

**Bridge Building: Knowledge Exchange
in Social Welfare Policy and Research**

**Innovative Approaches
in Labour Market Policy and
Health and Long-Term Care
in Eastern Europe**

Compilation of Workshop papers

Edited by Anette Scoppetta, Kai Leichsenring
and Willem Stamatou

March 2017



© European Centre Vienna, 2017

BERGGASSE 17 • 1090 VIENNA • AUSTRIA • TEL: +43-1-319 45 05 0 • FAX: +43-1-319 45 05-19

email: ec@euro.centre.org • www.euro.centre.org • ZVR-Zahl: 583470062

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without the prior permission of the publisher.

Disclaimer:

The contributions to this Report do not necessarily reflect the opinion of the European Centre and exclusively fall under the responsibility of its authors.

When Active is Passive: Conditional Cash Transfers and Employment Creation in Macedonia

Maja Gerovska Mitev



EUROPEAN CENTRE
FOR SOCIAL WELFARE POLICY AND RESEARCH
AFFILIATED TO THE UNITED NATIONS

• EUROPÄISCHES ZENTRUM
FÜR WOHLFAHRTSPOLITIK UND SOZIALFORSCHUNG
IN ZUSAMMENARBEIT MIT DEN VEREINTEN NATIONEN

• CENTRE EUROPÉEN
DE RECHERCHE EN POLITIQUE SOCIALE
AFFILIÉ AUX NATIONS UNIES

Abstract

The paper aims to explore aspects related to the extension of the Conditional Cash Transfer (CCT) programme in Macedonia towards supporting young unemployed from households that are social assistance beneficiaries. The programme itself presents a continuum of active labour market efforts that provide direct financial support as a form of activation of the unemployed in the country. In this respect, the paper challenges the role of direct financial transfers (micro-credits, self-employment, subsidized employments) in a socio-economic context in which there is low economic growth, a high level of the informal economy and a low educational level of the unemployed workforce. Under such circumstances, providing direct financial transfers, as a form of activation, does not guarantee improved employability, a trained workforce or secure employment. Existing studies also suggest that the application of such measures “must overcome considerable difficulties and obstacles in a region marked by labour informality and unequal access to opportunities” (ECLAC/ILO, 2014). Also, available evidence shows that “improving the labour inclusion of people with low educational levels is a long-term effort in which beneficiaries require constant psychosocial support, and that the difficulties are even greater for women, youth and persons belonging to indigenous peoples” (OAS/ECLAC/ILO, 2011).

The paper is organized in three sections. The first section provides details on recent active labour market programmes in Macedonia. The second section presents a conceptual insight into existing conditional cash transfer programmes, and provides evidence about their success in the field of employment. One of these programmes is the recent CCT incentive targeted towards young unemployed from households that are social assistance beneficiaries. The final section provides an overview of potential risks and threats related to the use of CCT and similar financial transfers and presents recommendations for improved targeting of active labour market programmes in the country.

List of Tables

Table 1: Number of registered unemployed persons at the Employment Agency according to registration status and education, status on 30.09.2016

Table 2: Labour Market Measures and Services and anticipated coverage for 2016

Introduction

Active labour market programs (ALMP) represent important tools for tackling unemployment, particularly among the vulnerable population (long-term unemployed, low-skilled, social assistance beneficiaries, etc.). In this respect, in countries where there is a high unemployment rate, ALMP measures, if appropriately designed, financed and targeted, can improve labour market competitiveness among its beneficiaries. However, some of the studies undertaken to assess the active labour market programs in the South East European countries, suggest that their design and targeting face serious challenges. For example, the World Bank study on the Western Balkans (2014) outlines disincentives that emerge from the design of activation measures in these countries. It emphasizes that social assistance beneficiaries are not adequately supported when they enter the active employment programs, as “there is no legal guarantee for ‘restoring’ social assistance status; incomes from training, other ALMPs, and from public works are fully calculated in the family income; no flexibility of ‘in’ and ‘out’, etc.” (World Bank, 2014). Also, available evaluation (Arandarenko, 2015) from different labour market programs in Serbia shows that “those who are targeting unskilled adults have shown much stronger positive effects in comparison with the programmes engaging predominantly skilled unemployed” (ibid.: 8). Similar analysis in Macedonia (Mojsoska-Blazevski and Petreski, 2015) indicates that “wage subsidy program and training in deficient occupations are not bringing positive effects to the participants (...), programs are not effective in enhancing the skills of the participants in the demanded occupations/professions, and/or that the choice of the sectors in excess demand of specific workers is incorrect” (ibid., 2015: 70).

These evaluations clearly witness the need for well-designed active labour market programs, taking into consideration specifics of the national labour market needs, demand and supply, among which educational qualifications of the labour force should be particularly well-profiled and adequately offered. Therefore, the introduction of a conditional cash transfer programme for employing young people from social assistance households in Macedonia presents an intriguing puzzle. Before analyzing the specifics of this programme, the paper will outline existing active labour market programmes in Macedonia as well as international evidence about the effectiveness of CCT programs and the impact on increased employability among beneficiaries.

Active Labour Market Programs in Macedonia¹

Although a policy of activation has been provided by the Employment Agency in Macedonia since 1991, more concrete and targeted active labour market programs have been initiated since 2005, mainly as a result of the country's candidacy status with the EU and adaptation of its soft documents to the EU Employment Agenda. Since then, many generations of employment action plans have been implemented, supported by different international organizations, among which more prominent are UNDP, EU and the World Bank. Legislation-wise an important and contested change was introduced in December 2012, when the Law for Employment and Unemployment Insurance was amended. It instituted a differentiation among registered unemployed, categorizing them as active and other (passive) unemployed. The latter category is not in a position to benefit from active employment measures. The long-term unemployed as well as unemployed persons without education or with incomplete education have been particularly affected by this change. Among them, there are significant numbers of people from smaller ethnic communities. This policy change confirms the policy orientation towards increased labour market deregulation and flexibility, and leaves little room for measures and policies that aim towards unemployment support of the most vulnerable groups (Gerovska-Mitev, 2016).

Table 1: Number of registered unemployed persons at the Employment Agency according to registration status and education, status on 30.09.2016

	Active	Passive	Total
Registered unemployed persons	103,646	95,500	199,146
Registered unemployed with lower educational skills (no education, incomplete primary, primary or incomplete secondary education)	57,418	64,991	122,409

Source: Employment Agency, 2016 (Public reports).

As can be gathered from Table 1, a significant number of people, 47.9%, are registered as passive unemployed. Similarly, there is a high percentage of people with lower educational skills among all unemployed – 61.4%. It is worrying that among all low-qualified people, 53.1% are registered as passive or as such that do not have direct access to active labour market measures (until they decide to change their registration status).

According to existing national legislation, unemployed people who are registered as active job seekers are required by law to accept the activation measures offered (training, retraining as

¹ This part builds on the author's work in the context of the European Social Policy Network.

well as public work). Hence, work requirements and activation in a narrow sense are legislated and enforced, because they are part of the programme. Also, able-bodied recipients of social assistance transfers need to prove that they are actively seeking a job in order to claim social and financial assistance (SFA). This can be done through regular registration or re-registration with the Employment Agency (EA), by attendance at job interviews, responding to job referrals by the EA, participation in active labour market programmes (ALMPs), and so forth.

Tailor-made activation support for the unemployed is provided only through the Employment Agency. Policies and measures aiming to improve the employability of those furthest away from the labour market are stipulated in the National Action Plans for Employment and in the Operational Plan for Active Programmes and Measures for Employment. The newest Operational Plan for 2016 emphasizes the following employment measures and services (see Table 2).

Table 2: Labour Market Measures and Services and anticipated coverage for 2016

<i>Labour Market measures (targeted only toward actively registered unemployed)</i>	<i>Beneficiaries 2016</i>	<i>% of all unemployed</i>	<i>% of actively registered unemployed</i>
<i>Self-employment</i>	<i>1,270</i>	<i>0.63%</i>	<i>1.22%</i>
<i>Subsidized employment</i>	<i>5,716</i>	<i>2.87%</i>	<i>5.51%</i>
<i>of those: Sub-programme Conditional Cash Transfer for subsidized employment</i>	<i>166</i>	<i>0.08%</i>	<i>0.16%</i>
<i>Trainings (including trainings through subsidized employment)</i>	<i>6,084</i>	<i>3.05%</i>	<i>5.86%</i>
<i>Public works</i>	<i>200</i>	<i>0.10%</i>	<i>0.19%</i>
<i>Pilot programs</i>	<i>200</i>	<i>0.10%</i>	<i>0.19%</i>
<i>Total</i>	<i>13,470</i>	<i>6.76%</i>	<i>13.0%</i>
<i>Labour Market services (targeted towards all unemployed)</i>			
<i>Services for employment</i>	<i>24,000</i>	<i>12.05%</i>	<i>23.15%</i>
<i>Total (LM measures + LM services)</i>	<i>37,470</i>	<i>18.81%</i>	<i>36.15%</i>

Source: Operational Plan for Active Programmes and Measures, 2016.

Table 2 shows that the estimated coverage of all active labour market measures is very low, namely around 7% of all registered unemployed persons. Similar evaluation undertaken in 2014 (Corbanese, 2015) showed that the Employment Agency “treats approximately 7% of the annual stock of unemployed in the live register with active labour market programmes” (p. 27). In addition, if we compare the number of actively registered unemployed with lower qualification skills (Table 1) and the estimated coverage of programs related to training (5.86% of the actively

registered unemployed), it seems that there is a shortage of offers related to up-skilling of registered job-seekers. Also, the comparison between active measures such as subsidized employment, grants (self-employment) and those including training (although here forms of subsidized employment for training are included) show that the former dominates the activation agenda. This seems questionable in a context where most registered unemployed are low-skilled people that require training and up-skilling to improve their employability. Notwithstanding the fact that on-the-job training does take place, existing evaluations of these programs (Mojsoska-Blasevski and Petreski, 2015) indicate that “there was no effect on improving employability afterwards and no evidence that the program brought effects in terms of employment after the program ended” (p. 69).

Active programmes aimed at inclusive growth are focused on the following vulnerable groups: social assistance beneficiaries, children without parents and parental care, victims of family violence, homeless people, former drug-users, parents of street children, single parents, parents with more than four children, Roma, long-term unemployed and others.

Although there is a large list of defined vulnerable groups, the number of programs offered does not correspond with their actual representation. This inequality mainly results from a limited funding of ALMPs but also from the implicit targeting strategy, which seemingly prefers those who need less resources for activation, and those with higher chances to find and retain a job (i.e. the better qualified). The success of these activation measures cannot easily be achieved under conditions of a low number of jobs offered and high demand with increased competition, as there are large numbers of unemployed with higher education. According to a World Bank report (2012), spending on active labour market programs is low according to regional standards. Although funding of EUR 30 per unemployed person is comparable to other Western Balkan countries, it is still far below the EU average (e.g. EUR 95 and 165 in Bulgaria and Lithuania, respectively). In addition, low financing of active labour market measures (0.15% of GDP for active measures in 2015) and the lack of their continuous follow-up and evaluation further prevents their effective utilization.

According to the World Bank (2013), most of the existing ALMPs are biased towards the young and well educated, while low education levels and long spells of unemployment characterise the current recipients of SFA. Although it may be a deliberate choice by the government to target those that are easy to reach, the lack of a more concrete offer for those with lower educational qualifications hampers the possibilities for their labour market participation in the long term. Given that workers with low levels of education are under-represented in the ALMPs, it is also questionable to what extent ALMPs can reach the “activable” SFA recipients. Until recently, explicit targeting of SFA recipients was impossible, mainly due to the lack of cooperation

between the EA and the Social Work Centres (SWCs) and lacking data on the percentage of SFA recipients that are also registered as unemployed. However, there have been some improvements in recent years, and the authorities have been explicitly targeting SFA recipients, mainly by adding a few pilot programs in 2012 (World Bank, 2013: 54).

The same report notes that ALMPs are further constrained by the lengthy spells of unemployment among SFA beneficiaries. It is evident that the existing ALMPs are not well positioned to target capable SFA recipients that are either unemployed for long periods of time or out of the labour force. For instance, one of the target groups for start-up business loans are the long-term unemployed. Of the registered unemployed in Macedonia, about 80% were unemployed for more than one year; about half were unemployed for more than three years; and 30% were unemployed for more than eight years. It is, hence, questionable whether a person who has been out of the labour market for eight years and whose skills and knowledge will have degraded, will be able to start a business. Exceptions are cases where those unemployed are informally employed, but there is a special activation programme for the formalisation of businesses (World Bank, 2012).

SFA beneficiaries rarely participate in ALMPs, which makes their activation even more difficult. Interviews with local SWCs have shown that SFA beneficiaries are seldom involved in activation programmes and are offered jobs even more rarely. The CCT programme for the subsidised employment of SFA recipients is one step towards mitigating this (though it will only cover a small proportion of unemployed SFA beneficiaries). SFA beneficiaries were involved on a larger scale in public work programmes in 2009, when the government introduced public works as part of the ALMPs. However, after the expiration of the activation grant, SFA beneficiaries do not receive preferential treatment in placement on the labour market but instead are left to compete for jobs with other registered unemployed (World Bank, 2012).

Apart from the annually adopted active labour market programmes, a governmental project called “Employing Macedonia” was solemnly announced and initiated in March 2015. Its main goal is to speed up the decrease of high unemployment in the country (27.3% in the first quarter of 2015) through a set of governmental measures. The project targets five categories of registered unemployed persons. Their employment is encouraged by incentivising employers with tax and/or social contribution exemptions. All of them are required to be registered as unemployed at least three months before the start of the measure.

- The *first group* of unemployed are people up to 35 years of age who have previously been unemployed for at least three months. The companies hiring people from this group of unemployed are exempted from paying compulsory social insurance contributions as well

as from personal income tax for a period of three years. The employer is obliged to keep the person employed one more year after expiry of the tax/social contribution exemptions.

- The *second group* of unemployed includes persons between 35 and 50 years of age who in the last 15 years have been unemployed for at least ten years. Companies hiring these people are exempted from paying compulsory social insurance contributions for a period of five years. The employer needs to keep the person employed one more year after expiry of the tax/social contribution exemptions.
- The *third group* of unemployed includes persons aged above 50.
- The *fourth group* of unemployed includes unemployed parents of three and more children; unemployed single parents or members of single-parent households; social assistance beneficiaries; children without parents and parental care; victims of family violence; disabled persons with a certified 50% remaining capacity for work; professional soldiers; and parents of children with disabilities receiving the special child allowance. Employers of persons belonging to the third and fourth group are exempted from paying compulsory social insurance contributions for a period of five years without any further obligations.
- The *fifth group* of unemployed are persons above 58 years of age who have been unemployed for the last two years. Employers of persons belonging to this group are exempted from paying compulsory social insurance contributions until the persons fulfil the criteria for an old age pension.

There are several protective mechanisms related to employers, requiring 1) not to have reduced the number of employees as of 15.03.2015 (except in cases of retirement or death); 2) to have a record of regular payment of salaries/contributions/taxes, with allowed late payment of two months; 3) in case of dismissing according to the labour law to employ another person from the same category of unemployed.

This project has a target of 20,000 persons to be employed within one year. The first persons employed under this project started work at the beginning of May 2015.

Official representatives of the Trade Unions as well as the Employers' organisation have welcomed this project. However, some of the employers' representatives have indicated their doubts about the project's effectiveness. According to them, "the companies in the country have problems related to liquidity and current maintenance, so very few of them can maintain the same number of employees and in addition employ new persons, for whom they need to secure salaries".

Some of the project's strengths include high political priority, emphasis on vulnerable groups of unemployed persons, which may increase social inclusion of these categories, and the opening of dispersed focal points throughout the country for project promotion, which may raise awareness about employment possibilities among more disadvantaged unemployed persons.

Potential weaknesses include the following aspects:

- 1) The fiscal implications of the project are unclear and not sufficiently transparent.
- 2) There is an exclusive reliance on tax/social contribution exemptions, which may jeopardise the solvency of social insurance funds and discriminate against employers who are regular tax/social contribution payers.
- 3) The measures are inconsistent with other reforms undertaken, e.g. the introduction of a mandatory fully-funded pension insurance, which is based on regular payments of social contributions is likely in conflict with the reduction of social contribution rates.
- 4) Employers are often unable to guarantee jobs for a period of three to five years, which would be a requirement for taking up these measures.

According to governmental sources (Ministry of Labour and Social Policy, 2016), the project has succeeded in reaching its goal, with around 19,000 persons being employed in 10,140 companies. Hence, it now entered into a next phase, labelled as "Employing Macedonia 2".

From the above review of ALMP design and additional active employment projects in Macedonia, it may be concluded that predominantly they are focused on subsidized employments and financial support as an incentive for employment creation. Such design may have beneficial effects in the short-term related to start-up businesses and jobs. But, taking into consideration the fragile economic condition of the private companies in the country, such "passive" support may prove as counter-effective in the long run. Namely, after resources are spent (when ALMP ends), beneficiaries will remain with the same skills and competitiveness as before they entered the programme. Hence, a policy design of ALMP favouring subsidized employment, should be minimized in socio-economic contexts of high unemployment or simultaneously require continuous training and/or requalification of the beneficiaries. While on-the-job training provides skill enhancement, still those that do not benefit from state subvention for jobs (registered as passive, or workers with low educational qualifications) should be provided with other options for improving their employability.

Conditional Cash Transfers and Employment

By definition, conditional cash transfers (CCT) are considered as passive labour market programs. However, such measures may be used to improve the access to education and health of vulnerable groups. Indirectly, they are also beneficial in terms of reducing child labour among impoverished households and communities. The assessment of CCTs' impact is overwhelmingly based on research and reviews from Latin America, often driven or supported by the World Bank (that is at the same time financing CCTs through loans and credits, thus having a biased role in such research). Hence, analysis of CCTs' impact and effectiveness should consider the socio-economic, political, demographic and financial context under which they function. Upon analysis of 403 papers involving a quantitative review of the economic impact of different CCTs, Kabeer et al. (2012) conclude that research "that meets strict methodological criteria is extremely scarce, which reduces the credibility of claims as well as the extent to which they can be generalized" (ibid., 2012: 43). Furthermore, they indicate that 46 papers meeting such standards and focusing on a limited number of countries, show that "CCTs' educational effect was generally stronger than their labour market effect" (p. 44). Analysing CCTs' long-term impact on work and earnings among young (non-migrant) beneficiaries in rural Mexico, Parker et al. (2012) found "only one labour market indicator – probability of working – where the program showed positive and significant impact" (2012: 15). According to them, some possible explanations regarding a lower indirect labour market impact of the *Oportunidades* programme are "low school quality in rural areas of Mexico or lack of employment opportunities in the areas of residence" (ibid., 2012: 16). Hence, education quality and employment opportunities are important factors to consider when designing and implementing conditional cash transfer programmes. Comparing employment guaranteed schemes (EGS) and CCTs, Zepeda and Alarcon (2011) suggest that "while CCTs might pose less demands on implementing institutions and have lower operating costs, still they have more limitations than EGS to achieve long term reductions in poverty" (p. 19). Assessing active labour market tools in conditional cash transfers programmes in Argentina, Mourelo and Escudero (2016) observed that "support in skills, vocational training, job-seeking and job placement of CCT beneficiaries, at least in a short-run, is associated with a decrease in the probability of having an informal job and with higher hourly wages" (2016: 3). Some positive aspects were also indicated by an ECLAC/ILO research (2014) that associated greater liquidity provided through CCT with "better decisions regarding their employability under decent and fair conditions, as well as avoidance of child labour, associated with dropping out of school" (p. 21).

It may be argued that the impact of CCTs is not easily detectable, especially in situations where there is an already developed social protection system. As rightly argued by Stubbs “the very different context of post-socialist transition countries, with a tradition of full coverage of social benefits and widespread social rights, is not considered in any meaningful way, and there is no discussion of what may happen to those excluded from benefits” (2009: 176). Others have also challenged the impact of CCT payments directly to women (mothers) as persons that would administer and distribute resources in a more meaningful/resourceful way. Namely, the gender focus of CCTs has been criticized as having a “biased, traditionalist view of women as mothers or housewives, which makes it hard for them to engage in productive employment outside the home, in a less precarious way” (Lomeli, 2009: 170).

The literature analysis of CCTs’ impact shows important constraints related to their effects in employment. While few have noted some positive outcomes related to avoidance of child labour, informality and improved probability of employment, these premises are not sufficiently explored in the context of post-socialist Eastern European societies. In countries, such as Macedonia, it is questionable to what extent the financial transfer itself can make a difference for vulnerable communities if it is not accompanied by appropriate training and skills upgrade. If financial transfers are not accompanied by adequate integrated support (services such as: training, psycho-social support, etc.), they might prove as short-term employment solutions, which may only detach the beneficiaries from the basic social protection support they have.

The Conditional Cash Transfer Program Targeted Towards Unemployed Youth in Macedonia

A Conditional Cash Transfers programme was introduced in Macedonia in 2009, as part of a World Bank Loan (IBRD 7735-MK/2009). Prior to its introduction, no public debate or transparent analysis of potential costs and benefits of such a programme had taken place. This style of non-transparent social policy reform and adoption is not a novelty in Macedonia, yet it has been practiced more vigorously over the past ten years. The first generation of CCTs introduced a monthly subsidy for students in secondary schools from households that are social and financial assistance beneficiaries. As secondary education is obligatory in Macedonia, it was targeted mainly towards impoverished Roma families, which have higher drop-out rates, and which are not able to follow up their education for socio-economic reasons. According to the World Bank’s project information document “the initial CCT benefit level has been established at MKD 12,000 per child per year, which is similar to the amount of the child allowance benefit,

and it constitutes approximately 17% of the average per-capita consumption among SFA recipients” (World Bank, 2009: 7). As of June 2015, around 7,500 high school students from low-income families were supported through this project. Evaluations and publicly available documents about this project are not easily accessible. According to the World Bank, the project was rated as moderately satisfactory. Academic research on the implementation impact of this project in Macedonia was mainly concerned with an economic analysis regarding the effectiveness of different modalities of payment (Armand, 2014; Armand et al., 2016). Internal World Bank documents show that “interviews with social welfare centres, beneficiaries and school directors and managers of the CCT program reveal that the program is having an impact on school attendance, although possibly less pronounced on enrolment as compared to attendance” (World Bank, 2013: 5). Hence, without any hard evidence regarding the overall project impact on improved enrolment rates among low-income families, or reduced drop-out rates, the project has been restructured and expanded to cover implementation of the new CCT program on youth employment.

Towards the end of 2013, the Government issued a new programme for subsidized employment of unemployed beneficiaries of social and financial assistance. The programme targeted young unemployed (16-29 years of age) from among household beneficiaries of social and financial assistance, which are registered with the Employment Agency and actively looking for a job. The subsidized employment included an amount of MKD 17,000 (EUR 276) per employed person per month (MKD 14,000 gross wage and MKD 3,000 for the employer’s costs). The subsidized scheme lasts for six months after which the employer is obliged to retain the employed person for an additional six months.

According to the internal World Bank document on the implementation status of this project “the first year of implementation of the new CCT subsidized employment program faced some challenges” (World Bank, 2015: 1). Taking into consideration that the newly reformed public call for potential beneficiaries was redesigned to include other vulnerable groups, it may be speculated that the (low) educational profile of registered social assistance beneficiaries was not attractive for the employers.

Hence, a new public call for potential beneficiaries of the redesigned CCT-subsidized employment program was published in early 2015. Apart from young people from households that are social and financial assistance and CCT beneficiaries, other vulnerable groups targeted include the following categories: young people (19-26) that have been children without parents and parental care; family members of households that are beneficiaries of continuous financial assistance or child supplement; victims of family violence accommodated in shelter centres; persons who were beneficiaries of state stipends in the last 15 years (income-tested); young

people up to 29 years of age whose overall household income per household member is lower than 50% of the average wage. The new call included two additional payment modalities, namely the possibility of combining 6 months of financial transfer (net wage) and 60 months of exemption for payment of social contributions, or 6 months of financial transfer (net wage) plus 36 months of exemption from paying social contributions and income tax. The latter payment modality obliges employers to keep the person from the vulnerable social group for an additional 12 months. As of 31 December 2015, a total of 47 employers have asked for 136 employees from this vulnerable social group. However, the number of applicants from the eligible socially vulnerable population was 543 persons. The estimated coverage of this programme for 2016 is 166 persons.

Looking into the design of this programme as well as at the initial numbers of applicants and interested persons, few challenges come to immediate attention. Namely, the programme itself is focused exclusively on providing direct financial transfers in the form of a net salary for the workers (vulnerable categories) or net wage/tax exemptions for the potential employers. Taking into consideration the educational profile of vulnerable social categories as well as the duration of their unemployment, it is questionable why the CCTs are solely focused on direct provision of short-term jobs rather than on skills improvement and/or upgrading. Secondly, in a country where there is a large informal sector and where social insurance funds face serious liquidity issues, social contribution exemptions as well as income tax exemptions do not contribute to the overall improvement of economic and social standards. Finally, the programme coverage is so limited, that it cannot sufficiently contribute towards improvement of employability among potential beneficiaries.

Final Remarks

The example of CCTs targeted towards unemployed vulnerable youth in Macedonia has been chosen to demonstrate serious socio-economic and political issues that are underestimated in the process of social policy-making in this country.

The incorporation of international programs (like CCTs) in the national employment and social protection systems should be undertaken with a prior in-depth socio-economic analysis of potential costs and benefits, not only for the public budgets, but also for the socially vulnerable population in the country. Even more so, the extension of such programs without public debate and disclosure of evaluated results and impacts should be avoided. In general, ad-hoc and non-transparent social policy-making and implementation should not be supported by international organizations.

The creation of active labour market programs in a socio-economic context of high unemployment in general, high long-term unemployment, low educational profiles of the unemployed as well as high informality (non-declared jobs) in the labour market calls for a highly harmonized, integrated and transparent process involving all relevant stakeholders. In terms of durability of employment and indirect financial benefits, the partial or populist creation of ALMPs with short-term duration will only contribute to higher public expenditures, rather than to benefits in a mid-term perspective.

The establishment of any tangible activation measures needs to consider and start from the educational profile of potential ALMP beneficiaries. In a context where more than 50% of the registered unemployed are without primary or with incomplete primary education, it is unfair and unfounded to introduce activation measures that exclude low-educated people. Neglecting their educational needs will contribute towards continuous and further rising long-term unemployment rates. Hence, literacy courses and other educational and vocational trainings should represent the thrust of activation measures. Finally, while grants for self-employment and subsidized employment may contribute to on-the-job training, these should still be complemented by similar preparatory training programs.

References

- Arandarenko, M. (2015) European Employment Policy Observatory, Review Spring 2015: *Upskilling unemployed adults – The organisation, profiling and targeting of training provision – Serbia*. Brussels: European Commission.
- Armand, A. (2014) “Who wears the trousers in the family? Intra-household resource control, subjective expectations and human capital investment”, available at: <http://www.alexarmand.org/Papers/Who%20wears%20the%20trousers%20in%20the%20family%20-%20Armand.pdf>
- Armand, A., Attanasio, O., Carneiro, P. and Lechene, V. (2016) “The Effect of Gender-Targeted Conditional Cash Transfers on Household Expenditures: Evidence from a Randomized Experiment”, available at: http://www.iza.org/en/webcontent/publications/papers/index_html?year=2016&scroll=all
- Corbanese, V. (2015) Assessment of delivery of employment services and programmes for youth by the Employment Service Agency of the FYR of Macedonia. Budapest: ILO.
- ECLAC/ILO (2014) Conditional transfer programmes and the labour market: The employment situation in Latin America and the Caribbean. Santiago: United Nations and ILO.
- Employment Agency (2016) Public reports on registered unemployed, available at: <https://e-rabota.avrm.gov.mk/PublicReports/PublicReports.aspx>
- Gerovska Mitev, M. (2016) ‘Welfare state realities in Macedonia: trends and challenges’, pp. 497-512 in: Schubert, K., de Vilota, P. and Kuhlmann, J. (eds.) *Challenges to European welfare systems*. New York: Springer.

- Kabeer, N., Piza, C. and Taylor, L. (2012) *What are the economic impacts of conditional cash transfer programmes? A systematic review of the evidence, Technical report*. London: EPPI-Centre, Social Science Research Unit, Institute of Education, University of London.
- Lomeli, E. V. (2009) 'Conditional Cash Transfer Programs: Achievements and Illusions', *Global Social Policy* 9(2): 167-171.
- Ministry of Labour and Social Policy (2016) National Action Plan for Employment 2016, available at: www.mtsp.gov.mk
- Mojsoska-Blazevski, N. and Petreski, M. (2015) *Impact evaluation of active labour market programs in FYR Macedonia: Key Findings*. Budapest: International Labor Organization.
- Mourello, L.E. and Escudero, V. (2016) Effectiveness of active labour market tools in conditional cash transfers programmes: evidence for Argentina. Geneva: International Labour Organization.
- OAS/ECLAC/ILO (Organization of American States/Economic Commission for Latin America and the Caribbean/International Labour Organization) (2011) Social Protection and Employment Generation: Analysis of Experiences from Co-responsibility Transfer Programs [online] http://socialprotectionet.org/sites/default/files/inter-agency_concept_document_l-19_nov_2010_english.pdf
- Parker, S., Rubalcava, L. and Teruel, G. (2012) "Do conditional cash transfer programs improve work and earnings among its youth beneficiaries? evidence after a decade of a Mexican cash transfer program", paper presented at the Population Association of America 2012 Annual Meeting Program, 3-5 May, San Francisco CA, available at: <http://paa2012.princeton.edu/papers/121592>
- Stubbs, P. (2009) 'CCT as policy translation', *Global Social Policy* 9(2): 174-177.
- World Bank (2015) Implementation Status & Results Report, Conditional Cash Transfers Project (PI03974). Washington: The World Bank.
- World Bank (2014) Activation of Smart Safety Nets in the Western Balkans, presentation at the Western Balkans Activation and Smart Safety Nets Workshop March 4-5, 2014, Vienna, available at: <http://www.worldbank.org/en/events/2014/02/25/western-balkans-activation-and-smart-safety-nets-workshop#5>
- World Bank (2013) Activation and Smart Safety Nets in FYR Macedonia: Constraints in Beneficiary Profile, Benefit Design, and Institutional Capacity. Washington, DC: World Bank.
- World Bank (2012) Activation and Smart Safety Nets in FYR Macedonia: Constraints in Beneficiary Profile, Benefit Design and institutional Capacity. Western Balkans Activation Study Team. Skopje: The World Bank.
- World Bank (2009) Project Information Document (Pid) Appraisal Stage Report No.: AB4649, Conditional Cash Transfer. Washington: the World Bank.
- Zepeda, E. and Alarcon, D. (2011) "Employment Guarantee and Conditional Cash Transfers Programs for Poverty Reduction", Conference Paper, Ten years of War Against Poverty Conference papers, available at: <http://www.chronicpoverty.org/publications/details/employment-guarantee-and-conditional-cash-transfers-programs-for-poverty-reduction>

Further Readings

- Government of Macedonia (2015) Public announcement of the project "Employing Macedonia": <http://www.vlada.mk/node/10394?language=en-gb>

- Ministry of Labour and Social Policy (2015) Operational programme for active measures for employment in 2015, Skopje: MLSP. <http://www.mtsp.gov.mk/dokumenti.nsp>
- Ministry of Labour and Social Policy (2016) Operational plan for active programmes and measures for employment in 2016, available at: www.mtsp.gov.mk
- World Bank (2013) Restructuring Paper on a Proposed Project Restructuring of The Conditional Cash Transfers Project Loan No. Ibrd 7735-Mk. Washington: the World Bank.