

The country fact sheet was prepared by Lisa Korir within the framework of an institutional collaboration between the European Centre of Social Welfare Policy and Research and the Central European University in February 2024. The content of the sheet does not necessarily reflect the views of those institutions nor those of the respective Ministry/ies.

NORTH MACEDONIA

Name of the Partner	<i>Ministry of Labour and Social Policy of the Republic of North Macedonia</i>
Policy Framework	<p>Government Programme for 2022-24, focusing on sustainable economic growth, social inclusion and human capital development, the rule of law and good governance, promoting democracy and freedom, as well as NATO and European Union (EU) integration (Government of the Republic of North Macedonia, 2022)</p> <p>National Programme for Adoption of the Acquis Communautaire (EU candidate status since December 2005) (Government of the Republic of North Macedonia, 2021)</p> <p>Revised Employment and Social Reform Programme (ESRP) 2022 (Government of the Republic of North Macedonia 2020).</p> <p>National Employment Strategy (NES) 2021-2027</p> <p>National Programme for Development of Social Protection 2022-2030</p> <p>Social policy regulations include: Social Protection Law, Child Protection Law, Law on Social Security of Older Persons, Family Law, Law on Employment and Insurance in Case of Unemployment, Law on Pension and Disability Insurance, Law on Mandatory Fully Funded Pension Insurance Law on Payment of Pensions and Pension Benefits from Fully Funded Pension Insurance, Law on Obligatory Social Insurance Contributions.</p>
General situation across all policy areas	
Main challenges across all policy areas	<p>Modest economic growth and high inflation affecting jobs and incomes during 2021-2023.</p> <p>The cost-of-living crisis that exacerbates the existing inequalities within the population during 2021-2023.</p> <p>Limited progress in public administration reform.</p> <p>Corruption remains prevalent in many areas and is an issue of concern (European Commission, 2023).</p> <p>High rates of emigration (International Organisation for Migration, 2022). North Macedonia was ranked among the top 20 countries in the world with the highest emigration rates (International Organisation for Migration, 2020)</p>

<p>Main approaches to address challenges across all policy areas</p>	<p>North Macedonia aims to counter high unemployment rates that stood at 14.4% in 2022 (World Bank, 2022), especially affecting the youth and women (see below), through ambitious reforms under the NES.</p> <p>Adoption of fiscal measures to combat the cost-of-living crisis, such as the Guaranteed Minimum Assistance (GMA) and prolongation of the energy allowance, in addition to increases in the minimum wage and public sector salaries. In 2022 and 2023, the Government adopted specific packages for short-term financial support to specific categories of persons in social risks, including beneficiaries of GMA.</p> <p>Adoption of the public financial management reform programme for 2022-25 and a new organic budget law (2022) to increase public sector efficiency and transparency (European Commission, 2023)</p> <p>Proactive role of the State Commission for Prevention of Corruption in addressing cases of nepotism and political influence in recruiting public sector employees and appointment of members of supervisory and management boards.</p>
<p>Social policy specific situation</p>	
<p>Significant social trends</p>	<p>The poverty rate in North Macedonia steadily decreased from 35 % in 2009 to 17 % in 2021, and extreme poverty from about 10 % in 2009 to 3.4 % in 2018 (World Bank, 2022). However, poverty is still relatively prevalent, and households with less educated adults, ethnic minorities and households living in the northern and rural areas are more likely to be poor.</p> <p>High rates of unemployment among youth at 25 % and low activity rate of women at 54 % in 2022 (ILO, 2023) remain constraints to stronger economic growth and better incomes.</p> <p>Informal employment is high which can affect the protection of workers and their access to social protection. In 2023, 10.7 % of the working population was informally employed (SSO, 2024)</p> <p>Demographic challenges characterized by low birth rates of 1.3 % birth per woman (World Bank, 2022), high emigration rates of citizens of working age with over 10 % of total population living abroad (IMF Working Papers, 2023) and population ageing with 15 % of total population ages 65 and above (UN Population Division, 2022).</p>
<p>Key challenges specific to social policy</p>	<p>Cost-of-living crisis with an inflation rate of 14.2 % (IMF, 2022; according to the WB and National Bank it dropped to 9.4% in 2023; information from the Ministry of Labour and Social Policy), disproportionately affecting the most vulnerable parts of society.</p>

	<p>High rates of youth unemployment carry the risk of social tensions.</p> <p>An ageing population puts pressure on the sustainability of the pension system (World Bank, 2022) and the delivery of long-term care (Gjorgjev, 2021 and Red Cross, 2023)</p> <p>Moreover, informal work is a challenge in social policy (information from the Ministry of Labour and Social Policy).</p>
Main approaches to address social policy challenges	<p>Adoption of the revised Employment and Social Reform Program (2022) that redefines priority reforms and policies in three priority areas of (i) labour market; (ii) human capital and skills, and (iii) social inclusion and social protection to reduce unemployment, increase educational levels, support marginalized, excluded groups, and adopt revisions in the pension system (Government of the Republic of North Macedonia, 2020)</p> <p>Introduction of a means-tested Guaranteed Minimum Assistance scheme that offers the opportunity to improve coverage, targeting and adequacy, and reduce the fragmentation of social assistance programmes (World Bank, 2022). According to the Ministry, the coverage of the child allowance was extended to families with lower income, regardless of the economic status of the parents (previously only working parents could claim the benefit for their child).</p> <p>Adoption of a Youth Guarantee scheme to facilitate labour market integration of the youth through traineeship and apprenticeship. Implementation of different programmes to activate the vulnerable group of societies such as the 'Second Chance' programme to support labour market access of vulnerable groups (European Training Foundation, 2021).</p> <p>Reforms in the pension system aimed at reducing its deficit and increasing its long-term financial sustainability.</p>
Target groups	<p>Poor and vulnerable people</p> <p>Unemployed</p> <p>Youth</p> <p>Older Persons</p> <p>Women</p> <p>Disadvantaged ethnic groups of population, especially Roma</p>
Good practice	
Name of the good practice	Guaranteed Minimum Allowance (GMA)
Policy areas	Social protection and social security, Poverty
Description of the practice	Launched in 2019, the GMA is a means-tested entitlement scheme aimed to assist low-income households. It was created

	to be a unified system that consolidated all the previously existing fragmented social programmes. It is awarded to households that don't have property rights and whose average three-month income is below the amount of the GMA. The income threshold for eligibility was MKD 4,000 or 65 Euros per person in a household (North Macedonia Digital Social Services, 2021), slightly more than one third of the average household per capita income (CEIC data 2020).
Governance & funding	Government budget and EU support through the Instrument for Pre-Accession Assistance as part of the project "Activation of vulnerable groups in the Labour Market" (European Commission, 2022).
Innovation	Creation of an automated beneficiary registry that linked the databases of numerous government agencies. This significantly reduced the number of documentations that one needed to provide as well as shortened the processing timeline. Another innovation was that employable members of households were linked to labour activation programmes, which required close cooperation between stakeholders.
Challenges of implementation	During the pandemic, delays were experienced as a result of staff shortages in the social work centres as staff fell ill (World Bank, 2022). According to an impact analysis carried out in 2022, the activation remains a challenge (information from the Ministry of Labour and Social Protection).
Outcome(s) and impact	By reducing the income assessment criteria and the creation of the registry the GMA successfully targeted 53 % of the social assistance beneficiaries in the poorest quintile. The number of beneficiaries has gone up by 20 %. During the COVID 19 pandemic, the government amended the law on social protection thus relaxing the eligibility criteria. This enabled the GMA to extend its program allowing 7,210 households to receive critical assistance. The introduction of the GMA and the removal of the various categorical benefits allowed for quick adaptation of the country's social safety net when it mattered the most for people (World Bank, 2024).
Main partner(s)/ stakeholders	Ministry of Labour and Social Protection of the Republic of North Macedonia, social Work Centres, Public Employment Service (PES), etc.
Contact	Ministry of Labour and Social Protection, 14 Dame Gruev Str., Skopje

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