 2020. In order to monitor the advancement towards the attainment of this objective, the UN has designated a specific indicator, which is the proportion of young individuals who are neither engaged in education, employment, nor training, commonly referred to as NEET rates.¹

This study assumes that persons between the ages of 15 and 29 are categorized as young people. We were motivated to choose these age parameters in defining of the young group by two causes. The phrase "young people" is clearly defined in relevant national law where youth as everyone between the ages of 15 and 29². Second, relevant targets about the proportion of NEET youth in the Republic in North Macedonia and in the European Union (EU) are set for the age group 15 to 29. This allows for international comparisons to be made, enabling an assessment of the country's progress in relation to the performance of EU member countries.

Based on the findings about the rates of NEET youth, relevant conclusions and recommendations were derived. It is hoped that the article will make an important step towards the advancement of the role of young individuals within Macedonian society and provide a framework that recognizes their strategic importance in achieving inclusive, sustainable, and equitable development.

1 Goal 8 | Department of Economic and Social Affairs. (n.d.). https://sdgs.un.org/goals/goal8#targets_and_indicators

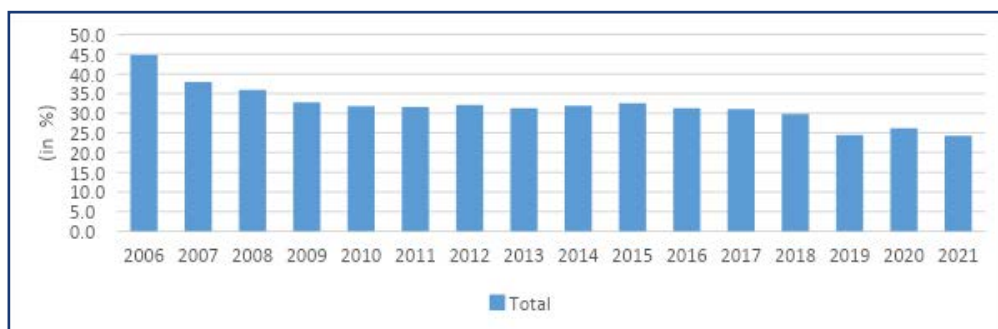
2 Law on Youth Participation And Youth Policies (Official Gazette of the Republic of North Macedonia, No. 10/2020).

2. NEET RATES IN THE REPUBLIC OF NORTH MACEDONIA

In 2021, the total youth population aged 15-29 years in North Macedonia was approximately 390.000 people. About one third of them (around 130.000 people) were employed and the number of unemployed youths was around 50.000 people. About 210.000 young people were inactive, mainly because of school attendance (78,1% of all young inactive people). The youth unemployment rate in the given year was 12,9% and nearly 40% of the unemployed were looking for a job in a period longer than a year.³ Approximately 94.000 young people were neither in employment nor in education and training at the same time.⁴

The NEET rate conveys the number of young people not in education, employment or training as a percentage of the total youth population. Figure 1 displays the NEET rates pertaining to young people between the ages of 15 and 29 in the Republic of North Macedonia in the time period between 2006 and 2021.

Figure 1. Young people (aged 15-29) neither in employment nor in education and training in the Republic of North Macedonia, by gender (2006-2021)



Source: State statistical office.

The analysis indicates that the Republic of North Macedonia has made substantial progress in reducing the proportion of young individuals who are neither employed nor engaged in education and training. Fifteen years ago, around 44,8% of the youth population in the country were not engaged in the employment, education, and training system. The NEET rate in the year 2021 was recorded as 24,3%.

3 International Labour Organization. (2022, March). Republic of North Macedonia YOUNG PEOPLE NOT IN EDUCATION, EMPLOYMENT OR TRAINING (NEET) MAPPING AND POLICY POINTERS. Retrieved November 29, 2023, from https://northmacedonia.un.org/sites/default/files/2022-09/MKD_NEET%20Mapping%20and%20Policy%20Proposals_EN.pdf, pg.7

4 <https://shorturl.at/opIT3>

The rate of NEET individuals remained largely stable between 2010 and 2018, with around 32% of the population aged 15 to 29 being classified as NEET. In 2019, a significant decrease of 5,3 percentage points in the NEET rate was observed, which may likely be attributed to the implementation of the Youth Guarantee program.⁵ The NEET rate had a notable increase of 1.7 percentage points in the year 2020 as compared to the preceding year, primarily attributed to the impact of the Corona crisis. In the year 2021, the NEET rate reverted to around 24%, which is consistent with the level observed before to the onset of the COVID-19 pandemic.

Youth Guarantee (YG) program was first piloted in 2018 in three local centers of the Employment Service Agency in North Macedonia. It was modeled by the Youth Guarantee program of the European Union.⁶ The target group of the YG program was NEET youth (aged 15-29) and its aim was to provide them with a quality offer of employment, continuing education or training, or a traineeship within four months of leaving school or becoming unemployed. In 2018 when the program was piloted, approximately 5200 youth NEET were registered in the YG program (coverage rate of the program was 4,2% of total NEET youth population in the country). In the upcoming years the coverage of the YG program was broadened to the whole country and the total number of the NEET youth in the program was around 20.000 NEET youth (coverage rate averaging about 20% of NEET youth population). The key indicators of the YG program in the 2018-2021 period are provided in Table 1.

Table 1. Key indicators for the service provision system from YG in North Macedonia

INDICATOR	2018 (pilot)	2019	2020	2021
Total number of registered youths for YG	5.266	20.248	25.502	19.298
<i>Women (%)</i>	51,1%	51,7%	50,4%	50,0%
Share of registered youth who received offer latest four months after entering the program	41,9%	36,8%	34,2%	43,5%
<i>Job offer (% of total registered)</i>	36,6%	31,0%	29,3%	37,1%
<i>Other offer (% of total registered)</i>	5,3%	5,7%	4,9%	4,8%

5 Ministry of Labor and Social Policy, Government of the Republic of North Macedonia (2021). National Employment Strategy 2021-2027 with Action employment plan for 2021 – 2023. Retrieved November 29, 2023, from <https://www.mtsp.gov.mk/content/pdf/2021/trud/NSV%202021-2027%20i%20NPV2021-2023.pdf>

6 Escudero, V., & Mourelo, E. L. (2018). La Garantie européenne pour la jeunesse: Bilan systématique des mises en œuvre dans les pays membres. Travail et Emploi, 153, 89–122. <https://doi.org/10.4000/travailemploi.7983>

Share of registered youth who are part of the YG program after the completion of the 4 month period	34,3%	45,8%	61,3%	41,8%
Share of registered youth with unknown destination (% of total registered)	23,7%	17,4%	4,5%	14,7%
Coverage rate of YG (% on NEET population)	4,2%	20.4%	24,5%	20,6%

Source: Employment Service Agency, Labor Force Survey (2018 – 2021) in Ministry of Labor and Social Policy, Government of the Republic of North Macedonia (2023), Youth Guarantee Implementation plan for 2023 – 2026 (pg. 10).

In addition, the Operational plan for active employment programs, measures, and services in the labor market for 2023⁷ again includes the YG program. In 2023, the YG program is planned to be implemented at a national level and the planned coverage of participants in the YG is about 10.000 young people. The program will be considered successful if at least 30% of the people involved in GM successfully exit it within a period of 4 months, that is, they will be employed, re-involved in the educational process or will be included in active employment programs and measures. The GM program enables different types of services provided to the NEET youth, including:

- **Services:** Professional orientation and career counseling; Help with job search; Motivational trainings; Individual and group counseling; Trainings for preparation for employment and for work; Mediation in employment.
- **Employment:** Subsidies for employment of young people; Incentives for employment of young people with disabilities and Self-employment program.
- **Continuing education:** Training for a known employer; Training for professional qualifications according to the requirements of employers; Professional trainings according to the request of the employers; Trainings for in-demand occupations; Trainings for the development of digital skills and "Second chance" programs
- **Internship:** Internship schemes for young people and participation in ERASMUS+ program.

Successful realization of the YG program depends on the joint effort of the relevant institutions (Ministry of Labor and Social Policy, Employment Service Agency, Ministry of Education and Science, social partners and non-governmental organizations).

Considering the fact that the NEET youth represent a very heterogeneous group, we find it useful to provide insight to its complex structure by disaggregating the

⁷ Employment Service Agency of the Republic of North Macedonia (2023). Operational plan for active employment programs, measures, and services in the labor market 2023. Retrieved November 29, 2023, from <https://av.gov.mk/operativen-plan.nspix>

NEET rates with respect to different characteristics of the NEET population. In Figure 2, we show the NEET rates in North Macedonia in 2021 with regard to age group, gender, educational attainment and region.

Figure 2. NEET rates by age, sex, region and educational attainment, 2021 (%)



Source: International Labor Organization. (March 2022). Republic of North Macedonia YOUNG PEOPLE NOT INCLUDED IN EDUCATION, EMPLOYMENT OR TRAINING (NEET) - MAPPING AND POLICY POINTERS. <https://northmacedonia.un.org>

The age disaggregation of the NEET rate in 2021 shows a lower rate for the age group 15 - 24 compared to the NEET rate of the age group 25 - 29. Next, the NEET rate of the young women is higher than the NEET rate of the young men in the country. The NEET rates of the people with completed secondary and tertiary education is higher than the NEET rate of young adults with completed primary education. Finally, the NEET rates manifest different values among the regions in the country. The

highest NEET rates in 2021 were recorded in North East and Polog region, while the South East and the Vardar region had the lowest NEET rates at the same time.

Republic of North Macedonia has recently established national target for NEET rates in two important strategic documents: the National Employment Strategy 2021-2027⁸ and the National Youth Strategy 2023-2027⁹. **Both of these publications have a goal of reducing the NEET rate to 20% among young individuals aged 15-29 by 2027.**

According to the National employment strategy 2021 – 2027, the decrease of the NEET rate by 2027 should be achieved through two mechanisms. First, the reform of the education and training system is expected to lead to improvement of learning outcomes, pupils and students are expected to acquire the skills needed to pursue higher education or enter the labor market and reduces the mismatch of skills with the needs of the market. Second mechanism is through increase of the supply of vocational education and training, particularly at the postsecondary non-tertiary level education, enabling people to acquire competences demanded by the companies.

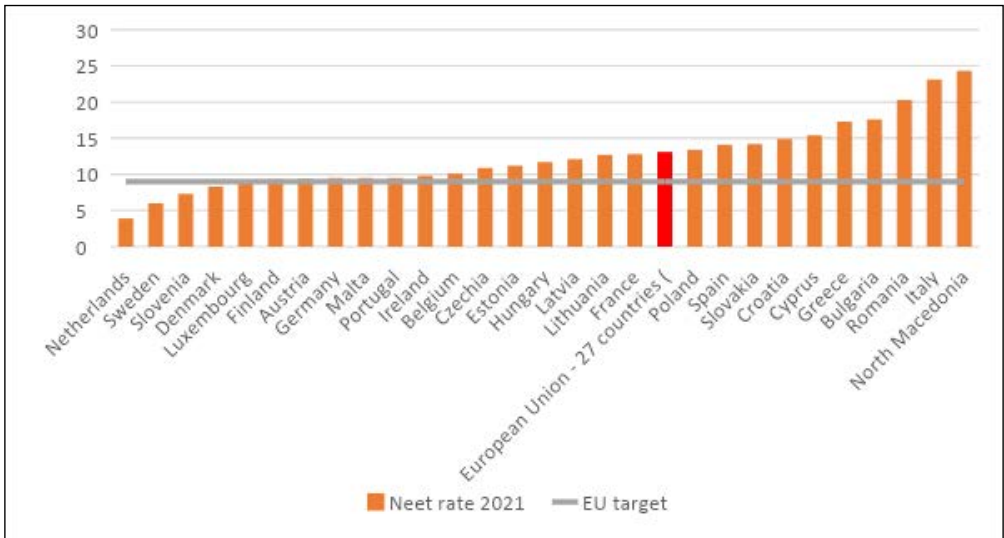
According to the National Youth Strategy, 20% NEET rate target is expected to be achieved through achieving the strategic goal of supporting young people to acquire knowledge and skills that make them a component on the labor market and securing continuous support to young people for choosing occupation in accordance with their affinities. The National Youth Strategy also introduces an intermediate target of 22% NEET rate that is expected to be achieved by 2025.

The comparison of the Republic of North Macedonia's efforts in reducing NEET rates with the accomplishments of other European nations is a compelling subject of study. Figure 3 illustrates the NEET rates of the European Union member states, together with the NEET rate specifically for the Republic of North Macedonia in the year 2021. It is noteworthy to acknowledge that the European Union (EU) has established a specific objective, which states that the proportion of young individuals who are not in employment, education, or training (NEET) should drop below 9% by the year 2030.

8 Ministry of Labor and Social Policy, Government of the Republic of North Macedonia (2023). National Employment Strategy 2021-2027. Retrieved from: https://www.mtsp.gov.mk/content/pdf/2021/trud/strategija_vrbotuvanje_2021_eng.pdf

9 National Youth Strategy 2023 – 2027 (Official Gazette of the Republic of North Macedonia, No. 204/2023).

Figure 3. Young people (aged 15-29) neither in employment nor in education and training in EU member countries and in the Republic of North Macedonia (2021)



Source: Eurostat and State Statistical Office.

In contrast to the individual member states of the European Union, the Republic of North Macedonia had the highest proportion of young individuals who were neither employed nor engaged in education and training. In 2021, the European Union (EU) exhibited an average NEET rate of 13.1%. Concurrently, the Republic of North Macedonia reported a NEET rate of 24.3%.¹⁰

NEET youth can be subdivided in two groups: youth who are unemployed and youth who are outside the labor force. The Republic of North Macedonia exhibits worse scores in comparison to the European Union average, not only in terms of overall NEET rates, but also in relation to the shares of unemployed NEET youth and young outside the labor force NEET share. In the period from 2013 to 2020, the share of the unemployed NEET youth in the Republic of North Macedonia has been decreasing, however it is still lagging behind the European average. Significant fall in the unemployment NEET rate has happened in 2019 compared to 2018. This occurrence might be a result from the introduction of the YG program that we have discussed about earlier. The proportion of NEET young outside the labor force is more stable, ranging between 10.6% and 12.9% throughout the examined period, although it is greater in each of the investigated years when compared to the EU average.

In addition, the NEET young may also be categorized into two distinct groups: those who express a desire to engage in employment, irrespective of their current job-seeking status, and individuals who exhibit a lack of interest in pursuing work opportunities. The NEET youth of persons who like to work share in the Republic of North Macedonia is higher than the unemployment NEET share in the country for

¹⁰ The average NEET rate of EU was 11.7% in 2022. Official data for the NEET rate of the Republic of North Macedonia is not published yet.

each of the analyzed years and higher than the EU average share. At the same time, the share of NEET youth who do not want to work is lower than the persons outside of the labor force NEET share in the Republic of Macedonia, meaning that there are persons outside the labor force who want to work but are not seeking for employment at the moment. Compared to the EU average, the NEET youth who do not want to work share is higher in each of the analyzed year. Detailed data about the shares of the different categories of NEET youth in the Republic of North Macedonia and EU are provided in Table 2.

Table 2. Different NEET rates in the Republic of North Macedonia and EU average (2013-2020)

Year	Not employed persons		Unemployed persons		Persons outside the labor force		Persons would like to work (seeking employment or not)		Persons do not want to work	
	EU	North Macedonia	EU	North Macedonia	EU	North Macedonia	EU	North Macedonia	EU	North Macedonia
2013	16.1	31.3	8.3	20.6	7.8	10.6	11.7	23.2	4.4	8.1
2014	15.7	31.9	7.9	20.8	7.8	11.1	11.3	24.3	4.3	7.6
2015	15.2	32.5	7.3	19.7	7.9	12.8	10.7	23.0	4.5	9.5
2016	14.5	31.3	6.6	18.4	7.9	12.8	9.9	22.6	4.6	8.7
2017	13.7	31.1	5.8	18.6	7.9	12.5	9.1	23.0	4.7	8.1
2018	13.1	29.8	5.3	17.5	7.8	12.3	8.4	22.2	4.7	7.6
2019	12.6	24.5	4.8	12.7	7.8	11.8	7.8	17.9	4.9	6.6
2020	13.8	26.2	5.2	13.4	8.7	12.9	8.9	19.5	4.9	6.7

Source: Eurostat.

3. CONCLUSIONS AND RECOMMENDATIONS

The significance of youth and their development as a fundamental element in attaining decent employment and sustainable economic growth has been acknowledged by the United Nations. One of the seventeen Sustainable Development Goals (SDGs) encompasses the objective of sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all individuals. In order to attain this objective, it is imperative to substantially decrease the percentage of youth who are neither employed nor engaged with education or training (NEET youth). The objective was expected to be achieved by the year 2020.

The Republic of North Macedonia is making notable progress in its pursuit of this objective. Specifically, in the year 2006, the proportion of individuals between the ages of 15 and 29 who were neither employed nor engaged in education or training amounted to 44,8% of the total population within this age group. In 2019, a significant decrease of 5,3 percentage points in the NEET rate was observed, which may likely be attributed to the implementation of the Youth Guarantee program. The NEET rate had a notable increase of 1.7 percentage points in the year 2020 as compared to the preceding year, primarily attributed to the impact of the Corona crisis. In the year 2021, the NEET rate reverted to around 24%, which is consistent with the level observed before to the onset of the COVID-19 pandemic. In 2021, the country has set a national target of 20% about the proportion of NEET youth to be achieved by 2027.

However, NEET rates differ among different groups within the population of young adults in the country. Thus, relatively higher NEET rates are recorded for youth in the 25-29 age group compared to the 15-25 age group, women compared to men, and youth with completed secondary and tertiary education compared to youth who completed only primary education. With regard to the regional structure of the NEET rates, NEET rates are highest in the North East and Polog region, while the South East and the Vardar region had the lowest NEET rates at the same time. It is imperative to acknowledge this discrepancy when formulating policies. Compared to EU, North Macedonia continues to fall behind the average NEET rate for the EU, and the national NEET rates of the individual member states of EU (data for 2021).

The increased NEET levels underlines the necessity for a suitable reaction to public policies in order to better address the needs of young people across the country and decrease the NEET in accordance with the objectives outlined in the Agenda for Sustainable Development. Optimal public policy responses should primarily target two policies: investment in the education and skills of young people, and the employment and job creation policy.

A coordinated set of proactive labor market policies is required to facilitate job creation. These policies should include skills initiatives, temporary hiring and transition incentives, improved employment services, and efficient use of existing funds. The prioritization of investment in skills pertaining to developing industries is crucial in order to offer viable employment opportunities to those who are at risk of redundancy or are currently unemployed. It is also important the relevant institutions to provide guidance for the integration of policy measures and the allocation of financing to facilitate the advancement of job creation and job-to-job transitions, particularly in areas that are experiencing growth, such as digital and green industries.

With regard to the Operational plan for active employment programs, measures, and services, the 2023 plan already contains measures and services that are targeting youth. For example, the enhanced YG offers support and direction aimed at facilitating a successful integration into the labor market, with a specific emphasis on securing high-quality work opportunities. However, supplementing of the Operational Plan could be done with implementation of new measures and allocation of more resources to existing and potential measures. This could also include broadening the coverage rate of the YG program and increasing the total budget dedicated to the service. Local support for youth employment is also crucial, given the significance of young people to the local economic growth. Therefore, it is imperative that the main stakeholders at the local level—including municipalities, businesses, educational institutions, and non-governmental organizations—respond with appropriate policies.

For job creation and job retaining of youth workers it also important to provide support to enterprises and entrepreneurs in order to enhance the job opportunities for young workers, hence fostering creative and competitive industrial ecosystems. One possibility is to provide additional support to small and medium-sized enterprises (SMEs) and entrepreneurship, with a particular focus on promoting female entrepreneurship (having in mind the higher NEET rates for young women). This will serve as a catalyst for fostering the growth and success of creative start-ups. In addition, in order to enhance business continuity, improve work-life balance, increase productivity, and have a beneficial environmental impact, it is recommended to advocate for the use of telework or remote work, therefore making it a more appealing option for the NEET young.

The second mechanism on how to improve the position of young people in the labor market and reduce NEET rates is by investing in skills and education. Education and training systems are essential in establishing the fundamental basis for lifelong learning, employability, and societal engagement, particularly among young individuals. A skilled labor force serves as the catalyst behind a thriving green and digital economy, fueled by inventive concepts, products, and technical advancements.

The imperative for ongoing investment in education and training systems is further necessitated by the green and digital transformations. The objective is to provide assistance in the establishment of a robust digital education ecosystem, while also improving digital skills and competencies to effectively meet the widespread digital transformation. The modernization and digitization of schools and vocational training facilities serve an essential part in enhancing the quality of education. Measures

could include improving the infrastructure, including the IT infrastructure, in the primary and secondary schools.

The vocational education and training system in North Macedonia should be strengthened through better resource mobilization and allocation. In addition, developing and pilot testing new teaching materials, including subjects related to specific jobs and careers is extremely important, as well as increase of the post-secondary non-tertiary vocational education and training courses, especially in the field of information technologies. The system should also improve knowledge acquisition through practical work and the use of dual education approaches.

In the end, the country needs decisive measures at both national and local levels that address stereotypes and prejudice in employment, training and education. Efforts are particularly urgent to address gender-based stereotypes and discrimination and empowering girls and women in the education system and at the labor market.

In order to meet the national NEET rate target of 20% by 2027, an organized and coordinated effort is needed from all of the relevant institutions and organizations, including the Ministry of Labor and Social Policy, the Employment Service Agency, the Ministry of Education and Science, education institutions, the Bureau for Development of Education, the Adults Education Center, the Bureau for Agency for Promotion of Entrepreneurship, the Association of the Local Self-Government Units and their Association, other governmental institutions and organizations, companies and their chambers, as well as the civil society organizations.